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"Shaping the Sustainable Future: Trends and Insights in Economics, Business, Management, and Information Technology"

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SANATA DHARMA UNIVERSITY**

PROCEEDINGS
THE 2ND INTERNATIONAL CONFERENCE ON
ECONOMICS, BUSINESS, AND MANAGEMENT
RESEARCH (ICEBMR)



**“Shaping the Sustainable Future: Trends and Insights in
Economics, Business, Management, and Information
Technology”**

December 2, 2023



Faculty of Economics
Sanata Dharma University
Yogyakarta

THE 2ND INTERNATIONAL CONFERENCE ON ECONOMICS, BUSINESS, AND
MANAGEMENT RESEARCH (ICEBMR) “Shaping the Sustainable Future: Trends and
Insights in Economics, Business, Management, and Information Technology”

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PREFACE

In the realm of academic and professional discourse, the International Conference on Economics, Business, and Management Research (ICEBMR) has emerged as a pivotal platform for the exchange of ideas, insights, and research findings. This preface welcomes participants to the eagerly anticipated 2nd edition of ICEBMR, an event that encapsulates the essence of collaboration, innovation, and intellectual exploration in the fields of economics, business, and management.

As we embark on the journey of the 2nd ICEBMR, it is with a sense of anticipation and excitement that we witness the conference's evolution as a dynamic space for scholars and practitioners alike. This edition aspires to build upon the success of its predecessor, offering an enriched program featuring distinguished keynote speakers, thought-provoking paper presentations, and interactive sessions that delve into the latest advancements and challenges shaping the global economic landscape. With a commitment to fostering interdisciplinary dialogues and fostering international connections, the conference stands poised to be a catalyst for transformative ideas and pragmatic solutions. In these rapidly changing times, the 2nd ICEBMR serves not only as a showcase of scholarly achievements but also as a nexus for forging connections that transcend borders. As we come together to explore the frontiers of economics, business, and management research, this conference invites participants to engage in meaningful conversations, share their expertise, and contribute to the collective pursuit of knowledge that holds the potential to shape the future of these crucial disciplines.

"May the second International Conference on Economics, Business, and Management Research (ICEBMR) be a crucible of inspiration and collaboration. In the spirit of Steve Jobs, let us 'innovate and push the boundaries of conventional thinking.' As we converge to share insights and engage in meaningful discussions, may these moments spark transformative ideas that contribute to the advancement of our disciplines. Remember, it is through the collective brilliance of this community that we can catalyze positive change and leave an indelible mark on the landscape of economics, business, and management."

T. Handono Eko Prabowo, MBA, Ph.D
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IMPLEMENTATION OF CAPITAL MARKET SUPERVISION BY OTORITAS JASA KEUANGAN (OJK) TO ENHANCE INVESTOR PROTECTION AND PRINCIPLES OF JUSTICE

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ABSTRACT

The occurrence of economic crises in the past shows how essential the role of supervisory institutions in the independent financial services sector is. The establishment of supervisory and regulatory institutions financial service institutions in Indonesia were launched based on the mandate of Law Number 21 of 2011 concerning the Financial Services Authority, or Otoritas Jasa Keuangan (OJK). OJK is an independent entity with the responsibility, duties, and authority to regulate and supervise financial service institutions in an integrated manner. However, after more than ten years of operation, various cases still occur in financial services, especially in the capital market, which harm investors. This research aims first to evaluate the implementation of supervision of capital market financial services by the OJK and second to find out how to improve legal protection for investors. The research methods used are descriptive analysis with a normative juridical approach and qualitative analysis focuses on legislation, principles, and legal theories. This research found that the supervision carried out by the OJK in the capital market was inadequate, resulting in less protection for investors. To increase investor protection, preventive and repressive supervision, as well as paying attention to investor justice, must be implemented by the OJK.

Keywords: Supervision; Independent; Integration; Capital Market

1. Introduction

In November 2011 the Financial Service Authority (FSA), also known as Otoritas Jasa Keuangan (OJK), was launched by Law Number 21 of 2011 (OJK Law) to regulate and supervise all financial sectors in Indonesia (Mario, 2009). OJK plays a significant role in assisting overall policies to maintain the national economic system. Zainal Arifin Mochtar as a government expert in the trial review of OJK Law emphasized that OJK's function is to support the government's responsibility in safeguarding the national economy (Mahkamah Konstitusi RI, 2014). The role of the financial services authority is essential in regulating and supervising financial institutions. The government set an independent and integrated authority to solve financial institutions' previous supervision weaknesses (Djiwandono, 2007, p. 39).

Based on history, weaknesses of supervision due to inadequate financial institution oversight by financial authorities as a result of interference from numerous parties (Nasution, 2015) (Balleisen, 2011) (Sikorski, 2011). OJK has several goals, including ensuring financial stability, the correct operation of securities markets, and investor protection. These objectives are linked to specific functions such as overseeing the solvency and liquidity of banks, the capital market industry, insurance companies, and other leveraged institutions whose activity involves risk transformation; and monitoring the conduct of institutions, intermediaries, and other market participants for financial products and services (Restroy, 2016).

In the capital market sector, the role of investors is crucial. Investor trust in the capital markets industry will strengthen as a result of legal protection, which will have an impact on economic growth. According to Sudikno Mertokusumo, the purpose of the law is to protect human interests. Laws must be enforced to defend human interests (Mertokusumo, 2003). In this case, it is related to investor protection in the capital markets sector. By doing so, several rules have been introduced to ensure legal certainty in the capital markets sector. However, there are still many situations in the capital markets sector that disrupt and undermine the interests of investors, resulting in investors being less protected and in an unfulfilled sense of justice for investors. Therefore, OJK oversight in the financial markets sector must be examined.

2. Literature Review

2.1 *Financial Services Authority (OJK) as an Independent Institution*

Several parties provide independent definitions as follows. According to Kamus Besar Bahasa Indonesia (KBBI), the definition of independent is that which stands alone; the free-spirited; and is not tied to other parties. Meanwhile, the Cambridge Dictionary defines it as "independent as not influenced or controlled in any way by other people, events, or things." More specifically, the OECD states: "Independence is a tool for more effective results (OECD, 2016). Additionally, in theory, Jon Stern said there were two political reasons for the emergence of independent regulators: First, to attract investment efficiently, and protect consumers. Second, it helps to reduce the political risk perceived by private investors (Stern, 1997).

Based on OJK Law Article 1, Paragraph 1, and Article 2 Paragraph 1 the OJK is independent in carrying out its duties and is outside the government. The general explanation of the OJK Law states that the OJK operates independently of the government in the performance of its mandate. OJK is also free from intervention by other entities with the powers, responsibilities, and jurisdiction assigned to oversight, inspection, regulation, and investigation as specified by OJK Law.

Even though the OJK is an independent institution, its independence does not apply absolutely (Rahyani, 2012, p. 361). OJK's independence in regulating and supervising activities in the financial services sector is approached through good coordination in terms of issuing regulations and carrying out supervision inherent in an independent institution. For instance, in carrying out its duties as a supervisory board, the institution coordinates and collaborates with Bank Indonesia as the Central Bank (Indaryanto, 2012, p. 334). Besides, this institution is obliged to submit reports to the Financial Audit Agency (BPK) and the House of Representatives (DPR).

Currently, the OJK is led by a Board of Commissioners. Based on the OJK Law Article 10 number 3, the Board of Commissioners consists of 9 (nine) members determined by Presidential Decree. However, these provisions have been changed by Law No. 4 of 2023 concerning the Development and Strengthening of Financial Institutions (P2SK Law). Now, OJK has added two new functions. This is in line with the addition of two members to the board of commissioners or Anggota Dewan Komisioner (ADK) as mandated in P2SK) Law.

The addition of two new non-ex-officio OJK ADKs, as regulated in Article 10 paragraph (4) in Article 8 point 7 of the P2SK Law, namely the Chief Executive Supervisor of Financing Institutions, Venture Capital Companies, Microfinance Institutions and Other Financial Services Institutions. Chief Executive Supervisor of Financial Sector Technology Innovation, Digital Financial Assets and Crypto Assets. The addition of two ADKs for the 2023-2028 period completes the composition of the OJK Board of Commissioners from 9 people to 11 people (Aprilia, 2023).

Furthermore, the Legal Theory put forward by Satjipto Rahardjo is a progressive legal theory. It is said that the theory of Progressive Law was born from a long reflection on the

failure of legal reform in Indonesia. Progressive Law departs from the main paradigm of "Law for humans", and the basic assumption, that law is an institution that aims to lead humans to a just, prosperous, and happy life (Rahardjo, 2009).

Carrying out the law is not just according to the black and white words of the regulations (according to the letter), but according to the spirit and deeper meaning (to the very meaning) of the statute or law. The law is not only carried out with intellectual intelligence but also with spiritual intelligence. Carrying out the law must be done with determination, empathy, dedication, commitment to the nation's suffering, and the courage to look for other ways to improve the welfare of the people (Rahardjo, 2009).

While Roscoe Pound's legal theory states that law can function as social engineering (law as a tool of social engineering). The legal sector needs to be more empowered so that community and national development can be implemented or even accelerated (Rifai, 2010).

In addition, Mochtar Kusumaatmadja's legal theory states that law is a means of development (law as a tool of development) which is known as development legal theory. To guarantee the achievement of the function of law as a means of engineering society towards a better life, law is needed not only in the sense of rules or provisions, but must also guarantee the realization of legal rules in legal practice, namely a guarantee of good law enforcement (Rifai, 2010).

2.2 *The Task of Regulating and Supervising the Otoritas Jasa Keuangan (OJK)*

Referring to George R. Terry, quoted by Muchsan, supervision is; “Control is to determine what is accomplished evaluating it, and apply corrective measure if needed to result in keeping with the plan.” Supervision focuses on evaluating and correcting the results achieved, with the aim that these results are by the plan. Meanwhile, Bagir Manan views supervision or control as a function as well as a right, so it is commonly called the control function or control right. Control contains dimensions of supervision and control (Manan, 2001). An effective supervisor requires these three things, namely independence, adequate resources, and an appropriate mandate (Cools & Winter, 2013). In addition, quoting Cappeletti, the supervision system that is commonly carried out is divided into two supervision systems, namely judicial supervision (judicial review) and political supervision (Nasir, 2017).

The OJK is a state organization that was founded under Law Number 21 of 2011 and whose purpose is to oversee and regulate all operations within the financial services industry through an integrated system (Anwar & Siswanto, 2015, p. 92). Article 4 OJK Law states that the OJK is established for the overall activities within the financial services sector that are: (1) well organized, transparent, fair, and accountable; (2) capable of realizing a stable and sustainable economic system; and (3) capable of protecting the interests of consumers and the community. The functions of FSA in Article 5 and Article 6 are to integrate the implementation of the regulatory and supervisory system toward activities of the overall financial service sector, such as a) activity of financial service in the sector of Banking; b) financial service activity in the Capital Market sector; and c) financial report activity in the industry of Insurance, Pension Fund, Finance Institution, and other Financial Services.

The main operational distinction between regulation and supervision is that rules are more well-defined and codified, whereas supervision addresses less well-defined risks and emergent and/or idiosyncratic vulnerabilities. Therefore, regardless of how much regulatory legislation occurs, supervision will always be required to manage evolving risks as well as dangers that are more difficult to codify in regulatory standards (Mason, 2015, p. 16).

Concerning the functions, objectives, and supervisory authority of the OJK, it has been regulated in the OJK Law. The provisions in Article 4 of the OJK Law stipulate that: "OJK was established to ensure that all activities in the financial services sector: a). Held regularly, fairly, transparently, and accountably; b). Able to realize a financial system that grows sustainably

and stably; and c). Able to protect the interests of consumers and society." In addition, regarding the functions of the OJK, Article 5 of the OJK Law states in full: "The OJK functions to organize an integrated regulatory and supervisory system for all activities in the financial services sector." Then Article 6 of the OJK Law explains "the main task of the OJK is to regulate and supervise: a). Financial services activities in the banking sector; b). Financial services activities in the capital markets sector; and c). Financial service activities in the insurance sector, pension funds, financial institutions, and other financial service institutions"(Zuhriyah et al., 2021, p. 346).

2.3 The Capital Market Sector is One of the Financial Service Institutions

The legal basis for capital market activities is Law No. 8 of 1995 concerning Capital Markets (Capital market Law). The capital market plays a crucial strategic role in promoting economic growth, equality, and stability at the national level to increase equality, growth, and stability of the economy improving people's welfare. Capital Market Law Article 1 number 13 states that Capital markets encompass public offerings of stock exchange trading, the securities issued by publicly traded corporations, as well as the institutions and professions involved in the securities industry.

The Capital Market Law states, as a financial services institution, the capital market has a significant role because 1) The Capital Market aims to support the implementation of national development to increase equality, growth, and stability of the national economy towards improving people's welfare; 2) The capital market has a strategic role as a source of financing for the business world; 3) The capital market is an investment vehicle for investors and manages very significant amounts of public funds.

On the other side, according to Law No. 4 of 2023, Article 1 Number 12, concerning the Development and Strengthening of Financial Institutions (P2SK Law), states that the Capital Market is part of the Financial System related to activities: a) public offering and securities transactions; b) investment management; c) issuer and related public companies with the securities issued; d) institutions and professions related to securities.

In a capital markets context, the adoption of a supervision framework has become an important aspect of any risk management structure. Supervision (Swamy & McMaster, 2018, p. 89).

Furthermore, the International Organization of Securities Commissions (IOSCO), of which OJK is one of its members, stated that the independent size of capital market supervisory institutions is based on the following principles (IOSCO, 2017).

1. The responsibilities of the Regulator should be clear and objectively stated.
2. The Regulator should be operationally independent and accountable in the exercise of its functions and powers.
3. The Regulator should have adequate powers, proper resources, and the capacity to perform its functions and exercise its powers.
4. The Regulator should adopt clear and consistent regulatory processes.
5. The staff of the Regulator should observe the highest professional standards, including appropriate standards of confidentiality.
6. The Regulator should have or contribute to a process to identify, monitor, mitigate, and manage systemic risk, appropriate to its mandate.
7. The Regulator should have or contribute to a process to review the perimeter of regulation regularly.
8. The Regulator should seek to ensure that conflicts of interest and misalignment of incentives are avoided, eliminated, disclosed, or otherwise managed.

2.4 Principles of Justice

The main elements of law, as stated by Soediman Kartohadiprodjo, include:

1. Law is everything that concerns humans, namely humans in social life;
2. Law functions to obtain order in human life;
3. A significant factor in law is justice.

From these elements, in his opinion, the law is something that concerns human life in relationships between humans to achieve order within them based on justice. This opinion can be linked to Aristotle's view which, states that humans are *Zoon Politicon*, namely, humans are social and political beings. Therefore, humans look for each other to live together (Imaniyati & Wiyanti, 2005).

In addition, M.H. Tirtaamidjaja explains, that the law definition is "all the rules or norms that must be followed in the conduct of actions in social life with the threat of having to compensate for losses if breaking these rules will endanger oneself or one's property." Marhaenis Abdul Hay stated that: "law is all the provisions that regulate people's behavior in society" (Imaniyati & Wiyanti, 2005).

According to Radbruch, law, as the bearer of the value of justice, is a measure of whether a legal system is fair or unfair. Not only that, the value of justice is also the basis of law as a legal material. Thus, justice has both normative and constitutive characteristics for law. It is normative because it functions as a transcendental prerequisite that underlies every dignified positive law. It is the moral foundation of law and at the same time the benchmark for the positive legal system. It is from justice that positive law originates. Meanwhile, it is constitutive, because justice must be an absolute element for law as law. Without justice, a rule does not deserve to become law (Fadlia & ., 2015, p. 209).

Realizing justice is the goal of law according to legal philosophy. When justice is applied, order and peace will prevail. Therefore, the implementation of justice is essential for the implementation of the law. Justice generally means the continuous and consistent desire to give everyone their rights (*Justitia constante et perpetua voluntas ius suum cuique tribuere*).

Aristotle's theory of justice is that justice is interpreted as balance. The measures of balance regarding Aristotle are numerical equality and proportional equality. In other words, justice is a proper distribution with proportion or balance (Munawaroh, 2022).

The meaning of justice can be differentiated into several aspects, namely:

1. Distributive Justice (*Justitia Distributive*), namely justice in the form of the obligation of community leaders to provide community members with social burdens, functions, remuneration, and honor in proportion to their respective skills and services.
2. Commutative Justice (*Justitia Commutativa*) is justice in the form of art between achievements and counter-achievements, between services and remuneration in relations between citizens or seen from the point of view of government giving to its citizens equally without paying attention to personal differences or services.
3. Vindicative Justice (*Justitia Vindikativa*) is justice in the form of providing rewards or punishments according to the error in question.
4. Protective Justice (*Justitia Protectiva*), namely justice in the form of protection given to every human being so that no one will receive arbitrary treatment (Rasjidi & Rasjidi, 2016).

Cited by Shidarta from Magnis-Suseno in his book "Political Ethics" (1994: 331), it states that individual justice is a justice whose implementation depends on the good or bad intentions of each person. According to Lon L. Fuller (1964), individual justice exists, but it resides in the morality of aspiration, not the morality of duty. The morality of aspiration challenges humans to give birth to intelligent ideas to pursue their dreams.

Social justice is a condition whose implementation depends on the social structures that exist in society, both in the economic, political, cultural, and even ideological fields.

3. Research Methods

The research method used is a normative juridical approach, the nature of the research is descriptive analysis, the type of data used is secondary data obtained through literature review, and primary data obtained is then analyzed using qualitative juridical.

4. Research Findings and Discussion

4.1 The Implementation of Supervision of Capital Market Financial Services by the OJK

OJK supervises all financial institutions, both bank financial institutions (LKB) and non-bank financial institutions (LKBB), such as capital markets and insurance, which is known as an integrated supervision model. Indonesia implemented an integrated supervision model in 2011 following the 2008 global economic crisis in the United States. Meanwhile, the UK is one of the developed countries that implemented an integrated supervision model starting in 1998, after the 1998 monetary crisis (Murdadi, 2012).

The explanation of the OJK Law states that the reason for choosing an integrated supervision model is so that a more effective coordination mechanism can be achieved in dealing with problems that arise in the financial system so that it can better guarantee the achievement of financial system stability. This was because, at that time, there were many cross-sectoral problems in the financial services sector, which included moral hazard actions, not yet optimal protection for financial services consumers, and disruption of financial system stability, which increasingly prompted the need for the establishment of an integrated supervisory institution in the financial services sector.

Before the launch of the OJK Law, capital market supervision was carried out by Bapepam-LK (Capital Market Supervisory Agency-Financial Institutions). Meanwhile, the monitoring of the bank's financial institutions is supervised by Bank Indonesia as a central bank. On the other hand, the supervision of insurance financial institutions is supervised by the Minister of Finance. After the launch of the OJK Law, the supervision model carried out by the OJK was integrated by supervising the entire financial services sector.

OJK was established to replace Bapepam-LK's role in regulating and supervising capital markets (Anwar & Siswanto, 2015, p. 92). As of 31 December 2012, the functions, duties, and authority to regulate the supervision of financial services activities in the capital markets, were transferred from the Ministry of Finance and Bapepam LK to the OJK. With the transfer of functions, duties, and regulatory and supervisory authority over the capital markets sector from Bapepam to the OJK, all authority possessed by Bapepam based on the capital markets law will become the authority of the OJK (Wowor, 2016).

Bapepam regulations can still be enforced by the OJK as long as they are still relevant to the OJK. Shares, bonds, and mutual funds are examples of capital market products. These three goods have distinct personalities. Most people opt to invest in the stock market because they perceive the potential for large rewards (Maulida, 2011).

Throughout 2022, total funds raised through public offerings on the Capital Market were recorded at IDR. 267.73 trillion. Based on Single Investor Identification data compiled by PT. Custodian Sentral Efek Indonesia (KSEI), the number of Capital Market investors by the end of 2022 has reached 10.31 million consumers, or an increase of 37.68% compared to the previous year, which was 7.49 million investors (Otoritas Jasa Keuangan, 2023).

Apart from that, the capital market capitalization value of the Republic of Indonesia increased by more than 15% compared to 2021 to IDR 9,495 trillion as of 29 December 2022. This is certainly quite an encouraging achievement amidst the conditions of economic recovery following the COVID-19 pandemic (Otoritas Jasa Keuangan, 2023).

The large amount of funds collected and managed in the capital markets sector shows the large role of the capital markets sector in increasing economic activity because it is alternative funding for companies as capital to be able to operate on a wider scale. Apart from that, the capital market is a means for people to invest, supported by easy access supported by technological developments.

Moreover, investors have a significant role in developing the capital market industry. Maintaining investor and public trust in the Indonesian capital market is very important. For this reason, the Chief Executive of Capital Market Supervision of the Financial Services Authority (OJK), Inarno Djajadi, said OJK continues to improve its supervisory and law enforcement functions (Rahayu, 2023).

However, behind the essential role of the Capital Markets sector, some various dynamics and challenges occur in the Capital Markets sector, including the emergence of a variety of increasingly complex financial products and that protection for investors is not yet optimal (Otoritas Jasa Keuangan, 2023).

Concerning OJK Law, OJK carries out capital market financial services supervision in a preventive and repressive manner. Preventive supervision is carried out by making various regulations in the capital market sector. Meanwhile, repressive supervision is carried out by implementing sanctions. Meanwhile, La Porta states a country's legal protection has two characteristics: it is prohibited and sanctioned (Porta et al., 2000).

Bearing in mind that capital market activities are related to investor protection, preventive and repressive supervision must be implemented by the OJK. This is in line with the legal theory of Sudikno Mertokusumo that the law functions as a protector of human interests. For the sake of human interests, legal protection must be implemented. The application of the law can take place normally and peacefully, but it can also occur due to violations of the law. In this case, the law that is violated must be enforced. It is through law enforcement that the law becomes a reality (Mertokusumo, 2003, p. 160).

If there is a violation, the law is enforced. To repressive supervision, law enforcement efforts in the context of legal protection for investors continue to be carried out. In implementing law enforcement in protecting investors in the capital markets sector, as of October 11, 2022, OJK has issued 901 sanctions letters consisting of:

1	Professional STTD cancellation sanction	1
2	License revocation sanctions	2
3	License suspension sanctions	11
4	Written warning sanctions	85
5	Administrative sanctions in the form of fines with a total fine of IDR 115 billion	794
6	Written orders to take certain actions	10

Furthermore, until August 8, 2023, OJK has also issued 193 sanctions letters. The details of the sanctions are as follows (Rahayu, 2023):

1	Written warning sanctions	19
2	Permit revocation sanction	1
3	Administrative sanctions in the form of fines with a total fine of Rp. 26.13 billion	173
4	Written orders to enforce the law against violations of laws and regulations in the capital markets sector	5

In addition, as of August 9, 2023, OJK has carried out compliance checks on:

1	Investment managers	17
2	Supervised securities transactions	94
3	Securities companies	32
4	Securities institutions	14
5	Capital market-supporting professions	23
6	Given specific action orders	16

In addition, according to Chairman of the OJK Board of Commissioners Mahendra Siregar, OJK will increase efforts to protect investors and the public. This is done through cooperation and collaboration with other institutions and parties. "Such as integrated socialization, optimizing supervision of market conduct or the behavior of financial services business actors, and strengthening regulations regarding authority to carry out supervision. (Rahayu, 2023).

4.2 Increasing Legal Protection for Capital Market Investors and Principles of Justice

Legal protection for the investors is crucial because in the capital markets business is dependent on investor trust. This trust will be more secure if it is protected by clear and binding regulations, sometimes known as legal certainty. Investors are unmotivated to enter the Indonesian capital market if the relevant market has rules that ensure legal protection, legal certainty, and justice (Pradipto et al., 2019, 777).

Legal protection is carried out by enforcing the law. Cited from Muladi that law enforcement is an effort to uphold legal norms and at the same time, the values behind these norms. Thus, law enforcers must truly understand the legal spirit that underlies the legal regulations that must be enforced, and in this case, it will be related to the various dynamics that occur in the law-making process (Ansori, 2017).

The establishment of law enforcement organizations such as courts, prosecutors, police, and other non-litigation dispute resolution institutions, according to Wahyu Sasongko is the most concrete kind of legal protection (Armeilia, 2021).

As explained in the previous discussion, supervision in the capital market related to legal protection is carried out in a preventive and repressive manner. In the following description, preventive legal protection for investors is carried out by the OJK by launching various regulations related to the capital market (Fadlia & ., 2015).

In legal theory, the nature of enforcing the law, three elements must be considered, namely legal certainty, expediency, and justice. The law must be implemented and enforced. Everyone expects the establishment of laws in the event of concrete events. How the law should apply; it must not deviate: fiat Justitia et pereat mundus (although this world is collapsing laws must be enforced). It is the plague desired by legal certainty. Legal certainty is a justiciable protection against arbitrary action, which means that a person will get something that is expected under certain circumstances the law is in charge of creating Legal certainty because it aims at public order (Mertokusumo, 2003).

In the context of preventive supervision, the OJK will continue to strengthen regulation and supervision to create an orderly, fair, and efficient Capital Market and protect the interests of investors and the public. In the future regarding Capital Market regulation and supervision policies, the OJK will continue to issue and implement policies aimed at deepening the market while at the same time striving to increase investor confidence. To support this, OJK has established five pillars for future Capital Market development which include (Darmansyah, 2022):

1. Accelerate market deepening through the existence of a variety of efficient financial sector products and services.
2. Accelerate programs related to sustainable finance.
3. Strengthening the role of industry players in developing the financial sector in line with best practices and market conduct.
4. Increasing a series of efforts in the context of consumer protection.
5. Strengthen digital financial services to strengthen the credibility of the financial sector and increase public trust.

In implementing this program, throughout 2022, OJK has issued several policies that focus on efforts to strengthen supervision and industry to increase investor confidence, including:

- a. Issuing OJK Circular Letter Number 6 of 2022 concerning the Reassessment of Main Parties of Securities Companies Carrying Out Business Activities as Underwriters and/or Securities Brokers.
- b. Issuing OJK Circular Letter Number 7 of 2022 concerning Examination Procedures in the Capital Markets Sector.
- c. Issue POJK Number 8 of 2022 concerning Reporting on Securities Companies Carrying Out Business Activities as Securities Underwriters and Securities Brokers, which aims to simplify and reduce duplication regarding the types and number of reports that must be submitted to the OJK.
- d. Issue POJK Number 14 of 2022 concerning the Submission of Periodic Financial Reports for Issuers or Public Companies.
- e. Issue POJK Number 15 of 2022 concerning Share Splits and Share Mergers by Public Companies (Darmansyah, 2022).

After the launch of various regulations by the OJK, the community expects benefits in the implementation or enforcement of the law. Law is for humans, so the implementation of the law or law enforcement must provide benefits or benefits for the community. Do not let precisely because the law is implemented or enforced arise unrest in society. In line with the theory from Soediman Kartohadiprodo, the law is something that concerns human life in relationships between humans to achieve order within them based on justice.

Concerning justice, the community is very interested that in the implementation or enforcement of the law, justice must be considered. The implementation or enforcement of the law must be fair. Law is not synonymous with justice. Law is general and binding, and everyone is equalizing. In contrast, justice is subjective, individualistic, and does not generalize. Fair to investors is not necessarily perceived to be fair to other parties (Mertokusumo, 2003).

Regarding investor protection, the theory of justice used is protective justice. Protective Justice (*Justitia Protectiva*), namely justice in the form of protection given to every human being so that no one receives arbitrary treatment. In this case, it is protection for investors who have invested their funds in the capital market sector, but cases that occur because capital market players cheat are very detrimental to investors in the capital market.

Also related to Satjipto Rahardjo's progressive legal theory, that law is determined by its ability to serve human welfare. This is the basis that progressive law adheres to a legal ideology that is pro-justice and pro-people law, in this case, investors.

Moreover, to enhance investor protection, another thing that needs to be pursued is strengthening the integrity of capital market players, which is the key to protecting investors and developing the Indonesian Capital Market so that it contributes more to the national economy. Increasing the integrity of capital market players must also be the essence of the synergy that must continue to be strengthened by the Exchange members, namely PT Bursa

Efek Indonesia (BEI), PT Kliring Penjaminan Efek Indonesia (KPEI), and PT Custodian Sentral Efek Indonesia (KSEI) together with Capital Market industry players (Rahayu, 2023).

On the other hand, the launch of the Financial Services Sector Development and Strengthening Law (P2SK Law) strengthens legal protection for investors. Through the issuance of the P2SK Law, it is hoped that the Capital Markets sector will increasingly contribute as a space to increase company capital, become a safe and reliable investment space for the public, and be able to provide increasingly varied financial instruments. In line with current developments while still optimizing investor protection.

5. Conclusion

As an independent institution carrying out integrated supervision, according to the findings of this research, the implementation of OJK supervision in the capital market has not met expectations. There are still many cases occurring in the capital market which have an impact on the lack of protection of investors' interests. To increase investor protection, OJK carries out preventive capital market supervision by establishing various capital market regulations and repressive supervision by enforcing the law by implementing sanctions. On the other hand, paying attention to investors' sense of justice. Justice applied is based on the principle of protective justice. In addition, the integrity of capital market players is essential to investor protection.

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THE ROLE OF MEDIA ADVERTISING AND WORD OF MOUTH ON THE PURCHASE DECISION OF MINISO PRODUCTS IN PALEMBANG CITY

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ABSTRACT

Miniso has been discussed and mentioned on Twitter and Instagram, among other social media platforms. This demonstrates the enthusiasm of social media users who follow Miniso and apply it as an interesting conversation starter. Miniso has also been successful in reaching 1.8 million potential users who use their personal mobile devices to discuss subjects regarding retail. These findings demonstrate that Miniso has been successful in generating a large number of impressions through promotional activities on the social media sites mentioned above. Furthermore, the purpose of this study is to determine whether media advertising and word-of-mouth influence consumers' purchase decisions in Palembang City. 120 respondents completed online surveys that were sent via Google Forms. The data was processed by quantitative methods. Results show that: (1) Media Advertising has a positive influence on purchasing decisions. (2) Word of Mouth has a positive effect on purchasing decisions. This study can serve as a resource for other researchers conducting related research as well as an assessment tool for the Miniso corporation.

Keywords: *Media Advertising, Word of Mouth, Purchase Decision, Miniso*

1. Introduction

Marketing Communication is a step to introduce the brand to the public and various information about the brand is conveyed. One form of marketing communication that has been running effectively and even becomes one of the company's obligations to carry out the communication if you want to promote is advertising. Advertising has become one of the promotional means for companies to introduce their brands to the public in order to build consumer awareness of the company's advertised products. Developments in the world of advertising which has now become online marketing can provide a sense of interest in making purchases because advertising has become a communicative marketing strategy for all consumers. In this day and age that has been all technology, society has become more open and responsive in addressing the important value of advertising in a marketing communication that already dominated by technology, is more receptive and open to acknowledging the critical role that advertising plays in marketing communications. In response, businesses need to keep up with the advancements in information technology (IT). This is because, apart from raising brand awareness, IT can expand a company's market reach, as all digital online advertising is accessible from anywhere and can be used on a variety of social media platforms. Considering all online information must be accessible through a reliable internet connection, there is a close relationship between online communication media and the internet. Adoption of social networking sites by businesses facilitates business activities as well, which can be beneficial for online marketing campaigns and advertising function can be accessed anywhere and can be placed on various social media platforms. By the survey results of the Indonesian Internet Service Providers Association (APJII) shows that internet users in Indonesia reached 215.63 million people in the 2022-2023 period. When compared to the previous survey period,

Indonesia's internet penetration rate in 2023 has increased by 1.17% compared to 2021-2022 which was 77.02%.

Media Advertising offers all the information in a variety of formats that are simple for customers to recall until the company's name becomes more well-known. Brand awareness is crucial to a business's success if it is successful in raising consumer awareness of its brand. One benefit of media advertising, which has taken center stage on social media, is its ability to start conversations that become viral through word-of-mouth, or what's usually called "word of mouth.". The communication can take the form of concerns about the brand. Reporting from analysis.netray.id, Miniso has been mentioned and discussed 1,039 times by 420 on social media twitter. The frequency of this conversation jumped from September 12 to October 12, 2020 which resulted in 100-200 tweets per day. This proves the level of enthusiasm of Twitter social media users who pay attention to Miniso and make it a positive topic discussion. Miniso also managed to get a potential reach of 1.8 million who discussed topics related to retail through their personal mobile devices. The results of this information show that Miniso has succeeded in using its social media as a place for promotional activities to generate many impressions on one social media only, not to mention other social media that are also active in carrying out various interesting advertisements.

Miniso has a sizable number of followers, approximately a million on Instagram alone. Miniso also regularly produces new items, intriguing ad posts featuring a variety of endorsers, and videos which bring attention to their products. Miniso has also set up a *linktree* link on Instagram for customers interested in other Miniso social media. This link provides users access to numerous additional Miniso social media sites, including Facebook, Twitter, and Tiktok. Despite the common use of social media, Miniso continues to consistently engage in media advertising that attracts a large number of impressions from buyers.

After reviewing previous studies, including Lumintang and Untu's (2016) study on the impact of advertising on Coca-Cola beverage purchasing decisions (a case study conducted at PT. Build Authority Beverage Company Manado), the researcher made the decision to investigate the effects of media advertising and word-of-mouth on purchasing decisions. The findings demonstrated that advertising significantly and favorably affects consumers' decisions to buy. Hidayat and Prasetyo (2022) carried out more research that demonstrated the beneficial impact of word-of-mouth on consumers' decisions to buy. Additional investigation carried out by Saputra (2017) reveals that advertising has no direct impact on consumer decisions to buy. Next, Maghfiroh (2019) conducted a study on the impact of word-of-mouth on purchasing decisions. The study's findings indicate that word-of-mouth had no bearing on decisions to buy products. Research by Yahya (2012) likewise revealed the same conclusion, namely that word-of-mouth did not significantly influence consumers' decisions to buy. The knowledge gap is that although individuals generally believe that word-of-mouth and media advertising are highly effective, the previously cited study indicates otherwise. Kotler (2012) states that at this moment, the internet advertising has become a driving force for advertising initiatives and efforts. Along with the wider use of the internet, online transactions are increasingly widespread, and even become a medium for advertising for marketed products.

The advertisers (*Advertiser*) will place its ad on *Websites* Potential publishers, namely websites that have many visitors. In the form of Word of Mouth, according to Sernovitz (2012), Word of Mouth is considered very effective because the origin of its beliefs is coming from people who do not benefit from their recommendations. Word of Mouth generates very rich and reliable conversations. The gap in information from experts and the results of previous research formed this is also one of the reasons researchers re-conducted of research on the role of Media Advertising and Word of Mouth on the purchase decisions.

2. Literature Review

2.1 Media Advertising

As for according to Tjiptono in Rahman, (2012: 20) states that, Advertising is a form of indirect communication, which is based on information about the advantages, or advantages of a product, which is structured in such a way that it causes a sense of fun that will change a person's mind to make a purchase. Advertising is one of the most widely used forms of promotion for companies in promoting their products. According to Kustandi in Rahman, (2012: 21) advertising is a mass communication process involving certain sponsors, who pay for the services of a mass media for broadcasting its advertisements. According to Wibisono (2012) advertising indicators are, *May cause attention; attract; desire; produce an action.*

According to the indicator of one of the factors, media advertising, customers are more likely to be interested in and confident about purchasing Miniso products when there is a greater usage of informative media advertising. Product comprehension can be improved by information provided through media advertising. Positive word-of-mouth about Miniso items will bolster a person's convictions and increase the likelihood that he will purchase the product. As a result, the degree of educational media advertising is crucial in determining how consumers view and trust Miniso products, which in turn influences their decision to make a purchase if they hear more positive feedback from others. based on studies conducted in 2016 by Jane G. Poluan et al. showing that media advertising influences consumers' decisions to buy products in a favorable way.

H₁: Media Advertising Has a Positive Influence on Miniso Product Purchasing Decisions in Palembang City

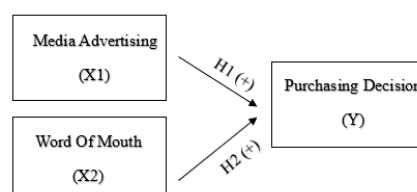
2.2 Word of Mouth

According to Kotler and Keller (2012) define Word of Mouth as a person with oral, written, or electronic communication related to the benefit or experience of buying or using a product or service. Word of Mouth communication refers to the exchange of comments, thoughts, or ideas between two or more consumers, where they are not authorized marketers of the company. Information obtained from Word of Mouth is clearer and easier to understand by consumers because the message in the information comes directly from people who have experience.

Based on this definition, it can be concluded that Word of Mouth is a promotional media carried out through people to convey a value of products or services that have been used to others, the assessment can be positive and negative so that Word of Mouth is subjective because it is based on someone's judgment. According to Sernovitz (2012), there are 5 basic indicators of Word of Mouth known as 5T, namely, *talkers; topics; tools; talking part; tracking.*

According to the variable indicators of word-of-mouth, a product has a higher chance of succeeding in the market if word-of-mouth is more informative when it comes to product introduction, a product can be better understood by consumers before they decide to purchase it. Research by Prasetyo & Hidayat (2019) also gave results that the influence of Word of Mouth has a positive influence on purchasing decisions. From these studies, the following hypotheses are stated:

H₂: Word of Mouth Has a Positive Influence on Miniso Product Purchasing Decisions in Palembang City



3. Research Methods

3.1 Types of Research

This type of research uses empirical research. The research can be said to be empirical because researchers want to analyze and prove the influence *Media Advertising* (X1) and *Word of Mouth*(X2) on the purchase decision (Y) which will be tested by both variables with statistical testing to determine the effects of these positive, negative, or only significant effects.

3.2 Population

The population in this study is people residing in Palembang City who have purchased Miniso products.

3.3 Sample

The samples in this study are some people who have purchased Miniso products, researchers decided to take the form of 100 samples because it can be a proof to represent the population in Palembang City who have purchased Miniso products in Palembang City. The sampling technique in this study was taken using the technique *purposive sampling*. This technique is applied with questionnaires in a timely manner. *Online use googleform* (<https://forms.gle/w6eHCAzxpjDqdmS8>) which is distributed throughout the community, researchers will record respondents' profiles, namely age, gender, and domicile. The researcher will then tell in his questionnaire, which respondents can answer the researcher's questionnaire with the following sample criteria:

1. Respondents have seen Miniso advertisements online on Miniso's official social media
2. Respondents have purchased Miniso products at least 2 times.

3.4 Variable Operational Definition

In this study using 3 variables and can be adjusted with existing indicators. Indicators *measurement* In Table 1 measured by *Likert Scale* (Likert scale). With the weight of each question will be given a measurement scale as follows:

1. Strongly Disagree (STS) : 1
2. Disagree (TS) : 2
3. Neutral (N) : 3
4. Agree (S) : 4
5. Strongly Agree (SS) : 5

Table.1 Measurement

Variable	Indicators	No. Item
<i>Media Advertising</i>	Ads can provide information to <i>brands</i>	MA 01
	Ads can trigger the desire to perform an action	MA 02
	Ads are displayed attractively to be remembered	MA 03
	Ads are displayed to attract attention	MA 04
	Ads are displayed at their best to create a positive impression	MA 05
	Advertising can create an appeal to introduce a product brand	MA 06
<i>Word of Mouth</i>	The willingness of consumers to talk positively about the quality of service to	WOM 1

	others	
	Speech can form a product recommendation to others	WOM 2
	Encouragement of friends or relations to make product purchases	WOM 3
	The sharing of information provided can affect the desire to buy	WOM 4
Purchasing Decision	Focusing on Miniso products because they caught my attention	PD 01
	Have confidence in purchasing	PD 02
	Decide to make a purchase after looking at various options	PD 03
	Repurchase interest	PD 04

3.5 Data Analysis Method

The data analysis method is an activity after data from all respondents or other data sources are collected (Sugiyono, 2019). In data analysis, researchers group data based on variables and types of respondents, design tables according to the analysis needed from respondents, present data on each variable to be studied then perform calculations to test the hypotheses that have been proposed, Power analysis to be carried out is a quantitative analysis expressed by numbers from a series of table forms to facilitate analysis and understanding data. The data analysis is obtained with the help of statistical applications, namely the SPSS (Statistical Product and Service Solutions) program. In this study, data analysis techniques will be carried out as follows:

3.5.1 Validity Test

Sugiyono (2019) stated that the validity test is an equation of data reported by researchers with data obtained directly that occurs in research subjects. The validity test is used to measure the validity or at least a questionnaire. A questionnaire is said to be valid if the statements on the questionnaire are able to reveal what the questionnaire will measure. Test the validity of each question if $r_{count} > r_{table}$ at a significant level ($\alpha = 0.05$) then the instrument is considered invalid and if $r_{count} < r_{table}$ then the instrument is considered invalid.

3.5.2 Reliability Test

According to Ghozali (gh) reliability is actually a tool for measuring a questionnaire which is an indicator of a variable or construct. A questionnaire is said to be reliable if a person's answers to statements are consistent over time. Reliability tests are used to measure the consistency of measurement results from questionnaires in repeated use. Respondents' answers to questions are said to be reliable if each question is answered consistently or the answers are not randomized.

3.5.3 Normality Test

According to Ghozali (2016), multicollinearity testing aims to find out whether the regression model found a correlation between independent variables or independent variables. The effect of this multicollinearity is to cause high variables in the sample. This means a large standard error, so when the coefficient is tested, the t-count will be small from the t-table. This shows that there is no linear relationship between the independent variable affected and the dependent variable. If the probability value is greater ($>$) than 0.05, the data is normally distributed. If the probability value is smaller ($<$) than 0.05 then the data is not normally distributed.

3.5.4 Multicollinearity Test

Multicollinearity is a linear relationship with an independent variable. According to Ghozali (2017: 71), the multicollinearity test aims to examine whether the 30 regression model has a high or perfect correlation with the independent variable. A good regression model has no correlation with variables. If there is a high correlation between independent variables, then the relationship with the independent variable then the dependent variable will be disrupted. Ghozali (2017: 73) if multicollinearity has a significance level of 90%, with independent variables it will be detected using a correlation matrix with the following determinations: If the value of the correlation matrix between two independent variables is greater than ($>$) 0.90, it has multicollinearity.

If the value belonging to the correlation matrix between the two independent variables is less than

3.5.5 Heteroscedasticity Test

According to Ghozali (2017: 85) the heteroscedasticity test is used to research whether the regression model has a variance inequality from the residual of one observation with another observation. If the residual variance with observation to other observations is constant, it is called homoscedasticity, if it is different, heteroscedasticity. A regression model that is considered good is the residual of one observation with another observation that is constant or homoscedasticity or does not have heteroscedasticity. This analysis uses the Glejser test to assess heteroscedasticity. Ghozali (2017: 90) with the glacier test can be used by progressing the absolute residual value to have other independent variables. Having a significance level of 5%, the presence of heteroscedasticity can be assessed under the following conditions: If the value produced by the probability of the independent variable is greater than ($>$) 0.05 then it has no heteroscedasticity.

If the value produced by the probability of the independent variable is smaller than small than ($<$) 0.05 then it has no heteroscedasticity.

3.5.6 Multiple Linear Regression Test

According to Sugiyono (2019), multiple regression analysis is used to predict how the state of the dependent variable if two or more independent variables are used as predictor factors manipulated. In the study, a linear regression test was carried out by testing the influence of independent variables, namely Media Advertising and Word of Mouth, on the dependent variable, namely purchasing decisions.

$$Y = a + b_1X_1 + b_2X_2 + e$$

Information:

Y = Purchase Decision

a = Constant

B1 = Media Advertising regression coefficient

X1 = Media Advertising independent variable

B2 = Word of Mouth regression coefficient

X2 = Word of Mouth independent variable

e = Error

3.5.7 Partial test t

According to Sugiyono (2019), the t test is a temporary answer to the problem formulation, which asks the relationship between two or more variables. The hypothesis testing design is used to determine the correlation of the two variables studied. In the t test there are the following conditions:

- a. If significant > 0.05 then H_0 is accepted and H_1 is rejected, meaning that the independent variable has no significant effect on the dependent variable.
- b. If significant < 0.05 then H_0 is rejected and H_1 is accepted, meaning that the independent variable has a significant effect on the dependent variable.

3.5.8 Coefficient of Determination

According to Sujarweni (2015), the Coefficient of Determination (R^2) is used to determine the percentage of change in non-free variables (Y) caused by independent variables (X). If R^2 is greater, then the percentage change in the non-free variable (Y) caused by the independent variable (X) is higher. If R^2 is getting smaller, then, the percentage change in the non-free variable (Y) caused by the independent variable (X) is getting lower.

4. Results and Discussion

In this study, data were obtained by distributing questionnaires *Online* through *google form link* which is spread through social media such as Instagram, and Whatsapp. Data derived from the answers of respondents who have seen advertisements on social media and have bought Miniso products at least 2 times in Palembang City will be the primary data that will be processed by researchers.

In the distribution of questionnaires through social media that have been carried out, researchers managed to collect as many as 150 respondents who filled out the questionnaire, and from these 150 respondents there were 120 respondents who matched the requirements of the research sample.

4.1 Validity Test

The Validity Test uses 120 respondents ($n = 120$) as a trial sample. Calculation of validity test using *Bivariate Pearson* with the criteria that the data will be valid if the calculated r value is more than r table (0.1793).

Table 2: Media advertising validity test results (X_1)

Variable	r Calculate	r Table	Information
Media Advertising (X_1)			
X1-1	0,786	0, 1793	VALID
X1-2	0,818	0, 1793	VALID
X1-3	0,810	0, 1793	VALID
X1-4	0,837	0, 1793	VALID
XI-5	0,840	0, 1793	VALID
X1-6	0,738	0, 1793	VALID
Word of Mouth(X_2)			
X2-1	0,773	0, 1793	VALID
X2-2	0,738	0, 1793	VALID
X2-3	0,843	0, 1793	VALID
X2-4	0,802	0, 1793	VALID
X2-5	0,744	0, 1793	VALID
X2-6	0,826	0, 1793	VALID
X2-7	0,759	0,1793	VALID

Word of Mouth(Y)			
Y-1	0,706	0, 1793	VALID
Y-2	0,657	0, 1793	VALID
Y-3	0,757	0, 1793	VALID
Y-4	0,598	0, 1793	VALID
Y-5	0,758	0, 1793	VALID
Y-6	0,676	0, 1793	VALID

Source: Primary Data Processed, 2023

Based on table 2 above, it can be seen that all indicators of Media Advertising, Word of Mouth, and purchase decision variable statements are declared valid because the results of r count are greater than r table.

4.2 Reliability Test

Table 3: Reliability Test Results

Variable	Cronbach's Alpha	Cronbach's Alpha Standard	Result
Media Advertising	0,899	0,70	RELIABLE
Word of Mouth	0,895	0,70	RELIABLE
Purchasing Decision	0,777	0,70	RELIABLE

Source: Primary Data Processed 2023

Based on table 3 above, the reliability test results of all variables in the study have met the reality requirements, this is intended with a Cronbach alpha value greater than 0.70.

4.3 Normality Test

Table 4: Normality Test Results

	Unstandardized Residual	Information
Asymp.sig (2 Tailed)	0,086	Normal

Source: Primary Data Processed 2023

Based on table 4, the residual data results in this study have been distributed normally because the significance value is greater than 0.05, which is 0.086.

4.4 Multicollinearity Test

Multicollinearity testing aims to test whether the regression model found a correlation between independent variables. In a good regression model, there should be no correlation between independent variables.

Table 5: Multicollinerity Test Results

Variable	Tolerance	VIF	Information
Media Advertising	0,336	2,978	No multicollinearity occurs
Word Of Mouth	0,336	2,978	No multicollinearity occurs

Based on table 5, it can be concluded that there is no multicollinearity in this study because the VIF value of each independent variable is smaller than 10 and the tolerance value is greater than 0.10.

4.5 Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residual of one observation to another.

Table 6: Heteroscedasticity Test Results

Variable	Sig.	Information
Media Advertising	0,347	No heteroscedasticity occurs
Word of Mouth	0,683	No heteroscedasticity occurs

Based on table 6, it can be seen that this study did not occur heteroscedasticity due to the significance value of value. 0.05 morer namely 0.347 and 0.683.

4.6 Multiple Linear Regression Test

Table 7: Multiple Linear Regression Results

Variable	B	Beta	T	Sig.
Constant	8,319		6,100	0,000
Media Advertising	0,330	0,409	3,890	0,000
Word of Mouth	0,268	0,379	3,602	0,000

Source: Processed Primary Data, 2023

The following table shows that the constant coefficient (a) calculated is 8.319, which indicates that the respondent's consistent Purchase Decision (Y) score is 8.319 in the absence of Media Advertising (X1) and Word of Mouth (X2). Subsequently, the calculated regression coefficient value for the Media Advertising variable is 0.330. This implies that the Purchase Decision (Y) will rise by 0.330 for every 1% increase in Media Advertising (X1). The Word of Mouth variable's regression coefficient is 0.268, which indicates that for every 1% increase in Word of Mouth (X2), the Purchase Decision (Y) will also increase by 0.268. Due to the positive regression coefficient that was found, Media Advertising (X1) and Purchasing Decisions (Y) on Miniso products in Palembang City. Therefore, the regression equation obtained is as follows:

$$Y = 8.319 + 0.330X1 + 0.268X2 + e$$

4.7 Partial Test Analysis t

4.7.1 Influence of Media Advertising (X1) on purchase decision (Y)

From table 8, it can be seen that the significance value of the Media Advertising variable is 0.000 or less than the probability value of 0.05. This means that there is a significant influence of Media Advertising (X₁) to the purchase decision (Y). So the hypothesis (H₁) accepted: Media Advertising has a positive influence on the Purchase Decision of Miniso products in Palembang City.

4.7.2 The Effect of Word of Mouth (X2) on Purchasing Decisions (Y)

From table 8, it can be seen that the significance value of the Word of Mouth variable is 0.000 or less than the probability value of 0.05. This means that there is a positive influence of Word of Mouth (X₂) to the Purchase Decision (Y). So the hypothesis (H₂) accepted: Word of Mouth has a positive influence on the Purchase Decision of Miniso products in Palembang City.

4.8 Coefficient of Determination Test

Table 9: Test Results of the Coefficient of Determination of the Equation

Type	R	R Square	Adjusted R Square	Std Error of the Estimate
	0,751	0,565	0,557	2,665

Source: Processed primary data, 2023

Based on the results in the table above, It can be seen that *Adjusted R Square* is 0.557 or 55.7%. therefore, it can be concluded that Media Advertising, Word of Mouth, and Purchase decisions amounted to 55.7%. While the remaining 44.3% was explained by other variables that were not studied in this study.

5. Conclusion

Based on the results of data analysis What has been done regarding the role of Media Advertising and Word of Mouth in the decision to purchase Miniso products in Palembang City, it can be concluded as follows:

1. Media Advertising has a positive influence on Purchasing decisions. This means that the better and more attractive the advertisement, the more it can encourage Miniso consumers to make a purchase.
2. Word of Mouth positively influences Purchasing Decisions. This means that other people's words or comments about Miniso products can influence Miniso consumers to make purchasing decisions.

6. Limitations and Advice

6.1 Limitations

In this research process, there are several limitations experienced and can be several factors that can be considered in order to perfect the research. Some limitations in the study, among others:

1. The number of respondents tested was only 120 people, of course, it is still insufficient to describe the real situation.
2. This study only focuses on Miniso in Palembang City so that the test results may be different if the object of research at the national level as a whole.

6.2 Suggestion

Some suggestions that can be given for future studies are as follows:

1. Furthermore, if the researcher chooses Miniso as the object of research, he can add a research sample without city restrictions so that he can see the influence if the research is carried out entirely in Indonesia.
2. Further researchers should be able to conduct ongoing research, this is in order to see and assess any changes in respondent behavior over time.
3. It is expected that there are additional variables that may also affect many things in this study.

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THE INFLUENCE OF BIG DATA ANALYTICS ON HUMAN RESOURCE MANAGEMENT STRATEGIES FOR COMPANY SUSTAINABILITY

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ABSTRACT

This article explores the transformative role of big data analytics in human resources (HR) management, particularly in the context of improving corporate sustainability. This paper discusses the definition of big data and its importance in modern business, emphasizing the volume, velocity, variety, veracity, and value of data. The Industry 4.0 era is underscored, highlighting the importance of up-to-date HR skills and the application of advanced analytics to improve HR processes such as recruitment, retention and employee performance evaluation. This paper discusses how big data analytics facilitates a more objective and data-driven approach to HR decision making, leading to greater efficiency and effectiveness in HR processes. Key technologies such as Hadoop and Apache Spark are mentioned for their ability to manage large-scale data storage and processing. NoSQL database integrations, modern data warehouse solutions, and data visualization tools like Tableau or Power BI were highlighted for their role in helping HR professionals gain actionable insights. The bulk of the paper is dedicated to a literature review, synthesizing findings from various studies on this topic. This review examines the potential of big data in HR to improve the long-term performance and sustainability of companies, also addressing challenges related to privacy and ethical considerations in data handling. The paper concludes by emphasizing the importance of integrating big data analytics in HR management and a focus on sustainability, emphasizing that while challenges exist, the long-term benefits of effectively implementing these technologies are clear: stronger, more adaptive and sustainable business operations.

Keywords: *Big Data Analytics, Human Resources (HR) Management, Corporate Sustainability, Industry 4.0 Technology, Data-Based Decision Making.*

1. Introduction

The term “big data” often refers only to the use of predictive analytics, user behavior analytics, or other specific advanced data analytics methods that extract value from data, and rarely to specific data set sizes (Diantaa et al., 2022). Big data is a condition where conventional database storage models can no longer handle large amounts of data (Shafiyah et al., 2022). Because more than 98% of the information stored worldwide is electronic, and the business community has accepted this new type of information because it can be useful (Sinosi et al., 2022). Big Data is a term that refers to data sets that are so large and complex that they are difficult to process using traditional data processing methods. This data is generated from a variety of diverse sources, such as social media, business transactions, sensors, and Internet of Things (IoT), which collect information continuously and in large volumes. The main characteristics of Big Data are often summarized as the “3Vs”: volume (large amounts of data), velocity (the speed at which data is generated and processed), and variety (the variety of data types and sources). Apart from that, some add “veracity” (accuracy and reliability of the data) and “value” (the value that can be taken from the data).

a. *Volume*

Refers to the large amount of data generated. The volume of this data has increased significantly since 2012, with the volume of data managed by companies doubling approximately every 40 months (BBVA, 2020).

b. *Velocity*

Indicates the speed at which data is generated and processed. This includes how data moves quickly from source to source and how quickly it must be processed to generate insights.

c. *Variety*

Refers to the variety of data types and sources that exist. It includes data that comes from multiple sources and in a variety of formats, including text, video, images, and more.

d. *Veracity*

Relates to the accuracy and reliability of data. Veracity emphasizes the importance of the quality and reliability of the data collected and analyzed (Uk.indeed.com, 2023).

e. *Value*

Highlights the importance of extracting useful value from data. Just collecting data is not enough; the real value lies in the analysis and insights that can be drawn from that data to aid in decision making or operational improvements (Robinson et al., 2023).

The addition of “veracity” and “value” to the original 3V concept reflects the evolution of understanding of the complexity and potential of Big Data. While the original 3V focused on the technical and quantitative aspects of data, this addition emphasizes the importance of data quality and the benefits that can result from data analysis.

Many business experts call the era we are entering the era of Industrial Revolution 4.0, which is marked by the emergence of advanced technology such as artificial intelligence and a disruptive era, where it is feared that advanced technology could replace many human jobs (Azzahra, 2021). This revolution is also called the digital revolution which is marked by the rapid use of computers and automation of recording in all fields (Kustanti, 2021). The era of Industrial Revolution 4.0 opens up opportunities for industrial human resources (HR) to acquire the latest skills (Muhamad Irfan Kresnadi et al, 2023). The concept of Big Data relates not only to the amount of data, but also to the ability to identify patterns, trends and insights that can be obtained through analyzing that data. Advanced analytical technology allows organizations to process Big Data in real-time or near real-time, providing the ability to make more informed and faster decisions. Big Data carries significant potential in the worlds of business and science, where deep analysis of big data can provide insights that can change the way organizations operate their business strategies, understand customers, and customize products or services.

One of the capabilities that is considered to be able to add value to an organization's supply chain is big data analytics (Mardhiyah & Santosa, 2022). Big data analytics technology is a collection of tools and methods used to interpret large volumes of data, which are continuously growing and often complex. Based on the results of research on HR, it shows that many entrepreneurs struggle to incorporate sustainability in a strategic way into their business (Nurasia & Aprirachman, 2023). In human resource management strategy, big data analytics is applied to improve the efficiency and effectiveness of HR processes, from recruitment to employee retention. As the foundation of this process, platforms such as Hadoop and Apache Spark provide a strong infrastructure foundation for handling data storage and processing at scale. Hadoop, with its Hadoop Distributed File System, enables massive data storage, while Spark offers high processing speed with its ability to process data in-memory.

NoSQL databases and modern data warehouse solutions such as Amazon Redshift or Google Big Query have become increasingly important in managing and analyzing unstructured data. Extract Transform Load tools like Talend or Informatica play a role in preparing that data, ensuring that the resulting data is clean, accurate, and ready for analysis.

Data visualization tools like Tableau or Power BI enable HR professionals to visualize data and gain actionable insights more quickly and intuitively.

Cloud computing platforms such as Amazon Web Services, Microsoft Azure, and Google Cloud Platform have become the foundation that enables the scalability and flexibility required for big data analysis, ensuring that resources can be easily scaled according to analytical needs. And when it comes to analyzing and interpreting data, machine learning and AI technologies like NLP come into play, helping in identifying patterns and trends, as well as providing predictive and prescriptive capabilities that were previously impossible with such large and complex datasets.

By combining all these technological elements, human resource management can change the way strategic decisions are made, moving from intuition to data-based decisions that support corporate sustainability. Thus, the key to utilizing big data analytics in HR lies not only in sophisticated technology, but also in expertise in interpreting the resulting data to inform and guide strategic decisions.

2. Literature Review

In the last decade, big data analytics has emerged as an important catalyst in understanding the complex dynamics of human resource management (HRM). Use of big data for strategic decision making, long-term performance and company sustainability (Moh. Halim, 2023). This, as explained by (Ahmad Firdaus Lingga et al, 2022), human resource development is needed to answer the challenges of the era of disruption 4.0.

2.1 Big Data Analytics in HR

In line with research by (Boudreau & Lakhani, 2013), the use of big data analytics in employee recruitment and retention has shown an increase in employee adjustment to appropriate roles. The development of a model for employee change readiness researched by (Shah et al., 2016), has been used to evaluate and predict employee performance, forming a basis for HR decision making.

2.2 HR Strategy and Corporate Sustainability

Corporate sustainability, as articulated by (Eccles et al., 2014), increasingly relies on sustainable HR practices. Big data analytics strengthens this approach by enabling organizations to conduct better assessments of the social and environmental impacts of their HR practices, which is in line with findings from research (Elkington, 1997) on the Triple Bottom Line.

2.3 Case Studies and Practical Applications

Examples of practical applications of big data analytics in HR are demonstrated through case studies by (Deloitte, 2018), which illustrate how Fortune 500 companies have integrated data to improve employee satisfaction and sustainability. Furthermore, research by (IBM, 2021) shows how analytics can be used to predict employee turnover trends and inform retention strategies.

2.4 Challenges and Limitations

Although the potential of big data analytics in HR is considerable, challenges related to privacy and ethics, as explained by (Martin & Murphy, 2017), should not be ignored. Research by (Dahlbom et al., 2019) emphasizes the importance of understanding these limitations in the context of applicable regulations.

3. Research Methods

A qualitative literature review is an important methodological approach in understanding the existing body of knowledge related to the influence of big data analytics on human resource (HR) management strategies for corporate sustainability. This method allows researchers to extract and synthesize findings from diverse studies to build a more comprehensive conceptual understanding of the research topic.

3.1 Research Design

This research design focuses on a systematic literature review, selecting and evaluating relevant qualitative research in the fields of big data analytics and HR management. This research uses a qualitative synthesis framework to identify themes, patterns, and relationships in the existing literature.

3.2 Literature Selection Process

The selection of literature sources is carried out based on clear inclusion and exclusion criteria, which include topic relevance, methodological quality, and significance of contribution to the research field. Academic databases such as JSTOR, Scopus, and Web of Science were used to collect relevant sources, using keywords related to big data analytics, HR strategy, and corporate sustainability.

3.3 Data Collection

This data refers to the texts and findings of the studies reviewed. The data collection process involves extracting essential information from each source, including the research objectives, methodology used, main findings, and conclusions. This information is then arranged in matrix form to facilitate comparison and analysis. There are eight papers that we will review.

3.4 Data Analysis

Data analysis was carried out through a structured text coding process. Each article or literature source is broken down into codeable units of meaning. These codes are grouped into larger themes that reflect key patterns or concepts in the literature. This method allows researchers to identify similarities and differences, as well as relationships between themes.

4. Research Findings and Discussion

Research findings and discussion are a crucial part of any academic study, providing insight into the results obtained and linking them to theoretical frameworks and previous research. In the journal entitled "*The Influence of Big Data Analytics on Human Resource Management Strategy for Corporate Sustainability*", this section will explore and discuss findings related to the use of big data analytics in HR management and its impact on corporate sustainability.

Literature that highlights various important aspects of innovation, sustainability, data privacy, and the use of technologies such as AI and big data in business and HR environments. Each provides valuable insight into current and future trends in organizational management and business practices.

a. "*Using the Crowd as an Innovation Partner*"

This article discusses how organizations can leverage crowdsourcing as a tool for innovation and problem solving. By analyzing the interactions between companies and the public, the authors reveal four main models of crowdsourcing that are effective in various situations.

Identify similarities and differences, as well as relationships between themes.

- *Theme:* Use of crowdsourcing as an innovation tool.
- *Similarities:* Focus on crowdsourcing.
- *Differences:* Variations in forms of crowdsourcing and their effectiveness.
- *Relationship to Other Themes:* Related to corporate sustainability and AI in HR.

b. *"Cannibals With Forks"*.

Elkington introduced the concept of the 'triple bottom line' in the context of sustainable capitalism. This book details the seven revolutions necessary to achieve sustainability, including market value, transparency, and technology, offering a guide for companies to operate more sustainably.

Identify similarities and differences, as well as relationships between themes.

- *Theme:* Triple bottom line concept.
- *Similarities:* Seven major revolutions for sustainability.
- *Difference:* Focus on revolution in the context of sustainability.
- *Relationship to Other Themes:* Relates to social enterprise and big data in HR.

c. *"The Rise of the Social Enterprise"*.

Based on global surveys and interviews, this article highlights the importance of social enterprise and how organizations are judged not only by financial performance but also by their relationships with employees, customers, and communities.

Identify similarities and differences, as well as relationships between themes.

- *Theme:* The importance of social roles in business.
- *Similarities:* The shifting role of business in society.
- *Difference:* Focuses on the changing role of business.
- *Relationship to Other Themes:* Related to sustainable capitalism and big data in HR

d. *"Big Data and HR Analytics in the Digital Era"*.

This article explores how human resources analytics and big data are used in HR. Based on a Finnish case study, the authors discuss the challenges and need for collaboration between HR professionals and data analysts.

Identify similarities and differences, as well as relationships between themes.

- *Theme:* Use of data and analytics in strategic decisions.
- *Similarities:* Focus on HR.
- *Difference:* Specific to application in HR.
- *Connections to Other Themes:* Linkages to AI in HR and privacy in marketing.

e. *"The Role of Data Privacy in Marketing"*.

This article reviews various aspects of privacy in marketing. By analyzing existing literature, the authors show how a narrow view of privacy can limit a broader, integrative understanding.

Identify similarities and differences, as well as relationships between themes.

- *Theme:* The importance of understanding and managing data privacy.
- *Similarities:* Focus on privacy in marketing.
- *Difference:* Specific to the privacy aspect of marketing.
- *Relationship to Other Themes:* Related to big data in HR and AI.

f. *"The Impact of Corporate Sustainability on Organizational Processes and Performance."*

This research shows that companies that adopt sustainability policies tend to have better performance in both the stock market and accounting. This research emphasizes the importance of sustainability in business strategy.

Identify similarities and differences, as well as relationships between themes.

- *Theme:* Use of advanced technology.
- *Similarities:* Focus on sustainability and corporate performance.
- *Difference:* Linkage of sustainability to financial and operational performance.
- *Relationship to Other Themes:* Relates to sustainable capitalism and social enterprise.

g. *"The Business Case for AI in HR"*.

This article investigates how AI can improve efficiency and effectiveness in the HR function. IBM, as a case study, shows the implementation of AI in various aspects of HR such as learning and compensation.

Identify similarities and differences, as well as relationships between themes.

- *Theme:* Specific AI applications in HR.
- *Similarities:* Focuses on the human aspects of the organization.
- *Difference:* Specific to the application of AI in HR.
- *Relationship to Other Themes:* Related to AI in HR and big data.

h. *"Big Data in an HR Context: Exploring Organizational Change Readiness"*.

This article explores organizational readiness in adopting big data. By assessing employee attitudes and behavior, this research shows that economic rewards and intrinsic satisfaction play an important role in the acceptance of organizational change.

Identify similarities and differences, as well as relationships between themes.

- *Theme:* Focus on the human aspect of the organization.
- *Similarities:* Organizational and employee readiness for change.
- *Difference:* Specific to change readiness in the HR context.
- *Relationship to Other Themes:* Related to big data and analytics in HR.

4.1 Research Findings

The article "Using the Crowd as an Innovation Partner" by (Boudreau & Lakhani, 2013) reveals that crowdsourcing is suitable for various types of challenges, with four main forms: contests, collaborative communities, complementarity, and labor markets. (Meanwhile, Elkington's "Cannibals with Forks", 1997) highlights seven major revolutions for sustainability, including market value, transparency, technology, life cycles, partnerships, time, and governance. In "The Rise of the Social Enterprise" (Deloitte., 2018), it was found that organizations are judged not only on financial performance but also on their relationships with workers, customers, and communities.

In the context of big data and HR analytics, "Big Data and HR Analytics in the Digital Era" by (Dahlbom et al., 2019) found that there are technical and human challenges in the adoption of advanced HR analytics, as well as the need for collaboration between data analysts and HR professionals. "The Role of Data Privacy in Marketing" suggested that narrow views of privacy constructed in consumer, organizational, ethical, or legal silos limit understanding of privacy. Furthermore, "The Impact of Corporate Sustainability on Organizational Processes and Performance" by (Eccles et al., 2014) shows that companies with high sustainability have more responsible organizational processes and better stock market and accounting performance.

"The Business Case for AI in HR" (IBM., 2021) reveals that AI increases efficiency and effectiveness in HR functions, including learning, compensation, and employee engagement.

Finally, “Big Data in an HR Context: Exploring Organizational Change Readiness” by (Shah et al., 2016) found that economic rewards and intrinsic satisfaction influence employee attitudes and behavior towards organizational change. These findings provide important insights into the role of technology, innovation and sustainability in the modern business context.

4.2 Discussion

The main findings of the two articles relevant to the use of big data analytics in human resource management (HR) and its impact on corporate sustainability can be explored and discussed as follows:

4.2.1 “Big Data and HR Analytics in the Digital Era” (Dahlbom et al., 2019).

The main findings of this article highlight the technical and human challenges in the adoption of advanced HR analytics, as well as the need for collaboration between data analysts and HR professionals. The use of big data in HR has the potential to revolutionize the way companies manage talent, from recruitment to employee development. Big data analytics enable HR leaders to make more objective, data-driven decisions, such as identifying patterns in employee turnover, predicting training needs, and optimizing recruiting strategies.

Challenges in implementation include difficulties integrating data from multiple sources, ensuring data privacy and security, and developing analytical competencies among HR professionals. However, by overcoming these challenges, companies can more effectively manage their human resources, which are a key asset for business sustainability.

4.2.2 “The Impact of Corporate Sustainability on Organizational Processes and Performance” (Eccles et al., 2014).

This research finds that companies with a high level of sustainability have more responsible organizational processes and better stock market and accounting performance. The use of big data analytics in this context can help companies identify and implement effective sustainability practices. By analyzing data from various aspects of operations, companies can find ways to reduce waste, increase energy efficiency and optimize resource use.

Big data analytics can also be used to measure the social and environmental impacts of company activities, which is important for sustainability reporting and meeting stakeholder expectations. Thus, big data analytics not only improves a company's sustainability performance but also supports strategic decision-making oriented towards long-term sustainability.

The use of big data analytics in HR management and corporate sustainability contains great potential to increase efficiency, effectiveness and corporate social responsibility. This creates a more dynamic and adaptive work environment, ultimately contributing to the long-term sustainability of the business.

5. Conclusion

The conclusions from the exploration of the main findings regarding the use of big data analytics in human resource management (HR) and its impact on corporate sustainability are as follows:

5.1 Use of Big Data Analytics in HR Management.

Big data analytics in HR management, as revealed in research by (Dahlbom et al., 2019), carries great potential to improve decision making in HR. By utilizing data efficiently, organizations can optimize recruitment, employee development and retention processes.

Implementing these technologies also presents challenges, including data integration, privacy, security, and developing analytical competencies among HR professionals.

5.2 *Impact on Company Sustainability.*

As illustrated by (Eccles et al.,2014), companies that integrate sustainability into their business processes tend to have better performance. The use of big data analytics supports sustainability by enabling companies to measure and manage the impact of their operations on the environment and society. This helps in identifying areas for improving efficiency, reducing waste, and optimizing resource use, as well as meeting stakeholder expectations and sustainability reporting standards.

5.3 *General Conclusion*

The integration of big data analytics in HR management and a focus on sustainability is a strategic step for modern companies. This not only improves operational efficiency and effectiveness but also strengthens the company's social and environmental responsibilities. While there are challenges to overcome, the long-term benefits of this approach are clear: companies that are able to effectively adopt these technologies will be more resilient, adaptable, and sustainable in the long term.

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A THIRD WORLD PERSPECTIVE ON WORK IN HOSPITALITY

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ABSTRACT

*The recent pandemic raised awareness of the importance of the Hospitality Industry. In 2018 with spending at US \$1.6 trillion per year, it contributed 10.3% to global GDP, employed more than 330 million people [one in every 10 jobs]. The sector also plays a pivotal role in poverty and inequality reduction. More than half its workforce are women and 30% are young people. This sector fulfills all the preferences of the UAPs of the Society of Jesus. Despite the impact of technology, hospitality will remain labor intensive. It is “high touch” requiring physical and emotional contact between consumer and producer. “Soft skills” [empathy, emotional, social and spiritual intelligence] rather than technical skills are the keys to success. Hospitality enterprises cannot merely hire hands or brains. The whole person comes to work with body, mind, heart and spirit. Hospitality workers are more Emotional Workers than Knowledge Workers. The four dimensions of work [formation, product, process and remuneration] explained in the Papal Encyclical *Laborem Exexcens* can be applied to hospitality work. This paper will focus on the multi-dimensional aspects of hospitality work.*

Keywords: *third world, hospitality, work*

1. Introduction

Before the current pandemic, WTTC estimated that travelers spent US \$1.6 trillion per year thus contributing 10.3% (\$8.9 trillion) to global GDP. More than 330 million people worked in the travel and tourism industry. This represented one in every 10 jobs. As a main driver of socioeconomic development and job creation, the sector played a pivotal role in poverty eradication and inequality reduction with an estimated 54 % of its workforce being women and 30% young people. Since the pandemic, some 121 million jobs have been lost.. The majority of the work was in micro, small and medium sized enterprises [MSMEs] in developing countries.

After seeing why travel will never be the same, this paper will examine what its rebuilding means for hospitality workers. Within the complex global tourism market, there is an enormous variety of hospitality. Consequently, this paper will focus primarily on the fourth most popularist country in the world: Indonesia. It is the ultimate in cultural and biodiversity.

Work is one of the single most important activities in a person’s life. [Naughton, 1992]. This involves one third of one’s waking time, has a great effect on how people perceive themselves and influences the degree of fulfillment one finds in one’s life. Most people say they would continue to work even if they inherited enough money to make them financially independent. Work is perceived as part of their nature to express themselves constructively. A person is by nature a creator – a creator of objects and co-creator. How work is understood and how the role of the workers effects the arena of labor have an impact on every other facet of one’s life. According to *Habits of the Heart* [R. Bellah], work can be viewed as a job, a career or a calling or vocation. As a job, work centers on the means by which people make money so as to consume goods. It supports a self that is defined by economic success, security and all that money can buy. A job corresponds to work as extrinsically understood especially its extrinsic

benefits such as wages, perks, working conditions, etc. Work viewed as a job is valued for its material gains. Unfortunately, some jobs are structured to repress psychological, social, ethical and spiritual possibilities that can be expressed through work.

As a career, work traces people’s achievements and advances in a particular occupation thus giving social status, prestige and a sense of expanding power. Career work is concerned about economic and psychological gains. The extrinsic aspect focuses on societal norms such as prestige and social standing while the intrinsic aspect focuses on self esteem. Hence, work should be creative, autonomous and fulfilling. There is a need for social awareness to guide the effort. Does this mean a job’s self actualization and personal creativity always contribute to the larger social good? Not necessarily. For example, being a tobacco company executive is no longer respected in society. According to the papal encyclical *Centesimus Annus*, when freedom in the process of self actualization becomes detached from truth, it degenerates into “self love carried to the point of contempt for God and neighbor, as self love leads to an unbridled affirmation of self interest and which refuses to be limited by the demands of justice”.

As a vocation, work transcends the dualism of a job and the tendency of selfishness of a career. It connects work’s purpose and the proximate and ultimate end of a person’s life. As a vocation, work is more than just a source of material and psychic rewards. A calling links a person to a larger community. It is a central link between the individual and the larger public world. Work in the sense of the calling can never be merely private. It is directed toward a greater end, namely, the common good. Work attains a more important value than goods and profits produced as well as psychological growth attained. It has a humanizing effect than binds the workers closer together and contributes to society’s general welfare. Work as a vocation is more than just a connection to the community and extends beyond the individual worker and the object that is created. If a religious dimension exists for the individual, then work must also take on a religious significance. A vocation infused with religious beliefs may enable work to become more satisfying and informed by God’s grace. It transforms the worker and transforms the object the worker produces by God’s grace. A religious vocation integrates the divine into the activity of work. This is not to deny the value of work defined as a job and a career. The fact is that work is a job, a means to a financial end. Work should be psychologically rewarding and a satisfying activity. If work fails to be connected to a good and truth beyond the individual and the organization, it eventually becomes an exercise in self interest. The absence of a sense of calling can result in an absence of a sense of moral meaning. This leads to a dualism by creating two different ethical standards. One for the work life and the other for private life.

Papal Social Tradition [PST] attempts to help people become more virtuous through a reappropriation of the idea of vocation and calling. It provides a return in a new way to the idea of work as a contribution to the common good. It is difficult to bridge the gap between the theory of Papal Social Tradition [moral and religious principles and virtues] and the practice of corporate life [the pursuit of profit, the need for continuous growth and the value placed on power. Today’s secular society does not make it easy to see the religious and moral aspects of work. While many people sense a religious dimension of their work lives, they have a difficult time perceiving their work in concrete ways as a vocation. Work as a vocation is perceived as merely “do goodism”.

According to *Laborem Exercens* [Saint Pope John Paul II, 1981], there are two aspects or changes affected by work emanating from the person. In so far as it has a self determining effect on the subject, work is *subjective*. In so far as work has an effect on the external object, work is *objective*. A mutual influence exists between the subjective and objective aspects of work. When people work, they change the object outside themselves and they change themselves as well. The two dimensions of the subjective effect of work are: formation and remuneration. Formation addresses the dynamic effect of work on the person. In short, work does affect the personality and being of the subject who performs the work. Remuneration addresses the reality

that most humans require income from work in order to support life. Remuneration is a major factor in the quality of life that workers and their families experience.

The objective changes affected by work are manifested in two ways: process and product. Process points to the series of steps and acts needed to generate the product or service. No product or service is made or produced without a series of steps that the worker must go through. People must go through a process to achieve an end. In the hospitality industry, a key concept is “seamlessness”, i.e. all the stages of serving the tourist must go smoothly. They are bound together like the links in a chain. If one link fails, the whole chain is a failure of service. Product or service points to the object or intangible service generated by the process. Work creates either a product or a service. This product or service is utilized in some way by those who acquire the product or pay for the service. Some products or services can contribute to the gradual physical, moral and spiritual decline of society. Examples include the defense industry, chemical industry, tobacco industry and sex industry.

The formative aspects of work forces us to ask four questions:

1. What is the relationship between what workers do and what they become?
2. To what extent are people shaped by their work?
3. How is a person motivated?
4. What is the nature of the human person?

The remuneration aspects of work forces us to ask four questions:

1. Are wages determined by the market or justice?
2. How involved should the worker be in the financial operation and risk of the company?
3. Should incentive packages be distributed throughout the firm?
4. Should workers own the means of production?

The process aspects of work forces us to ask four questions:

1. What are the techniques of the operation?
2. In the process of creating the object or service is the worker secondary to the considerations of efficiency and output?
3. What is the relationship between the worker and the means of production?
4. How should workers be organized in relationship to capital and technology?

The product or service aspects of work forces us to ask four questions:

1. Is the object made for the customer simply a means to some financial end or does it have some intrinsic connection to who the producer is?
2. Does a worker along with the organization have an obligation to develop quality products that are useful, safe, environmentally sound and affordable?
3. Is profit the sole purpose of production?

How the wider society perceives the product [whether it is socially desirable or not socially desirable] determines in part how fulfilled the workers are in their work. No one interested in organizing work can be blind to the values of work. Therefore, it is very important to have an understanding of the moral and religious principles and virtues of the Papal Social Tradition. The popes presuppose a vision of the person which works out in the organizational dimensions of formation, remuneration, process and product. One of the main problems is that owners treated labor as a commodity or just another factor of production determined by the laws of the free market. If workers are frozen out of decision making, creativity, autonomy and sociability, they become depersonalized. In such a case, work no longer meets its essential purpose of human development as articulated by Pope John Paul II. Materialism could suppress

the idea of vocation. A productive enterprise has a special obligation to develop the workers’ personal and social nature. A return to small and medium enterprises [SMEs] is the solution to the debate on worker participation.

	JOB	CAREER	JOHN XXIII	JOHN PAUL II
Formati-on	Economic	Psycho-logical	Dignity	Image of God
Remu-neration	Equity	Worth	Justice	Dominion
Process	Efficiency	Autono-my	Partici-pate	Co-Creator
Product	Productivity	Quality	Common Good	Stewardship.

The four dimensions of work [formation, remuneration, process and product] explained in the Papal Encyclical *Laborem Exexcens* will be applied to hospitality work. Hospitality work can help respond to the global pandemic in declining mental health. An appropriately designed travel experience has proven to be very therapeutic for many people.

2. Work in The Hospitality Industry

Despite the impact of labor-saving technologies in many other industries, hospitality will remain labor intensive. It is “high touch” and requires physical and emotional contact between consumer and producer. Tourists must come to their destination. They are involved in the production when they state what they want produced or which service should be provided. “Soft skills” [empathy, emotional, social and spiritual intelligence] rather than technical skills are the keys to success. The *Great Resignation* proves that hospitality enterprises cannot merely hire hands or brains. The whole person comes to work with body, mind, heart and soul. Hospitality workers are more Emotional Workers than Knowledge Workers. Hospitality work requires people with a great deal of knowledge and the ability to work under pressure and exude some authority. People no longer are willing to accept low paying jobs without any meaning for them.

The work of Howard Gardner in the area of Multiple Intelligence Theory [MIT] adopts an “alternative view” based on a pluralistic view of the mind. It recognizes many different facets of cognition besides the traditional measure of verbal and mathematical skills of the Intelligence Quotient [IQ]. The US society has embraced the formal testing mode to an excessive degree. There needs to be more emphasis on assessment rather than testing as well as the uses of multiple measures. The “assessment view” values the development of productive and reflective skills cultivated in long term projects. The IQ test has been regarded as psychology’s biggest success - a genuinely useful scientific tool. The IQ test normally taken by an 11 year old serves as a reliable predictor of their later performance in school. IQ tests predict with considerable accuracy but they are an indifferent predictor of performance in a profession after formal schooling.

Human cognitive competence is better described in terms of a set of abilities, talents and mental skills called multiple intelligences. MIT pluralizes the traditional concept of intelligence. Each intelligence must have an identifiable core operation or set of operations. All of the original seven intelligences are equally valid. The mind is a multi-faceted, multi-component instrument that cannot in any legitimate way be captured in a single paper and pencil style instrument. Cultures profit from differences in intellectual proclivities found within their population. Everyone should receive an education that maximizes his or her own intellectual potential.

Previously, people had relied on intuitive assessments of how smart other people were. The main hypothesis is that intelligence seems to be quantifiable but it is only one dimension of mental ability. The “uniform school” claims that better students [with higher IQs] should be

allowed to take courses that call upon critical reading, calculation and thinking skills. There are regular assessments using paper and pencil instruments. This measurement and selection system is clearly meritocratic. The “alternative view” has a pluralistic view of the mind. It recognizes many different and discrete facets of cognition. It acknowledges that people have different and contrasting cognitive strengths and styles. This view gave birth to the “individual centered school” based on the multifaceted view of intelligence and produced Multiple Intelligence Theory [MIT].

There is dissatisfaction with the concept of IQ and with the unitary views of intelligence began to search for a solution. MIT looks instead at more naturalistic sources of information about how people around the world develop skills important to their way of life. For example, the sailors in the South Seas have an intuitive navigational ability. Intelligence is viewed here as the ability to solve problems and to fashion products that are valued in one or more cultural community settings. Howard Gardener initially listed seven intelligences: linguistic; logical-mathematical [scientific ability]; spatial [mental model of spatial world]; musical; bodily kinesthetic; interpersonal and intrapersonal. The purpose of school and education then becomes developing intelligences and helping people reach vocational and avocational goals that are appropriate to their particular spectrum of intelligences. Then people feel more engaged and competent. They are more inclined to serve society in a constructive way.

This approach seeks to ensure that the complex student – assessment – curriculum – community equation is balanced appropriately. There is currently enormous pressure toward uniformity and one-dimensional assessments. This has resulted in the biases of “Westist”, “Testist” and “Bestist” approaches. Westist involves putting certain Western cultural values on a pedestal [example: rationality]. Testist is a bias toward focusing on those human abilities and approaches that are readily testable. Bestist is any belief that all the answers to a give problem lie in a certain approach such as the logical mathematical thinking. There is a famous book about this approach entitled *Best and Brightest* by Halberstam. There is a need to mobilize the spectrum of human abilities so that people feel better about themselves, are more competent, are more engaged and are better able to join the rest of the world community in working for the broader good. St. Paul’s image of the Mystical Body is a perfect example.

New measures include Emotional Quotient [EQ], Adversity Quotient [AQ], Social Intelligence [ScQ] and Spiritual Quotient [SpQ]. They are all important factors in determining job satisfaction and career fulfillment in the hospitality profession.

2.1 Emotional Quotient (EQ)

Emotional Intelligence includes self-control, zeal and persistence as well as the ability to motivate oneself. The main primary emotions are anger, sadness, fear, enjoyment, love, surprise, disgust and shame. The seven expressions are sadness, anger, fear, surprise, disgust, contempt or happiness. IQ and EQ are not opposing competencies but rather separate ones. (Goleman, 1995) No paper and pen test yields an “emotional intelligence” score. All of us are a mix of IQ and EI in varying degrees. Of the two, emotional intelligence adds far more of the qualities that make us more fully human. The essential human competences include self-awareness, self-control, empathy, the art of listening, resolving conflicts and cooperation. In some cases, people with high IQs can be stunningly poor pilots of their private lives. Emotional aptitude is a meta-ability which determines how well we can use whatever other skills we have, including raw intellect. EI is a master aptitude, a capacity that profoundly affects all other abilities, either facilitating or interfering with them.

People who are emotionally adept know and manage their own feelings well as well as read and deal with other people’s feelings. Gardner broke down interpersonal intelligence into four distinct abilities: the ability to understand other people, what motivates them, how they work and how to work cooperatively with them. The core of interpersonal intelligence is the

capacities to discern and respond appropriately to the moods, temperaments, motivations and desires of other people. The four components of interpersonal intelligence are organizing groups; negotiating solutions; personal connection [empathy and connecting] and social analysis [being able to detect and have insights about people’s feelings, motives and concerns]. One test of social skills is the ability to calm distressing emotions in others. Teamwork, open lines of communication, cooperating, listening and speaking one’s mind are the rudiments of social intelligence. Three applications of emotional intelligence are: being able to air grievances as helpful critiques; creating an atmosphere in which diversity is valued rather than a source of friction and networking effectively. An artful critique can be one of the most helpful messages a manager can send.

The key to a high group EQ is social harmony. Helping people better manage their upsetting feelings – anger, anxiety, depression, pessimism and loneliness – is a form of disease prevention. Family life is our first school of emotional learning. Some parents are gifted emotional teachers; others atrocious. In general, women feel both positive and negative emotions more strongly than men. This might explain their dominance in the hospitality profession. Emotional life is richer for those who notice more. The appropriate emotion is a feeling proportionate to the circumstance. A strong cultural work ethic of Asians translates into higher motivation, zeal and persistence. This gives them an emotional edge.

2.2 Adversity Quotient (AQ)

Adversity Quotient is a person’s pattern of responses to all forms and magnitudes of adversity from major tragedies to minor, annoyances. The Theory of Adversity Quotient states that those who respond most effectively to adversity will prevail in work and life. It is an exceptionally robust predictor of success. AQ can be permanently and substantially improved, regardless of one’s starting point. The symptoms of the adversity beaten individual or organization are individual and collective helplessness, organizational turnover and general stagnation. There are three categories of how people respond to adversity: quitters, campers and climbers. Quitters are overwhelmed by the challenge of the ascent and give up on their pursuits. Campers simply do not strive as hard and sacrifice as much as they once did. They get stuck in a comfort zone, Climbers are dedicated to a lifelong ascent. They are tenacious and refuse to accept defeat for long.

Response Ability is one’s capacity to maintain clarity, focus and direction in adversity rich times. It defines the extent of one’s ability to respond effectively to whatever comes your way. AQ is the precise, measureable, unconscious pattern of how one responds to adversity. Control, Ownership, Reach and Endurance [CORE] play the central role in remaining resilient and optimistic in the face of adversity. One’s CORE ultimately determines how one handles every deadline, conflict, injustice, setback, challenge and opportunity – life’s every day realities.

Control has two facets. To what extent are you able to positively influence a situation? To what extent can you control your own reaction or response to a situation [Response Ability]. There is great wisdom in recognizing the difference between those things we cannot control and those we can. Ownership assesses the extent to which one can take it upon oneself to improve the situation at hand, regardless of its causes. Reach explores how far one can let adversity go into other areas of one’s work and life. It determines how large you perceive the problem to be or its apparent extent. Endurance relates to how long one perceives the adversity will last or endure. The higher the AQ, the more likely one is to assign positive significance to a given event. The higher the AQ, the more likely you are to be strengthened by a given setback – the more likely you are to climb. The consequences of one’s response influence one’s thinking, creativity, mood, problem solving, decision making, approach, belief, attitudes and health. Your response is the epicenter from which everything else emanates. Climbers are those

who demonstrate the fortitude, courage and tenacity to keep their purpose alive and growing no matter what obstacles may arise. They have a strong sense of significance.

2.3 Social Quotient (ScQ)

Social intelligence is the ability to understand others and act wisely in human relations; not manipulating people to get them to do what you want. In 1920s it was defined as the ability to understand and manage men and women – skills we need to live well in the world. Pure manipulation was considered a mark of interpersonal talent but not being socially intelligent. ScI involves a two person perspective. ScI eludes the formal standardized conditions of the testing laboratory. Nevertheless, it is of vital importance for success in many fields. Social abilities allow one to shape an encounter, mobilize and inspire others, thrive in intimate relationships, persuade and influence as well as put others at ease. The more adroit we are socially, the better we control the signals we send. A key social ability is empathy, understanding others' feelings and taking their perspective and respecting differences in how people feel about things. People differ in their ability, willingness and interest in paying attention. Simply paying attention allows us to build an emotional connection. The more sharply attentive we are, the more keenly we will sense another person's inner state. Empathy lubricates sociability. Empathy involves knowing another person's feelings, feeling what that person feels and responding compassionately to another's distress.

Social intelligence can be nurtured and organized into social awareness [what we sense about others] and social facility [what we then do with that awareness]. It includes primal empathy [feeling with others; sensing non-verbal emotional signals]; attunement [listening with full receptivity; attuning to a person]; empathic accuracy [understanding another person's thoughts, feelings and intentions] and social cognition [knowing how the social world works]. Social facility builds on social awareness to allow smooth, effective interaction. It includes synchrony [interacting smoothly at the non-verbal level]; self-presentation [presenting ourselves effectively]; influence [shaping the outcome of social interactions] and concern [caring about others' needs and acting accordingly].

Empathy seems to improve with time, honed by the circumstances of life. Real listening requires us to attune to the speaker's feelings. Listening well has been found to distinguish those in the helping professions. They take time to listen, ask questions to better understand the person's background and attune to the other person's feelings. Empathic accuracy is an ability to infer another person's unspoken thoughts and feelings. Social cognition is knowledge about how the social world actually works and knowing what is expected in most any social situation. Examples are manners, decoding the social signals and finding solutions to social dilemmas. This means understanding the unspoken norms that govern interaction. It is crucial for smooth interactions with someone from a different culture where norms differ markedly from those we learned in our own group. It helps us overcome the tendency to be ethnocentric. Social cognition is the bedrock dimension of social intelligence. Self-presentation is the ability to present oneself in ways that make a desired impression. Women by and large are more expressive emotionally than men. The more we both empathize with and feel concern with someone in need, the greater will be our urge to help them. Concern is the impulse that lies at the root of the helping professions, especially the hospitality profession.

In an I-it interaction, one person has no attunement to the other's subjective reality and feels no real empathy for the other person. In "I-it" interactions, others become objects. we treat someone more as a thing than a person. One cares not about another person's feelings but only about what one wants from the other person [ego centric mode]. In contrast, communion is a state of mutual empathy. In some cases, the "I-it" mode is a mandate for many professionals. It implies a need to keep a professional distance to protect from emotional influences.

Just as they share a mission of caregiving, those who give the care need to look after one another. Burnout is work related emotional exhaustion, intense feelings of dissatisfaction and a depersonalized I-It attitude. Typically the emotional component of health care jobs does not count as “real work”. If the need for emotional care were routinely regarded as an essential part of the job, the health care workers could do their job better. There is a need to support compassionate health care vs. the biomedical culture that is technology driven and geared to getting patients in and out as quickly as possible. The more sources of emotional support we have in our work life, the better off we are.

When we relate to someone else as one of “them”, we close off our altruistic impulses. The essential requirement for overcoming prejudice is a strong emotional connection. The “hedonic treadmill” explains why enhanced life circumstances, like greater wealth, correlate poorly with life satisfaction. The wealthiest people are not the happiest. When we get more money, we adapt our expectations upward and so we aspire to ever more lofty and expensive pleasures. Consumerism has intensified the desire to maximize one’s consumption experience to such an extent that the desire to “have” things has taken priority over the call “to be” more human. The solution is a life rich in rewarding relationships. What makes life worth living is our happiness, our sense of fulfillment and good quality relationships. Nourishing relationships are the single most universally agreed upon feature of the good life. The problem is that technology makes it easier and easier to disconnect from other people. This results in the “thingification” of people or a depersonalization of relationships that corrodes our quality of life. Our “social self” is the sense of identity we form as we see ourselves in the mirror of our relationships. We need to build up a society’s capacity of compassion.

2.4 Spiritual Intelligence (SpQ)

In the American quick fix consumer culture, people have grown used to getting what they want, when they want it, even if they cannot afford it. The result is that they have become experts in the art of illusion, not the art of life. They end up wearing multiple masks as they struggle to be liked, loved and respected. What do they really want? To be successful or to be someone. They yearn to find their unique self. There is no quick fix, off-the-self consumerist spiritual life style choice. SpQ shows that the cost of a healthy spiritual lifestyle is lifelong commitment, dedication, passion, sacrifice and selfless self-giving love.

Spiritual Intelligence [SpI] (Draper, 2009) is a form of total intelligence involving one’s whole being based on the fact that every human soul has a latent capacity for God. It is a useful way of thinking about who they are and why they are here. The problem is that people rarely access their SpI. They lead busy lives and rarely have time to reflect on the riches buried in their hearts and traditions. SpI forms a central part of one’s intelligence. It is the part in which one’s values and beliefs are nurtured. People work to realize their full potential as created beings. SpI can help bring meaning and purpose to one’s work and the world one inhabits. Through SpI people recognize existing values and creatively discover new values. It is a journey of transformation, seeing afresh, living the change and passing it on to others. There is a process of spiritual growth involving an awakening to new possibilities, seeing the world through fresh eyes, living differently and passing on the benefits to those around us. Spirituality is about waking up. Spirituality is like a bridge between our being and our doing. People need to awaken from being seduced by the promise of success. What are people addicted to? The real voyage of discovery consists not in seeking new lands but in seeing with new eyes.

Spirituality is about maintaining the tension between contemplation [being] and action[doing]. The problem is that many people approach spirituality as a consumer = something that should serve them! The spiritual path is far from a soft option. Instead, it involves courage and commitment. The fruits of change can grow in many forms such as love, joy, peace, patience, kindness, goodness, faithfulness, gentleness and self-control. The “Me-

first” attitude is so prevalent in the modern culture of rampant consumerism. The good life is not the same as a comfortable life. It is vital to remain humble and non-judgmental.

The experience of beauty awakens people profoundly. The best things in life cannot be owned – they can only be experienced, appreciated and shared. The lives of great people are composed of small sustainable acts of self-giving love that begin to add up to a life’s work. People have to battle against consumerism, competition and comparison. Examples are attachments to possessions, pride, power, prestige and performance. Networking and connectedness conspire to maintain the ego driven pursuit of social and material comparison. For example, for many people Facebook has become a virtual popularity contest. Usually our escapism is not particularly positive and does not bring about ultimate relief. Ironically, many people who know they are dying seem to sense peace and liberation in their final days as captured brilliantly in the film *The Bucket List*. They discover they have nothing to lose. There is no future to distract them from the present. Everything comes into perspective. It is a fact that we all live in the face of death. The fear of death narrows the perspective on life as the pandemic has taught us.

SpI leads us into the truth that life is not necessarily what it seems. For example, mobile phones keep us permanently wired. Most people live in the past or the future. They need to live more fully within the present. It is the first step to a life of wholeness, presence, creativity, awareness and peace. The problem is that most people do not live to their full potential as the people they were created to be. People need to become active, curious listeners to the stories of others. Listen to someone’s story can be a sacred act. The things that truly matter are beauty, love, creativity, joy and inner peace. The really important kind of freedom involves attention, awareness, discipline and effort. They involve being able to truly care about other people and to sacrifice for them. A life of integrity of centered and embodies wholeness will prove far more remarkable in the end than a life based on “performance”. We need to surrender any temptation or compulsion to live up to what others expect of us as Steve Jobs, Founder of Apple Computer, confided before his death from cancer. We have been placed on earth to simply be ourselves. Our philosophy of life should be to act justly, love mercy and walk humbly [the prophet Micah].

The key to spiritual growth is to look on each new person one encounters along the way as someone who is sent to us with a gift. People need to overcome their prejudices and fears and to think positively about themselves. There is a distinction between receiving and taking. People need humility to receive from others. One’s soul is that place deep within us where our true self meets the divine presence. People need to cultivate a sense of thankful presence. St. Theresa of Calcutta noted that we cannot do great things. We can only do small things with great love. Let go and let God come. One of the greatest gifts of God is true friendship as the famous longitudinal study of the Harvard Class of 1937 has shown. Friends have the potential to bring us alive and awaken the possibilities inside of us. A soul friend [*an am care*] is someone who provides us with a deep sense of recognition. It is when we feel really understood.

3 The Future of Work in Hospitality

Like the terrorist attack on the Twin Towers in New York City on 11 September, 2001, Covid-19 will also change travel forever. Hospitality is one of the more resilient, innovative and flexible industries in the world. There is a lot of speculation about the future of travel. We need to think differently and prepare for the future. There are six major trends that are part of the “New Travel Experience”.

1. A new and enduring emphasis on healthy travel.
2. A renewed focus on domestic travel.
3. Renewed awareness of the true costs of tourism.
4. A surge in personal, private and self-guided travel.

5. Sustainability within travel.

This paper will focus on *Rejuvenative Travel*. This kind of travel will not have a disruptive impact on the environment nor contribute to global warming. Rather it will foster global solidarity and cross-cultural understanding. There is a need to view these changes as ultimately beneficial for the planet as well as global tourism communities. Then future travelers will have the best and most informed human experience they possibly can.

4 The Future of Work in The Indonesian Hospitality Industry

Indonesia occupies one eighth of the Equator with a pearl shaped set of 17,000 islands stretching 4,300 kilometers from east to west in Southeast Asia. There are 714 distinct ethnic groups speaking 1,001 local languages. It is the ultimate in cultural and biodiversity. Indonesia ranked fourth in the UN Happiness Index and at the top of the Per Capita Index of Giving in 2022. These results are due in good part to its Social Capital. Its population of 270 million people includes an emerging middle class as it enters into the higher level of middle income countries according to the World Bank. Like Japan, this healthy income distribution has produced a society without social jealousy and a relatively low crime rate. This emergence is the fruit of heavy investment in education resulting from the oil bonanza in the early 1970s. It strongly benefited Indonesia because it was then the 12th largest oil exporter in the world and a member of OPEC. This education boom created Knowledge Workers as defined by management guru Peter Drucker. As incomes rise, consumers increase their desire to travel and experience other places and cultures. This has created a dynamic domestic tourism sector. Via the Keynesian multiplier, tourism expenditure has fortunately also improved the distribution of income, especially for micro, small and medium enterprises [MSMEs]

One of the key concepts in the national language *Bahasa Indonesia* is *cukupan*. Basically this means one only consumes what is needed [*cukup*] and then shares what is left over with others. It is an application of the Aristotelian and Catholic philosophy *virtus stat in medio* [moderation in all things]. It avoids a greedy life style in which the extremely rich ironically find in the end that their possessions will rule them. At the same time, it avoids a desperately poor life style where daily survival is the focus of life. Living a moderate, comfortable life style results in a more humanistic outlook on life.

Geography has proven to be favorable to the development of separate, distinct cultures in Indonesia thus producing one of the most culturally diverse countries in the world. Moreover, the successive waves of Hinduism, Buddhism, Islam and Christianity has also produced an instinctively multi-religious culture in the world's largest Moslem country. Direct contact with other faith traditions has become an incentive to practice one's own religion in daily life. It has produced a kind of ecumenical Islam that is sometimes interpreted as “cultural Catholicism”. The result is a people who are tolerant of others, less threatened by invaders, deeply appreciative of diversity yet still have a strong and healthy local cultural identity. Indonesia has created people who are instinctively religious and spiritual with social discipline and a low crime rate that results in a sense of community. For example, by May, 2022 it attained a vaccination rate of 80% for the total population of 270 million people. The rate is 99% on its two most heavily populated islands of Java [140 million] and Bali [5 million]. Vaccination in the outer islands was a triumph of health care logistics. Another key concept is *gotong royong* or the practice of mutual help especially in local neighborhood or village infrastructure development. This concept is particularly helpful in times of natural disasters such as frequent earthquakes and volcanic eruptions resulting from living on the global “Ring of Fire”.

Culturally the heart of Indonesian life is the strong extended family network that has produced a healthy social safety net and rich social capital. The result is harmony, self esteem, self acceptance and a variety of talents. A *Wall Street Journal* article on May 6, 2022 praised the upsurge in domestic tourism after the end of the Moslem fasting month in May, 2022. In

tourism analysis, this is called VFR [visiting friends and relatives]. Due to the pandemic which eliminated international tourists coming to Indonesia, VRF has become the temporary focus of the hospitality industry. Because Java is so densely populated, weekend family tourism has also become very popular especially in the cooler climates of the mountains near major metropolitan centers. Both Jawa and Bali are compact, densely populated areas so there is a high return on infrastructure projects such as telecommunication facilities, toll roads and electrical power projects.

Indonesia's younger population has given the country a "demographic dividend". The hospitality industry is an ideal location for young people to gain their first work experience. Unlike many jobs, it does not require previous experience in many cases. In these jobs, young people can acquire the "soft skills" needed to work successfully in the service sector. Micro, small and medium sized enterprises [MSMEs] are the ideal place to begin their working careers. Some of the work in hospitality is low skill, needs only short training and has a high turnover rate to help with job mobility. Much of the decision making process by management is based on consensus, rather than merely following bureaucratic rules and regulations. The rise of the gig economy, especially in the food and beverage industry and local transportaiton industry, created a lot of low level, low income jobs during the pandemic. However, the "Law of the Commons" can unfortunately result in a lot of duplication in these small firms and a lack of creativity and innovation.

MSMEs are the backbone of the Indonesian economy and are usually adaptable to various business environments and economic shocks. At the end of 2018, Indonesia had 63.35 million [98.7 per cent of total] micro enterprises that employed 107.375 million workers. There were 783,132 [1.22 per cent] small businesses that employed 5.831 million workers while there were 60,702 [0.09 per cent] medium enterprises employing 3.77 million workers. [*Kompas*, September 10, 2020]. Only 5,550 [or 0.01 per cent of total] of enterprises in the formal sector are classified as large enterprises. Thus, MSMEs comprise 99.99 per cent of enterprises and 97 per cent of employment. [A. Prasetyantoko, 2020] The micro, small, medium and large enterprises make up 34.0, 8.9, 12.6 and 3 per cent of Indonesia's GDP respectively. Some 60 per cent of MSMEs are in the food sector.

Approximately, 77.68 million people [60.47%] of the work force work in the informal sector. Some 32.15% of those employed [46.43 million people] worked as non-fulltime employees [working less than 35 hours per week]. According to a February, 2020 International Labor Organization [ILO] report, the total number of informal workers in Indonesia was 56.5 per cent of the workforce or some 74.04 million people. This follows a global trend according to ILO which estimated that 62 per cent of workers or 2 billion people are forced to work in the informal sector. [*Jakarta Post*, June 18, 2020; *Jakarta Post* August 10, 2020]. Nevertheless, these informal workers are adaptive, cooperative rather than competitive, creative, innovative, take advantage of opportunities and quickly pick up new technologies. They work in labor intensive firms and are able to reduce unemployment and poverty. [Ester Lince Napitupulu, 2020] MSMEs are sustainable if they can take advantage of the digital ecosystem. Digital technology can be used to improve promotion, sales distribution and payment systems. The distribution of the MSMEs in July, 2020 was as follows:

1. Accommodation and food & beverage	35.88%
2. Small retailers, automobile and motorcycles repairers	25.33%
3. Processing industries	17.83%
4. Other service activities	11.69%
5. Agriculture, forestry and fishing	5.60%
6. Others	3.67%
TOTAL	100.00%

4.1 Future Developments in the Indonesian Hospitality Industry

One of the priorities of the Indonesian Tourism Ministry is to spread the geographical distribution of tourism destinations away from Java and Bali to the outer islands. The program is called *The 10 Bali's Program*. At Sanata Dharma University we are developing alumni tours to these outer islands working with alumni living there. These destinations have a potential to become an international market for retired and healthy senior citizens. They are often experienced international travelers and adventurous enough to explore a totally new culture and destination. Moreover, the places would be an ideal vacation location for Jesuit university students who are experienced backpackers. Such a trip would be in line with *Lonely Planet* tourist trend among young people and provide a low cost but very educational experience. Indonesia would be an appropriate location for a gap year for Jesuit university students who need time off to think about their vocation in life.

Sanata Dharma University is developing the *Trip to Thank The Teacher [T5] Program* to strengthen cooperation and genuine cross cultural exchange using the incredible global Jesuit educational network. Wealthy alumni are asked to donate funds for a trip by a teacher who has had a great impact on their lives. A major source of anxiety, especially for Americans in the post 9/11 era, is fear of traveling to distant and culturally different locations. This T5 program is especially designed to overcome this fear. Basically, it tries to connect recently retired Jesuit High School teachers in the USA with a counterpart recently retired Jesuit High School teachers in Indonesia. This should build not only a high trust level but also a common ground based on teaching experiences in a Jesuit High School. There are currently five Jesuit High Schools in Indonesia, mostly on the island of Java. Due to language problems, the Indonesian teachers will be mostly those who teach English to Indonesian High School students. Specific details on this exchange program can begin via social media long before the actual trip begins. There are a lot of factors to consider but hopefully after some actual experience with the program such trips will run smoothly with mutual benefit.

Sanata Dharma is also introducing a new graduate program in tourism studies entitled *Magister Management in International Tourism [MMIT] Program*. It is an attempt to introduce a more holistic approach to management education and training with a stronger emphasis on service quality management rather industrial based management techniques. The educational philosophy behind the program is based on Multiple Intelligence Theory [MIT] rather than simply relying on a person's performance on IQ tests. A more student centered, participative approach in which lecturers learn from students rather than a top down approach will be used in the teaching and learning process. This is based on the educational philosophy of the Massachusetts Institute of Technology [MIT] in Cambridge, Massachusetts.

5 Conclusion

Today, most of the concerns about the future of work focus on technology and Knowledge Workers employed in large corporations with industrial management overtones. The recent impact of the global pandemic has changed many people's perspectives about work and the basic motives that have an impact on it. *The Great Resignation* is a vivid reminder that work must be more than a dreary job just to make money. For others, work is a stepping stone in their career path that satisfies their deepest human need for self-fulfillment and self-actualization. When the pandemic forced people to realize they could not take their newly acquired wealth and fame with them when they died, they began to ask about their legacy. Steven Covey's *8th Habit of Highly Effective People* offers the idea of work as a vocation responding to an inner calling that motivates people to sacrifice themselves for the common good of humanity rather than their own personal satisfaction. Suddenly health care workers attained a much higher social and moral status than greedy professional athletes.

Statistics about the impact of the global pandemic on various sectors of the economy and small business enterprises revealed its devastating impact on a previously ignored aspect of the global economy: the hospitality industry. Before the pandemic employed some 330 million people globally in a very wide range of occupations. The vast majority are employed in micro, small and medium sized enterprises [MSMEs] in the service sector of the global economy. Reflections during the formulation of *Inspirational Paradigm of Jesuit Business Education* has revealed that most Jesuit Business Schools do not have courses on Service Quality Management and none on Small Business Management. The focus has been too much on getting a high paying job with an exciting new high tech start-up or a large multinational corporation with a clear path to top level management. The industrial model of management had prevailed.

These reflections also reminded us of the need to change our mind set or mentality in the area of recruitment of staff. Instead of the over reliance on traditional measures of mental, cognitive intelligence, workers in the service sector [especially hospitality workers] ideally should be chosen based on soft skills as measured by EQ, AQ, ScQ and SpQ. These are much more qualitative measures. Appropriate selection leads to a work force that is much happier and enjoying a higher level of job satisfaction that cannot be measured with the traditional benchmarks of salary, work environment, prestige, etc. In the social sciences, Happiness Indices are being developed to try to get a better grip on these qualitative variables.

Since the hospitality industry has exploded in recent decades and has now become the focus of economic and business planning, more and more countries, especially in the developing countries, have become aware of the enormous potential for tourism to solve not only economic but also social and moral problems. As the pandemic revealed, many developing countries now depend heavily on the tourism sector. Indonesia is a good place to apply the principles discussed in this paper since Social Capital is so strong there. IAJBS has helped through the application of the Inspirational Paradigm to the newly conceived MMIT program at USD. MMIT is also a means for developing creative and innovative ways to use the global Jesuit educational network to nurture a deep hunger for greater cross cultural understanding based on genuine trust.

Finally, the MMIT program is a very creative way to implement the four Universal Apostolic Priorities [UAPs] of the 36th General Congregation of the Society of Jesus. UAP 1 emphasizes the need for discerning healthy, responsible tourism in an age that has produced the billion dollar sex tour industry. UAP 2 emphasizes the need to walk with the poor not by giving them hand-outs but by providing work that gives them dignity as well as monetary income. UAP 3 emphasizes that the majority of workers in the hospitality industry are youth who are introduced to the human experience of work in their first entry jobs. Moreover, many youth have learned the educational value of low cost travel experiences that give them a genuine exposure to and experience of another different culture and its people. UAP 4 emphasizes the dynamic impact of the hospitality industry on the global environment. It is a relatively green industry with a small carbon footprint. The case of the emerging ecotourism sector of the hospitality industry is a classic instance of Stephen Covey's Win-Win strategy in which both guests and hosts benefit from the exchange of value.

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ANALYSIS OF THE EFFECT OF ECONOMIC GROWTH AND FOREIGN DIRECT INVESTMENT ON ENVIRONMENTAL DEGRADATION IN ASEAN CASE STUDY 2016 – 2022

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ABSTRACT

Development is an important aspect of a country because it impacts the welfare of society. However, environmental degradation is a major problem due to the development process of a country which is generally caused by economic activity. This paper aims to analyze the effect of economic growth and foreign direct investment on environmental degradation, especially in ASEAN. The analysis method used is panel data regression using data of 10 ASEAN members from 2016 to 2022. In this study, environmental degradation is represented by Environmental Performance Index (EPI) data. The results of this study state that economic growth has a significant effect on environmental degradation, while Foreign Direct Investment (FDI) has no significant effect on environmental degradation. This research is expected to contribute to environmental economics.

Keywords: *environmental degradation, economic growth, foreign direct investment*

1. Introduction

The state is responsible for the welfare of its citizens through development. According to Adam Smith (2008) the state has a duty, one of which is to encourage and create economic welfare for all citizens. Development can mean transformation in economic, social, and cultural terms through an appropriate policy or strategy. In terms of the economy, development can be seen through a country's economic growth.

Economic growth is one of the indicators of development in a country. The progress of a country's economy is determined by the size of growth with changes in national output. So, it can be said that economic growth refers to an increase in the value of a country's economic output within a certain period of time. According to Suparmoko (1998) economic growth can be measured by several indicators such as Gross Domestic Product (GDP) which describes the total value of goods and services produced by a country. Economic growth is said to be high if the value of GDP increases significantly.

Economic growth in a country is influenced by several factors, one of which is investment. Limited financing is one of the problems that often occurs in economic growth. Investment is one of the answers to these problems (Thirafi, 2013). Countries can attract foreign investors to invest in their country. According to Leitao (2010), investment is a very important indicator of openness for economic growth. Foreign direct investment (FDI) can help a country to boost a country's economic growth.

Every country will of course increase development continuously to achieve prosperity, including countries that are members of the Association of Southeast Asian Nations (ASEAN). ASEAN is an organization founded in 1967 by five countries, namely Indonesia, Malaysia, the Philippines, Singapore and Thailand. Over time, this organization expanded with the inclusion

of five other countries such as Brunei Darussalam, Vietnam, Laos, Myanmar and Cambodia. Initially ASEAN only aimed to resolve political and security conflicts between member countries, over time ASEAN moved to strengthen economic cooperation so that it could improve the welfare of the people of member countries. One of the implementations of these goals is the establishment of the ASEAN Economic Community (AEC) in 2015. The AEC is one of the special efforts undertaken by ASEAN to achieve economic equality in ASEAN (Setnas Indonesia, 2020).

As time goes on and development increases to improve human welfare, this will have an impact on the decline in the function or role of the environment due to increased pollution (Suparmoko, 2000). In development activities, human activities cause environmental changes. In addition to changes that are beneficial to the country's development, there are also negative impacts that are detrimental to humans, such as environmental damage and pollution. Environmental degradation is a major problem due to the process of economic development because it impacts economic growth and human welfare. Environmental degradation is damage to the environment due to depletion of natural resources. With the increase in population, the exploitation of natural resources increases. Similarly, pollution continues to increase due to the process of production and consumption (Panayotou, 2003).

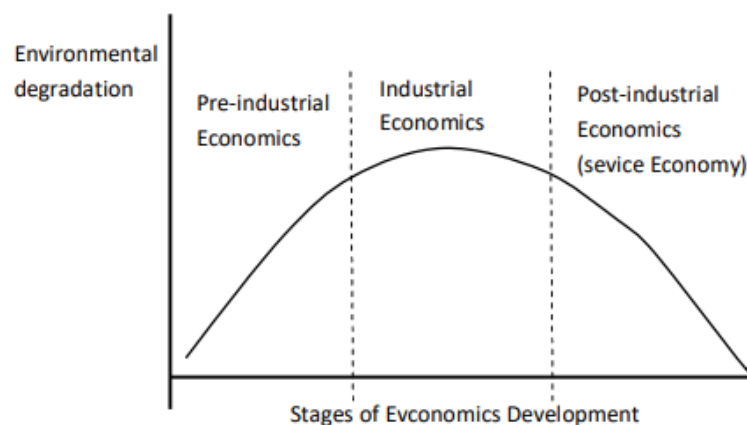
Good development is development that does not only focus on high economic growth. Development that only encourages high economic growth but ignores environmental aspects leads to a decline in environmental quality (Phimphanthavong, 2013). Subjective well-being, which includes happiness, life satisfaction and positive affect, is one of the three dimensions of sustainable development, namely environmental, social and economic.

Based on the explanation that has been explained, this study aims to determine how economic growth and Foreign Direct Investment (FDI) affect environmental degradation, especially in the ASEAN region in 2016 - 2022.

2. Literature Review

The relationship between environmental degradation and economic growth has been studied since 1955 with the Environmental Kuznet Kurve (EKC) theory. The EKC hypothesis is Grossman and Krueger's (1995) development of Kuznets' 1991 theory of an inverted U-curve that explains the relationship between income inequality and economic growth, where at the beginning of economic growth inequality increases, but inequality will decrease as economic growth increases. After its discovery, the EKC hypothesis was popularized in the 1992 World Development Report by the World Bank, which viewed that greater economic activity would inevitably damage the environment (Managi & Kaneko, 2015).

Figure 1.1
Environmental Kuznet Kurve: Locus of State



Source: Panayotou (2003)

Panayotou (2003), The Kuznet curve or EKC illustrates the relationship between economic development and environmental degradation. The curve is divided into three stages, as shown in Figure 1.1. This curve illustrates the stage of development of a country, where the first stage is called pre-industrial economics, the second stage is called industrial economics, and the third stage is called post-industrial economics (service economics). Industrialization starts with small industries that develop into heavy industries. This development used more natural resources and increased environmental degradation. The second stage is where there is a shift from the industrial sector to the service sector followed by a decrease in pollution as income increases. When income starts to increase, the demand for environmental quality also increases. The third stage, namely, an increase in income is able to increase environmental awareness by the community. People will have the awareness to pay for environmental losses due to economic activities. This stage is also characterized by the emergence of public awareness to sacrifice the consumption of a good to protect the environment. (Choudhary et al., 2015).

3. Research Methods

This research uses a quantitative descriptive approach using secondary data in the form of GDP, FDI, and EPI data from 10 ASEAN member countries from 2016 to 2022 obtained from World Bank Data and Yale University publications. This study uses panel data which is a combination of cross section and time series data, so the analysis method in this study is panel data regression. Data processing using Eviews 9 software. Estimation methods using panel data can be done through three approaches which include: common effect, fixed effect, and random effect (Ghozali, 2016). Panel data analysis uses three kinds of tests to determine the model, including the chow test, hausman test, and lagrange multiplier test. Meanwhile, to determine the effect, the F test (simultaneous), t test (partial), and the coefficient of determination (R2) are used.

3.1 Panel Data Model Selection Test

In a data processing model selection used in a study, it needs to be based on various statistical considerations. In the panel data model, there are three kinds of tests in testing model selection, namely the Chow Test, Hausman Test, and Langrangge Multiplier Test (LM Test) to determine one of the most appropriate estimation models to answer research objectives. Below is a table of the results of the model selection.

Table 1. Model Selection Test Results

Model Test	Result	Model Selection
Chow Test	Cross-section $F < \alpha$ (0.0000 < 0,05)	Fixed Effect
Hausman Test	Cross-section Random $< \alpha$ (0.0000 < 0,05)	Fixed Effect
Langrangge Multiplier Test (LM)	Breusch-Pagan Both $< \alpha$ (0,0184 < 0,05)	Random Effect

Source: Processed Data Eviews 9

Table 1. shows that the chow test cross-section F value has a probability of $0.0000 < 0.05$, so that in this test the model used is fixed effect rather than common effect. Meanwhile, in the Hausman test, the cross-section random value obtained a probability of $0.0000 < 0.05$, so the model used is fixed effect rather than random effect. In the Breusch-Pagan Both LM test, the probability is $0.0184 < 0.05$ so that the model used is random effect rather than common effect.

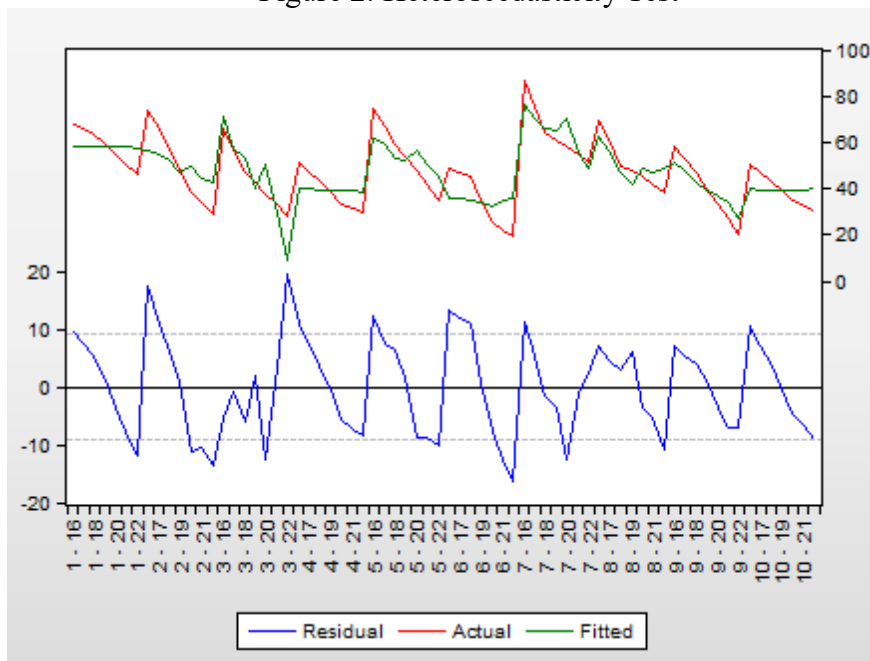
So, it can be concluded from the three tests, the model chosen is fixed effect as the regression model in this study.

3.2 Classic Assumption Test

Based on model selection testing, the fixed effect model was chosen to be the best model in answering this research. According to Widarjono (2015), the fixed effect model only needs two classic assumption tests, namely the Heteroscedasticity test and the Multicollinearity test to see whether or not there are classic assumption problems in the research data.

3.2.1 Heteroscedasticity Test

Figure 2. Heteroscedasticity Test



Source: Processed Data Eviews 9

Based on the picture above, the residual graph (blue color) does not cross the boundaries (500 and -500), meaning that the residual variance is the same. So the data does not occur symptoms of heteroscedasticity (Napitupulu et al., 2021).

3.2.2 Multicollinearity Test

Table 2. Multicollinearity Test

	FDI	GDP
FDI	1	0.2479528070888732
GDP	0.2479528070888732	1

Source: Processed Data Eviews 9

Based on the results of multicollinearity testing on the data above, the correlation coefficient shows 0.25 or smaller than 0.8 so that the data is free from multicollinearity.

3.3 Panel Data Regression Test

In the panel data regression, it has been determined that the fixed effect model is used, so the regression on the fixed effect model is as follows:

Table 3. Fixed Effect Model Regression Test Results

Dependent Variable: EPI

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	98.02499	7.446264	13.16432	0.0000
FDI	-4.94E-11	1.29E-10	-0.381694	0.7041
GDP	-1.59E-10	2.55E-11	-6.224826	0.0000

Effects Specification

Cross-section fixed (dummy variables)			
R-squared	0.671054	Mean dependent var	47.42764
Adjusted R-squared	0.608667	S.D. dependent var	14.52977
S.E. of regression	9.089329	Akaike info criterion	7.406884
Sum squared resid	4791.722	Schwarz criterion	7.792340
Log likelihood	-247.2409	Hannan-Quinn criter.	7.559992
F-statistic	10.75641	Durbin-Watson stat	0.520764
Prob(F-statistic)	0.000000		

Source: Processed Data Eviews 9

The fixed effect regression model equation formula is as follows:

$$\begin{aligned}
 & \beta_0 + \beta_1 X_{1it} + \beta_2 X_{2it} + e_{it} \\
 & .02499 + (-0.0000000000494) X_{1it} + \\
 &).000000000159) X_{2it} + e_{it}
 \end{aligned}$$

The constant is 98.02499 which means that if the value of the independent variable is fixed, the value of environmental degradation is 98.02499. The coefficient of the FDI variable is -0.0000000000494, which means that if the other independent variables are fixed and FDI increases by 1%, environmental degradation will decrease by -0.0000000000494. The coefficient of the GDP variable is -0.000000000159, which means that if the other independent variables are fixed and GDP increases by 1%, environmental degradation will decrease by -0.000000000159.

3.4 T Partial Test

Partial test is a test that shows how far the influence of one independent variable individually in explaining the variation in the dependent variable (Ghozali, 2016). The T test was conducted to determine the effect of each independent variable, namely FDI (X1) and GDP (X2) on the dependent variable of environmental degradation partially.

Table 4. Partial Test Results (T Test)

Variable	t-statistik	t-tabel	Prob	Alpha	Conclusion
FDI	-0.381694	1.66792	0.7041	>0,05	no effect
GDP	-6.224826	1.66792	0.0000	<0,05	effect

Source: Processed Data Eviews 9

From the results of the fixed effect model panel data regression in table 2. the t-test results of the FDI variable (X1) obtained a probability value $> \alpha$ ($0.7041 > 0.05$) then the X1 variable

is not significant or does not affect variable Y. While the GDP variable (X2) obtained a probability value $> \alpha$ ($0.0000 < 0.05$) then the X2 variable is significant or affects variable Y.

3.5 Simultaneous F Test

The F test shows whether together the independent variables have an influence on the dependent variable (Ghozali, 2016).

Table 5. F Test (Simultaneous Test)

F-statistic	10.75641
Prob(F-statistic)	0.000000

Source: Processed Data Eviews 9

The results obtained are f count $10.75641 > f$ table 3.14 with a probability value $> \alpha$ ($10.75641 > 0.05$) so that the independent variables together have no effect on the dependent variable.

3.6 Test Coefficient of Determination (R2)

The coefficient of determination aims to describe the level of relationship between one or more dependent variables.

Table 6. R2 Test

R-squared	0.671054
Adjusted R-squared	0.608667

Source: Processed Data Eviews 9

The results obtained show an R-squared value of 0.671054 which means that the independent variables, namely FDI and GDP, affect environmental degradation in ASEAN in 2016-2022 by 67.1% while the remaining 32.9% is influenced by other variables outside the regression.

4. Research Findings and Discussion

4.1 The Effect of Foreign Direct Investment on Environmental Degradation

The results of the analysis show that the probability t-statistic obtained a probability value $> \alpha$ ($0.7041 > 0.05$), which means that FDI has no effect on environmental degradation in ASEAN during 2016 - 2022. The results of this study are in line with the research of Kizilkayaa (2017) where FDI has no effect on the environment, especially in Turkey. This study uses data on FDI and CO2 emissions in Turkey during the period 1990-2015, with the results of the study that FDI has no significant relationship with carbon emissions, water quality, and air quality. Based on the results obtained, this study is in line with Kizilkayaa's research because FDI does not significantly affect environmental degradation.

So FDI does not always have a negative effect on the environment. This can happen if FDI is directed to environmentally friendly industries, environmentally friendly technology, and is also supported by government policies so that there is emission control and environmental protection.

4.2 Effect of Gross Domestic Product on Environmental Degradation

The results of the analysis show that the probability of the t-statistic obtained a probability value $> \alpha$ ($0.0000 < 0.05$), which means that GDP has a significant effect on environmental degradation in ASEAN during 2016 - 2022. The T-statistic value is also negative so that if GDP

increases, environmental quality will decrease. This is in line with Kuznet's theory which states that economic growth has a relationship with environmental quality like an inverted U curve.

The relationship between economic growth and environmental quality can be described as an inverted U curve, in accordance with Kuznet's theory. In the early stages of economic growth, increased production and consumption will lead to increased environmental degradation. This is caused by the increasing use of natural resources and increasing environmental pollution. However, in the next stage, economic growth will cause an increase in people's income. Increasing people's income will lead to increased public awareness of the importance of the environment. Society will begin to demand the government to implement policies that protect the environment. This will lead to improvements in environmental quality (Kuznet, 1955).

This study is also in line with research conducted by Grossman and Krueger (1995) regarding the relationship between GDP and several environmental indicators, including urban air pollution, oxygen levels in rivers, fecal contamination, and heavy metal contamination in rivers. Grossman and Krueger's results show that most indicators of economic growth initially worsen environmental conditions, followed by subsequent environmental improvements. As time goes by which makes the increasing development for human welfare, it can have an impact on the decline in the function or role of the environment due to increased pollution. In development activities, human activities cause environmental changes. In addition to changes that are beneficial to human health, there are also negative impacts that are detrimental to humans, such as environmental damage and pollution.

5. Conclusion

FDI has no effect on environmental degradation in ASEAN in 2016-2022. This could be because incoming foreign investment has implemented environmentally friendly technology and uses renewable energy, so it has no impact on environmental pollution. Meanwhile, economic growth has a significant negative effect on environmental degradation in ASEAN in 2016-2022. When economic growth increases, environmental quality will decrease.

ASEAN must establish policies regarding the environment by encouraging sustainable economic development in order to continue to improve the economy while still paying attention to the environment.

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DEVELOPMENT OF CORPORATE VALUE CONCEPTS THROUGH ETHICAL BUSINESS ACCORDING TO CHRISTIAN LEGAL PRINCIPLES

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ABSTRACT

Business ethics covers all aspects of business, including individuals, companies, society, as well as relationships between individuals and customers or work partners. Ideally, each party maintains mutual trust by implementing ethics in conducting business. What is the basis for the theological interpretation of the basic business ethics of Christian law, namely: business management is used to glorify God (Romans 11:36). On the contrary, still many businesses are driven by financial gain alone 'Financially Driven Company', mutually seeking their own benefits which can harm the other party without paying attention to the long-term effects. This can be avoided if each business actor wants to implement ethical business make business a 'trustworthy', then all business results are primarily for God - others - then ourselves 'Spiritual Driven Company'. The aim of this research is to understand the development of the concept of corporate value through ethical business management in accordance with Christian legal principles. Doing ethical business means managing the business with all your heart as for God (Colossians 3:23) in accordance with Christian ethical behavior in life, in this way God will certainly be glorified. This research uses a qualitative descriptive approach with data analysis to obtain these results by managing the business ethically according to the principles of Christian law which is carried out consistently, will be able to form a concept of company value. The form of implementation can be seen from the willingness to share profits – share processes – share programs, in the end it will be loved by employees, praised by customers, made proud and a blessing to everyone.

Keywords: *business ethics, theological perspective, upstream business competition, entrepreneurship, social responsibility*

1. Introduction

Currently, entrepreneurs in managing their business are often considered unethical, this is as a result of conditions of tight business competition, which triggers business people to use any means to achieve their goals, causing unhealthy competition and harming the business itself and all those involved in the long term. In addition, it has appeared in many reports that it is indicated that these business actors even use names and have Christian backgrounds, such as this news “Congregations reports to each other” <https://regional.kompas.com/read/2013/03/11/19424221/~Regional~Jawa>. Applying ethics in business activities will reduce unwanted negative impacts. Talking about ethics means discussing what is right and what is wrong, and whether humans should or should not do something. Here, ethics must regulate the way humans carry out their businesses based on the truth of God's word. Several aspects are visible when talking about business or an enterprise. There are two parties who will state something from different points of view, that business is ethical or that business is unethical. (Marx: 2001) Ethical business complies with the principles of Christian law in this context.

What is the basis for the theological interpretation of the basic business ethics of Christian law, namely: business management is used to glorify God (Romans 11:36). Christian law

written in the Bible does not prohibit doing business with anyone, including believers. However, basically all entrepreneurs in managing their business aim to achieve maximum profits, so that doing business is expected to help improve a person's welfare, especially in the economic sector, but not by using any means to achieve it. This is what often leads people to sin (1 Timothy 6: 10), so this is where ethics will play an important role as a value principle for business people.

The development of the concept of corporate value through the application of ethical business in accordance with Christian legal principles is still very limited in research that discusses it to date. Some of them that are close are: (2019) Jacky Latupeirissa with the title "Business Ethics Viewed from a Biblical Perspective", Samuel T Gunawan with the title “theological foundations and ethical behavior of Christian business”, and (2019) Dr. Malik Bambang with title “Theological Perspective on Christian business ethics”. Identity and integrity are important components of Christian entrepreneurship. Christian entrepreneurs realize that according to them, God and the Holy Bible are sources of joy in all aspects of their lives and business management. (Kaestner, 2020) business people realize that Christians are the first to bring all accountability for their efforts, talents, experiences and opportunities to God as a form of worship. This known as a Spiritual Driven Company. The goal makes the business or job a 'trust', then all the results are primarily for God, others, and then ourself. And with managing the business ethically according to the principles of Christian law which is carried out consistently, will be able to form a concept of company value. Its implementation can be seen from the willingness to share profits – share processes – share programs, in the end the benefits will be loved by employees, praised by customers, made proud and a blessing to everyone.

2. Literature Review

2.1. *Principles of Business Management*

The goal of the business world is not just to make a profit, but how the business is run responsibly by prioritizing the principles of good corporate governance. (Pieris: 2007) Implementing Good Corporate Governance can be done through one of the first steps, namely determination corporate values. By implementing Good Corporate Governance, then the business ethics created will also be good. Both of them inseparable and interconnected. Both are required by a company in order to create a good competitive climate and can increase company value.

2.2. *The Importance of Business Ethics for Business People*

In business, how important is ethics? It is very important to understand the meaning of the word ethics before studying business ethics. “Ethics” comes from the Latin word “ethicus”, and the Greek “eticos”, meaning “custom”. (Chaniago: 2013) This includes the concept of morality, which includes things like appropriate and inappropriate actions, and so on.

(Echdar: 2019) "Business Ethics and Entrepreneurship," Business ethics covers all aspects of relationships between companies, individuals and the general public. Business ethics can shape the values, norms and behavior of employees or leaders in a company to establish fair and healthy relationships with customers, work partners and the community. Business owners and employees should run the business together as a team. In a team, we do not work alone, business people must have continuity to make the team strong and solid.

2.3. *Business Ethics according to Christian Laws*

Knowledge of Christian ethics. K. Schilder (1890-1952) once said that Christian ethics is a field of theology that studies fixed standards, changing societies, and the obligation of humans to determine their will to obey God's will in actual and concrete situations.

Ethics is the science or knowledge of what is good and what is bad to respect or do (Ethics is the science of Good and bad). Therefore, it can be concluded that business ethics is a field that studies how business behavior is regulated by general ethical standards. Business ethics includes morals, social relationships, rights and obligations, principles, and general rules. Christian business ethics is an attempt to explain and discover divine truths related to economics and business and behavior therein.

In business, people risk many things, not just the things they own; they risk their self-respect, their reputation, their families, their lives and future destiny, and the society they represent as consumers. As a result, people in running their business must apply the right methods and tactics to save what has been risked. One of the best ways to run a business is to apply business ethics. Through applying the proper business ethics, all business activities will be able to generate various benefits, both material and non-material benefits such as good image, trust, and sustainability of the company (Ariesti, Yolanda & Hia, 2014).

Business ethics covers all aspects of business, including individuals, companies, society or the public, as well as relationships between individuals and customers or work partners. There is a morality that needs to be maintained when running a business. Wise behavior in every situation and condition, has social responsibility, so that it becomes a principle of company values that can foster a sense of trust from employees - partners - consumers and the community environment related to the company. In order for the company to operate well, business ethics are needed. In practice, ethics is a standard for all company members, including the owner. And if this is consistently carried out by each individual who works in the company in every operational activity of the company, later the concept of company value can be developed.

2.4. *Business Ethics Applied by Business People*

Competing businesses must have honest and fair business ethics, which means that business competition only aims to gain profits within reasonable limits for the progress and growth of the company, by maintaining reasonable honesty and fairness in legal interactions with other companies.

The importance of regulating business conduct has received greater attention recently. Consumers will not be harmed if competition between business actors is carried out in an appropriate manner. However, consumers will experience losses if they only enact consumer protection laws without regulating business competition. (Tainpubolon: 2021) This is caused by dishonesty regarding the quality of goods offered by certain business actors for distribution, stating that the goods they offer are of the highest class even though there are hidden defects that are covered up.

Business actors carry out these efforts with the aim of winning competition in business activities, dominating the market, or occupying a monopoly. In practice, dirty business can be divided into two parts, the first relates to the behavioral aspects of business actors, and the second relates to structural aspects.

Taking into account that the different value systems for each company are different, several general ethical principles can be found, namely: Autonomy, Honesty, Interaction, Fairness, Respect for oneself. Basically, competition is natural in the business world because without it companies will not be able to progress and develop. (Tainpubolon: 2021) However, if competition has eliminated ethics and good manners in the general public, then business ethics are clearly no longer respected. Because ethical issues affect the development of the economy and the business world, Business ethics are very important. In addition, it is very helpful in achieving healthy business competition.

Now, the most important thing is honesty. Being authentic is very important, not focusing on competitors anymore. *The main goal is how we become ourselves in running the business,*

and how we build the character and story. In time, the company will be known for always implementing ethical, environmentally friendly business and not just seeking profit, but bringing a positive impact to anyone who does business with it.

3. Research Methods

This research uses a qualitative descriptive approach with data analysis. Literature study in the subject of this research to collect the data needed to complete this research. Data collection methods include in-depth interviews with business actors who uphold and implement Christian legal principles, participant observation, and documentation investigations. The results of this writing analysis are in descriptive form. This method is used to obtain a valid and comprehensive qualitative understanding of the research subject.

The questions in the research included how to develop the concept of corporate values through the application of ethical business ethics in accordance with Christian legal principles. There were several questions for the respondents:

- A Christian entrepreneur must have Christian characteristics in the business environment he manages. Companies are required to establish, maintain, or even improve business ethical standards, but what can companies do this?
- Business or enterprise must be managed professionally and imbued with the values and spirit of Christian faith. The values of the Christian faith do not conflict with the principles of professionalism; in fact, it could be said that Christian values themselves as the source of professional business practices. How can a company consider its business ethics principles from a Christian Biblical perspective?
- What is the relationship between doing business ethically according to Christian law and building a corporate value concept?
- What is the implementation like in conducting ethical business?

4. Research Results and Discussion

Necessity company management which is driven by social and spiritual values demonstrated by implementing ethical business in accordance with Christian legal principles. (Cuny: 2012) According to pastor and theologian Tony Evans, "God empowers His people for the proper use of the earth's resources to conduct morally profitable business as His stewards." Therefore, this is the right discussion to the development of the concept of corporate values through ethical business in accordance with Christian law.

(Pandji: 2012) states four general business objectives, namely: seeking profit; maintain business continuity; developing and developing business; and socially responsible. These four goals are interrelated because business profits are used to maintain business continuity and develop the business, and they are also proof of social responsibility by creating employment opportunities. Meanwhile, (Burkett, 2006) specifically emphasized that there is only one main goal for every Christian business, namely to glorify Him; This is the goal of every Christian, both in business and in everyday life.

The Bible provides the basic value principles of a business. God wanted humans to work, both before they fell (Genesis 1:28) and after they fell (Genesis 3:17-19). Before the fall, work was a gift and calling from God himself. After the fall, work remained a gift and calling from God himself, but was now done competitively because of sin. Several Christian laws are the basis for application in conducting ethical business so that they are useful in developing the concept of corporate values:

Tabel 1. Several Christian Legal Principle are the basis for application in conducting ethical business so that they are useful in developing the concept of corporate values.

Bible Verses	aplication in conducting Ethical business so that they are useful in developing the concept of Corporate values.	The Josephson Institute (12 Ethical Principal for business executive)
Romans 11 : 36	Business for the Glory of God.	
2 Thesalonians 3 : 10d	Because work is a gift and calling, a christian should work hard – intelligently, sincerely and thoroughly	Leadership.
Colossians 3 : 23	Excellent in work and responsibility.	Accountability.
Proverbs 22 : 1	Build reputation and credibility in work.	Reputation.
Psalm 15 : 4c	Commitment and consistency in work.	Commitment to Excellence; Promise Keeping.
1 Cor : 14	Guarantee of work results.	
Proverbs 23 : 2	Have the right attitude in every situation and condition.	Integrity.
Matthew 22 : 19 – 21	Have ethics at work.	Fairness; Morale, Law Abiding
Proverbs 3 : 27 - 28	Respect for others.	Concern for others; Respect for others.
Proverbs 3 : 32b	Honesty.	Honesty.

The following image shows that the values of business ethics according to Christian law mentioned above, include all the principles of business ethics mentioned in this image. So, if Christian entrepreneurs manage their business ethically according to Christian law, they will undoubtedly be able to develop the concept of company value.

Figure 1. Principles of Business Ethics (Josephson Institute)



5. Research Findings

This research was conducted in order to provide an overview for business actors in developing the concept of company value through implementing ethical business, so that it will have a positive impact in the long term and can answer several problems formulated above. Currently, many companies are founded only to seek unlimited profits for their owners, which only last temporarily. In contrast, companies founded for the benefit of society will be sustainable.

Stakeholders will experience a different “atmosphere” and “way” when dealing with a company that prefers to “give” rather than “take.” (DataIndonesia.id by Populix: Mei 2023) More than 40% of Gen Z will answer that success is associated with financial aspects, such as property, wealth, rank, position and various 'financial' attributes in various forms and manifestations. This is in line with the view of the majority group which sees a person's success from what he has, especially financial aspects and from what he controls, especially aspects of position and rank. Owners of Mercedes Benz cars will be considered more successful than drivers of the Japanese brand Honda City sedan, for example. Owners of luxury homes with dimensions of more than 400m² are considered much more successful than owners of simple type homes (Small: Lb45/Lt60). Director positions are considered more successful than employees with staff or other administrative positions. Of course, that is not wrong and is even considered 'natural' because that is what is easily seen by the eye, which is easy to compare with one another.

People all over the world do it business as a goal and measure their success in life. They do business day and night because that is the only meaning of life for them and they do without it relying on or involving God. Unlike Christians, their business cannot be separated from their faith and God's intervention. To make it easier to learn, it is divided into several Zones.

Red Zone (Businesses that are still driven and based on achievements based on financial gain only). Ownership of property and high rank are the most basic symbols of success and are easily verifiable in terms of quantity. Not surprisingly, magazines like Forbes always display the ranking of rich people based on the amount of wealth they own. It is very easy, simple and can be imagined by everyone because it is the sum of ownership of material assets. This factor is so strong, it is not surprising that the majority of people will pursue financial aspects in the form of wealth and rank as a symbol of success. Every effort is made so that both can be achieved. It is this symbol that will elevate one's status in front of other humans to a level or several levels higher than other humans. 'Money is everything. What can't money buy?'

A company formed with a successful concept like this will aim at 'only' the financial aspect or known as a 'Financially Driven Company' with two main characteristics, namely:

- a. Success is a matter of the 'quantity of possessions' which is owned. A man who always only thinks about himself. Always sees that there are many other people who are 'more' than himself. Never satisfied with what he currently has.
- b. Because he considers success to be difficult, he will only give and share what is necessary to other stakeholders because he still feels 'deficient'.

This is symbolized by the 'Red Area', which means 'dangerous for leaders and employees who work in it for at least 8 hours'. There will be a Morality Turnover:

- a. Everything is done for one's own benefit (Greedy) → Usually in the next few years it will drop and the pattern used is always the same and always has a sweet mouth.
- b. There is no guarantee on the results of the work.
- c. If succeed it is because of him, but if fail it is because of other people or his subordinates.

Yellow Zone (Businesses that have started to be encouraged and based on consistent social responsibility). However, there are also people who do not only see finances as the main factor that is equivalent to what is called success. This group sees success not only in terms of

things “*quantity*” but from ‘*quality*’ of what he could have. Because of its focus on 'quality', this group adheres to two main characteristics, namely:

- a. Success is not just a matter of 'numbers' or numbers but focuses on 'values' which touch on ethics and morality in how to produce them.
- b. Success is also not for themselves; they have thought about how to share the 'results' with the group around them who have contributed to producing the results they can have.

The question of how to acquire wealth and rank becomes valid. "Process", becomes the first point of attention, not just the results. (Bambang: 2014) This group of business actor always views the process as something that must be done well because the correct process will produce the correct output, even if for some reason the correct method results in 'defeat', for example in winning a project, this group does not easily compromise the process just to get results as they wished. This is what is called a *Social Driven Company*. (The Alternative Board Blog: 2015) a Socially Driven Company is one that is built around positively contributing to society. It is given the *symbol* as *Yellow Area*, which means a transition area to be alert and careful so as not to fall into the red area but instead is preparing to move to the green area. When morals become part of the business process, the founders, owners and management of this company are already aware that they will walk an extra mile, will 'face a winding road that is sometimes very long', and will often even face the situation of whether there is still light at the end of the tunnel? They realize that they will be on a different path from most companies that only focus on financial aspects. This will require more fighting spirit than usual.

Green Zone (Businesses that are starting to be encouraged and based on morals and manners). Touching aspects that are much higher than just social - including ethics and morals - let alone just financial aspects, success includes responsibility as a human being to God Almighty as its Creator. This is what is called a 'Spiritual Driven Company'. This is very in accordance with Indonesian people who are guided by Pancasila (The foundation Of Indonesian state) as a way of life with the first principle, namely Belief in One Almighty God. This means that, in substance, Indonesian people in their daily lives are constantly reminded of this Godly principle. This means that what is thought, said, done for the benefit of individuals, institutions and the wider community in the nation and state must be based on the principle that God is paramount.

So the focus is not only on compliance with various regulations made by the authorities or strictly following good corporate governance or simply contributing to stakeholders as the embodiment of good citizenship for the company through corporate social responsibility programs but also seeing humans as the main goal. (Bambang WS: 2014) God's work or Put The People First. This is where two main characteristics emerge, namely:

- a. The concept of "God is the owner" and "humans are only the managers". Companies are trusted by God to be managed as well as possible.
- b. Contributions to all stakeholders are given on the basis of God's extending hand to improve the welfare of the community entrusted to them.

Because of the nature of making our business or work a 'trustworthy', all results are primarily for God, others, and then ourselves. This is what is called a 'Spiritual Driven Company' with the symbol 'Green Area' meaning a green area that is fertile, comfortable and safe for the benefit of the body, soul and spirit of the people who work in it. Doing everything as if we were doing it for God, in this way we will automatically have a performance standard that is above the normal average and that is good for us, because we will be trained in discipline to excel.

Implementation:

- a. Sharing profit: providing reasonable profits to business partners so that they can provide the best employee welfare and grow healthily. (bottom line sharing).
- b. Sharing process: sharing the advantages of each other's processes so that the bond between partners becomes strong because they produce products based on the best processes. Management guidance and HR management are essential things apart from market access. (middle line sharing).
- c. Sharing Program: unite in joint development, joint activities and joint programs to increase comparative advantage in facing competitors.

A good name is more valuable than great wealth. "A reputation that took decades to build can be threatened by a single event." There are four principles that are continuously applied and maintained, so that they are useful in building the company's value concept:

- a. Loved by employees → Fair and Wise Principles.
- b. Praised by customers → Principle of Guarantee and Consistency in keeping promises regarding Words and Work even if it means loss (One on One Replacement during the 1 year guarantee period). When customers complain, they must respond quickly, carefully and cheerfully.
- c. Become the pride of society → Tax Order - CSR as a Form of Community Service is not just a Marketing Branding Image.
- d. Be a blessing to society → This is more than a vision but a philosophy of founders and owners who really pay attention to 'stakeholders' above 'shareholders'. Especially if it touches the spiritual aspect, then 'soul holder', above all.

From the above we can learn together that to achieve business success, consumers - partners - employees must be treated morally well. This is an ethical obligation. Business success goes hand in hand with ethics in practice, as with many other business ethics topics. For business purposes, Ethics in relationships with consumers must be a top priority. Therefore, companies have a moral responsibility to protect and avoid losses for all parties involved in the transaction.

Customers are encouraged to build strong relationships with the company due to business ethics. In long-term ties like this, businesses can understand customer needs and expectations well. Thus, businesses can make customers happier by maximizing the number of pleasant experiences and reducing the number of unpleasant ones.

Companies that produce goods and services that have created business value principles will have indirect brand credibility. The credibility of this brand comes from the company's commitment and consistency in building, maintaining and maintaining these basic value principles.

6. Conclusions and Recommendations

People all over the world carry out business activities as a goal and measure of success in their lives. They do not rely on or involve God in their business, which they do day and night because that is their sole purpose in life. Unlike Christians, Christian businesses require God's intervention and faith. God, as a Father, cares about the efforts made by His children. He wants to see His children's businesses succeed, and He wants to bless their efforts.

Business ethics in a company has a very important role, namely to form a company that is strong and has high competitiveness as well the ability to create high value (value-creation), solid foundation is needed. Conduct business in a manner that is Christian legal principles (biblically) based and consistent with Christian ethical behavior. Not a few people have achieved success in business because they continue to use the Bible as a guide to their life and focus of their work. This is caused by the actions taken by these business people based on the

word of God. They not only look out for themselves, but also look out for others. In addition, it has the ability to establish the authenticity of the company's value principles by continuously and consistently building them through ethical business actions. In the end, we will definitely be glorified by God through our life and work.

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THE INFLUENCE OF RISK AVERSION ON BRAND LOYALTY WITH BRAND TRUST AND BRAND AFFECT AS MEDIATING VARIABLES

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ABSTRACT

Nowadays, cosmetic products are no longer exclusively designed for women but also for men. This creates opportunities and a conducive environment for the emergence of new companies. With the increasing number of companies in the men's cosmetic industry today, building brand loyalty is one of the biggest challenges that companies will face. This research aims to explore the relationship between risk aversion and brand loyalty, and test whether this relationship is mediated by brand trust and brand affect in the purchase of cosmetic and body care products by men. The sample selection was done using purposive sampling method with 110 male respondents who are students in Surabaya. Data analysis was conducted using the Structural Equation Modeling-Partial Least Squares (SEM-PLS) method with the SmartPLS program. The results showed that risk aversion significantly influences brand trust, brand affect, and brand loyalty. Brand trust and brand affect also significantly influence brand loyalty. By analysing brand loyalty and its influencing variables, companies in the men's cosmetic and body care industry can understand how to develop it, especially by paying attention to aspects such as risk aversion, brand trust, and brand affect.

Keywords: men; brand; companies; trust; loyalty

1. Introduction

In recent years, there has been a growing trend of men becoming more conscious of their overall body care and appearance. Cosmetic products are no longer exclusively designed for women to maintain their appearance but are also targeted towards men. Currently, men are increasingly aware of the importance of taking care of their skin for both aesthetic and health reasons (Agusty & Muttaqin, 2022). Men are realizing that caring for the body is crucial.

The positive development of the cosmetic industry and trends in Indonesia has created a conducive environment for the emergence of new brands. New companies continue to emerge, and existing businesses are also growing, creating a more competitive market. With the increasing number of companies in the men's cosmetic and body care industry today, the attempt of making consumers more loyal to certain cosmetic brands is one of the biggest challenges faced by companies. In this competitive market, understanding consumer behaviour is crucial for companies. By mastering consumer behaviour, companies can easily grasp consumer preferences that influence purchasing decisions. This understanding enables companies to develop more effective marketing strategies and product offerings.

Based on the Theory of Planned Behavior (TPB), a social psychological model developed by Ajzen (1991), individual attitudes toward a product or brand can significantly influence their purchasing decisions through three key factors: attitude, subjective norm, and perceived behavioural control. This theory has proven to be very useful and robust in predicting various behaviours, ranging from food consumption to the intention to purchase skincare products (Miguel et al., 2022).

Building brand loyalty is crucial for a company's survival and growth. Brand loyalty refers to the perceived connection customers have with a particular brand and is considered one of the most crucial outputs in most marketing literature (Samarah et al., 2022).

It is known that the formation of brand loyalty is influenced by several components. One component that can affect brand loyalty is the influence of risk aversion. Consumers vary in their willingness to tolerate risk in certain situations, known as their risk aversion (Rostami et al., 2019). When consumers perceive themselves in a risky purchasing situation, they tend to not try new products because they are unsure of their performances compared to well-known products and brands (Alhosseini Almodarresi & Rasty, 2019). Risk-averse consumers tend to be loyal to brands they are already familiar with.

One of the primary goals of marketing is to create an emotional bond between the brand and the customer. This relationship is built through trust and is crucial for sustainable long-term growth (Fatma & Khan, 2023). Consumer confidence in a brand, known as brand trust, is believed to act as a mediator between risk aversion and brand loyalty. When consumers have a high level of brand trust, they are more likely to remain loyal to a brand even when they perceive a high risk associated with the products or services of that brand.

In addition to brand trust, another variable that may influence the role of risk aversion in brand loyalty is brand affect. According to Sjabadhyni et al. (2019), each individual processes information differently or has different perceptions towards an object. This can influence their attitudes, behaviours, and decisions. Brand affect refers to a brand's potential to evoke positive emotional responses from the average customer as a result of using that brand. Therefore, consumers with high brand affect perceive that the brand makes them happy, joyful, and full of affection (Huaman-Ramirez et al., 2019).

Hence, this research aims to explore the relationship between risk aversion and brand loyalty with the mediation of brand trust and brand affect. The researchers are interested in investigating the relationship between risk aversion and brand loyalty and testing whether this relationship is mediated by brand trust and brand affect in the purchase of men's cosmetic and body care products.

2. Literature Review

2.1 Theory of Planned Behaviour

The Theory of Planned Behaviour (TPB) is a social psychology model that explains how human behaviour is influenced by individual beliefs, attitudes, and intentions. This theory was proposed by Ajzen and Fishbein (1980) and later refined by Ajzen (1991). According to Ajzen (1991), behaviour is influenced by an individual's intention towards a specific behaviour. TPB can elucidate how customers' behavioural intentions, such as the intention to purchase a product, influence their actual behaviours, such as the actual purchase of products. TPB is one of the theories in social psychology that effectively identifies the factors driving customer behaviour in planned, intended, or goal-oriented purchasing situations (Ashaduzzaman et al., 2022).

2.2 Risk Aversion

Risk aversion is a commonly used term in economics and finance to describe the extent to which individuals feel uncomfortable or threatened by uncertain circumstances and have established their own beliefs and systems to avoid such situations (Alhosseini Almodarresi & Rasty, 2019). According to Aren and Nayman Hamamci (2020), the extent to which individuals are unwilling to accept risk is known as risk aversion. It is believed that different biases and psychological traits can influence how people behave in risk-avoidant situations.

According to Kumar Mishra et al. (2016), risk aversion can be measured by an indicator developed by Raju (1980), which includes:

- a. When I buy a product, I feel it is safer to buy a brand I am familiar with.
- b. I would rather stick with a brand I usually buy than try something I am not very sure of.

2.3 Brand Trust

Brand trust is expressed as a crucial factor in commercial success and is defined as the average consumer's willingness to trust a brand's ability to fulfill its stated functions (Akoglu & Özbek, 2022). According to Nguyen et al. (2022), brand trust is the willingness to depend on a brand based on beliefs about the brand, regardless of the risks or uncertainties associated with it. It is the perception held by customers that a brand will fulfill its promises and consistently provide products or services that meet consumer expectations.

Brand trust is formed through direct experiences between consumers and the brand. Trust in a brand is built over time through consistent and positive interactions between the brand and its customers (Nguyen et al., 2022).

According to Gültekin & Kiliç (2022), brand trust can be measured by four indicator items developed by Chaudhuri & Holbrook (2001), which include:

- a. I trust this brand.
- b. I rely on this brand.
- c. This is an honest brand.
- d. This brand is safe.

2.4 Brand Affect

The definition of brand affect, according to Chubukova et al. (2019), is a concept that reflects the emotional involvement of consumers with a brand because the brand acts as a significant reflection of self-identity or is a meaningful symbol for the consumer. It reflects an individual's overall feelings or sentiments toward a brand and can encompass both positive and negative emotions. According to Gültekin & Kiliç (2022), brand affect refers to the relationship between the brand and the consumer. Having a high brand affect means that consumers have positive impressions and feelings about the brand and hold it in high regard.

According to Huaman-Ramirez et al. (2019), brand affect can be measured by three indicator items developed by Chaudhuri & Holbrook (2001), which include:

- a. I feel good when I use this brand.
- b. This brand makes me happy.
- c. This brand gives me pleasure.

2.5 Brand Loyalty

The definition of brand loyalty, according to Haq et al. (2022), is a strong preference that customers have for a particular brand or product, leading them to consistently repurchase in the future. The act of repeatedly buying a product is not just a random response but is influenced by emotional, normative, and psychological factors (Rostami et al., 2019). According to Febriana (2018), brand loyalty is a measure of consumer's loyalty to a brand, a deep-seated commitment to repurchase the product or brand in the future, even when situational changes tempt them to switch to other brands.

According to Sjabadhyni et al. (2019), brand loyalty is measured by agreement with four statements developed by Chaudhuri & Holbrook (2001). Specifically, behavioural loyalty is measured by agreement with the following two statements:

- a. I will buy this brand the next time I buy [product name].
- b. I intend to keep purchasing this brand.

Attitudinal loyalty is measured by two statements:

- a. I am committed to this brand.
- b. I would be willing to pay a higher price for this brand over other brands.

Hypothesis:

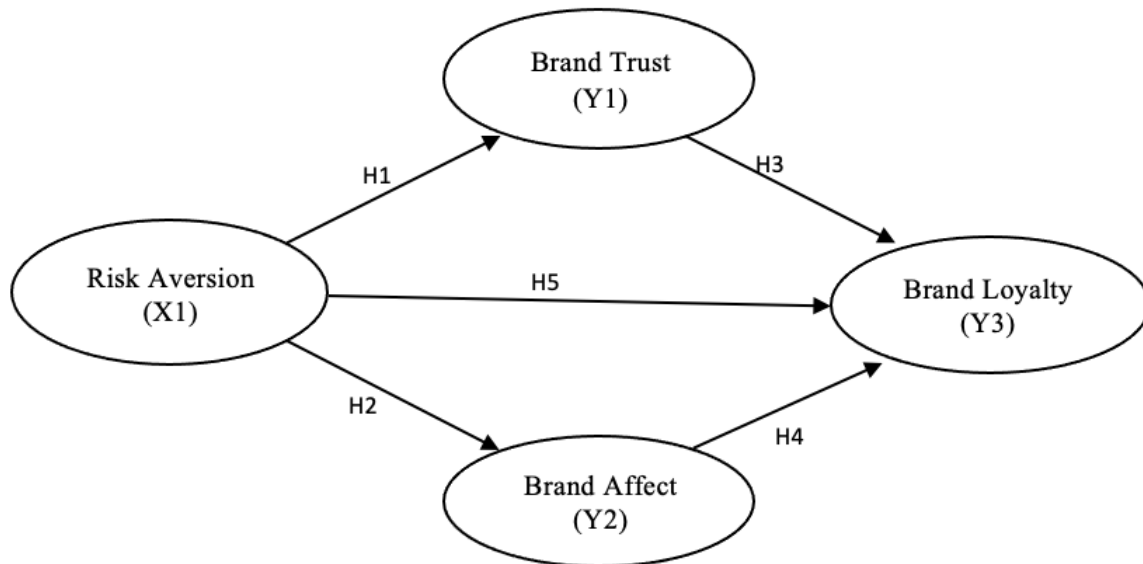
H1: Risk aversion is positively related to brand trust.

H2: Risk aversion is positively related to brand affect.

H3: Brand trust is positively related to brand loyalty: behavioural and attitudinal loyalty.

H4: Brand affect is positively related to brand loyalty: behavioural and attitudinal loyalty.

H5: Risk aversion is positively related to brand loyalty: behavioural loyalty and attitudinal loyalty.



3. Research Methods

The proposed research titled "The Influence of Risk Aversion on Brand Loyalty with Brand Trust and Brand Affect as Mediating Variables" adopts a quantitative research approach. According to Hardani & Fardani (2020), quantitative research is a systematic scientific study of the parts and phenomena and their relationships. Quantitative research emphasizes the analysis of numerical (numeric) data, which is then analyzed using appropriate statistical methods.

The population used in this study is male students in Surabaya, who are users of cosmetic and body care products. This population is expected to provide accurate data about the current use of cosmetic and body care products.

Sampling is conducted by the researcher to make it a representative sample of the population so that calculations and data collection become more effective. Sampling is used in research due to constraints such as time, finances, manpower, or logistical limitations that may not allow the study of the entire population (Smith et al., 2017). Sampling in this study applies the purposive sampling method, involving the selection of respondents based on specific criteria, which is relevant to the research objectives and characteristics of the studied population.

The type of data applied in this study is quantitative data, and primary data sources are obtained through a questionnaire. The questionnaire is distributed directly to the main informants, namely students in Surabaya. The measurement scale used is a seven-point Likert scale consisting of "1 indicating Strongly Disagree," "2 indicating Disagree," "3 indicating Somewhat Disagree," "4 indicating Neutral," "5 indicating Somewhat Agree," "6 indicating Agree," and "7 indicating Strongly Agree."

Data analysis in this study is conducted by applying the Structural Equation Modeling (SEM) method based on Partial Least Squares (PLS) using the SmartPLS software. According to Hair et al. (2019), SEM-PLS consists of two models: the measurement model which

represents how measured variables represent constructs and the structural model which shows how constructs are related to each other. In SEM-PLS, the measurement model is often referred as the outer model, and the structural model is referred as the inner model. However, both models essentially operate in exactly the same way in their approach.

4. Research Findings and Discussion

Data collection was carried out through the online distribution of questionnaires to 110 respondents. The criteria for respondents required for this study have been explained on the initial page of the questionnaire, ensuring that the respondents who want to fill out the questionnaire are in line with the criteria needed. This research utilized the Structural Equation Modeling-Partial Least Squares (SEM-PLS) analysis method with the SmartPLS program.

The first step undertaken was the testing of the outer model, which consists of validity and reliability tests. Tables 1 and 2 below show the results of the validity test for each variable by examining the outer loading values (convergent validity) and reliability tests by considering the values of composite reliability and Cronbach's alpha.

Table 1 Outer Loading

Variable	Indicator	Outer Loading (OL)	Average Variance Extracted (AVE)	Information
<i>Risk Aversion</i>	X1.1	0.910	0.846	Valid
	X1.2	0.929		Valid
<i>Brand Trust</i>	Y1.1	0.778	0.573	Valid
	Y1.2	0.758		Valid
	Y1.3	0.744		Valid
	Y1.4	0.747		Valid
<i>Brand Affect</i>	Y2.1	0.746	0.682	Valid
	Y2.2	0.899		Valid
	Y2.3	0.824		Valid
<i>Brand Loyalty</i>	Y3.1	0.811	0.682	Valid
	Y3.2	0.852		Valid
	Y3.3	0.807		Valid
	Y3.4	0.833		Valid

Based on Table 1, it is known that each indicator has an outer loading value > 0.7, and each variable has an AVE (Average Variance Extracted) value > 0.5. Therefore, it can be concluded that each variable and indicator in this study are valid as they meet all the criteria for convergent validity testing.

Table 2 Reliability Test

Variable	Composite Reliability	Cronbach's Alpha
<i>Risk Aversion</i>	0.916	0.818
<i>Brand Trust</i>	0.843	0.752
<i>Brand Affect</i>	0.865	0.765
<i>Brand Loyalty</i>	0.896	0.844

Based on Table 2, it is found that each research variable has composite reliability and Cronbach's alpha values ≥ 0.7. Therefore, it can be concluded that all variables in this study are reliable as they meet the criteria for this testing.

The second analysis involves testing the inner model, which includes R Square (R2) and Q Square (Q2) values.

Table 3 R Square

	R-square	R-square adjusted
<i>Brand Trust</i>	0.379	0.374
<i>Brand Affect</i>	0.270	0.264
<i>Brand Loyalty</i>	0.694	0.686

Based on Table 3, it is observed that the R-square values for each variable are as follows:

- Brand Trust: The R-square value for brand trust is 0.379, indicating that the influence of risk aversion on brand trust is 37.9%.
- Brand Affect: The R-square value for brand affect is 0.270, suggesting that the influence of risk aversion on brand affect is 27%.
- Brand Loyalty: The R-square value for brand loyalty is 0.694, meaning that the impact of risk aversion on brand loyalty is 69.4%.

Table 4 Q Square

	Q ² (=1-SSE/SSO)
Brand Trust	0.181
Brand Affect	0.160
Brand Loyalty	0.451

Based on Table 4, it is evident that the Q-square values for brand trust, brand affect, and brand loyalty are greater than 0, indicating that the model has good predictive relevance. Therefore, in this study, the latent exogenous variable, risk aversion, is suitable as an explanatory variable that can predict or anticipate the endogenous variables: brand trust, brand affect, and brand loyalty.

The third stage involves hypothesis testing to compare the path coefficients and outer loadings between the T Statistic and T Table values, using a significance level of 5% or 1.96.

Table 5 Hypothesis Testing

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
RA -> BT	0.616	0.591	0.117	5.249	0.000
RA -> BA	0.519	0.509	0.107	4.858	0.000
BT -> BL	0.275	0.278	0.076	3.636	0.000
BA -> BL	0.246	0.250	0.084	2.951	0.003
RA -> BL	0.450	0.442	0.072	6.216	0.000

Hypothesis Testing Results:

1. H1: Risk Aversion has a positive relationship with Brand Trust.
 - T-statistics: $5.249 > 1.96$
 - P-values: $0.000 < 0.05$
 - Conclusion: Hypothesis 1 is accepted. This implies that risk aversion significantly and positively influences brand trust.
2. H2: Risk Aversion has a positive relationship with Brand Affect.
 - T-statistics: $4.858 > 1.96$
 - P-values: $0.000 < 0.05$
 - Conclusion: Hypothesis 2 is accepted. This suggests that risk aversion significantly and positively influences brand affect.
3. H3: Brand Trust has a positive relationship with Brand Loyalty.
 - T-statistics: $3.636 > 1.96$
 - P-values: $0.000 < 0.05$
 - Conclusion: Hypothesis 3 is accepted. This means that brand trust significantly and positively influences brand loyalty.
4. H4: Brand Affect has a positive relationship with Brand Loyalty.
 - T-statistics: $2.951 > 1.96$
 - P-values: $0.003 < 0.05$
 - Conclusion: Hypothesis 4 is accepted. It indicates that brand affect significantly and positively influences brand loyalty.
5. H5: Risk Aversion has a positive relationship with Brand Loyalty.
 - T-statistics: $6.216 > 1.96$
 - P-values: $0.000 < 0.05$
 - Conclusion: Hypothesis 5 is accepted. This concludes that risk aversion significantly and positively influences brand loyalty.

5. Conclusion

The evolving trends in cosmetic and body care products for men have intensified market competition. To endure and compete effectively, companies in the men's cosmetic and body care product sector can focus on aspects identified as variables in this study, including risk aversion, brand trust, brand affect, and brand loyalty. The research results indicate that the variable of risk aversion significantly and positively influences brand trust, brand affect, and brand loyalty. Additionally, brand trust and brand affect also have a significant positive impact on brand loyalty. According to Matzler et al. (2008), brand trust and brand affect contribute to a better understanding of brand loyalty in the context of risk aversion. By analysing brand loyalty and its influencing variables, companies in the men's cosmetic and body care product industry are expected to sustain their presence in the market.

For future research, it is recommended to explore different scopes, such as other industries that require further investigation to support Indonesia's economic growth. Seeking different research models is also advised, including adding more variables to uncover other independent factors influencing brand loyalty.

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HUMAN-CENTERED ECONOMICS: BRIDGING THE GAP BETWEEN ECONOMIC THEORY AND HUMAN WELL-BEING

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ABSTRACT

This article explores the relationship between economic theory and human well-being. Human-centered economics is a concept that has gained relevance in contemporary economic discourse. It emphasizes the importance of considering humans as a central focus in economic theory. The study proposes a framework for human-centered economics. “Contribution of Zakat and Community Economic Welfare” by Husain (2021) examines the contribution of zakat to community economic welfare. The study finds that zakat plays a significant role in improving community economic welfare, particularly through its impact on institutionalization, regulation, foreign exchange, capital distribution, and human development. This research contributes to understanding the relationship between zakat, economic factors, and human well-being. All things considered, these studies emphasize how critical it is to take social, environmental, and ethical considerations into account when analyzing economic data, which helps close the gap between economic theory and human well-being. They draw attention to the necessity of expanding economic frameworks to include a more thorough understanding of human well-being and to go beyond conventional economic indicators. Future research in this field could include incorporating these variables into economic models, influencing how policy decisions affect the promotion of equitable and sustainable economic growth, and developing new metrics that accurately reflect human well-being.

Keywords: human-centered economics, economic theory, well-being, bridging the gap

1. Introduction

Human-centered economics is a concept that has gained relevance in contemporary economic discourse. It emphasizes the importance of considering human well-being as a central focus in economic theory and practice. This approach challenges traditional economic models that prioritize efficiency and growth without sufficient consideration for the impact on individuals and communities (Keynes, 2018). International socio-economic development theory has to take socio-emotional enablement into account, as the human-centered economics discourse acknowledges (Affolter, 2004). This means acknowledging the importance of social structures that nurture the well-being and empowerment of individuals (Affolter, 2004). It also involves recognizing the value of creativity and the potential for radical change in socio-economic debates (Lee, 2017). In the context of healthcare, there is a growing discourse on patient-centeredness, which aligns with the principles of human-centered economics (Pluut, 2016). This discourse emphasizes the importance of taking into account patients' diverse needs and perspectives in healthcare decision-making and service delivery (Pluut, 2016). It calls for a shift towards a more inclusive and person-driven approach to healthcare (Pluut, 2016).

The concept of human dignity is also central to the discourse on human-centered economics (Mazur & Mazur-Matek, 2021). Dignity is regarded as a fundamental component

of labor and ought to be taken into account when developing and putting into practice human resource management strategies (Mazur & Mazur-Małek, 2021). This perspective challenges traditional economic models that prioritize profit over the well-being and dignity of workers (Mazur & Mazur-Małek, 2021). The concept of human ecology is another relevant aspect of the discourse on human-centered economics (McGregor, 2011). It highlights the interconnectedness of individuals, families, communities, and the environment (McGregor, 2011). This viewpoint advocates for an integrated and holistic approach to economic analysis and decision-making that considers the social and environmental consequences of economic activity (McGregor, 2011). The discourse on human-centered economics also critiques the neoliberal economic and political imaginary that shapes education policies and reforms (Lee, 2017). It argues for a more inclusive and equitable approach to education that considers the diverse needs and aspirations of learners (Lee, 2017).

In summary, the discourse on human-centered economics emphasizes the importance of considering human well-being, socio-emotional enablement, creativity, dignity, human ecology, and inclusivity in economic theory and practice. It challenges traditional economic models and calls for a more holistic and person-centered approach to economic analysis and decision-making.

1.1 The research objectives:

The study aims to investigate the connection between economic theory and human well-being and suggests a framework for human-centered economics in the paper. The study attempts to explore the relationship between economic theory and human well-being and propose a framework for human-centered economics. The article's main hypothesis is that a more thorough reorienting of economics away from GDP and economic growth and toward human well-being will lead to a more comprehensive understanding of the economy (Kubiszewski et al., 2013).

1.2 The research questions addressed in the article include:

- a. How can economic theory be expanded to incorporate human well-being as a central consideration?
- b. What are the limitations of traditional economic measures, such as GDP, in capturing human well-being?
- c. What are the key components of a human-centered economic framework?
- d. How can human-centered economics be applied in practice to improve societal well-being?

1.3 The article provides an overview of the structure as follows:

- a. Introduction: Provides an overview of the current state of economic theory and the limitations of traditional measures of economic performance.
- b. Theoretical Framework: Explores the concept of human well-being and its relevance to economic theory. Discusses the need for a shift towards human-centered economics.
- c. Critique of GDP: Examines the limitations of GDP as a measure of economic performance and its failure to capture important aspects of human well-being.
- d. Components of Human-Centered Economics: It proposes a framework for human-centered economics, including key components such as social capital, environmental sustainability, and subjective well-being.
- e. Application and Implications: Discusses the practical application of human-centered economics in policy-making and decision-making processes. Highlights the potential benefits of adopting a human-centered approach.

- f. Conclusion: summarizes the main findings of the article and emphasizes the importance of bridging the gap between economic theory and human well-being.

Overall, the article aims to contribute to the ongoing discussion on the limitations of traditional economic measures and the need for a more comprehensive and human-centered approach to economics. By proposing a framework for human-centered economics, the article seeks to provide a basis for future research and policy development in this area.

2. Literature Review:

2.1 Existing literature on economic theories and their impact on human well-being

The existing literature on economic theories and their impact on human well-being is diverse and multidisciplinary. "The General Theory of Employment, Interest, and Money" by Keynes (1933) is a seminal work that explores the relationship between economic factors and human well-being. Keynes argues that government intervention in the economy can promote full employment and improve overall well-being.

"A Psychological Perspective on Economics" by Kahneman (2003) introduces a behavioral approach to economics, challenging traditional assumptions and highlighting the importance of psychological factors in understanding human well-being. This perspective recognizes that individuals' subjective experiences and emotions are factors that play a significant role in their economic decision-making and overall well-being. "Theories of Well-Being," Bloodworth (2005), discusses objective theories of well-being, which focus on mental states and actual desires. These theories provide frameworks for understanding and improving human well-being by addressing both psychological and material needs. "Adaptation amidst Prosperity and Adversity: Insights from Happiness Studies from Around the World," Graham (2010) contributes to the literature on the economics of happiness. It explores how individuals adapt to changes in their economic circumstances and highlights the importance of subjective well-being in assessing human well-being. "Free to Be Happy: Economic Freedom and Happiness in the US States" by Jackson (2016) examines the relationship between economic freedom and subjective well-being. The study finds that greater economic freedom is associated with higher levels of happiness, suggesting that economic factors can significantly impact human well-being. "A grand theory of human nature and happiness," Aydin (2012) proposes a comprehensive framework for understanding human nature and happiness. The theory integrates various psychological, social, and economic factors to provide a holistic understanding of human well-being.

Krutilla and Reuveny (2002) investigate the relationship between economic development and quality of life in their article, "The quality of life in the dynamics of economic development." The study highlights the multidimensional nature of well-being and emphasizes the importance of considering non-economic factors in assessing human well-being. "The Impact of Economic Freedom on Creating Happiness and Inequality: International Evidence," Roka (2020) examines international relations between economic freedom, happiness, and inequality. The study finds mixed results, suggesting that the impact of economic freedom, happiness, and inequality may vary across countries. Overall, the existing literature on economic theories and their impact on human well-being provides valuable insights into the complex relationship between economic factors and human well-being. These studies highlight the importance of considering psychological, social, and non-economic factors in understanding and promoting human well-being.

3. The theoretical frameworks and concepts that have shaped economic thought and the gaps in the literature that the paper aims to address

The article "Human-Centered Economics: Bridging the Gap Between Economic Theory and Human Well-Being" aims to address gaps in the literature by exploring theoretical frameworks and concepts that have shaped economic thought. It seeks to bridge the divide between economic theory and human well-being. Several references provide relevant insights and concepts that can contribute to this research. These theories can provide a foundation for understanding the relationship between institutions, entrepreneurship, and economic growth, which are crucial factors in human well-being.

Friedline et al. (2020) highlight the importance of the economy and economic environment in influencing families' financial stress and well-being. This perspective emphasizes the need to consider the broader economic context when examining human well-being. Understanding the impact of economic factors on individuals and families can contribute to a more comprehensive understanding of human-centered economics. Klasen (2018) explores the impact of gender inequality on economic performance in developing countries. This research highlights the need to consider gender gaps and their implications for economic outcomes and well-being. Addressing gender inequality is an important aspect of human-centered economics. Dimmelmeier et al. (2017) advocate for a comparative approach to pluralist economics education. This approach draws on concepts from biology, the history of economic thought, the philosophy of science, and international political economy. By incorporating diverse perspectives and theories, pluralist economics education can contribute to a more holistic understanding of human well-being. Valentinov (2022) discusses the parallels between stakeholder theory and classical institutional economics. This perspective offers insights into the role of institutions and stakeholders in shaping economic outcomes and well-being. Integrating stakeholder theory into economic analysis can provide a more human-centered approach.

Negru (2013) examines the concept of schools of thought in economics, focusing on the Austrian School. This research contributes to understanding the diversity of economic thought and the different approaches to economic analysis. Incorporating insights from different schools of thought can enrich the understanding of human-centered economics. Korsgaard et al. (2016) emphasize the multidisciplinary nature of entrepreneurship research and the importance of borrowing ideas and concepts from economics, sociology, and psychology. This interdisciplinary approach can enhance the theoretical grounding of entrepreneurship and its relationship to human well-being. Naz (2022) explores the link between capabilities and human well-being. This research highlights the importance of considering social and economic domains together to understand human well-being comprehensively. The capability approach provides a framework for conceptualizing and measuring well-being beyond traditional economic indicators. Clark (2005) argues that Sen's capability approach provides a better framework for thinking about human well-being and development than traditional approaches that focus on utility or resources. This perspective emphasizes the importance of considering individuals' capabilities and freedoms in assessing their well-being. Easterlin (2005) discusses the need to build better theory and well-being, addressing the gaps in economics and sociology. This research highlights the importance of developing a comprehensive and multidimensional understanding of well-being.

3.1. The Case for Human-Centered Economics:

Human-centered economics is a concept that aims to bridge the gap between economic theory and human well-being. It highlights how crucial it is to take into account the requirements, beliefs, and experiences of people and communities when making economic decisions (Grant, 2009). This method acknowledges that traditional economic models

frequently place an emphasis on growth and efficiency without giving enough thought to how those factors may affect human welfare ("Small is beautiful: economics as if people mattered", 2000). Instead, human-centered economics seeks to create an economic system that promotes the well-being of all individuals and communities.

There are several core principles of human-centered economics. First, it emphasizes the importance of human well-being as the ultimate goal of economic activity. This means that economic policies and decisions should be evaluated based on their impact on human welfare rather than solely on measures such as GDP or productivity (Grant, 2009). Second, human-centered economics recognizes the interdependence of the social, environmental, and economic systems. It acknowledges that economic decisions should aim to promote equitable and sustainable outcomes because they can have a wide range of effects on society and the environment (Genaidy et al., 2017). Another key principle of human-centered economics is the recognition of the value of human agency and participation. It emphasizes the importance of involving individuals and communities in decision-making processes that affect their lives (Kammer-Kerwick et al., 2022). This participatory approach ensures that economic policies and interventions are responsive to the needs and preferences of the people they are intended to benefit. Human-centered economics also emphasizes the importance of equity and social justice. It recognizes that economic systems can perpetuate inequalities and marginalize certain groups and seeks to address these disparities through policies that promote fairness and inclusivity (Mazur & Mazur-Matek, 2021). This entails removing structural obstacles to employment and making sure that the advantages of economic expansion are distributed more fairly (Gorobets, 2011).

In summary, human-centered economics is a framework that seeks to prioritize human well-being and promote sustainable and equitable outcomes. It highlights how crucial it is to take into account the needs and values of both individuals and communities in addition to the connections between the social, economic, and environmental systems. By incorporating these principles into economic decision-making, human-centered economics aims to create a more inclusive and just economic system.

3.2 How this approach differs from traditional economic theories:

Human-centered economics is a concept that emphasizes the well-being and needs of individuals as the central focus of economic theory and practice (Peet, 2006). It recognizes that traditional economic theories often prioritize economic growth and consumption without adequately considering the impact on human well-being and the environment (Martin et al., 2016). By combining ideas that put the welfare of people and the sustainability of ecosystems first, human-centered economics, on the other hand, aims to close the gap between economic theory and human well-being (Folke et al., 1996).

3.3 The core principles of human-centered economics include:

- a. Respect for nature and its limits: human-centered economics recognizes the importance of maintaining ecological balance and preserving biodiversity (Martin et al., 2016). It emphasizes the need to respect the limits of natural resources and ecosystems to ensure long-term sustainability.
- b. Focus on human well-being: Human-centered economics prioritizes the well-being of individuals and communities over purely economic indicators such as GDP (Peet, 2006). It considers factors such as health, education, social equity, and quality of life in economic decision-making.
- c. Sustainable development: Human-centered economics promotes sustainable development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs (Folke et al., 1996). It seeks to balance economic growth with environmental protection and social equity.
- d. According to Grund et al. (2017), human-centered economics places a strong emphasis on the

value of inclusive decision-making processes that include all pertinent parties, including marginalized groups. This includes participation from the public. It recognizes that diverse perspectives and experiences are essential for creating economic systems that benefit everyone.

3.4. The potential benefits of adopting a human-centered perspective are:

Adopting a human-centered perspective in economics offers several potential benefits. Firstly, it can lead to a more equitable distribution of resources and opportunities and reduce poverty and inequality (Peet, 2006). By prioritizing human well-being, human-centered economics can address social issues and improve the overall quality of life for individuals and communities. Secondly, human-centered economics promotes environmental sustainability by considering the impact of economic activities on ecosystems and natural resources (Martin et al., 2016). It encourages the adoption of sustainable practices and the preservation of biodiversity, leading to a healthier and more resilient environment.

Additionally, human-centered economics acknowledges the significance of social and cultural elements in the process of making economic decisions (Barros et al., 2022). It acknowledges that individuals have diverse values, preferences, and needs and seeks to incorporate these factors into economic models and policies.

In conclusion, human-centered economics offers a paradigm shift from traditional economic theories by placing human well-being and environmental sustainability at the center of economic decision-making. By adopting a human-centered perspective, societies can strive for more equitable, sustainable, and inclusive economic systems that prioritize the welfare of individuals and the planet.

4. Methodology

4.1 The paper explores the following areas for a comprehensive review of the key factors:

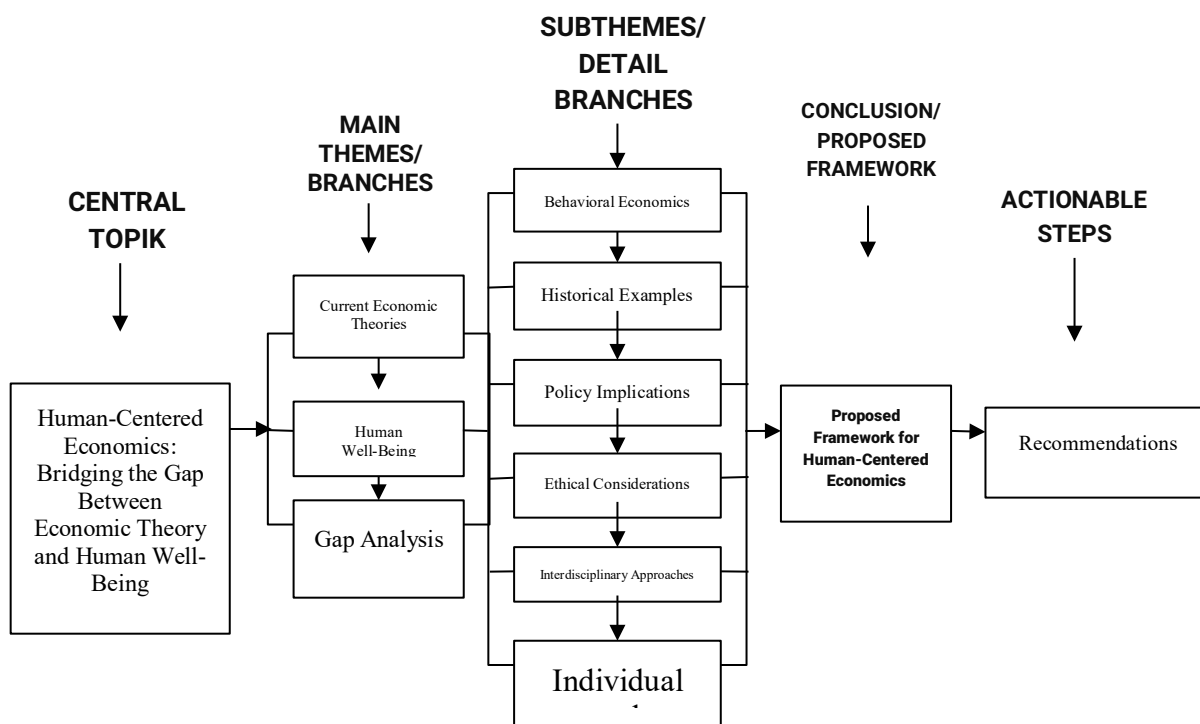


Fig 1: Conceptual Framework for this paper

The above framework explores and summarizes traditional economic theories to identify shortcomings or gaps in current economic frameworks regarding human well-being. It further reinforces the role of behavioral economics in understanding human decision-making within economic frameworks. The paper also explores historical instances where economic policies positively impacted human well-being. After that, the paper discusses potential policy implications for adopting a human-centered economic approach and examines the ethical dimensions associated with economic theories and their impact on human well-being. The author further explores how insights from various disciplines contribute to bridging the gap between economic theory and human well-being. The paper discusses ways in which individuals, communities, and policymakers can actively contribute to promoting human-centered economics. Lastly, the paper summarizes their findings, proposes a framework that prioritizes human well-being in economic decision-making, and offers actionable recommendations for stakeholders interested in promoting and implementing human-centered economic principles. This framework structure allowed the author to visually organize and connect the main components of the paper, facilitating a clear and coherent presentation of the research on "Human-Centered Economics: Bridging the Gap Between Economic Theory and Human Well-Being."

4.2 Approach

The methodology for writing this paper involved a thorough examination and analysis of existing literature, documents, and sources related to the intersection of economics and human well-being. Here's a brief explanation:

Approach	Approach Description
Literature Review:	<p>Scope: The literary review encompasses a wide range of academic resources, including scholarly articles, books, and relevant publications that enhance the relationship between economic theories and their impact on human well-being.</p> <p>Keywords: The topics covered in the report include the evolution of economic theory, its historical development, and the gaps or inadequates in current economic frameworks with regard to human well-being.</p>
Qualitative Document Analysis:	<p>Documentation: The approach involved selecting qualitative documents that provide insights into the human-centered perspective in economics. This included policy documents, case studies, and qualitative research papers.</p> <p>Analysis Techniques: Qualitative analysis techniques such as content analysis, thematic analysis, or narrative analysis were employed to elicit important themes, patterns, and insights from the selected documents.</p> <p>The aim of the analysis is to pinpoint important discoveries that support or contradict the notion of human-centered economics and its capacity to bridge the knowledge gap between economic theory and human welfare.</p>

<p>Integration of Findings:</p>	<p>Synthesis: The paper synthesizes the findings from the literary review and document analysis to construct a coherent narrative. This thesis highlighted common trends, different perspectives, and gaps in the current understanding of how economic theories impact human well-being.</p> <p>Theoretical Framework: The authors propose a theoretical framework for human-centered economics based on the insights gained from the literature and document analysis.</p>
<p>Implications and Recommendations</p>	<p>Discussion: The paper discusses the implications of adopting a human-centered approach in economic thinking and policy-making.</p> <p>Recommendations: Based on the analysis, the authors propose recommendations for policymakers, researchers, and practitioners interested in aligning economic theories with the goal of enhancing human well-being.</p>

Giving readers a thorough understanding of the topic and using the corpus of current knowledge to offer recommendations and insights for the advancement of human-centered economics were the primary objectives of the document review and literary research approaches.

5. Economic Policies and Human Well-Being:

5.1 *The influence of economic policies on human well-being*

The influence of economic policies on human well-being and the impact of economic decisions on poverty, inequality, and access to essential services are complex and multifaceted issues. Several studies have examined these topics from different angles. One study by Ivanov (2019) explores the history of inequality and its relationship with violence. The study provides insights into the factors that contribute to inequality and its impact on human well-being. Another study by Woolf (2010) discusses the importance of greater equality in societies and how it can lead to stronger and more sustainable communities. These studies highlight the significance of economic policies for addressing inequality and promoting human well-being. Financial inclusion is another important aspect of economic policies that can impact poverty and income inequality. Omar & Inaba (2020) investigate the impact of financial inclusion on reducing poverty and income inequality in developing countries. The study provides evidence of the positive effects of financial inclusion on poverty reduction. Similarly, Adeleye et al. (2020) compare the relationship between economic growth, poverty, and income inequality in Sub-Saharan Africa and Latin American and Caribbean countries. The study examines how economic growth interacts with income inequality to affect poverty levels.

Other research also examines the connection between poverty and economic expansion. In evaluating the connection between poverty and economic growth, Zhu et al. (2022) highlight the significance of inclusive economic growth in lowering poverty. Souza et al. (2021) analyze the impacts of economic growth and income inequality on poverty in Brazil, considering the effects of initial levels of development and inequality. These studies highlight the complex dynamics between economic growth, inequality, and poverty. Furthermore, the impact of economic decisions on access to essential services is examined in the context of transportation systems. Singh et al. (2021) investigate the impact of a new bus rapid transit system on transit-based accessibility to essential services during the COVID-19 pandemic. The study provides empirical evidence of the positive effects of the new system on access to essential services.

Omole (2012) discusses the potential of information and communication technologies (ICTs) in addressing urban poverty and improving access to services.

In conclusion, economic policies have a significant influence on human well-being, poverty, inequality, and access to essential services. Studies have shown the importance of addressing inequality, promoting financial inclusion, and fostering inclusive economic growth to improve human well-being and reduce poverty. Additionally, the impact of economic decisions on access to essential services, such as transportation, can have significant implications for individuals and communities. These findings highlight the need for evidence-based economic policies that prioritize human well-being and equitable access to essential services.

5.2 Real-world examples and case studies illustrate the relationship between economic policies and human well-being.

Numerous case studies and real-world examples demonstrate how economic policies significantly affect human well-being. One such example is the relationship between ecosystem services and economic well-being. The relationship between ecosystem services and conditions and economic well-being in industries like tourism, agriculture, fisheries, and renewable and non-renewable natural resources is highlighted by Summers et al. (2012). This demonstrates how economic policies that prioritize the sustainable management of ecosystems can contribute to human well-being. Another example is the impact of trade policy on human development. Peneva & Ram (2012) discuss the relationship between trade policy restrictiveness and measures of human development. Their study provides evidence that less restrictive trade policies are associated with higher levels of human development. This suggests that economic policies that promote open and fair trade can have positive effects on human well-being.

Furthermore, the COVID-19 pandemic has highlighted the relationship between economic policies, human capital, and economic growth. Chaabouni & Mbarek (2023) examine the impact of the pandemic on human capital and economic growth in European countries. Their findings suggest that the pandemic has had a negative effect on human capital, which in turn has implications for economic growth. This emphasizes the importance of economic policies that prioritize investments in human capital to ensure long-term well-being and economic prosperity. Additionally, economic reforms can have profound effects on human development. Carvalho et al. (2015) study the impact of economic reforms on human development in transition economies. They find that factors crucial to human development, such as labor relationships and the role of women in society, changed with the transition to a market economy. This highlights the need for economic policies that consider the social and human dimensions of development. Moreover, the relationship between economic policies and well-being extends beyond traditional economic indicators. Vanderweele (2017) argues that many empirical studies focus only on narrow outcomes such as income or specific disease states, neglecting other aspects of well-being. Policies that take a holistic approach to well-being, considering factors such as happiness, flourishing, and quality of life, can lead to more comprehensive and effective outcomes.

In conclusion, the examples and case studies discussed demonstrate the intricate relationship between economic policies and human well-being. Policies that prioritize sustainable ecosystem management, open and fair trade, investments in human capital, and a holistic approach to well-being can contribute to improved human well-being. It is crucial for policymakers to consider these factors when designing and implementing economic policies to ensure the promotion of human well-being.

6. Metrics and Measurements of Well-Being:

6.1 The challenges and limitations of using traditional economic indicators like GDP to measure well-being

The economic well-being of a nation has long been gauged by conventional economic indicators like GDP (Kubiszewski et al., 2013). It is acknowledged, nevertheless, that GDP is not a perfect measure of prosperity and leaves out a number of factors that are important to a "good life," like equality of opportunity and health (Bloom et al., 2021). Consequently, there has been an increase in interest in creating substitute metrics for GDP that assess progress and well-being (Hayden & Wilson, 2018). The Genuine Progress Indicator (GPI) is an alternative indicator that attempts to quantify and attain genuine progress on a global scale (Kubiszewski et al., 2013). Although not flawless, GPI is thought to be a more accurate approximation of economic welfare than GDP (Kubiszewski et al., 2013). Other metrics that go beyond GDP have also been suggested as frugal metrics, such as inequality-adjusted healthy lifetime income (Bloom et al., 2021). The importance of subjective well-being as a measure of overall well-being has also been recognized (Hayo & Seifert, 2003). Subjective well-being is defined as an individual's subjective assessment of their level of happiness and life satisfaction (Hayo & Seifert, 2003). To account for this component of well-being, guidelines for national indicators of subjective well-being have been created (Diener, 2006). The Beyond GDP approach, which acknowledges that GDP falls short in capturing important aspects of people's well-being, has gained popularity in the fields of economics and policy-making (Shrotryia & Singh, 2020). The goal of research has been to create progress metrics that encompass a wider range of factors related to people's quality of life and living conditions (Dwyer, 2020). It is crucial to remember that the connection between economic Indicators and well-being are complex and can vary across different contexts and populations. Factors such as social capital, inequality, and trust have been found to influence subjective well-being (Salnikova, 2019; Vezzoli et al., 2022; Zabelina et al., 2022). Additionally, the COVID-19 pandemic has highlighted the impact of economic inequalities on well-being (Vezzoli et al., 2022).

In conclusion, while GDP has been a widely used economic indicator, there is a growing recognition of its limitations in capturing overall well-being. Alternative indicators, such as the GPI and subjective well-being measures, have been proposed to provide a more comprehensive understanding of people's welfare and progress. Further research is needed to refine and develop these indicators and to understand the complex relationship between economic factors and well-being.

6.2 Alternative metrics and indices that offer a more comprehensive view of human welfare and best practices for measuring human well-being within the framework of human-centered economics

By using different metrics and indices that provide a more complete picture of human welfare, human-centered economics seeks to close the gap between economic theory and human well-being. Development that is more compassionate has benefited from the use of conventional economic metrics like GDP. The four-capital model, put forth by Zhang et al. (2018), takes into account social, natural, built, and human capital as factors that affect an individual's subjective well-being. This model offers a thorough framework for comprehending the elements that go into making an individual human. Zhang et al. (2022) investigate the spatiotemporal characteristics and influencing factors of human activity intensity in China. Their research highlights the need to balance economic development with the preservation of the ecological environment for sustainable human well-being. According to Sergon et al. (2022), indigenous knowledge plays a crucial role in advancing equity and socioeconomic well-being. Their research emphasizes how crucial it is to include indigenous customs and beliefs in economic models in order to protect the welfare of underprivileged groups. Tomer

(2002) offers a novel theory of well-being centered on general and routine functioning. This methodology takes into account facets of human existence that extend beyond financial prosperity and financial metrics, offering a more comprehensive outlook on overall well-being. Howarth & Kennedy (2016) investigate the connection between well-being, inequality, and economic growth. Their study emphasizes the necessity of tackling inequality and giving well-being top priority when making financial decisions. The stewardship model is offered by Karns (2011) as a fresh perspective on business objectives. This model places a strong emphasis on ethical business practices and how companies contribute to the well-being of society.

Policymakers and other interested parties can give human well-being top priority and build a more just and sustainable society by incorporating these models and frameworks into economic decision-making. These methods offer a thorough grasp of the elements that go into making people happy as well as insights into how economic systems can be set up to give people's individual and collective well-being first priority.

7. Interdisciplinary Approaches:

7.1 The interdisciplinary nature of human-centered economics and its links with fields such as psychology, sociology, and public health

Human-centered economics is an interdisciplinary field that integrates economic theory with human well-being (Cunha & Heckman, 2009). It draws on various disciplines such as psychology, sociology, and public health to understand and address the complex factors that influence human well-being.

Psychology plays a crucial role in human-centered economics. The field of behavioral economics, which examines how psychological factors influence economic decision-making, is a key component of human-centered economics (Cui, 2022). The work of George Katona, who proposed a link between economics and psychology, has contributed to the understanding of how psychological factors can shape economic behavior (Cui, 2022). Additionally, personality psychology and the psychology of human development provide insights into the factors that influence individual well-being and economic outcomes (Cunha & Heckman, 2009). Sociology is another important discipline that informs human-centered economics. Economic sociology examines the social and cultural factors that shape economic behavior and outcomes (Zafirovski, 2001). It considers how social structures, institutions, and networks influence economic processes and outcomes (Zafirovski, 2001). The work of Vilfredo Pareto, a key figure in economic sociology, has contributed to understanding the social dimensions of economic behavior (Aspers, 2001). Sociology also provides insights into issues of inequality and race, which are important considerations in human-centered economics (Hirschman & Garbes, 2019). Public health is closely linked to human-centered economics as it focuses on promoting and protecting the health and well-being of populations. Human-centered economics recognizes that health is a fundamental aspect of human well-being and that economic factors can have a significant impact on health outcomes (Dash & Mohanty, 2019). Understanding the determinants of health and the social and economic factors that influence access to healthcare is essential in human-centered economics (Dash & Mohanty, 2019). Additionally, the field of health economics examines the economic aspects of healthcare delivery and resource allocation (Mohanty & Kastor, 2017).

To put it briefly, human-centered economics is an interdisciplinary field that uses knowledge from public health, psychology, and sociology to analyze and comprehend the many variables that affect people's quality of life. Psychology provides insights into individual decision-making and behavior; sociology examines the social and cultural factors that shape economic behavior; and public health focuses on promoting and protecting population health. By integrating these disciplines, human-centered economics aims to bridge the gap between economic theory and human well-being.

7.2 Collaboration across disciplines to enhance economic policy design with case studies where interdisciplinary approaches have led to improved well-being

Collaboration across disciplines has the potential to greatly enhance economic policy design and lead to improved well-being. Research collaborations spanning multiple disciplines can serve as a basis for developing policy tools that encourage and promote interdisciplinarity (Rijnsoever & Hessels, 2011). This is particularly important in fields such as economics, where understanding complex systems and making informed decisions requires input from multiple disciplines (Goring et al., 2014). Interdisciplinary collaboration is essential to understand ecological systems at scales critical to human decision-making (Goring et al., 2014). It can also lead to successful interdisciplinary collaborations and targeted actions to improve development because it is a dynamic, multilevel discipline that is increasingly focused on interdisciplinary research and action (Maton et al., 2006).

The advantages of multidisciplinary approaches in the creation of economic policy are illustrated by a number of case studies. In Japan, for instance, interdisciplinary collaboration is encouraged by medical policies, which has improved patient outcomes and care (Yamamoto, 2022). Transdisciplinary methods have been applied in the conservation field to address difficult environmental problems and establish connections between policy, practice, and science (Reyers et al., 2010). These approaches acknowledge complexity, accept local contexts and uncertainty, and rely on close collaboration and communication during all phases of work (Reyers et al., 2010). Interdisciplinary collaboration has also been successful in addressing complex societal problems. For instance, interdisciplinary research has been used to assess the environmental and economic impacts of biofuels, highlighting the need for more interdisciplinary research to assess complex trade-offs and feedbacks (Ridley et al., 2012). According to Arroyave et al. (2018), interdisciplinary engineering collaborations have improved the design of engineering material systems by creating design frameworks tailored to the complexity of material behavior. Interprofessional collaboration within anesthesiology departments has also been shown to provide interdisciplinary care to patients and contribute to initiatives with policy impact across professions (Palermo, 2013).

However, interdisciplinary collaboration is not without challenges. Committing to an interdisciplinary collaboration poses risks for researchers from different disciplines in terms of the balance of transaction costs and collaborative benefits (Feng & Kirkley, 2020). Hindrances to interdisciplinary collaboration can include the work environment, while facilitators can include the extent to which faculty value interdisciplinary collaboration (Mellin & Winton, 2003). It is important for institutions to establish formal policies for sharing facilities and administrative cost recovery to promote interdisciplinary research collaboration (Kulage et al., 2011).

In conclusion, collaboration across disciplines is crucial for enhancing economic policy design and improving well-being. Interdisciplinary approaches have been successful in various fields, including medicine, conservation, engineering, and environmental research. These approaches have led to improved outcomes, a better understanding of complex systems, and the development of tailored frameworks and solutions. However, challenges such as transaction costs and the work environment need to be addressed to foster effective interdisciplinary collaboration.

8. Challenges and Obstacles:

8.1 The challenges and obstacles that may hinder the adoption of human-centered economics

Human-centered economics aims to bridge the gap between economic theory and human well-being. However, there are several challenges and obstacles that may hinder its adoption. The shift to a low-carbon economy is one difficulty, as Al-Amin & Doberstein (2019) point out. The adoption of human-centered economics may require significant changes in economic

practices, particularly in industries that contribute to environmental degradation. This transition can be challenging due to the need for new technologies and development strategies. As Zakari (2014) discusses, adopting International Financial Reporting Standards (IFRS) is another barrier. Implementing human-centered economics may require changes in accounting practices and the adoption of new reporting standards. However, the adoption of IFRS in Libya has faced obstacles such as accounting education and economic issues, which may also hinder its adoption. However, challenges with accounting education and economic concerns have impeded Libya's adoption of IFRS, and these same issues could potentially impede the adoption of human-centered economics. EHRs in healthcare faced challenges such as lack of access to capital, productivity challenges, and vendor selection. Similarly, the adoption of human-centered economics may face challenges related to resource allocation, productivity, and the selection of appropriate strategies. Ojo (2022) also highlights how crucial human safety and security are to inclusive and sustainable settlements. The reduction of poverty, the promotion of economic growth, and the welfare of the community and the individual should all be addressed by adopting human-centered economics. Human safety and security needs to be ensured in order for human-centered economic practices to be successfully implemented.

Lyon et al. (2020) discuss the use of human-centered design to implement modern psychological science. This approach emphasizes understanding the needs and preferences of individuals. Similarly, the adoption of human-centered economics should consider the diverse needs and preferences of different stakeholders, which can be a challenge in practice. In the context of healthcare, Alanazi & Naptok (2022) highlights the perceptions of healthcare professionals regarding the adoption of electronic health records (EHRs) in primary care. The study found that perceived benefits and satisfaction with EHRs were positively related to adoption, while obstacles to adoption had a negative impact. This suggests that addressing the perceived benefits and overcoming obstacles are crucial for successful adoption. Gardner & Webster (2016) discuss the challenges of translating biomedical novelty into useful therapies in regenerative medicine. The adoption of human-centered economics may involve the development and implementation of innovative approaches. However, challenges related to regulation, reimbursement, and clinical adoption can hinder the translation of novel ideas into practical solutions. Lastly, Laga (2013) examines the obstacles to adopting and implementing IFRS in Libya. The study highlights challenges related to comparability and accounting practices. These challenges may also apply to the adoption of human-centered economics, as it requires a standardized approach and consistent practices across different economic sectors.

Finally, the transition to a low-carbon economy, the adoption of new accounting standards, resource allocation, productivity, stakeholder preferences, human safety and security, and the transformation of creative ideas into workable solutions could all be barriers to the adoption of human-centered economics. This will be crucial for the successful implementation of human-centered economic practices.

8.2 The potential resistance from traditional economic institutions and practices with strategies for overcoming these challenges

Traditional economic institutions and practices can pose resistance to the implementation of human-centered economics. These institutions are deeply ingrained in the existing economic system and may be resistant to change. There are, however, strategies that can be used to overcome these obstacles. One strategy is to encourage local decision-makers to reconsider traditional development strategies in order to address the economic and environmental challenges brought about by globalization and spatial inequality (Rayan et al., 2020). This involves challenging the existing institutional framework and advocating for alternative approaches that prioritize human well-being. Understanding the role of institutions in shaping economic performance is another approach. Institutions, both formal and informal, play a

crucial role in determining economic outcomes (North, 1990). By studying and analyzing these institutions, it is possible to identify areas where changes can be made to align them with the principles of human-centered economics. Additionally, traditional knowledge and institutions of indigenous communities can provide valuable insights and alternative models for economic development (Panakarova & Vlasov, 2013). Incorporating and respecting these traditional institutions, which can help bridge the gap between economic theory and human well-being, The field of institutional economics offers a framework for understanding the relationship between institutions and economic performance (Williamson, 2000). Finding areas where traditional economic institutions may need to be changed or replaced in order to be consistent with human-centered economics can be accomplished by looking at how institutions affect economic outcomes. It is easier to spot areas where traditional economic institutions might need to be changed or replaced in order to be consistent with human-centered economics when looking at how institutions affect economic outcomes. Finding areas where traditional economic institutions might need to be changed or replaced in order to be consistent with human-centered economics can be done by looking at how institutions affect economic outcomes.

Furthermore, a pluralistic approach to economic and business sustainability can help overcome the challenges posed by traditional economic institutions (Gatto, 2020). This approach recognizes the need for multiple perspectives and metrics to assess the impact of economic activities on human and local development. Globalization has also contributed to the challenges faced by traditional economic institutions. Shifting centers of gravity in the world's human dynamics have implications for sustainability (Balsa-Barreiro et al., 2019). Understanding these dynamics and their impact on traditional economic institutions can inform strategies for overcoming resistance and promoting human-centered economics. Institutional norms and values can also influence the adoption of human-centered economics. Investigating the norms and values of institutions, such as the Productivity Commission, can shed light on the conflict between traditional economic values and social policy advice (Corr & Carey, 2016). This understanding can guide efforts to align institutional norms with the principles of human-centered economics. In the context of specific industries, such as coffee cooperatives, challenges to the implementation of human-centered economics can arise. It is important to address these challenges by considering the specific dynamics and characteristics of each industry.

9. Realizing the vision

9.1 Practical steps for policymakers, economists, and institutions to transition toward a human-centered economics

Transitioning toward a human-centered economy requires practical steps that policymakers, economists, and institutions can take. These steps involve a shift in development policies, the use of human-centered indicators, the adoption of tools for operationalizing the circular economy, changes in governance, the embrace of a social investment philosophy, the interpretation of circularity, the promotion of stewardship in business, the implementation of sustainable practices in data centers, the consideration of labor rights in technology upgrading, the adoption of methodological pluralism, the intervention in human capital for poverty reduction, the improvement of infrastructure for economic growth, the multi-layered approach to policy and reform, the operationalization of climate-just commitments, and the integration of human rights in economic policy reforms

To transition toward human-centered economics, policymakers need to shift their development policies to better account for real welfare and not merely GDP growth (Kubiszewski et al., 2013). They should also adopt human-centered indicators to measure and achieve genuine progress (Bosone & Ciampa, 2021). Tools for operationalizing the circular

economy, such as evaluation, governance, financial, and business tools, play a fundamental role in the transition (Girard & Nocca, 2019). Changes in governance are necessary to steer the transition and address its socio-economic, legal, technological, and spatial implications (Heurkens & Dąbrowski, 2020). Embracing a social investment philosophy and governance is crucial for the transition from a neoliberal to a social investment state (Maron, 2019). The interpretation of circularity as a sustainable city concept and the development of circular economy policies and strategies are important steps (Marin & Meulder, 2018). Promoting stewardship in business is essential for a human-centered approach (Karns, 2011). Implementing sustainable practices in data centers is another practical step toward a circular economy (Hoosain et al., 2022). It is important to consider the impact of technology upgrades on labor and develop mechanisms to protect labor rights and interests (Xu & Ye, 2021). Methodological pluralism should be embraced to keep the research and policy-making processes inclusive and diverse. Interventions in human capital are necessary for poverty reduction and inclusive economic growth. Infrastructure improvement is crucial for economic development. A multi-layered approach to policy and reform is needed to address the complexity of transitioning to human-centered economics. Operationalizing climate-just commitments is essential for addressing climate change and its impacts. Finally, integrating human rights into economic policy reforms is necessary to ensure a fair and equitable economic system.

9.2 Countries and regions that have successfully implemented human-centered policies

The implementation of human-centered policies can be observed in various countries and regions. For instance, Gelius et al. (2021) conducted a four-country comparison and highlighted the added value of using the HEPA PAT for physical activity policy monitoring. This demonstrates a focus on promoting public health and well-being through policy measures. In the field of healthcare, Kwamie et al. (2021) emphasized the importance of applied systems thinking in health policy and systems research. This approach involves considering the broader context and interconnections within the healthcare system, ultimately leading to more human-centered policies. Wood (2001) analyzed the implementation of the Growth Center Policy by the Appalachian Regional Commission. This policy aims to promote economic development in the region and can be seen as an example of a human-centered approach to regional policies. Sit et al. (2022) discussed the translation of policy into practice internationally to promote physical activity among children and adolescents with disabilities.

This highlights the importance of inclusive policies that prioritize the well-being and needs of marginalized populations. Dewi (2017) examined Japan's foreign policy towards developing countries, specifically addressing human security. This demonstrates a focus on policies that prioritize the well-being and security of individuals in these regions. Ward et al. (2020) explored the use of policy measures in the AHK-Wales Report Card 2018. The goal of this study was to evaluate how well qualitative data scored policy measures, demonstrating a dedication to data-driven and evidence-based policymaking. Kandogan (2014) discussed the shifting economic centers of gravity in the context of globalization. This highlights the need for policies that adapt to changing economic dynamics and prioritize the well-being of individuals in different regions. Ortiz (2021) reflected on best practices in patient-centered care and nursing theories. This emphasizes the importance of policies that prioritize the needs and well-being of patients, ensuring that healthcare is centered around their experiences and preferences.

Overall, these examples demonstrate the implementation of human-centered policies in various domains, including public health, economic development, healthcare, and international relations. These policies prioritize the well-being, needs, and rights of individuals, aiming to bridge the gap between economic theory and human well-being.

Kubiszewski et al. (2013)'s study "Beyond GDP: Measuring and Achieving Global Genuine Progress" emphasizes the need to move beyond traditional economic indicators like GDP and instead focus on measuring and achieving genuine progress that includes human well-being and environmental sustainability. In order to bridge the gap between economic theory and human well-being, the study emphasizes the importance of considering social, economic, and environmental factors. The authors of "Beyond Revealed Preference: Choice-Theoretic Foundations for Behavioral Welfare Economics" (Bernheim & Rangel, 2009) offer a theory that builds on revealed preference theory and incorporating behavioral aspects of welfare economics, the framework offers a more thorough comprehension of human decision-making and welfare-related consequences. By considering the influence of behavioral factors, economists can better bridge the gap between economic theory and human well-being. Hickel (2019) raises important questions about the sustainability of economic growth in the context of ecological limits in "The contradiction of the sustainable development goals: growth versus ecology on a finite planet." The study argues that achieving sustainable development goals requires reevaluating the emphasis on economic growth and considering ecological constraints. This perspective challenges traditional economic theories and highlights the need to prioritize ecological well-being alongside economic well-being. Khasandy and Badrudin (2019), in "The Influence of Zakat on Economic Growth and Welfare Societies in Indonesia," investigate the impact of zakat, a type of Islamic charity, on economic growth and societal welfare in Indonesia. According to the study, zakat has a positive impact on economic growth and helps to improve societal welfare. This study adds to our understanding of the relationship between economic factors and human well-being, especially in the context of Islamic economics.

"Directly Valuing Animal Welfare in Environmental Economics" Carlier & Treich (2020) explore the importance of considering animal welfare in economic decision-making. The study argues that animal welfare should be directly valued and incorporated into economic analysis, as it is an essential component of human well-being and ethical considerations. By including animal welfare in economic frameworks, economists can better address the gap between economic theory and the well-being of all sentient beings. "Why Economists Should Support Populist Antitrust Goals" Glick et al. (2022) discuss the role of economists in supporting antitrust goals that prioritize human welfare. The study argues that economic theories and policies should be aligned with the interests of the general public and promote fair competition. By advocating for populist antitrust goals, economists can contribute to bridging the gap between economic theory and human well-being. "What Every Conservation Biologist Should Know about Economic Theory" Gowdy et al. (2010) emphasize the importance of integrating economic theory into conservation biology. The study highlights the need for conservation biologists to understand economic concepts and theories in order to effectively address environmental challenges. Conservation biologists can help bridge the gap between economic theory and the health of ecosystems and biodiversity by incorporating economic perspectives. "Zakat Contribution and Community Economic Welfare" Husain (2021) looks into how zakat affects the financial health of communities. According to the study, zakat has a major positive impact on the economic welfare of communities, especially when it comes to institutionalization, regulation, foreign exchange, capital distribution, and human development. This study adds to our knowledge of the connection between zakat, the state of the economy, and human welfare.

All things considered, these studies highlight how important it is to analyze economic data with social, environmental, and ethical factors in mind. This helps to bridge the gap between economic theory and the welfare of humans. They draw attention to the necessity of expanding economic frameworks to include a more thorough understanding of human well-being and to go beyond conventional economic indicators. They draw attention to the necessity of integrating a greater understanding of human well-being into economic frameworks and

moving beyond conventional economic indicators. Future research in this field could include incorporating these variables into economic models, developing new metrics that more accurately reflect human well-being, and investigating how policy decisions affect the promotion of equitable and sustainable economic growth.

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MAPPING THE PROCESS OF DEVELOPING PRIEST CANDIDATES AT THE ANGING MAMMIRI MAJOR SEMINARY YOGYAKARTA BASED ON THE BUSINESS MODEL CANVAS

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ABSTRACT

A good organization always opens to change. To make changes that support organizational development, it is necessary to know the organization well. One organization that is interesting to research when talking about change is a seminary. In order to find answers related to mentoring methods in seminaries, researcher conducted research at one of the major seminaries in Yogyakarta, namely Seminari Tinggi Anging Mammiri (STAM). This research was conducted to determine the current process of developing priest candidates at STAM. To achieve this goal, researcher conducted research to map the current strategy of STAM by using the nine blocks adaptation in the Business Model Canvas. The data collection process was carried out through surveys with a qualitative approach and Focus Group Discussions (FGDs). Research data obtained from surveys and FGDs were classified based on blocks in the Business Model Canvas and then analyzed based on supporting literature. The research results show that the current mentoring process at STAM can be mapped into nine (9) elements of the Business Model Canvas block, but STAM can still optimize its business model. This can be done by continuing the analysis of each existing block and optimizing it.

Keywords: *business model canvas, nine blocks, organization, Seminari Tinggi Anging Mammiri (STAM)*

1. Introduction

A good organization is an organization that is always open to change. The growth and sustainability of an organization will greatly depend on the changes it makes. These changes can be made to one or more aspects of the organization concerned. Therefore, the decision needs to be based on in-depth knowledge regarding various aspects of the organization. This understanding can be a guarantee that the change initiative will run well.

One organization that is interesting to research when talking about change is a seminary or place for developing priest candidates. According to Merriam-Webster Dictionary (<https://www.merriam-webster.com/dictionary/seminary>), “seminary is an institution for the training of candidates for the priesthood, ministry, or rabbinate”. Therefore, seminaries are organizations that need to continually renew themselves in order to be able to develop priests who can answer the needs of the people according to current developments.

The Catholic Church, through the Second Vatican Council, realized how important the role of a priest is. Thus, the Council Fathers paid special attention to the process of formation of prospective priests. This form of attention is stated in the decree on priestly formation, *Optatam Totius*. The decree signed by Pope Paul VI and the Council Fathers was born on October 28 1965. In this decree, the Council Fathers realized that the Church needed to keep up with the times. The increasingly open world situation demands the formation of prospective priests in accordance with the context of various nations, cultures and others. The training of

prospective priests also needs to look at the situation in the field of work they want to face (Hidup Magazine, Edition 11, 12 March 2017: 11).

The quantity and quality of priests really depends on the formation process they receive while at the seminary. There are several aspects that are the focus of formation in seminaries, both in middle seminaries and major seminaries. These aspects include personality, spiritual, community, pastoral, and intellectual. All these aspects play a vital role in the lives of future priests. Therefore, the method in the mentoring process for these aspects must always be paid attention to by the mentors at the seminary so that it becomes the right method.

In order to develop priests who suit the needs of the people in every era, it is necessary to continually update formation methods in seminaries. The updates made should be based on the organizational situation. Therefore, it is necessary to understand well how the process of developing priest candidates is currently taking place. In order to find these answers, researcher decided to conduct research at one of the major seminaries in Yogyakarta, namely the Anging Mammiri Major Seminary (hereinafter abbreviated to STAM). This seminary is a place for developing priest candidates for the Makassar Archdiocese, located on Jalan Kaliurang Km 7.4 Yogyakarta.

The researcher believe that the STAM can be an adequate research object because it has been established for quite a long time. Apart from that, researcher are also challenged by the object of this research because the seminary is a non-profit organization. So far, most of the research objects in the Master of Management study program have been profit-oriented organizations. It is hoped that the results of this research will provide another understanding regarding organizational development and becoming intellectual property in the Master of Management study program at Sanata Dharma University, Yogyakarta.

2. Literature Review

In general, almost everyone knows the term “business”. Business is understood as a way to produce products to achieve goals, namely profit. William M. Pride, Robert J. Hughes, and Jack R. Kapoor (2018: 9) argue that business is an organized effort by individuals to produce and sell products (goods and services) that meet society’s needs in order to make a profit. The opinions of these experts represent the general views of society. This view is of course not wrong, but it cannot fully reveal the meaning of the term “business”. From semantics, the term “business” is not only related to the goal of achieving profits. The meaning of the term “business” turns out to be broader than that. According to the Oxford Dictionary (<https://www.oxfordlearnersdictionaries.com/definition/english/business>, access 01 March 2020), business can also mean, “something that a particular person or organization is responsible for; important matters that need to be dealt with or discussed”. So business is not only about making profits, but also about everything that is important and requires attention. A phrase in English reinforces this opinion: “It's none of your business!”. So, once again, the term “business” does not only mean seeking profit, but is also related to everything that is “business”.

The seminary is a non-profit organization because its goal is not to make a profit. According to the Merriam-Webster Dictionary (<https://www.merriam-webster.com/dictionary/seminary>), a seminary is an institution for educating future priests, ministers, or rabbis. Seminaries are referred to as educational institutions, which means that seminaries are official organizations whose main goal is to educate and/or develop, and not to seek profit or profit.

As we know, the goal of a profit organization is to make a profit with all efforts for the sustainability of the organization. Then, do non-profit organizations, such as seminaries, not think about sustainability so they do not aim to make a profit? Of course not. Non-profit organizations, such as seminaries, certainly think about sustainability so they always strive to

develop or renew the organization even though they do not depend on profits. Non-profit organizations need to develop themselves so that the values they believe in and fight for can work well in order to achieve the vision that becomes the main value of the organization. Seminaries are also organizations that need to continually renew in order to be able to achieve their main goal, namely developing priests who can answer the needs of the people according to current situations. Based on this reality, the need for changes in formation methods in seminaries is an inevitability, especially in the midst of disruptive era. This change needs to start from an in-depth introduction to the mentoring process in the organization.

One way to map the processes of an organization is to use a Business Model Canvas. The Business Model Canvas is a concept developed by Osterwalder and Pigneur (2010: 12.15) to describe, visualize, assess, and change business models. They wanted to develop a business model concept that everyone understood: a concept that facilitated description and discussion. The challenge is that the concept must be simple, relevant, and intuitively understandable, while not oversimplifying the complexity of a company or organization’s functioning. From that enthusiasm, the Business Model Canvas was created. This model can be a guide that allows companies or organizations to easily describe and manipulate business models to create new strategic alternatives.

In Figure 2.1. will be explained the parts in a business model that has been organized by Osterwalder and Pigneur (2010: 44). These nine blocks will describe what are the main components in a business model. From there, companies will be helped in developing the right strategy to create value from each block. This canvassing method will describe the business model holistically so that the company can analyze its operational activities and know which blocks can be developed. The goal is for the company to have a more effective and efficient model in the future.

The Business Model Canvas



Figure 2.1 Business Model Canvas
 Source: Osterwalder and Pigneur (2010)

The nine blocks cover four main areas in a business and there are nine blocks which are divided into these main areas, namely the customer area: Customer Segments, Channel, and Customer Relationship; the offering area: Value Propositions; the infrastructure area includes: Key Activities, Key Resources, and Key Partnership blocks; and in the financial sustainability area there are: Cost Structure and Revenue Stream blocks (Osterwalder and Pigneur: 2010).

Customer segments are groups of people or organizations to which a company or organization provides services. A value proposition outlines a package of products and services that creates value for a specific customer segment. A value proposition is the reason why customers choose one company over another. Customer relationship describes the type of relationship a company builds with certain customer segments. Channels are a means for companies to convey value propositions to the customer segments served. Key activities describe the most important things a company must do to make its business model work. Key partnerships describe the network of suppliers and partners that make a business model work. Key resources describe the most important assets needed to make a business model work. Revenue stream is an explanation of what things make a business earn income from its customers. Cost structures describe all costs incurred to operate a business model (Osterwalder & Pigneur: 2010).

3. Research Methods

The research strategy used in this research is survey research. Surveys are systems for collecting information from or about people to describe, compare, or explain their knowledge, attitudes, and behavior (Sekaran and Bougie, 2016: 96-97). In this research, the survey instruments used were questionnaires that were self-administered and filled in by respondents themselves on paper and interviews in the form of Focus Group Discussions (FGD). The survey in this research will be used in descriptive research with a qualitative approach. The data to be collected is data on the process of developing prospective priests at the STAM.

The researcher's involvement in this research is correlational. Correlational studies are descriptive in nature and are conducted in a natural environment with only minimal interference from the researcher with the normal flow of events. In this research, the unit of analysis is an organization or group. In its implementation, data will be taken from individuals in groups or organizations and collected into group data.

The resource persons in this research were seminarians and formators at the STAM. The seminarians and formators who will be resource persons total 15 people. Researcher chose the formators as resource because of their high position in the organization. These sources are suitable for interviewing because they have better access and understanding of the research topic. Apart from that, they are also the parties who have the authority to determine the formation process for priest candidates at the seminary. Researcher also want to dig up information from seminarians who are the majority group at this seminary. The brothers/seminarians need to be interviewed to find out their perceptions about the formation process they have been undergoing. The seminarians are "consumers" in this formation process, so the recommendations for formation guidelines that are the aim of this research really help them in reaching their dreams of becoming priests. The brothers/seminarians who will be interviewed are those currently at level III and above levels. These levels were chosen because the researcher thought that they had experienced enough of the process of developing priest candidates at STAM.

In this research, secondary data sources in the form of mentoring guidelines for the STAM and financial data or policy-making processes that have been carried out will also be used.

The approach used in this research is based on the work of Miles and Huberman (in Sekaran and Bougie, 2016: 332-347). According to them, in general there are three steps in qualitative data analysis: data reduction, data presentation, and drawing conclusions.

4. Results and Discussion

This section will identify or map the current process of developing priest candidates at the STAM using the Business Model Canvas approach developed by Osterwalder and Pigneur. The nine blocks in the Business Model Canvas will describe the coaching process.

a. Customer Segments

Based on the results of a survey with resource persons, the customer segment or target for STAM coaching is the brothers who undergo mentoring at this seminary. From the survey results, researcher discovered that during the formation process many brothers abandoned their vocation, and only around 55% were ordained in the last ten years. Table 4.1. shows ordination data for the last ten years at STAM. This shows that the call to become a priest is not easy and requires truly effective formation because the character formation of priest candidates will really depend on the pattern of formation carried out at this seminary.

Table 1. STAM's Last 10 Years Ordination

Year	Number of Incoming Brothers	Amount Ordination	Percentage
2010	5	1	20%
2011	6	5	83.3%
2012	7	4	57.1%
2013	2	0	0%
2014	8	3	37.5%
2015	0	0	0%
2016	1	1	100%
2017	8	7	87.5%
2018	3	0	0%
2019	9	6	66.6%
2020	8	2	25%
Total	57	29	50.8%

According to sources, the possibility of accepting candidates from other dioceses is actually open, but for now, this possibility is not considered too urgent. STAM focuses more on accepting prospective priests who graduate from St. Peter Claver Makassar Middle Seminary (SPC) and the Spiritual Orientation Year Seminary in Tana Toraja (TOR), which belong to the Makassar Archdiocese as well. Based on the survey results, researcher found that STAM's customer segment could also be said to be young Catholics in the Archdiocese of Makassar (KAMS) because another goal is to attract young people to pursue their vocation as priests at KAMS.

b. Value Proposition

The value proposition in this research refers to the areas of mentoring carried out at STAM. These areas become value propositions because they are “products and services” that create value for the brothers/seminarians. All of these areas of formation are a "benefit package" offered by STAM to seminarians in order to strengthen their motivation and shape their character as priests.

There are five areas which become the focus of mentoring at STAM. The five areas are intellectual, spiritual, personal, community, and pastoral. 73.33% of interviewees admitted that among these five areas of development, the intellectual area is the area that receives special attention at STAM. This is because the main goal of their presence at STAM is to gain knowledge of philosophy and theology at the Faculty of Theology of Sanata Dharma University as preparation for future service. 20% said that the five areas of mentoring had the same position. 6.67% thought that the spiritual area was the main area because this area is the characteristic of a priest.

c. Customer Relationship

Customer relationship describes the type of relationship an organization builds with customer segments (Osterwalder and Pigneur, 2010: 28). Based on the results of a survey with sources, researcher found that there are several relationships or patterns of approach used in developing priest candidates at STAM. These approaches aim to convey the values that exist in each area of mentoring at STAM in a targeted manner. The approach patterns include personal, community, and independent. The personal approach pattern is an individual mentoring approach from the formator to the brothers individually. The community approach is an approach from the formator to the brothers based on activities that involve all brothers. An independent approach means that brothers are given space to search for and carry out activities independently that can support their calling or vocation. For example, through spiritual guidance, music courses, organizing, and so on. These three approaches are used because they are in accordance with the direction of development that is to be achieved, namely forming an independent person, who can live both as an individual and in community life. The message to be conveyed is “the calling or vocation is experienced personally and lived together”.

d. Channels

Channels are tools for organizations to deliver value propositions to the customer segments served (Osterwalder and Pigneur, 2010: 26). In this research, the informants said that there were several channels used to deliver value propositions (five areas of developing priest candidates at STAM). Internally, program delivery in each area of development is carried out through community meetings and personal meetings with the brothers. Meanwhile, the delivery of mentoring programs externally, which the aim to promote vocations, are carried out through social media (Youtube, Instagram, Facebook, and blogs), magazines, websites, music albums, vocational actions in Makassar Archdiocese (KAMS), and live in.

The survey found that each facility, especially external ones, has advantages and disadvantages. Social media and websites are cheap, can be used as often as possible, cover a wider area, and are quickly accessed. The weakness is that it lacks depth because there is no direct encounter, it only conveys general information, it still lacks creativity, and it cannot be accessed in places without a signal. Magazines and music albums can reach places where there is no signal, contain a lot of information, and train the brothers' writing and musical skills. The disadvantages are only published in two editions each year, requires more costs, time and effort, difficult to distribute, and has limited reach.

Vocational actions and live-in activities are more in-depth because they involve direct meetings, but vocation actions require more preparation and costs and are not held regularly. The live-in activities were not effective because it was done in another Archdiocese (Semarang).

As many as 53.33% of the interviewees agreed that the vocational actions did in KAMS, especially at the St. Peter Claver Middle Seminary Makassar and TOR, were the most suitable tools to deliver the formation program at STAM as well as attract the interest of seminarians to

become priests at KAMS. 13.33% said that social media is an effective tool today because it reaches many young people. 6.67% said that music albums were an effective tool because they appealed to young people. 23.33% chose magazines as an appropriate and effective tool because they can contain a lot of information about mentoring at STAM. 3.33% said that community meetings were effective for delivering mentoring programs in the STAM environment.

e. Key Activities

Key activities describe the most important things an organization must do to make its business model work. These activities are the set of things needed to create and offer a value proposition, reach customer segments, maintain customer relationships, and achieve organizational goals (Osterwalder and Pigneur, 2010: 36). There are several activities that are important to do to make the mentoring areas at STAM run optimally. These activities include academic activities (both at the dormitory and on campus), spiritual activities (both together and individually), joint activities (sports, eating, recreation, community meetings, level meetings, community service, choir practice, training musical instruments, etc.), use of gadgets and laptops, *colloquium* (private meetings between formators and brothers), and pastoral activities (teaching, visits to prisons, giving thanks on social media, etc.).

From a series of key activities, there are several activities that are unique to STAM. In other words, these activities do not exist at the other seminary. These activities include creative Holy Mass held based on certain themes; natural meditation which trains the brothers/seminarians to reflect on everything in nature and learn from them; connecting feelings is an activity where the brothers convey their feelings about carrying out their vocation in front of their fellow; and the use of devices and laptops for brothers at all levels (in other seminaries, seminarians are not allowed to have cellphones and laptops).

f. Key Partnerships

Key partnerships describe the networks and partners that make a business model work. Organizations enter into partnerships for many reasons. Organizations create alliances to optimize business models, reduce risks, or acquire resources (Osterwalder and Pigneur, 2010: 38). STAM also establishes partnerships or alliances with several parties to ensure the smooth development of prospective priests. The alliance includes the Archdiocese of Makassar, the Faculty of Theology USD, donors, St. Petrus Claver Middle Seminary of Makassar (SPC), the Toraja Spiritual Orientation Year Seminary (TOR), and the parish priests in KAMS.

The existence of the Makassar Archdiocese is very important because it is the main source of funds for mentoring prospective priests and is an evaluator of STAM achievements. The Faculty of Theology USD is a partner in the intellectual development of the brothers because the brothers study philosophy and theology here. The existence of SPC and TOR is important because it is a preparation place that must be passed before undergoing mentoring at STAM. Donors are important partners because they help financially. It is important for the parish priests in KAMS to act as promotional agents for vocations in their respective parishes. So far, these are the parties whose existence is very important for STAM. The interviewees acknowledged that there was no urgent need to build more partnerships with other organizations.

g. Key Resources

Key resources describe the most important assets required to make a business model work. These resources enable organizations to create and offer value propositions, reach customer segments, maintain relationships with customer segments, and achieve organizational

goals. Key resources can be physical, financial, intellectual and human resources (Osterwalder and Pigneur, 2010: 34).

The survey results show that there are several key or main resources for STAM. These resources include physical, financial, intellectual, and human resources. Physical resources consist of buildings and infrastructure. Financial resources include funds from the Archdiocese and donors. Intellectual resources in the form of mentoring guidelines. Human resources consist of formators, lecturers on campus, and employees.

h. Revenue Streams

Revenue stream is basically an explanation of what things make a business or organizations earn income from its customers (Osterwalder and Pigneur, 2010: 30). Because STAM is a non-profit organization, it does not focus on seeking profits through income from customers. In this case, what will be referred to as income is the source of STAM funds. This source of funding is important to support the smooth running of the priest candidate formation program.

In a survey conducted by researcher, all sources provided similar information regarding the source of funds for mentoring priest candidates at STAM. The sources of these funds come from educational funds for priest candidates in the Archdiocese and from donors. According to STAM economist/treasurer, the largest source of funds is from KAMS, namely around 95%. These funds are provided by the Archdiocese according to the needs of the brothers undergoing formation at this seminary. The management of these funds is handed over to a formator who doubles as a STAM economist.

Table 2. STAM income for the period January to October 2020

Source of funds	Amount
Funds from Archdiocese	870,256,430.00
Donations / Subsidies Accidental	32,195,000.00
Repayment Receivables and Restitution	32,560,950.00
Total	935,012,380.00

Source: STAM Economist

i. Cost Structure

The cost structure describes all the costs incurred to operate the business model. This block explains the most important costs incurred when operating a particular business model. The basic view is costs should be minimized in any business model (Osterwalder and Pigneur, 2010: 40). At STAM, financial report is done simply using the Microsoft Excel program by an economist who is also a formator.

In this research, the interviewees agreed that the costs for the intellectual area were the largest, namely for tuition fees and also for daily food costs. Every year the average cost spent on study is two hundred and fifty million rupiahs and for daily living costs are also around two hundred and fifty million rupiahs. Other costs consist of equipment purchase costs, renovation costs, transportation, salary costs, plantation and livestock costs, and other costs.

Table 3. STAM Costs for the Period January to October 2020 (in rupiah)

Academic / Lectures	216,445,900.00
Food and Lodging	206,933,100.00
Wages Employee	90,902,600.00
Construction Renovation	58,161,750.00
Inventory / Supplies	55,736,300.00
Salary, <i>Perdiem</i> Staff	43,000,000.00
Health / Home Sick	36,169,975.00
Pension and Sabbatical Funds Staff	22,997,300.00
Furniture (furniture, tools kitchen, etc.)	21,186,400.00
Electricity	18,193,000.00
Receivables	17,900,000.00
Transport	15,291,000.00
Gas	13,363,100.00
Travel (plane, train, etc.)	11,045,000.00
Liturgy / Spirituality	7,968,000.00
Magazines, Newspapers, TV	7,748,500.00
Telephone, Fax., Internet	4,524,620.00
Farm	4,082,000.00
Books (Library)	4,000,000.00
Plantation	3,573,000.00
Tax	2,896,300.00
Clothing /Wash	884,400.00
Transport (Procurement Vehicle)	512,000.00
Miscellaneous expense	69,390,800.00
Total	932,905,045.00

5. Conclusion

The research results show that the current coaching process at STAM can be mapped into nine (9) elements of the Business Model Canvas block. The results of this mapping are the basis for evaluating the current process of developing priest candidates. This can be done by analyzing each existing block and optimizing it by eliminating, reducing, improving, or creating things that build the current business model.

Figure 1. Mapping the process of developing priest candidates at STAM into the Business Model Canvas

<p>Key Partnerships:</p> <ol style="list-style-type: none"> 1. KAMS as the main source of funds and evaluator of STAM achievements 2. FTW as a partner in intellectual development 3. SPC and TOR as a preparation place before undergoing coaching at STAM 4. Donors help with financing 5. Parish priests at KAMS as vocation promotion agents. 	<p>Key Activities:</p> <ol style="list-style-type: none"> 1. Academic activities 2. Spiritual activity 3. Joint activities 4. Use of devices and laptops at all levels 5. Coloquium 6. Pastoral activities 	<p>Value Propositions:</p> <ol style="list-style-type: none"> 1. Intellectual development 2. Spiritual formation 3. Personality development 4. Community life development 5. Pastoral formation 	<p>Customer Relationships:</p> <ol style="list-style-type: none"> 1. Personal approach 2. Community approach 3. Approach independently 	<p>Customer Segments:</p> <ol style="list-style-type: none"> 1. Prospective priests undergoing formation at STAM 2. Seminarian at SPC and TOR 3. Catholic Youth at KAMS
	<p>Key Resources:</p> <ol style="list-style-type: none"> 1. Physical resources (buildings and facilities and infrastructure) 2. Financial resources 3. Intellectual resources (coaching guidelines) 4. Human resources (formators, lecturers on campus, and employees) 		<p>Channels:</p> <ol style="list-style-type: none"> 1. Community and private meetings 2. Social media and websites. 3. Magazine publishing 4. Music album creation 5. Live in activities 6. Vocational action in KAMS 	
<p>Revenue Streams:</p> <ol style="list-style-type: none"> 1. Education Fund for prospective priests from the diocese 2. Funds from donors 		<p>Cost Structures:</p> <ol style="list-style-type: none"> 1. Tuition and other academic fees 2. Daily living costs 3. Per diem costs for formators, sabbaticals and employee salaries 4. Building construction and renovation costs 5. Health costs 6. Transportation costs 7. Equipment costs 8. Utility costs, etc. 		

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OPTIMIZING EMPLOYEE SCHEDULING: IMPACTS ON PRODUCTIVITY, SATISFACTION, AND WORK LIFE BALANCE IN THE HOTEL INDUSTRY

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ABSTRACT

This qualitative study delves into the intricate relationship between employee scheduling practices and outcomes in the hotel industry, focusing on productivity, job satisfaction, and work-life balance. Guided by Social Exchange Theory, this paper combines primary and secondary data to unveil crucial insights through thematic analysis. The study highlights flexible scheduling positive impact, particularly through flextime, enabling employees to effectively balance personal and professional commitments, thereby enhancing commitment, productivity, and job satisfaction. Conversely, irregular schedules create dissatisfaction and work-family conflicts. Also, transparent communication, fair task distribution, and proactive management of unforeseen circumstances foster a positive social exchange dynamic between employees and organizations. It is recommended to implement clear flexible work policies, adopting workforce management software, fostering open communication channels, cross-training employees for versatile roles, offering fair rotating shifts, part-time/job-sharing opportunities, and conducting regular policy reviews. Despite some limitations in gathering data, this study offers valuable insights for policymakers, practical guidance for hotel management, and contributes to bridging the research gap in the literature, enriching the understanding of employee scheduling's impact in the hotel industry.

Keywords: *Employee Scheduling, Productivity, Satisfaction, Work-Life Balance*

1. Introduction

Efficient task performance depends on having a well-organized schedule, whether the tasks are formal or informal (Åkerstedt et al., 2015). Imagine the challenges of doing work with irregular hours, limited resources, different activities, and inadequate facilities (Soriano et al., 2020). A schedule acts as a plan for activities, resource use, and space allocation, guiding when tasks happen, resources are used, and space is assigned (Jacobs and Chase, 2018). The main goal of scheduling is to use available resources like machinery, equipment, and labor effectively to finish tasks on time (Soriano et al., 2020).

Efficient scheduling and coordinating employees or tasks reduce idle time, minimize bottlenecks, optimize resource use, and maximize productivity (Thompson, 2004). It ensures meeting production targets, fulfilling customer orders on time, and improving operational efficiency (Jacobs et al., 2014). The thing is, workflow directly affects cash flow, with scheduling playing a crucial role in this process (Jacobs et al., 2014). Scheduling encompasses employee scheduling and production scheduling, focusing on managing staff and optimizing equipment, materials, and labor (Sousa et al., 2017). The focus of this paper lays on employee scheduling.

Many authors stress the importance of work hours and timing because they not only determine the duration of exposure to different working conditions but also the availability of time for recovery, leisure activities, and personal obligations (Brauner et al., 2019; Ünsal, 2019). In that sense, different studies have shown various types of work schedules including

fixed shifts (consistent hours), flexible schedules (within set limits), rotating shifts (different shifts on a cycle), split shifts (multiple work periods with breaks), on-call schedules (work when called in), part-time schedules (fewer hours than full-time), compressed workweeks (full-time hours in fewer days), shift bid schedules (employees bid for shifts), ad hoc scheduling (irregular hours based on demand), and self-scheduling (employees create own schedules within limits). (e.g., Albrecht et al., 2017; Arlinghaus et al., 2019; CyganRehm and Wunder, 2018; Moreno et al., 2019; Nijp et al., 2012). Moreover, previous research also looked at specific work hours, ignoring that schedules involve specific combinations of demands and resources (Tucker and Folkard, 2015; Van Aerden et al., 2014).

In the challenging realm of the hospitality industry, especially within hotels, employees often find themselves navigating the complex terrain of human emotions. Even though there are studies on scheduling in the hospitality industry, like Thompson (2014) "Workforce Scheduling for the Hospitality Industry" and Chen (2017) "Service Innovation Performance in the Hospitality Industry" (2017), and the shift scheduling model introduced by Fujita et al. (2016), there hasn't been much research on how employee scheduling affects productivity, satisfaction, and work-life balance in the hotel industry. This study aimed to cover that gap with the main question: How does employee scheduling impact productivity, employee satisfaction, and work-life balance in the hotel industry?

To answer this question, this study used qualitative research methods, gathering primary and secondary data. Primary data came from email interviews with ten participants from the hotel industry, providing detailed insights on employee work scheduling's impact. Secondary data from online and offline publications such as academic articles, books, and reports added theoretical frameworks and context. Thematic analysis was employed to analyze data, looking for patterns in the meaning of the data obtained to find themes. Moreover, this study informs policymakers such as labor unions, offers practical advice for hotels to enhance scheduling practices, and contributes to the literature by exploring the link between employee scheduling and outcomes in the hotel industry.

2. Literature Review

Assigning employees to work schedules is critical in service industries, like hotels, that rely on labor-intensive tasks (Rocha et al., 2012). Unlike manufacturing, services, such as hotel experiences, are unique and influenced by subjective factors like staff mood (Roy, 2011). In manufacturing, companies can adjust stock to meet demand changes, but in services, the "product" is both produced and consumed simultaneously (Rocha et al., 2012). The complexity of staff scheduling in service activities primarily stems from the variability in demand and the associated constraints (Ağralı et al., 2017). These constraints include employees' preferences for working or rest days, incompatibilities between staff members or tasks, workload balance, and fairness considerations in scheduling (Ağralı et al., 2017). These factors directly impact employee productivity and are particularly important in service organizations where performance directly affects service delivery (Noorain et al., 2022). Sadly, these constraints are often treated as non-mandatory or soft constraints (Noorain et al., 2022).

Scheduling in various industries, including hotels, involves complex tasks like demand prediction and staff assignment (Rocha et al., 2012). Demand modeling is crucial, translating customer needs into staff requirements for different periods and tasks (Rocha et al., 2012). This process, often part of strategic planning, is essential in service operations with random customer arrivals. Techniques like forecasting, queuing theory, and simulation help estimate demand and staff needs (Bard, 2004).

Furthermore, different sectors handle scheduling differently. Transportation uses task lists for employees like drivers, while healthcare determines staff needs based on predefined ratios like nurse-to-patient ratios (Ernst et al., 2004; Rosocha et al., 2015). In hotels, only some

demand, like confirmed reservations, is known; the rest is estimated using historical data and forecasting, considering daily check-ins, making scheduling more complex (Marco-Lajara & Úbeda-García, 2013).

Moreover, the crucial thing is that, schedules should balance coverage, quality, stability, flexibility, fairness, and cost. Coverage ensures fulfilling requirements, and quality is assessed by employees based on their satisfaction with the schedule (Lambert, 2020; Ernst et al., 2004). Stability means a predictable sequence, while flexibility accommodates unexpected changes (Aykin, 2000). Fairness ensures workload balance, and cost measures the resources needed (Aykin, 2000). These characteristics, especially quality, fairness, stability, and flexibility, are crucial for motivated and productive employees in customer-oriented industries like hotels (Kohl & Karisch, 2004; Musliu, 2006). Remember, employee performance significantly influences customer satisfaction, highlighting the importance of considering staff well-being through effective scheduling (Lambert, 2020).

2.1 Theoretical Frame Work: Social Exchange Theory

The exchange-based view of social behavior, introduced by Homans (1958) and Blau (1964) in psychology and Thibault and Kelley (1959) in sociology, emphasizes the interdependence of people in relationships. This theory, applied in management (Cropanzano & Mitchell, 2005), focuses on social exchange, where people exchange different things, like tangible items or intangible benefits, depending on positive reactions from others. Social Exchange Theory (SET) suggests that people make decisions based on social costs and rewards. They enter relationships expecting more rewards than costs (Cortez & Johnston, 2020).

SET states that people are rational and weigh the pros and cons before starting, continuing, or ending a relationship. They assess the rewards and costs involved and make decisions based on this balance (Homans, 1958; Blau, 1964). Rewards are positive outcomes from a relationship, while costs are negative aspects or sacrifices. SET also introduces concepts like comparison level (CL) and comparison level for alternatives (CLalt) (Homans, 1958; Blau, 1964). CL is an individual's personal standard or expectation of what they should receive in a relationship, while CLalt is their evaluation of other available options (Cortez & Johnston, 2020). Equity and fairness in relationships in SET are also considered, as individuals seek a balance between rewards and costs (Homans, 1958; Blau, 1964).

Moreover, SET provides a framework for understanding how individuals make decisions in social relationships, aiming to maximize their satisfaction. This theory has been applied in various areas like romantic, family, and work relationships, as well as friendships (Emerson, 1976; Lambe et al., 2001; Blau, 1964; Lee & Cadogan, 2009; Homans, 1958; Thibault and Kelley, 1959; Cropanzano & Mitchell, 2005). Nowadays, researchers use this theory to study interactions not just between people, but also between businesses, groups, and entities (Cropanzano & Mitchell, 2005; Lee & Cadogan, 2009; Cortez & Johnston, 2020).

In the context of this study, rewards like a good schedule and flexibility can make employees happy. On the other hand, drawbacks such as irregular hours and varying activities can make them unhappy and affect their productivity, satisfaction, and work-life balance negatively. The theory also talks about comparison level, which represents an individual's expectations or standards for rewards in a relationship. In the context of this study, employees may have certain expectations regarding the duration and timing of work, availability of time for recovery, leisure activities, and personal obligations. If the actual work schedule meets or exceeds these expectations, it is likely to contribute to higher satisfaction, productivity and work-life balance. On the other hand, the comparison level for alternatives, in the context of this study, can relate to the availability of alternative job opportunities with better schedules or work-life balance. Comparing the current situation with other options, it means employees

might compare their job with other jobs that offer better schedules. If they find their current schedule lacking, they might feel dissatisfied and might leave their jobs. Additionally, fairness is crucial. If employees feel their workload is fair and their preferences are considered, they are more likely to be satisfied.

SET guides this study from data collection to analysis and interpretation, by focusing on the elements derived from this theory such as expectations, rewards, costs and comparison level for alternatives of individuals' working in the hotel industry, offering valuable insights into the impacts of employee scheduling on productivity, satisfaction, and work-life balance in the hotel industry.

3. Research Methods

This research study utilized a qualitative research approach and incorporated primary and secondary data from diverse sources. The primary data collection technique employed in this study was email interviews, which offered convenience and flexibility for gathering qualitative data. Participants had the freedom to respond at their convenience, allowing for thoughtful and detailed responses (Hawkins, 2018). To explore the research study's aims, a set of open-ended interview questions was distributed (See Appendix). Due to the interviewees preferences, all the questions were sent at once, enabling them to prepare comprehensive answers. This approach was also influenced by time constraints, resulting in the decision to send only five questions to the interviewees, all at once. Ten participants from the hotel industry were purposively selected basing on their reliability. Initially, the recipients were contacted via WhatsApp to request their participation in the study and to collect their email addresses.

In addition to collecting primary data, this research study incorporated various publications as secondary data sources. The researcher utilized online and offline publications such as academic articles, books, and reports pertaining to the topic in order to obtain a comprehensive understanding. The researcher conducted a critical analysis and synthesis of the information gathered from these secondary sources to support and contextualize the primary data collected through email interviews.

Moreover, data analysis and interpretation was conducted by thematic analysis where data was systematically organized and interpreted to uncover underlying themes and patterns. Categorization was used to identify recurring ideas, concepts, and topics in the data. Once the themes were identified, interpretation involved making sense of these patterns by exploring their implications, relationships, and significance within the context of the research question.

From data collection to analysis and interpretation, the social exchange theory was utilized to deciding the content of the collected data, content analyzed and finally reviewing data and arrive at a conclusion. The theory was utilized to summarize the findings obtained in order to answer the critical question of this study: How does employee scheduling impact productivity, employee satisfaction, and work-life balance in the hotel industry? By combining primary and secondary data, this study achieved a robust exploration of the researched topic, thereby enhancing the validity and reliability of this study's findings.

4. Research Findings and Discussion

This study unlocked the findings in the following themes guided by the social exchange theory:

4.1 Employee Scheduling and Workforce Flexibility

Authors reveals significant shifts in the workforce composition, with the rise of dual-earner couples and the challenge faced by young workers in balancing work and personal lives in the hotel industry (Chen, 2017; Hill et al., 2001; Twenge et al., 2010). These changes emphasize the necessity for hotels to adopt greater flexibility in employee scheduling to attract

and retain a high-quality workforce. Studies have shown that flexible job scheduling positively influences employees' commitment to their work environment (Hinkin & Tracey, 2010). Flexible scheduling practices, such as flextime, enhance job performance, offer career development opportunities, and reduce turnover intentions (Kim et al., 2016). Respondents commented:

“When I have a flexible schedule, it positively impacts my productivity. It helps me maintain high productivity and ensures the quality of my daily activities. With flextime, I can choose my preferred start and end times based on my personal needs, especially during the period I was pregnant and now having an infant”.

“My work schedule does not undermine me as an employee nor my employer. It maintains a healthy work-life balance, ensuring tasks are performed perfectly for the benefit of both parties. Flexibility makes the working environment more realistic”.

“Clear structure in the schedule makes it easier to prioritize tasks within allocated time. Poor scheduling, like unrealistic deadlines or frequent changes, can lead to stress and hinder productivity. A balance between scheduled tasks and flexibility creates a realistic working environment.”

Deducted meaning: The shifting landscape of the workforce, characterized by the rise of dual-earner couples and the challenges faced by young workers, necessitates greater flexibility in scheduling practices. Employees' positive response to flexible scheduling, exemplified by their ability to balance personal and professional life, highlights the reciprocity between their needs and organizational accommodations. Flexible job scheduling, particularly through practices like flextime, serves as a tangible reward, enhancing employees' commitment, productivity, and job satisfaction.

4.2 Negative Impacts of Irregular and Unstable Work Schedules

Irregular and unstable work schedules negatively affect employee satisfaction, productivity, and work-life balance (Golden, 2015; Lambert et al., 2012; Standing et al., 2011; Dickson et al., 2018). Approximately 17% of the workforce experiences irregular or on-call shifts, leading to longer work hours, increased work-family conflict, and stress. Mandatory overtime work exacerbates work-family conflict and stress, highlighting the need for flexible work schedules and protection against retaliation (Golden, 2015). It was commented by respondents:

“Regular schedules allow me to plan my personal life better, giving me control over what I'm doing. Irregular working hours or inconsistent scheduling can lead to dissatisfaction and feeling overwhelmed.”

“Improving work scheduling for employees increases productivity. It leaves employees with satisfactory time for personal affairs and helps maintain focus and productivity at work, benefiting both the employee and the organization.”

Deducted meaning: Irregular and unstable work schedules act as social costs, adversely affecting employee satisfaction and work-life balance. Employees value regular schedules for the stability they provide, allowing them to plan their personal lives effectively. Improving scheduling practices emerges as a crucial organizational investment, reducing stress and increasing focus, thereby fostering a positive social exchange relationship.

4.3 Benefits of Flextime to Working Parents

Flextime enables employees, especially working parents, to tailor their schedules to balance professional and family life effectively. It eliminates the need for working parents to sacrifice income or productivity while maintaining an active family life (Chen, 2017). It was commented:

“My work schedule influences my job satisfaction because it allows me to rest and maintain good physical and mental states, crucial for providing proper service. Flexitime provides time for rejuvenation, enhancing my efficiency at work.”

“In my role as a hotel industry consultant, I frequently hear clients’ express concerns about high employee turnover rates and the increasing costs of human labor. Employees demand work-life balance. Unlike manufacturing, predicting service demand in hotels is challenging due to the nature of guest interactions. Consequently, scheduling becomes difficult. Clients are considering investing in artificial intelligence and robotics to address these challenges. However, a crucial question remains: Can these technologies truly provide the authentic human experience that guests seek? This uncertainty leaves hoteliers contemplating the future of their industry”.

Deducted meaning: Flexitime emerges as a significant reward, especially for working parents, allowing them to balance professional demands with family responsibilities. This flexibility becomes a valuable resource, enabling employees to maintain physical and mental well-being, thereby enhancing their efficiency at work. The reciprocal relationship between organizations and employees becomes evident as the provision of flexitime aligns with employees' expectations and fosters a positive social exchange dynamic.

4.4 Negative Effects of Fluctuating Work Schedules and Shift Work

Fluctuating work schedules and shift work negatively impact worker well-being, leading to work-family conflicts and lower job and life satisfaction (Lambert et al., 2012; Standing et al., 2011; Dickson et al., 2018; Golden, 2015). Extended and night shifts decrease productivity and may lead to mental and physical fatigue, emphasizing the importance of well-designed work schedules. As commented:

“Long working hours, overtimes, or irregular shifts can make it difficult to allocate time for family, social activities, and self-care. Inadequate rest or inconsistent days off can impact overall well-being and hinder work-life balance, denying workers their social lives.”

“There is a difference between being short staffed and not hiring enough people. Maybe the second makes the fluctuating of our work shifts”

Deducted Meaning: Fluctuating work schedules and shift work disrupt the delicate balance between work and personal life, leading to work-family conflicts and decreased job and life satisfaction. The importance of well-designed schedules in preserving employees' social lives and overall well-being cannot be overstated. Organizations must consider the social costs incurred by employees when designing shift patterns to ensure a fair and equitable social exchange.

4.5 Considerations for Effective Employee Scheduling

Effective employee scheduling should account for total demand fluctuations, peak demand shifting, and employee absences without incurring extra costs (Parisio & Jones, 2015). Others commented:

“Knowing my schedule in advance helps me plan my personal life, manage energy levels, and allocate time for rest and rejuvenation. Flexibility in scheduling, like shift swaps or adjusting hours, contributes to well-being by allowing me to address unexpected situations effectively. But in the hotel, schedule might not change in papers but change in practice. You cannot leave the customers hanging”

“Improving employee work scheduling practices can enhance productivity and satisfaction. Schedules designed with consideration for employee preferences, skills, and workload lead to better engagement, reduced stress, and increased motivation. Clear communication and fair distribution of tasks foster a sense of fairness and autonomy, resulting in improved job satisfaction and higher productivity.”

Deducted Meaning: Effective employee scheduling, designed with consideration for employee preferences, skills, and workload, acts as a substantial organizational investment. Clear communication, fair task distribution, and proactive management of unexpected situations foster a sense of fairness and autonomy. These practices enhance job satisfaction and motivation, contributing to a positive social exchange relationship between employees and the organization.

5. Conclusion and Recommendations

This study highlights that flexible schedules, like flextime, make employees happier and more committed, boosting productivity, satisfaction and work-life balance. Irregular schedules, however, lead to dissatisfaction and conflicts. Well-designed, fair schedules and clear communication are crucial. Hotels should invest in technology for proper scheduling, train managers for balancing operations and employee well-being, and work with policymakers for fair scheduling rules. Following these steps will create a positive work environment, benefiting employees and the hotel as well. It is recommended in this study that, clear flexible work policies, using workforce management software, open communication, cross-training employees for versatile roles, fair shifts, part-time options, and regular policy reviews can be consideration strategies in creating an effective employee schedule in the hotel industry.

6. Limitations and Implications

The limitations of this study include the small sample size of participants. However, the use of both primary and secondary data enables the two methods to complement one another. Additionally, the study focuses on the hotel industry, so the findings may not be generalizable to other tourism and hospitality enterprises and even other service enterprises. On the other hand, this study provides valuable insights for policymakers, suggesting the need for guidelines or regulations to promote fair and flexible scheduling practices in the hotel industry. For hotels management, it offers practical guidance on implementing proper scheduling, fostering communication, and considering individual employee needs. In the literature, it fills a research gap by examining the relationship between employee scheduling and its outcomes in the hotel industry, contributing to the field's knowledge base and serving as a foundation for future research.

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JOB DESIGN DURING AND REDESIGNING AFTER COVID-19 IN HOSPITALITY INDUSTRY: A CRITICAL REVIEW

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ABSTRACT

The outbreak of COVID-19, caused different changes to different industries. Hospitality industry hit and caused different changes in operational management, from traditional operational system to immediately adapting to digitalization. The critical review paper intends to review about the job design during and redesigning after COVID-19 in hospitality industry. ProQuest Database and Google scholar were used as searching engine to extract scholarly materials. 35 scholarly materials were obtained, after filtering remained 14, relevant scholarly materials that were analysed. The findings show that Health, Safety Protocols, Hybrid Roles and Remote Work were job design used during the period of COVID-19, while during the post-COVID-19 job redesigned strategies adopted by hotel managers; Focus on Employee Well-being, Enhanced Training, promoting trustiness and Upskilling, Technology Integration, Employee engagement, Flexibility and Adaptability. During the time of transition more attention is needed by the job designers so that to help the employees to get heel from the calamities that made them to be affected psychologically, socially and financially. This review study intends to make two contributions; First, the impacts of COVID-19 on job designing represents academic trends. Second, the review contributes to psychological pre-information to employees about the dynamic designing of their job.

Keywords: *Job design; Hospitality industry; Pandemic; COVID-19.*

1. Introduction

The Coronavirus disease that erupted in the year of 2019 pandemic made an inevitable effect in different industries around the world in a range of few years ago, with the hospitality and tourism industry being one of the foremost hit industries (Sobaih et al., 2021). The crisis has forced hotels, restaurants, and other hospitality facilities to adapt and implement significant changes to ensure the health and safety of both employees and customers (Garrido-Moreno et al., 2021). The consequence of this, job designs within the hospitality industry have undergone transformations during the pandemic-era, and a need for job redesign has emerged as businesses aim to recover and thrive in the post-corona virus disease era. The hospitality industry is highly sensitive to job designing as the indicator of service failure and recovery due to the high level of intense customer and employee contact that is why are termed as people business industries (Koc, 2019).

Before the hit of COVID 19 hospitality industry had its job designing that allowed contact and free interaction of personnel, but after the hit of COVID 19, the job designing changed. There have been numerous researches about the impacts of COVID-19, some talks about the job designing changes like; technology integration, flexibility and adaptability, focus on employee well-being, enhanced training and upskilling. For instance, the research done by Bienkowska & Tworek, (2020) about “Job Performance Model Based on Employees’ Dynamic

Capabilities (EDC) during COVID 19 era found that the role of person–job fit”, Job design, work motivation, job satisfaction and work engagement were used as mediators, underlining the mechanism of the employee dynamic capacities influence on job performance in any organization like hospitality industry. Worldwide, most employees in hospitality industry have detected changes in their work that are connected to the widespread of COVID-19, from vacation and conservation, to expanded working from home and the development of work online, to work related wellbeing by bearing a distance contact of about two meters per person and security concerns for those working on the frontline (Liang et al., 2022). Moreover, the widespread of COVID 19 has gone up against the hospitality organizations with phenomenal challenge. Techniques to straighten the COVID-19 bend such as community lockdowns, social separating, stay-at-home orders, travel and adaptability limitations have brought about in brief closure of numerous neighborliness businesses and altogether diminished the request for businesses that were permitted to proceed to function and the situation has left tasks to Human resource managers to redesign the job so that to regain the business (Gursoy & Chi, 2020). On the other hand, Employees working in the hospitality organizations endured more uneasiness and weight during the COVID-19 pandemic. Knowing how to redesign the job in hospitality, employees’ work versatility is critical to the hospitality field’s directors and researchers (Cai et al., 2023)

1.1 Definition of Job design

Jacobs, & Chase, (2018) defined job design as the work of indicating the work exercises of person or group in an organizational setting. Whereas updating implies the method of rehashing the planning prepare. The main purpose of job design is to create work structures that concurs with the basics of the organization and its innovation which fulfill the laborers and person requirements. Pakaya et al., (2019) too characterized work plan is the method of deciding the errands to be carried out, the strategies utilized to carry out this errand and how the work relates to other work inside the organization.

This review study intends to make two contributions to the academician and non-academician. First, the impacts of COVID-19 on job designing represents academic trends that continues existing after the COVID-19 era. Second, the review contributes to psychological pre-information to employees about the dynamic designing of their job and tuning them ready for any changes during the present and future time especially in the job designing matters.

2. Research Methodology

This study is a critical literature review intends to review the scholarly works published on job design during and after COVID-19 era in hospitality industry, targeting to support this area as a strong sub-field of research especially during this time of job redesigning after the pandemic disease. That means, scholars can have a better understanding of trends and developments in the field because of the strong hit effect in the hospitality facilities.

This review study started in May 2023 and ended in July 2023. It was carried out by searching the key words "job design," "pandemic," "hospitality industry," AND "COVID-19," in the ProQuest database and 35 scholarly materials were extracted and whereby Google Scholar was used as an alternative of searching other helpful information like definition of Job designing and citation data of each scholarly materials. Due to the more researches that has been done about the impacts or effects of COVID 19 in different fields including hospitality industries, the study was narrowed down to five years only from 2019 and also using the keys words of the papers that had the words like "job design," "pandemic," "hospitality industry," AND/OR "COVID-19" in their titles has the number of scholarly materials dropped from 35 to 14 only refer to the tables below

Table 1: Representative of 35 scholarly materials from ProQuest Database

Title	Article Type	Pubtitle
A Human Growth Perspective on Sustainable HRM Practices, Worker Well-Being and Organizational Performance	Scholarly Journals	Sustainability
A review of antecedents of employee turnover in the hospitality industry on individual, team and organizational levels	Scholarly Journals	International Hospitality Review
Experienced Barriers to Tacit Knowledge Sharing in Anglophone West Africa	Dissertations & Theses	ProQuest Dissertations and Theses

Source: *PreQuest Database exported in the Ms Excel*

The total number of scholarly materials are indicated before filtering are indicated below

Table 2: Total Number of unfiltered scholarly materials obtained through the ProQuest Database

Publishers	Total Number of published scholarly relating to the title
Sustainability	12
ProQuest Dissertations and Theses	6
International Journal of Environmental Research and Public Health	4
Administrative Sciences	1
Behavioral Sciences	1
RMC: Psychology	1
BMC Psychology	1
Entrepreneurship and Sustainability Issues	1
International Hospitality Review	1
Journal of Healthcare Leadership	1
Management and Production Engineering Review	1
PLoS One	1
Psychology Research and Behavior Management	1
Revista de Administração Contemporânea	1
SA Journal of Human Resource Management	1
Scientific Reports (Nature Publisher Group)	1
Tourism and Hospitality Management	1
Total	35

Source: PreQuest Database exported in the Ms Excel

Table 3: shows the filtered materials by entering the key words "job design," "pandemic," "hospitality industry," AND/OR "COVID-19", the following scholarly materials were obtained.

Table 1: The 14 Filtered scholarly materials

Article Type	Title	Publishers	Citation
Dissertations & Theses	Exploring Differences in Work Environment and Work Engagement as Moderated by Psychological Capital	ProQuest Dissertations and Theses	1
	Linking Empowering Leadership and Employee Creativity: The Mediating Role of Affective-Based Trust in Leader	ProQuest Dissertations and Theses	1
	Take Five: A Novel Scale for Social Microbreaks and an Exploration of Antecedents and Isolation Moderators	ProQuest Dissertations and Theses	0
Dissertations & Theses Total = 3			
Scholarly Journals	A Human Growth Perspective on Sustainable HRM Practices, Worker Well-Being and Organizational Performance	Sustainability	9
	A Literature Review of the COVID-19 Pandemic’s Effect on Sustainable HRM	Sustainability	12
	COVID-19 oriented HRM strategies influence on job and organizational performance through job-related attitudes	PLoS One	29
	Imperatives, Benefits, and Initiatives of Green Human Resource Management (GHRM): A Systematic Literature Review	Sustainability	2
	Linking Green Human Resource Practices and Sustainable Performance: The Mediating Role of Job Satisfaction and Green Motivation	Sustainability	0
	Remote Working for Sustainability of Organization during the COVID-19 Pandemic: The Mediator-Moderator Role of Social Support	Sustainability	22
	The Effect of Servant Leadership on Work Resilience: Evidence from the Hospitality Industry during the COVID-19 Period	International Journal of Environmental Research and Public Health	1
	The Holistic Model of Labour Retention: The Impact of Workplace Wellbeing Factors on Employee Retention	Administrative Sciences	0
	The Impact of Leadership Styles of Nurse Managers on Nurses’ Motivation and Turnover Intention Among Jordanian Nurses	Journal of Healthcare Leadership	0
	The Psychosocial Model of Absenteeism: Transition from 4.0 to 5.0	Behavioral Sciences	0
	Three Anchoring Managerial Mechanisms to Embed Sustainability in Service Organizations	Sustainability	11
Scholarly Journals Total	=11		
Grand Total	=14		

Source: PreQuest Database exported in the Ms Excel

From the above table 3: Indicates that there is still a need to conduct more researches about the job designing in hospitality industry, since the scholarly materials available online are still few compared to the demand especially during the period of rejuvenating of hospitality businesses.

3. Findings and discussion

Table 2: The table summarizing the reviewed Findings

Title	Author's names and Year of Publication	Results	identifierKeywords
A Human Growth Perspective on Sustainable HRM Practices, Worker Well-Being and Organizational Performance	Tortia, E. C., Sacchetti, S., & López-Arceiz, F.,J. (2022).	<i>Employee engagement</i>	immaterial satisfaction , creative intelligence , job demands , job resources , workload pressure , involvement , organizational performance , sustainable HRM
A Literature Review of the COVID-19 Pandemic's Effect on Sustainable HRM	Liang, X., Zhang, X., Paulet, R., & Leven, J. Z. (2022).	<i>distance contact between people</i>	the COVID-19 pandemic , sustainable HRM , triple bottom line , sustainability
COVID-19 oriented HRM strategies influence on job and organizational performance through job-related attitudes	Bieńkowska, A., Koszela, A., Sałamacha, A., & Tworek, K. (2022)	<i>Focus on Employee Well-being</i>	Employment , Jobs , COVID 19 , Pandemics , Labor studies , Finance , Human performance , Emotions
Exploring Differences in Work Environment and Work Engagement as Moderated by Psychological Capital	Clarke, R. L. (2021).	<i>Hybrid Role Remote Work Hybrid Roles and Remote Work</i>	Instructional designers , Psychological capital , Quantitative , Telework , Work engagement , Work environment
Imperatives, Benefits, and Initiatives of Green Human Resource Management (GHRM): A Systematic Literature Review	Mahdy, F., Alqahtani, M., & Binzafrah, F. (2023).	<i>Flexibility and Adaptability</i>	green human resource management , green recruitment and selection , green training and development , green rewards and compensation , green performance appraisal
Linking Empowering Leadership and Employee Creativity: The Mediating Role of Affective-Based Trust in Leader	Allison, C. D. (2021).	<i>Enhanced Training, promoting trustiness and Upskilling</i>	Affect-based trust , Employee creativity , Empowering leadership , Trust

Linking Green Human Resource Practices and Sustainable Performance: The Mediating Role of Job Satisfaction and Green Motivation	Hany, H. A., Ahmed, M. E., Al-Romeedy, B., & Tamer, M. A. (2023)	<i>Employee engagement</i>	green human resource practices , sustainable performance , job satisfaction , green motivation , hotels , Egypt
Remote Working for Sustainability of Organization during the COVID-19 Pandemic: The Mediator-Moderator Role of Social Support	Slavković, M., Sretenović, S., & Bugarčić, M. (2022).	<i>Hybrid Roles and Remote Work</i>	remote working , social support , work engagement , job performance , work-home interaction , COVID-19 pandemic
Take Five: A Novel Scale for Social Microbreaks and an Exploration of Antecedents and Isolation Moderators	Ciccía, A. L. (2023)	<i>Health and Safety Protocols Hybrid Roles and Remote Work</i>	Ego depletion , Microbreaks , Ostracism , Performance pressure , Professional isolation , Social microbreaks
The Effect of Servant Leadership on Work Resilience: Evidence from the Hospitality Industry during the COVID-19 Period	Cai, Z., Mao, Y., Gong, T., Ying, X., & Lou, J. (2023)	great anxiety effect and pressure effect during the COVID-19	servant leadership , emotional exhaustion , state resilience , work complexity , conservation of resources theory
The Holistic Model of Labour Retention: The Impact of Workplace Wellbeing Factors on Employee Retention	Gelencsér, M., Szabó-Szentgróti, G., Zsolt Sándor Kőműves, & Hollósy-Vadász, G.	<i>Employee engagement</i>	employee wellbeing , commitment , intention to quit , psychological wellbeing , quality job
The Impact of Leadership Styles of Nurse Managers on Nurses' Motivation and Turnover Intention Among Jordanian Nurses	Smama'h, Y., Eshah, N. F., Al-Oweidat, I. A., Rayan, A., & Nashwan, A. J. (2023).	Employee turnover effect and pressure effect during the COVID-19 (it is much in hospital, so the researcher didn't include it)	leadership styles , nursing managers , nurses' motivation , turnover intention
The Psychosocial Model of Absenteeism: Transition from 4.0 to 5.0	Sitarević, A., Tomašević, A. N., Sofić, A., Banjac, N., & Novaković, N. (2023).	<i>Focus on Employee Well-being</i>	absenteeism , job characteristics , mental health , Industry 4.0 , Industry 5.0
Three Anchoring Managerial Mechanisms to Embed Sustainability in Service Organizations	Martin-Rios, C., Poretti, C., & Derchi, G. B. (2022).	<i>Flexibility and Adaptability</i>	sustainable business model , sustainability innovation , corporate information disclosure , reporting , accountability , CSR disclosure , sustainability management control , circular economy business models , service sector , service sustainability

a). Job Design during COVID-19:

- 3.1 *Health and Safety Protocols:* The study done by Ciccina, (2023) reported that due to the COVID-19 pandemic, remote workers have become a staple in the workforce and physical isolation sets a work context for a lot of employees. Physical isolation can cause lack of connection with the organization, lack of perceived respect, and even a weak bond of association with coworkers and the organization. This implies that, Job designs in the hospitality industry during the pandemic have placed a strong emphasis on health and safety measures. Employees have been assigned additional responsibilities such as implementing enhanced cleaning and sanitization practices, ensuring social distancing guidelines are followed, and promoting the use of personal protective equipment (PPE).
- 3.2 *Hybrid Roles and Remote Work:* Clarke, (2021) on his research about “Explore the Differences in Work Environment and Work involvement as modified by Psychological Capital” confirmed with his results that, the onset of the COVID-19 in 2020, 35.2% of employees in the United States transitioned to remote working, thereby, increasing the total percentage of employees working from home to approximately. The study of Slavković et al., (2022) reveal the role of social support in the relationship among loneliness, work engagement and job performance during pandemic era. Hence, some job roles within the hospitality industry, such as sales and marketing, administrative tasks, and certain managerial positions, have transitioned to remote work settings. This shift has allowed businesses to continue operations while reducing the risk of exposure for employees. As such, the newly-developed Social Microbreak Scale fits the need to better understand socialization activities for hybrid, remote and on-site employees after the COVID pandemic were the outcomes of the research, with reduced workforce capacities, many hospitality organizations establishments have adopted hybrid roles.

b) Job Redesign after COVID-19:

- 3.3 *Focus on Employee Well-being:* The study conducted by Bieńkowska et al., (2022) among 378 organizations including the hospitality industry companies that operates in Poland during 2nd wave of COVID-19 pandemic, result shows that combined set of human resource management job design strategies related to keeping employees’ wellbeing during the crisis gives the best results in shaping job performance through job-related attitudes and consequently strengthening organizational performance. Another research showed its result that the size, ownership, and sector of the organization significantly affect the absenteeism, job characteristics, and the mental health of the employees Sitarevi’ et. al., (2023). Post-pandemic job designs likely prioritizes employee well-being, considering the mental and physical wellbeing of the employee so that they can be satisfied with the working environment. This strategies needs to be reframed by the human resources manager in the job designing process that could involve implementing flexible scheduling, providing access to mental health resources, and promoting a healthy work-life balance to support employee resilience and job satisfaction
- 3.4 *Enhanced Training, promoting trustiness and Upskilling:* According to (Allison, 2021) found that Organizations within the 21st century are facing tremendous amounts of change due to different calamities hence, creativity, trueness and empowering employees is the solution for the changes. This implies that, as the industry rebounds, job redesign may involve providing enhanced training and upskilling opportunities for employees. This can help them adapt to new technologies, acquire additional competencies, and meet evolving customer expectations. This also helps to alert the employees to shift from the traditional way of saving to the current one that involves interaction of science and technological devices mostly the digitalized devices, for instance computer reservation system helps the

front offices to provide a quick service to the customers like contactless check-ins, digital menus, and automated door open and closing and so forth.

- 3.5 *Technology Integration*: This has been confirmed by the study conducted by Lau, (2020) Social media using Live promotion in live-streaming platforms, such as WhatsApp video calls, Zoom calls, New sales and marketing mechanism for new digital trends. Technology has intruded Robots used for F&B room services and housekeeping deliveries, event facial check-in services with Aartificial Intellgent temperature checks, Wi-Fi 6, 5G technology and so forth (Lau, 2020; Pillai et al., 2021). This reveals that COVID-19 has paved the way to human resource managers to redesign the employees’ job so that can adapt the new technological service devices and technical skills. That means, the pandemic accelerates shifting to technology in hospitality industries. Post-COVID job designs likely incorporate technology solutions such as contactless check-ins, digital menus, and automated processes to enhance efficiency, reduce physical contact, and improve overall guest experience.
- 3.6 *Employee engagement*:.The ability of company/organizations to maintain workforces is predicted by their capacity to cut the needs of workers and creating conducive working environment that are concurs with the needs of the hospitality’s workers after the employees have been psychological tortured due to massive burning of employees in the hospitality industry during the pandemic disease era (Gelencsér et al., 2023). Hany, A. et al., (2023) from their investigation, that included Points of view of 333 employees working in 18 five and four-star hotels out of forty-four hotels found in More prominent Cairo includes that the commitment of workers to participate in environment-related activities progresses their knowledge and abilities, and, in turn, progresses in their financial performance of the hospitality organization. Human resource management (HRM) practices linked to job design, task autonomy, teamwork, and involvement positively influence immaterial satisfaction and workload support performance (Tortia et al., 2022). This implies that, after the COVID-19 era, there has been an Increasing demand employee engagement and reducing employee turnover in the hospitality industry. This cannot be achieved without job redesigning strategies and measures to the targeted employee retention
- 3.7 *Flexibility and Adaptability*: Moreover, Martin-rios et al., (2022), analysed the importance of new managerial tools of job redesigning in a new mindset as the best ways that will keep Managers in the competitive market especially during this period of rejuvenating in the business after the pandemic hit. Human resource manager habits in job redesigning is the best way to sustain and protect service companiess, involving the concern of preventing the world environment (Mahdy et al., 2023). This result shows that, Job designs needs to emphasize flexibility and adaptability as the industry recovers. Cross-training employees to handle various roles helps organizations cope with fluctuations in demand and ensure that operations can be adjusted as needed..

4. Conclusion

As has been analysed by different researchers, the COVID-19 has forced the hospitality industry to rethink job designs to prioritize health and safety while maintaining operational efficiency. As the industry recovers, job redesign will be essential to align with changing customer expectations, embrace technology, and support employee well-being. By implementing thoughtful and strategic job designs, the hospitality industry can navigate the post-COVID landscape and emerge stronger than before. Human resource managers should be aware of the transformation period and be aware and ready to adapt the new technological devices that are currently used in the service industries. Moreover, Since the hospitality

industry is much based on customers' satisfaction, managers must be flexible and quicker in adapting to the changes, failure to that may lead to lose of customers.

5. Recommendation

Hospitality industry as among of the utmost affected sectors by the pandemic outbreak, and now has stated regaining its status globally. During the time of transition more attention is needed by the job designers so that to help the employees to get heel from the calamities that made them to be affected psychologically, socially and financially. More researches should be investigating about the impacts of occurring during the job redesigning in the industry. Lastly, the researcher has used just two sources of information that means ProQuest Database and Google scholar, this may call more investigation about the topic so that to compare and reduces the biasness that might be happened unknowingly.

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THE IMPACT OF WAITING LINES ON CUSTOMER SATISFACTION IN TOURISM COMPANIES

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ABSTRACT

This qualitative research study explores the impact of waiting lines on customer satisfaction in the context of tourism companies. The objective of this study is to gain insights into the customers' perceptions and experiences while waiting in lines, and how these factors affect their overall satisfaction with tourism companies. The research adopts a comprehensive literature review to capture the richness and depth of customers' subjective experiences. The analysis focuses on understanding the factors that contribute to positive or negative waiting experiences, including the perceived wait times, the level of information provided during the wait, the demand variability, service capacity, technology integration, customers expectation, queue management strategies, employee commitment and attitude and the interactions with staff and other customers. The findings of this study highlight the importance of effective communication, appropriate facilities, and staff training, managing perceived waiting times, maintaining service quality, embracing technology, and offering alternative experiences in mitigating the negative effects of waiting lines. The implications of this research contribute to the development of strategies and best practices for tourism companies to optimize their customer service and experience management. By recognizing the significance of waiting lines and addressing customers' concerns, companies can foster positive customer perceptions, loyalty, and ultimately enhance their competitive advantage in the tourism industry.

Keywords: *waiting lines, tourism, customers and satisfaction*

1. Introduction

Most of the customers in any business that is existing in this world either serves goods or services are very impatient, on the matter of waiting lines and standing in line whereby it can be one of the most frustrating things the companies especially tourism companies must deal with (Jacobs & chase, 2018). Waiting lines are a common occurrence in various service-oriented industries, including the tourism sector. While waiting is an inevitable part of customer experiences, it has been widely recognized that excessive or poorly managed waiting times can lead to customer dissatisfaction. In this sense mostly the customers term time as a vital factor to access the quality of the service delivered. Time is an essential aspect as well as a restricted resource which has a significant effect on economic value (Hassan & Hassan, 2020). As the century-old proverb determinedly highpoints “time is money”. Within the field of consumption such as in tourism campiness like hotels, restaurants and others, the time is regarded as a limitation in purchasing choice when is not well managed and controlled. The effect of waiting time has the great relationship with customer satisfaction or product evaluation.

According to Brown & Jones (2019) In the highly competitive tourism industry, customer satisfaction plays a critical role in establishing a strong reputation and ensuring repeat business. Mostly the tourism companies are providing the services and not much goods as it in the manufacturing companies so for these reasons, the customer satisfaction is the first thing to be observed and fulfilled so as to ensure the customer loyalty as well as trust on the services

themselves. Waiting lines, however, are often an unavoidable aspect of service delivery in tourism companies, such as hotels, theme parks, and airlines. Waiting times can significantly impact customer satisfaction and have implications for overall service quality perception. Having service day or waiting time in the lines for long, it is not much a problem to most of the customers, the problem happens and causing some negative reactions from the customers when the company management (managers, supervisors and staffs) do not communicate the cause of the delays or waiting lines in the service delivery and how will it be solved without compromising the products' qualities.

Waiting lines are unavoidable or it is the common phenomenon to happen in service industry and even to other sectors as well. There is a need of managing these waiting lines to avoid destructing the main goal of the businesses in tourism companies to satisfy the customers. The management of waiting lines plays a vibrant role in shaping customer perceptions of service quality and, consequently, their satisfaction and loyalty (Liu& GURSOY 2019). With growing competition in today's business in tourism sectors especially in this advanced technology where artificial intelligence is started to be introduced, understanding the impact of waiting lines has become essential for organizations aiming to improve their customer service strategies.

2. Research Methodology

This research is the qualitative research study which employs the systematic literature review approach to analyse the existing researches on the impact of the waiting lines to the customer satisfaction in the tourism companies occurring in various settings such as airlines, hotels, theme parks, and tourist attractions. The paper focused much on the articles published between 2019 and 2023 and they were selected from reputable academic and business databases that focusing on empirical studies that explored the relationship between waiting lines and customer satisfaction. Real-world case studies are explored to provide practical insights and validate the proposed strategies.

In the realm of service operations management, it is highly suggested to adopt a standardized approach that facilitates understanding of current procedures, identifying necessary improvements, and enhancing them (Yaduvanshi, & More, 2019). This study is focusing on exploring the impact of waiting lines on customer satisfaction within tourism companies. By utilizing queuing theory, the objective is to improve the performance of the tourism companies or organizations and enhance customers' satisfaction. The research entails a comprehensive analysis of tourism companies or organizations from various perspectives, aiming to achieve the following objectives;

01. Identifying the factors influencing waiting lines in tourism companies.
02. Examining the impact of waiting lines on customer satisfaction.
03. Exploring strategies for reducing waiting lines and enhancing customer satisfaction in the tourism industry.

3. Literature Review

This part of the paper presents the review of related literature on The Impact of Waiting Lines on Customer Satisfaction in Tourism Companies. The findings of the study are obtained by addressing each objective as follows:

3.1 *The factors influencing waiting lines in tourism companies*

Customer waits in lines are very common in almost all services such as airports, banks, restaurant, hospitals, universities and others but this it doesn't mean that, the companies should not worry themselves on how to resolve them because, they have a big part to play in customer satisfactions when are not well managed (Mittal, 2016). Though, different services have

different target customers but waiting time satisfaction is expected to remain a source of customer satisfaction nevertheless. In the competitive tourism industry, handling waiting lines efficiently is necessary for ensuring customer satisfaction and maintaining a competitive advantage. This part is exploring the factors that influence waiting lines in tourism companies and the possibly ways of managing them without compromising the first role of the company to satisfy the customers. There are some studies analysed and discussed the time the customer used to wait to get the service ranged between 30 to 45 minutes to get exactly what services they ordered (Barlow, 2017; Bielen & Demoulin, 2017; Ahmad et al., 2017). It seems to be like the acceptable time to some of the customers while on other side it is the boredom to other customers which leads to the regening of the services.

According to Aburayya, et al., (2020) there are common five factors in the service industry especially in the tourism companies like hotels and restaurants that influence waiting lines issue are demand variability, service capacity, technology integration, customers expectation, queue management strategies, employee commitment and attitude and administrative facilities, which then were discussed in different perception basing to the studies. Demand Variability whereby this happens when there is fluctuations or changes of time due to the rate of product demand over a given time. It can be influenced by various factors, including seasonal trends (high seasons and low season), economic conditions, market trends, consumer preferences, and external events. High demand variability means that the demand for a product or service can vary significantly from one period to another, while low demand variability indicates a more stable and predictable demand pattern (Smith et al., 2021), Service Capacity basing to the ability to handle the customers within the specific time, directly influences waiting times. Insufficient service capacity often leads to longer waiting lines and frustrated customers. Wang et al. (2020) kept emphasizing the importance of positioning service capacity with anticipated demand to minimize waiting lines. On the technology integration, the research conducted by Li et al., (2019) as well as Zhang et al., (2021) indicate that technologies such as mobile apps, self-service stalls, and real-time updates can vest customers to monitor wait times and make informed decisions, customer expectations. It is sometimes not the matter of longest time of the services to be provided to the costumers rather the way to communicate as to why the delays or waiting lines happen and how will it be solved without compromising the required expectations of the customers. Regarding the study conducted by Kim & Chon, (2019); Luo et al., (2020) emphasized and underlined the need for effective communication, managing expectations, and providing transparent information about waiting times to avoid unnecessary complaints and quarrels with the customers, queue management Strategies. In the study of Chen et al., (2019); Wu & Li, (2022) underlined the importance of adopting suitable queuing models, such as virtual queuing, single-line, or multiple-line to modernize the waiting process. Implementing strategies like virtual queuing or appointment systems can enhance customer satisfaction and reduce perceived wait times, employee commitment and attitude and administrative facilities; when employees are devoted, motivated, and committed to their work, they are more likely to prioritize tasks efficiently and complete them on time hence, this leads to reduced waiting times for customers or clients who are relying on the services provided by the company. Moreover, the company with administrative facilities which are outdated, inadequate, or poorly organized, it can lead to delays in processing paperwork, retrieving information, or accessing necessary resources (Aburayya, et al., 2020). Therefore, organization or the company should work as the team and not individually making sure every part plays its role effectively and, on the way, it is required. Moreover, according to Dawes & Rowley (2016) the common two factors were identified as potentially influencing customer satisfaction throughout the day criticality of time to the customers and the number of customers in the store. Other factors influencing the waiting time satisfaction relationships included time of day, company location and customer activities, both

before and after visiting the fast-food restaurant, hotels and other companies with relation to tourism activities. Though sometimes the customers cannot complaint about waiting times especially in the special events and weekend days. It is normally known that the demand of the service is more the capacity of the service providers (hotels and restaurants).

3.2 The impact of waiting lines on customer satisfaction

In many service-related businesses, waiting lines, also known as queues, are a typical occurrence. Their impact on customer satisfaction have been well researched but there is a need of researching more in this technology advancement era as the customers’ needs are changing as well. Several important findings have been drawn from numerous research studies (currently papers) that have explored the connection between waiting times and customer satisfaction. According to the study by Liang, (2019) waiting lines and delays in receiving the services cause annoyance, boredom, and frustration. The frustrated person acts out in order to deal with the anxiety of waiting in both public and private situations. Similar to the customers in the tourism companies who have long wait times could act in ways to deal with their grievances, such as starting a rumour or switching brands. Negative feelings like frustration, impatience, and annoyance can be caused by standing in line. This indicates that customers experiencing anger after a service delays might file a complaint to the corresponding hotel and might also talk negatively to their friends about the corresponding hotel or airline. Moreover, this also indicates that such customers may not use the corresponding hotel or airline again as the result the hotel or airline loses the revenues and the customer loyalty status as well. Customer satisfaction may be directly impacted by these feelings. According to a study by Zhang and Prybutok (2020), those who are unhappy with the service are more likely to express that displeasure and have a lower overall satisfaction rating. Moreover, unfavourable Word-of-Mouth has been playing a big impact on the affecting the reputation of the goods and services which causes more negative to the service businesses like tourism companies (Yoo & Kim's ,2020). Hence, Long wait times and unsatisfied clients can result in unfavourable word of mouth communication and harm a company's reputation and brand. It is obviously the extended wait times significantly raised negative word-of-mouth (WOM), which in turn affected the purchasing decisions of potential customers and the level of customer satisfaction.

3.3 The strategies for reducing waiting lines and enhancing customer satisfaction in the tourism industry

Waiting time is the amount of time a customer has to wait to receive a product or service. Waiting time or delays have adverse effects on the overall service evaluation, whereas an effective response to the wait influences the service satisfaction. While the good response to the wait in line improves service satisfaction, waiting times and delays have negative consequences on how well the service is evaluated overall. Waiting is possibly the most significant factor contributing to customer complaints in the context of service businesses (Liu et al., 2018) such as hotels, restaurants, airlines and travel dealers. There are many approaches that have been proposed reducing waiting lines and enhancing customer satisfaction as the crucial goals in the tourism industry. Over the years, various strategies have been implemented to achieve these objectives. The strategies like shortening the queue, making waiting times more enjoyable, fairness in queue setup, improving the waiting environment using time fillers while providing information to customers can help to reduce the negative feeling and response from the customers when waiting for the service whether (Liang, 2019).

According to Nandi &Paul (2021) virtual queuing systems have the beneficial effect on the tourism sector's perception of waiting times and consumer satisfaction. It has been shown to be one of the effective strategies in utilizing queue management systems to optimize waiting lines and improve customer satisfaction. These systems involve the use of technology, such as

virtual queuing or mobile applications, to provide real-time information about wait times and allow customers to join queues remotely. Technology solutions adoption, such as property management systems and workflow automation tools, can modernize operational processes, reduce manual errors, and enhance service efficiency which can be a big source and cause of service delays in the hotels. Computerization also facilitates better coordination between departments, leading to faster service delivery and problem-solving techniques when waiting lines occur (Jin et al., 2020). While (Tse & Ho, 2022) believes that adapting to the new technology is one part to cover but also Proper resource allocation can play the vital role in minimizing the service delays and waiting lines in the tourism and hospitality industry particularly in the hotel. By conducting thorough demand forecasting and capacity planning, managers can allocate the right resources, such as staff, equipment, and supplies, to meet customer expectations and reduce service delays. In addition, diversifying attractions and experiences, by providing a variety of attractions and activities, a destination can better distribute tourist traffic and ease congestion in high-traffic regions (national parks, museums). Tourists are encouraged to explore alternate options, relieving pressure on congested locations, by promoting lesser-known destinations or creating new experiences (Guttentag, 2019). On top of that, well-trained and empowered staff members can handle customer inquiries, requests, and transactions more efficiently, reducing waiting times (Sigala, 2019). There is the need to invest in comprehensive training programs to enhance their knowledge, communication skills, and problem-solving abilities. Empower staff to make decisions and resolve issues promptly, ensuring a positive customer experience. While according to Zhang et al., (2020), in today's competitive tourism industry, providing timely and efficient services to customers is vital for creating and sustaining a positive brand image. However, in spite of careful planning, delays or waiting in service delivery may still occur due to the different factors such as customer preference and expectations. It is then recommended to the managers to invest in staff training and empowering them, this is essential for managing and handling delays effectively. The managers as well should prepare employees (staffs) with the necessary skills, knowledge, and authority to address the problem of waiting times and service delays on time and efficiently, ensuring customer satisfaction is maintained. Basing in comprehensive training programs can be among the best and important strategies and techniques that the managers can use to equip staffs with the necessary skills to handle and resolve service delays effectively, though looks to be a long-term strategy. Empowering employees to make decisions within their scope of authority enables quicker problem-solving and enhances overall guest satisfaction (Vaske, 2020). Sometimes the problem is not the delays or waiting time on service delivery rather the actions and decisions that take place after the delays have happened. The quicker the reaction and recovery of the service delays as well the right information that states as to why the services takes long time, gives hope and tolerance to the customers that they are valued and considered. Many customers are annoyed and become unhappy when delays are not solved quicker and no one communicates about the problem itself

4. Discussion

In the highly competitive scene of the tourism industry, customer satisfaction plays a fundamental role in the success and sustainability of businesses specifically in the tourism business few to mention hotels, airlines, restaurants and travel agencies. Actually, the key aspect that significantly influences customer satisfaction is the management of waiting lines and performing and serving the services to the rate of their expectations. Whether it's at check-in counters, ticket booths, tourist attractions, or even restaurants, waiting lines are an integral part of the tourism experience.

Understanding the impact of waiting lines on customer satisfaction is essential for tourism companies to formulate strategies that enhance the overall customer journey from the

point they start to interact with the business (moment of truth) to the point they are using and evaluating the service packages. This study was mainly based on the qualitative approach whereby basing the finding of waiting lines as shown to be having direct negative impacts on customer satisfaction when managers and their teams fail to control and manage them.

The main lesson here is that managers need to understand that the notion of having to wait longer than necessary might lower customer satisfaction ratings. Waiting in line can be a frustrating experience for customers, as it consumes their valuable time (Liang, 2019). However, it is not just the duration of waiting that affects customer satisfaction; it is also the perceived waiting time. The findings have shown that customers who perceive the waiting time to be shorter than the actual time tend to be more satisfied (Johnson & Anderson, 2020). Therefore, tourism companies should focus on managing customers' perceptions by employing strategies like training the staff; well-trained staff can positively impact customer satisfaction because waiting in lines makes customers unhappy and annoyed, the training will add new skills and experience to the staff to serve fast. Training employees to handle difficult situations, provide personalized recommendations, and maintain a friendly manner can enhance the overall customer experience (Lam & Hsu, 2019). The use of chatbots and AI-powered customer service solutions has become more widespread. These technologies can provide instant responses to customer inquiries and offer personalized assistance. Providing entertainment like music and using TV, comfortable seating, or engaging queuing systems. Then, advancements in technology provided tourism companies with opportunities to manage waiting lines more effectively. For instance, mobile apps, online reservations, and virtual queuing systems can help customers plan their visits, reducing actual wait times (Guttentag, 2019), the companies should adopt all technology changes that will facilitate the easier way of serving the customers while reducing the rate of waiting lines as it is currently observed. Implementing these technological solutions not only improves efficiency but also enhances customer satisfaction by providing convenience and reducing frustration associated with waiting lines. Moreover, tourism companies can also opt for providing alternative experiences to mitigate the impact of waiting lines. For example, instead of making customers wait in long queues, companies can offer virtual reality experiences (using electronic display to show the customers what the properties the company has so to help them know what to expect), interactive displays, or pre-show entertainment (like cultural dances). These alternatives not only reduce perceived waiting time but also engage customers, ensuring they have a positive experience even during periods of waiting. On top of that, regularly gather feedback from customers to identify areas for improvement. Conduct surveys, collect reviews, and engage with customers through social media or online platforms. Actively address concerns, make necessary adjustments, and communicate the changes to customers. Demonstrating the commitment to improvement can enhance customer satisfaction.

Although, they can have a big impact on customer satisfaction, waiting lines are an inescapable part of the tourism sector. Tourism businesses must carefully address waiting lines if they want to guarantee client pleasure or happiness. Businesses can increase customer satisfaction and loyalty while achieving long-term success in the severely competitive tourism industry by concentrating on managing perceived waiting times, reducing stress and anxiety, maintaining service quality, embracing technology, and offering alternative experiences.

5. Conclusion

For many tourism businesses across the world, managing consumers in lengthy queues and guarding against lost revenue has been a major area of worry. Customers who are paying a lot of money for a service at hotels, restaurants, and other tourism-related enterprises typically do not want to wait. The task is to ensure that any unpleasant parts of this service experience

induced by the delay are reduced, whether it be the real wait time or the perceived wait time (Kim & Chon,2019). It is true that waiting lines have negative impacts towards the customer satisfaction but in some aspects customers' satisfaction levels are inversely proportional to the length of waiting lines. Prolonged waiting times not only diminish customer satisfaction but also lead to increased frustration, reduced patience, and even potential loss of future business, hence the waiting lines goes beyond the customer satisfaction, it affects even the business as whole. Furthermore, the study emphasizes the importance of managing waiting lines effectively to enhance the overall customer experience and ensure positive word-of-mouth.

6. Recommendations.

Based on the research outcomes, several recommendations can be made to tourism companies aiming to improve customer satisfaction. First and foremost, organizations should invest in technologies and systems that streamline the waiting process, such as online booking platforms, mobile apps, and self-check-in booths. These tools can significantly reduce waiting times in lines and enhance efficiency. Secondly, implementing effective queue management strategies is decisive. This involves optimizing staff allocation, providing accurate wait time estimates, and offering entertainment or information to alleviate perceived waiting times. Additionally, regular monitoring and analysis of waiting line data can help identify bottlenecks and operational inefficiencies, enabling companies to make data-driven decisions for process improvements. Furthermore, emphasizing customer communication and providing updates regarding wait lines can enhance transparency and manage expectations. Offering incentives or perks for customers who experience extended waiting times can also help mitigate dissatisfaction and maintain positive customer relationships

Finally, investing in employee training and empowerment is essential. Well-trained staff who can handle customer inquiries, diffuse tension, and provide personalized service during waiting periods can significantly influence customer satisfaction levels. The customers cannot be satisfied before the employees. The Companies and organizations should prioritize the employees first as their number one customer which will increase commitment and devotion in serving customers with better services.

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LAW AS A DRIVING TOOL IN ADVANCING INTERNATIONAL BUSINESS

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ABSTRACT

The world is in a continuous state of evolution and during this period, international business operations are the new kid on the block. This, therefore, requires law as a tool of economic engineering to regulate international business processes to ensure productivity without violating international norms and standards. This study aims at evaluating and assessing the impact of law in driving global businesses in the 21st century globalized trade. The implementation of this study will help to assess and redefine the trajectory of the international business community in adjusting to, or adopting new models that can help enhance productivity legally without espousing the world to illicit acts of international kinds. While business experts are keen on the economic theories and models that are required to enhance their financial prowess, the bedrock of the legal basis upon which society thrives – irrespective of whatever society it is – is left in the periphery of international business discourse. In this research, normative legal research is used with extensive literature review to support the theoretical basis of my findings. This research finds that the law should be used as a tool of economic engineering to propel business firms.

Keywords: *International business; International norms and standards; Tool of economic engineering*

1. Introduction

The buying and selling of goods and services as well as the transfer of capital, information, technology, and expertise on a global or transnational scale that transcends national boundaries is referred to as international business. The term “international business” describes the buying and selling of products and services across national borders (Hassan & Bhatti, 2023). The knowledge of law, particularly international business law, by corporate participants is becoming more and more crucial as the international market continues to expand. This has to do with the rise in foreign investment and the entry of companies into global markets. Both the process of drafting the contract and its implementation will be influenced by knowledge of the business actors that are parties to international business agreements (Sopamena, 2022). Applying the law is essential for a firm to remain sustainable in an international business endeavour where it operates across multiple sectors. Law is necessary to create a favourable atmosphere for our business operations and to benefit our company. Furthermore, standards or protocols for appropriate behaviour in the corporate world are also governed by laws.

Nonetheless, there are still individuals and business owners that break the law or fail to follow it in their operations. They have the power to victimize other people in addition to endangering the viability of their company. International trade has expanded rapidly since the end of World War II, and cross-border business transactions have grown in all domains, including technology licensing, service sales, and exporting and importing. Small and medium-sized businesses can diversify their portfolios and protect themselves from periods of weaker development in their home markets by exporting. Similar to this, businesses that wish to stay competitive must expand their supply chains into international markets and outsource a portion

of their operations (DiMatteo, 2021). Therefore, to foster a positive and healthy business platform among fellow entrepreneurs as well as the community at large, laws governing the protocols for conducting business in this international industry are required. A legal adjustment is a step toward enabling the law to always follow societal progress in order to fulfil its intended purpose (Christiani, 2018).

There has been a fascinating parallel movement in the last ten years or so regarding the evolution of company regulation in the global economy. Liberalization, or the easing or elimination of national restrictions on the flow of money internationally, has been the prevailing trend since the 1980s. To many, it appeared as though investors and corporate organizations were getting closer to realizing their dream of a free world market, where they could freely manage their assets and operations throughout the world without being constrained by national and international laws. Proponents of this neo-liberal version of economic globalization celebrated it, while detractors chastised it (Picciotto, 2003). The creation of creative national anti-bribery legal frameworks has resulted in significant advancements in the fight against global corruption during the last ten years. This evolution shows how a transnational corruption law was developed because of the dynamic interaction of international, national, and comparative law. The process of worldwide resonance in boosting international business is exemplified by the constantly growing transnational corruption law (Einbinder, 2022).

The goal of international trade law is to provide governments and businesses involved in cross-border trade with clarity. These regulations were originally designed to govern traditional trade in products, but they have since been improved to cover services as well. Their relevance and the necessity for reform in light of the digital revolution – especially with regard to artificial intelligence – have grown in prominence on the political and economic fronts. An outline of pertinent trade law topics is given in this brief, with a focus on current Free Trade Agreements (FTAs), law from the World Trade Organization (WTO), and the European Union (FINK, 2020). The African continent through the African Continental Free Trade Area (AfCFTA) is established to, *inter alia*, “create a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with the Pan African Vision of ‘An integrated, prosperous and peaceful Africa’ enshrined in Agenda 2063”.

Every country has its own unique market. Variations stem from a variety of factors, including lifestyle and cultural norms, variations in population demographics, consumer demands and habits, variations in the costs of production and selling goods and services, exchange rates, political power and laws, market sizes, and levels of competition. The free flow of goods is restricted, or domestic production is protected by several laws and policies in many countries, making it difficult for the global market to operate (Grozdanovska et al., 2017). These are referred to as a country’s barriers to market entry. Arguments aimed at protecting the underdeveloped economy – where prices are frequently higher and quality is lower – against unfair competition, defending important national economic activities, interfering with the foreign trade balance, and preserving living standards all serve to justify the adoption of protective measures. Protective measures decrease competition, which raises prices and causes inflation. It also gives consumers less options for goods and services, making the trade balance more susceptible to disruption and decreasing the level of competition.

Over the past few decades, businesses have expanded to operate in more countries worldwide, sourcing resources and manufacturing goods in locations where they can obtain the most returns on their investment. The expenses of adhering to rules pertaining to things like working conditions, employee pay, and the effects of operations on the environment and nearby communities have an impact on those returns. Thus, there are incentives to conduct business in nations with the least onerous legal requirements due to the wide variances in the strength

of these rules around the globe (Diggs et al., 2019). In terms of “the prevention of, and accountability for, direct or indirect corporate human rights abuses in host governments and the provision of remedies to victims of such abuses”, this results in a “governance gap”. As a result, businesses can profit financially from their operations without having to bear the brunt of many of the negative effects of their actions.

The problem of the limit to which law is embraced in many international business transactions is of great interest to this research. Therefore, this research seeks to make an assessment on the significance of the application of law to international business and how this can serve as a tool of economic engineering in driving global economy towards effective sustainability of the world in all sufficiency. This contentious global issue needs a shrewd attention cognizant of the prevailing illegal acts committed in the international market and the urgency to create a level playground for all countries irrespective of their territorial jurisdictions and Gross Domestic Product.

2. Literature Review

The increasing interest in the possibility to use domestic legal systems to hold foreign violators accountable in international business has been sparked by the human rights and environmental challenges that are being caused by encounters with corporate impunity on a global scale. The majority of international human rights lawsuits have originated in common law nations, where judges have the authority to hear cases involving extraterritorial conduct by foreign business corporations (Abdullah & Hassan, 2022). While the new millennium has so far signalled a return of state capitalism, the end of the twentieth century was a period of privatization. A recent IMF report states that state-owned enterprises’ share of the world’s 2000 largest firms has increased to 20% over the past 20 years, primarily due to their presence in emerging markets. These enterprises’ assets, which total \$45 trillion, or half of the global GDP, are primarily from these markets (Howse, 2021).

Despite the advancement recorded over the years, impunity in international business is yet to be addressed with a strong fist. So, developing and transitioning countries implemented policies to attract both domestic and foreign private investment as they started to shift *en masse* toward market economies. There is no shortage of evidence that the rule of law encourages private investment insofar as it fosters an environment of stability and predictability in which property rights are safeguarded, economic risks can be judiciously evaluated, and contractual obligations can be duly fulfilled. In general, experience lends credence to the idea that the rule of law is necessary to ensure that government promises are reliable and that applicable laws are enforced (Shihata, 1996). A convergence of circumstances both inside and outside the academia has led to a spike in interest in the relationship between business growth and the rule of law. Since the end of the Cold War, attempts have been made to advance the rule of law not only for political and security reasons, but also for advancement of business in a wider and more productive scale (Haggard et al., 2008).

Research indicates a favourable correlation between law and order and Foreign Direct Investment (FDI) flows at the macro level, with an estimated coefficient that is significant at least at the 10-percent level. Strong evidence that the rule of law is positively connected with foreign direct investment, a component of international commerce, is provided by research that calculates the association between measures of governance and transnational trade using a sample of Asian and Latin American nations. It has been found that nations with higher standards of legality provide fewer tax incentives; this effect is especially pronounced in nations with higher degrees of democracy (ZHANG & LIU, 2021). It is evident that property rights must be precisely established and upheld for entrepreneurship to operate efficiently. Both a legal framework and a mechanism for contract agreements are necessary for the enforcement

of such agreements. There is a strong correlation between entrepreneurship, property rights security, and legal framework (Hartog et al., 2010).

Additionally, evidence points to a stark and huge disparity between the global north, which is more developed and richer, and the global south, which is home to a large section of the world's population that lives in violent conflict and chronic poverty, especially in developing nations (Culpeper, 2005). These disparities and inequalities are a result of a concerted effort by the leaders of wealthy western nations and international organizations to not demonstrate realistic and persuasive development commitments, particularly when it comes to strategic and useful legal reforms in developing nations. These failures to communicate are in addition to understanding gaps, conflicts of interest, resource limitations, and poor implementation (Ikejiaku, 2020).

3. Research Method

This research is qualitative in nature with focus on secondary data. The main data used are books, journal articles, conference papers, reports and other international instruments that are relevant to this discourse. In this method, data are analysed and discussed in a qualitative way to reflect the position of the law in international business. By doing this, both the legal right of people and the role of legal institutions in international business are studied to support and portray how law can help in driving the expansion and development of business beyond borders without violating the rights of people.

4. Research Findings and Discussion

4.1 Assessing the Impact of Legal Institutions in Propelling Businesses of International Character

A regulation is a tool used by governments, their affiliate organizations, and supranational organizations (like the EU or the WTO) to impose legally binding standards on businesses and citizens. Thus, the phrase may refer to a broad variety of documents, including decisions that carry out high-level regulations and standards, subordinate rules, administrative formalities, and primary laws and secondary regulations that implement primary laws (Edmore, 2017). Institutions facilitate working markets by assisting in the resolution of issues pertaining to collective action. The impact of institutions on the strategic choices and outcomes of Multinational Enterprises (MNEs) has long been acknowledged by the literature on international business (Dieleman et al., 2022). It is right that all states should be aware of and prepared for the revolution in international trade, as there has been a paradigm shift in the areas of economic law and resource management. Prior to the globalization of law, most states enjoyed complete autonomy over the creation of new laws and the management of natural resources. Nevertheless, this sovereignty has since been relinquished, particularly with regard to commerce, investment, services, natural resources, intellectual property rights, and other areas (Waluyo et al., 2019). The potential for economic growth and development of a nation greatly depends on its level of openness to international trade. According to recent research, a nation's capacity to engage in international trade is boosted by the calibre of its internal institutions as viewed by its trading partners.

Furthermore, exporters of complicated goods are more dependent than exporters of simple items, and exporting countries are more reliant than importing countries on the calibre of their domestic legal systems (Berkowitz et al., 2005). Although it has long been known that nations differ greatly in the institutional makeup of their economies, especially between industrialized and rising nations, it was less obvious how these variations affected businesses' strategic decisions. Because of this, the idea of institutional voids – the lack or underdevelopment of institutions necessary to permit and sustain market activity – has drawn more and more attention in the literature on international commerce (Doh et al., 2017). The

effects of institutional voids on corporate strategy and structure have been studied by academics studying international business and management for almost 20 years. Institutional voids present opportunities as well as difficulties, but they are mostly linked to businesses' attempts to minimize or prevent institutional flaws and lower the transaction costs of doing business in environments where those flaws exist.

This is premised on institutional theory at the macro level which has a long history with solid foundations. When evaluating a nation's business potential, it is recognized that official regulations, like its legal system and constitution, as well as informal ones, like its customs and self-imposed codes of conduct, must be comprehended. Therefore, for instance, it is commonly known that certain nations have greater success than others in luring foreign direct investment, whereas other nations excel in terms of productivity and creativity (Lynch & Jin, 2016). The rules and regulations that control commercial dealings are examples of formal institutions. With rare exceptions, nation-states coordinate their legal frameworks internationally through organizations like the WTO or the EU. Such formal institutions, most notably legal frameworks, are defined by national authorities or their sub-entities. This indicates that businesses using the Internet are up against a variety of obstacles brought about by disparities in national laws (Meyer et al., 2023). Innovation capacity is a key component of both national and regional innovation systems, and it is heavily influenced by legal and economic structures. The relationship between the role of legal institutions and embracing innovation, however, has not gotten as much scholarly attention.

4.2 *Guaranteeing Legal Rights in International Business*

By providing legal rights connected to invention replication, the rule of law ensures quick conflict settlement between parties in a democratic system. Legislators are also compelled to offer financial incentives to private companies so they will spend money on research, which has been shown to be a powerful driver of innovation. The public is also shielded by legislators from any negative effects of new developments and technological advancements (Dunyo & Odei, 2023). Developed nations have a crucial role to play in helping their companies secure contracts in foreign markets. Formal or informal lobbying is one tactic that states and businesses have utilized to sway legislation. States that engage in this kind of international action bind themselves to the actions of any corporate national or state-registered firm that operates outside of their borders. Because of its transnational business activity, this form helps to address the question of who is accountable for the activities of multinational enterprises by embodying the state as a responsible actor under international law (Oktaviandra, 2022).

Additionally, when it comes to the idea of public international law, a state's actions can be held accountable by its non-state actors, which includes companies. An international requirement, such as one imposed by a recognized human rights convention, might give rise to an international responsibility. Put another way, a state is required to exercise due diligence, which includes, among other things, policing and overseeing a corporation's operations whether they are in the home state or the host state where a bilateral investment treaty has been enacted. International responsibility against governments may arise from human rights violations committed by their corporations when nations neglect to fulfil these duties. State responsibility is important because it will spur on states to take steps essential to establish international binding treaties that guarantees the protection of rights of people.

But while states are crucial as guarantors of creation and protection of rights the concept of “police power” in international law cannot be left to the periphery. According to (Mann, 2008), “police power” is *“The power of a state to place restraints on personal freedom and property rights of persons for the protection of the public safety, health, and morals, or the promotion of the public convenience and general prosperity. The police power is the exercise of the sovereign right of a government to promote order, safety, security, health, morals, and*

general welfare within the constitutional limits and is an essential attribute of government”. Although world leaders have duly taken notice of the subject of development in all its forms and manifestations, international attorneys still have a lot of work ahead of them. Development offers a conducive environment for cooperation to the extent that international law is greatest when the motivations of its subjects align and weakest when they diverge or come into direct conflict. To put it simply, development is an idea that benefits both parties (de Serpa Soares, 2015).

International business, investment, and prosperity are all aided by international law. Although there is a great deal of overlap between the two categories, these rules and procedures are primarily divided into two groups: international public law and private law of international trade. The rights and responsibilities that confront one another as foreign investors and traders are covered by private trade law. In this situation, procedures for resolving legal disputes between individuals from several legal systems are required (Aliaj & Mekaj, 2018). A significant step toward enhancing corporate responsibility for human rights in the global business was taken in 2011 when the United Nations Human Rights Council unanimously adopted the United Nations Guiding Principles on Business and Human Rights (Hamm, 2022).

One might gain a knowledge of the social power structures by studying and comprehending business legal rights. It is critical to comprehend how the various political and legal systems around the world impact business. The law affects a great deal of business circumstances. Knowing and comprehending the underlying law can help you make the best choice, whether you are reading and interpreting a media article, creating the best plan for entering a foreign market, or settling a dispute with a foreign organization (Iskra & Nicholson, 2020). This is important in this era of the continuous complexities in international engagements when the law is understood and applied as a tool of business engineering towards the realization of set goals.

5. Conclusion

While law can be applied as a tool of economic engineering in driving businesses of international character, the mores of international business platform ought to be in line with the current trend of the commitment of the international community to boost global economy. However, this gesture should be transnational by reaching the Global South community because of its economic despair compared the advanced economy of the Global North. To achieve this, the laws must not only be applied legitimately globally but also with fairness irrespective the economic status of these communities. This is important because the law is made for the people and not vice versa. By establishing this, international businesses will operate on fair and transparent platforms across the globe.

This therefore, calls for advocating the advancement and strengthening the position of legal institutions to ensure that the rights of the people participating in international are guaranteed and executed in the current environment that entertains globalization and gobbling of states that are weak – especially those in Global South. This is important in realizing the economic rights as enshrined in International Covenant on Economic, Social and Cultural Rights which is one of the key instruments of the International Bill of Human Rights. Just like how governments are instituted among men to secure their rights both national and international institutions premised on law are required in advancing businesses of international character.

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THE ROLE OF SIX SIGMA IN HOSPITALITY INDUSTRY

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ABSTRACT

This study investigated the role of Six Sigma in Hospitality Industry specifically hotel sector, and how Six Sigma- DMAIC business model (Define, Measure, Analyze, Improve, and Control) has been adopted in the hotel business operations to bring the positive business results for example defining the problem-D, measuring the problem-M, analyzing data to explore the source of the problem-A (analysis of defects in a particular hotel operation process), improving the performance-I to eliminate the source of faults and controlling-processes-(C) to avoid the continuous problematic-monitoring the improvement within the particular hotel. Also, this article exposes how Six Sigma methodology can be used: in developing a business strategy, in developing a business Vision, in developing business Benchmark, in developing business Goal, in establishing a business Statistical Measure, and establishing a Robust Methodology throughout the hotel business operation. The theory employed in this article is constructivism theory that align together with the historical development of the idea of Six Sigma idea (MAIC) as developed by Smith in 1986 then later DMAIC as added by Welch in 2000. The result shows that the hotels which applied Six Sigma, the performance of the particular hotel were improved.

Keywords: *SIX Sigma; DMAIC; TQM; Hospitality Industry; Hotel*

1. Introduction

Six Sigma is a defined and disciplined business methodology to increase customer satisfaction and profitability by streamlining operations, improving quality and eliminating defects in every organization-wide range process. Six Sigma is a method that provides organizations tools to improve the capability of their business operational processes. In hospitality industry like hotels, Six Sigma help to improvement in earnings, employee morale, and the caliber of goods or services, as well as a decrease in process variation and an increase in performance that contribute to the reduction of defects. The phrase "quality Six Sigma" is used to indicate a well-controlled logical process throughout the business operation (SIXSIGMA INSTITUTE, n.d.). So, in developing quality specifications, these steps must be considered: 1. Identifying customer needs; 2. Determining the critical features and characteristics; 3. Establishing measurable performance criteria; and 4. Setting acceptable quality levels within a particular hotel (Jacobs et al., 2018).

Six Sigma was created by Bill Smith at the end of 1980s. During that time Bill was working at Motorola company which needed a quality management tool to increase business performance, that is when he came with the idea of Six Sigma. At that time, he only introduced MAIC (Measure, Analyze, Improve, Control). He spends a lot of time and energy in developing the method on what would be the future of quality management. So, after Smith developing an effective quality service model namely MAIC model, Motorola company started applying the MAIC model companywide (SSDSI Blog, n.d.). In 2000 Jack Welch came up with the idea of adding D to the MAIC model then became DMAIC (Define, Measure, Analyze, Improve, and Control) has demonstrated on the Figure 2 below:



Figure 1. Six Sigma and DMAIC Methodology Overview
 Source: https://www.sixsigma-institute.org/What_Is_Six_Sigma.php

Due to the effectiveness of MAIC business model in application, Motorola company was awarded the Malcolm Baldrige National Quality Award in 1988 for its new process management tool. This award now is commonly given to organizations that have demonstrated operational excellence in a variety of sectors such as hospitality industry (SSDSI Blog, n.d.). Subsequently the history of Six Sigma come from a long way from Motorola in mid-1980s. From the major-redesigning done by General-Electric, which presented-DMAIC strategy. The strategy together-with five-stages brands Six-Sigma as a precise and information driven technique (Antony et al., 2017). Therefore, Six Sigma business model (DMAIC) has passed into different historical background process has demonstrated on Figure1, below:

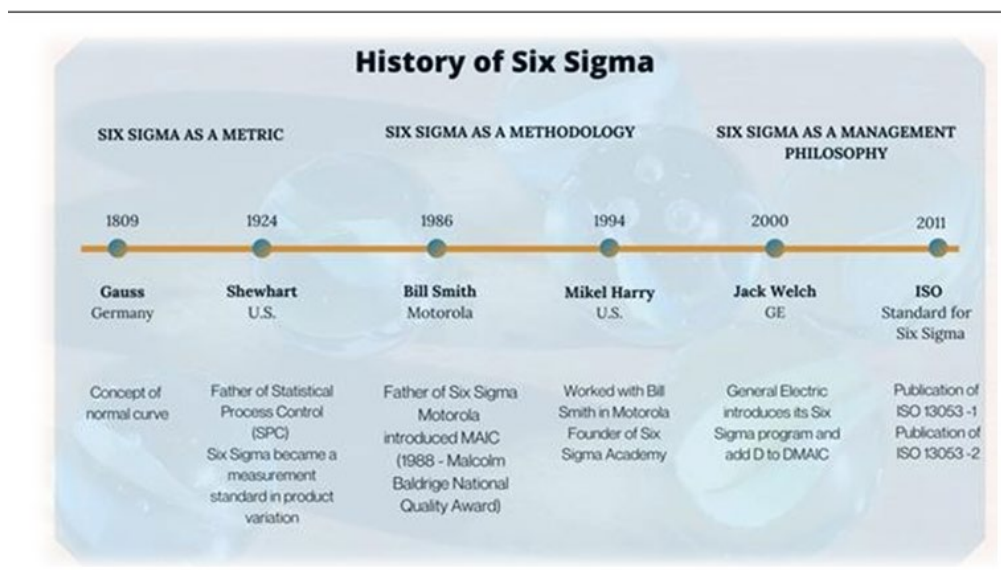


Figure 2. History of Six Sigma
 Source: <https://sixsigmadsi.com/a-brief-history-of-six-sigma/#:~:text=Six%20Sigma%20was%20created%20by,the%20future%20of%20quality%20management.>

We cannot talk about six sigma quality without discussing about total quality management (TQM). According to Jacobs et al., (2018), Total Quality-Management (TQM) is a method used to managing a business organization that focuses on creating high quality products and services that satisfy the clients’ needs and expectations. It is a management idea that its purposes are to endlessly improve the quality of products, services, and processes. TQM includes two key goals: designing products & services carefully, and guaranteeing that the organization-systems can consistently provide a clear business design (Jacobs et al., 2018). Additionally, one advantage of Six Sigma thinking, according to Jacobs et al. (2018), is that it enables hotel managers to voluntarily define a process's performance in terms of its variability and to compare several processes using a standard measure. Defects per million opportunities (DPMO) is a statistic whose computation necessitates three different kinds of data, including:

- a. **Unit**-the item produced or being serviced,
- b. **Defect**-any item or event that does not meet the customer’s requirements, and
- c. **Opportunity**-a chance for a defect to occur (Jacobs et al., 2018).

DPMO can be calculated by using a straightforward formula as demonstrated below

$$DPMO = \frac{\text{Number of defects}}{\text{Number of Opportunities for Error per Unit}} \times 100$$

2. Research Methods

In this study, the researcher will apply literature review method by reviewing different literatures from different authors to assess their views or perspectives concerning the role of six sigma in hospitality industry. This will be guided by constructivism theory. Constructivists’ models of learning center on how individuals effectively make or develop information based on their foundation, past encounters, modern encounters and social interaction or collaboration. In arrange for learning to happen effective, significantly, and lasting, learning must incorporate practical-activity, concept (information) and culture (setting) where the information is built. The constructivists’ position attests that the exchange of learning happens through association in true tasks that are secured in important settings. Since understanding is experienced through real-world encounters, authenticity gets to be basic to the individual’s capacity to utilize thoughts in fathoming a specific issue (Instructional Coaches Corner. (n.d)).



Source: <https://www.instructionalcoaches.com/portfolio/constructivism/#:~:text=The%20constructivist%20theory%20uses%20prior,to%20cognitively%20process%20new%20information>

According to Jean Piaget, learners pass over four-stages of advancement once learning modern content counting representation (grouping), adaptation, accommodation (by making-relations), and assimilation. Instructional Coaches Corner. (n.d.) agree with Piaget that learning is grounded on student foundation information, encounters, recognitions, and viewpoint in which the insights change as we develop. Piaget recommended that our-cognitive development isn't concerned on obtaining information, moderately as we gain new-knowledge, we have to be built us possess mental model of the world as Jack Smith constructed Six Sigma MAIC model to help the Global. This is often done through connecting modern learning to past encounters, discernments, foundation information and viewpoints (assimilation). Piaget seen mental development as a prepare of alteration to the world as Jack Smith created Six Sigma MAIC. The general views and knowledge or awareness of the global don't alter as an outcome of modern-information or maybe we accept new-data in the information we have already-gained (Instructional Coaches Corner, (n.d.). According Instructional Coaches Corner, (n.d.), when our existing-schema do not function, we-make alterations to the knowledge we gained so as to create-room for new-knowledge (assimilation) to alter to the new business world. Moreover, Piaget accepted that problem-solving cannot be specifically instructed or maybe individuals study problem solving through vigorous involvement and their-own disclosures to find solutions to different problems facing the business environment like how the Jack Smith with Six Sigma MAIC business model has helped to improve the business performance of different hotels (Instructional Coaches Corner, (n.d.)

3. Research Findings and Discussion

3.1 Findings

In the contemporary study Six Sigma is characterized as a profoundly restrained, organized, efficient, proactive, capable and complex problem solving, nonstop or innovation trade prepare enhancement procedure that looks for to discover and dispose of the causes of mistake of the client-characterized failures, determination of squanders in trade procedures, as well as decrease variety, by making strides the effectiveness and viability of organizational actions, as well as endeavors to reach a level of 3.4 (DPMO) utilizing colossally thorough information gathering and statistical investigation, by assembly or surpassing customers' needs and desires with the major accentuation on fiscally quantifiable bottom-line comes about (Ninerola et al., 2021). The definition attempts to be all encompassing and incorporates both factual and trade perspectives of Six-Sigma (Ramadan et al., 2023).

As a trade handle change strategy, Six Sigma has picked up significant significance within the industrial-service-segments for the last three-decades. From the starting Six Sigma has picked up importance acknowledgment in financial and healthcare-services since more transaction-connected client confronting exercises (Ninerola et al., 2021). The application of Six Sigma is therefore more difficult in the hospitality industry than it is in the manufacturing industry because of the unique characteristics of services. These challenges include intangibility, perishability, heterogeneity, and synchronization of production and utilization of hospitality products, which make the delivery of hospitality services and processes extremely difficult (Reisinger, 2001; Reid & Bojanic, 2009). Service businesses like hospitality must take into consideration commercial-process-improvement initiatives like Six-Sigma to provide distinctive-authentic and higher value customer-experiences and develop competitive-advantages (Kokkranikal et al., 2013). According to Kokkranikal et al., (2013) study findings, when the Six Sigma is effectively applied in hospitality industry, it makes hotel-wide process improvements, business transformation to directly benefit in the long term.

The well-known of processes within the hotel industry like hotels includes a huge sum of human interaction, especially between the client and service provider (Ramadan et al., 2023). The primary factor influencing customer fulfillment in hotels is the relationship between the client and the service provider. In these situations, Six-Sigma has shown that it may enhance client fulfillment by addressing the behavioral aspects of the service provider (Bhale et al., 2017). In hotel division ventures, Six-Sigma support to characterize the issue and recognize the project’s boundary by enough analyzing the method without any botch amid the DMAIC venture stages (Ramadan et al., 2023). Concurring to the study drained UAE Five-star hotels, due to this increment in client request, the hotels are encountering weight to move forward their processes to suit more clients, but with Six-Sigma application utilizing the DMAIC strategy made a difference diverse-hotel with its state-of-the-art-infrastructure, offers premium-comforts & amenities. Besides, it offers extreme-urban-relaxation to the clients through the private beach-facility. Furthermore, it provides numerous restaurants & cafes with a signature-eating out with the authentic Arabic-cuisines. Because the hotel includes conventional handicrafts worker with modern-comforts, clients desire the hotels-stay and eating out (Ramadan et al., 2023).

In the hotel sector Six Sigma is executed through a five-stage handle: Define, Measure, Analyze, Improve and Control (DMAIC) (Ramphal, 2017). The define-phase ensures that the issue and or process-selected, is connected to hotel business organizational priorities and has administrative bolster (Shankar, 2009). It is additionally around defining-venture and making-implementation. The venture must produce a substantial change in quality and client-satisfaction, and an advancement within the bottom-line where the main-operation is carried out in the hotel-sector. Finding the critical elements that must be assessed, examined, and managed in order to produce the desired outcomes is crucial. Strategic criteria, auditing reports, cost of quality, failure reports, customer complaints, competitor tracking, and other data gathered pertinent to the issues facing the specific hotel should be used in hotel operations. A value-stream map (VSM) and a Pareto chart or table can be used to conduct additional studies by looking at supplier-input-process-output-customer (SIPOC) relationships (Ramphal, 2017).

For example, Starwood Hotel and Resort, the proprietor and administrator of hotel-brands like Westin, Sheraton and numerous extravagance-hotel, is among global-first-hotel-chains to embrace the Six-Sigma ideology (Lahap et al., 2017). The main focus of Six-Sigma ideology is to discover how many absconds exist within the processes so as to eliminate the defects systematically to achieve perfection or effective results. Hotel sector is pointing to preserve competition across the global with the deliberate at the Six-Sigma level, whereas conventional trade organizations are contents combines three-MAIC and four-DMAIC sigma varieties (Pearlman & Chacko, 2022). In their concluding remarks, Tjahjono et al. (2010) identified four (4) possible streams of understanding regarding Six Sigma: a collection of quantifiable tools, an operational management ideology, a commercial culture, and a logical explanatory method. Furthermore, they highlighted that regardless of the streams, the basic objectives of Six-Sigma-still: making strides effectiveness, productivity and handle capability within the hotel business operation. So, it is the role of hospitality managers to characterize zones within the operations that require some additional improvement (Ramphal & Nicolaidis, 2018).

3.2 Discussion

The application of Six-Sigma in the Hospitality-Industry

- a. **A Business-Strategy:** By using the Six-Sigma Method, hotel corporations can manage their plan-action on an annual or quarterly basis, identifying opportunities for revenue growth, cost reduction, and process improvements across all organizational departments (SIXSIGMA INSTITUTE, n.d.).

For example, in developing the strategy to increase the sales in the hotel, the hotel manager can use DMAIC by researching and defining the problem why the sales are not raising up, then measure the size of the problem to see how much it negatively affecting the whole hotel business organization, then in collaboration with the marketing department the hotel manager can analyze different alternatives of the solutions that can help to solve the problem, then choose the most effective solution that will help to improve the situation by increasing the sales rate, finally the role of the general manager in collaboration with other departmental managers can help to control the improvement by closely and constantly monitoring the whole operations process.

- b. **A Vision:** Six Sigma Technique supports the top-management to make a vision to offer fault-free, and constructive working-place to the hotel association (SIXSIGMA INSTITUTE, n.d.). For example, Six Sigma (DMAIC) can help the hotel business corporation to define and develop a specific, measurable, attainable or achievable, relevant or realistic to the specific hotel business, as well as a time frame Vision. A SMART Hotel Business Vision.
- c. **A Benchmark:** The Six Sigma Method helps to improve process metrics. The hotel management can reapply Six-Sigma practice to advance the newly-stabilized step-by-step measures when the increased metrics have achieved stability. For example, while using Six-Sigma methodology, the cycle time for pizza delivery is reduced from 60 minutes to 45 minutes. The hotel manager may conduct an additional Six-Sigma project to advance the cycle-timing of the pizza delivery process from 45 minutes to 30 minutes as a standard once it has stabilized at 45 minutes (SIXSIGMA INSTITUTE, n.d.). To achieve this within the hotel, there must be a strong collaboration between the food & beverage manager and head of the kitchen (Chef head/Chief cook).
- d. **A Goal:** Using Six-Sigma method, hotels business-corporations may retain-strict goals for work towards-accomplishing them throughout the business cycle annually (SIXSIGMA INSTITUTE, n.d.). In a particular hotel a goal could be to improve service quality delivery through the use of more advanced reservation system technology, to increase the number of customers, or minimize the service que. The effective use of the method normally facilitates the hotels business organizations to achieve these goals timely, effectively, and successfully.
- e. **A Statistical Measure:** Six Sigma is a data driven methodology. Statistical Analysis is used to identify the source of the problem. So, Six Sigma methodology helps to calculate the process performance of the particular service in the hotel by using its own-unit recognized as Sigma-unit. This can include both back-office employees and front-office employees in the hotel to get more valid data report that will help during the decision-making process (SIXSIGMA INSTITUTE, n.d.). For example, with the effective use of hotel's website, YouTube, and social media platforms such as Instagram, Face-book, WhatsApp etc., Six Sigma methodology can help the hotel managers to collect the accurate data of hotel service users quarterly or annually.
- f. **A Robust-Methodology:** Six-Sigma is the only comprehensive approach to problem or issue solving now available in the market. So, when Six Sigma is effectively used in every hotel, it provides improvements that are bullet-proof that produce high yielding returns in a particular hotel business corporation (SIXSIGMA INSTITUTE, n.d.).



Figure 4. Six sigma in hospitality business.

Source: https://www.sixsigmainstitute.org/What_Is_Six_Sigma.php

4. Conclusion

4.1 Conclusion

In order to find and remove the primary reasons of nonconformity with hotel operations, the Six Sigma improvement plan, also known as the Six Sigma (DMAIC) roadmap, can systematically assist in examining how to define, measure, improve, analyze, and control the process. Six-Sigma methodology encompasses the following as a problem-solving approach or format preparation: defining the issue (D), measuring the issue (M), analyzing information to look into the source of the problem (A), fault analysis, improving (I) to eliminate the source of faults, and controlling or monitoring processes (C) to anticipate ongoing issues or checking within a specific hotel (Kumar et al., 2008). The DMAIC-structure allows inventive considering-solution to the issue inside the progression or service and usually the motives because (DMAIC) is very effective due to its focus on the viable utilize of factual apparatuses (Montgomery and Woodall, 2008). Subsequently, Six-Sigma profits from numerous tools-strategies that demonstrated valuable for numerous a long time in numerous areas particularly in hospitality industry through the utilization of (extend management devices, stream charts-processes, Pareto investigation, cause-impact examination graphs and control-charts, etc.) and its execution of DMAIC-method in a basic-execution enhancement demonstrate acknowledged as Define-Measure-Analyze-Improve-Control it has confirmed to be very effective in the hotel business throughout the hotel business operations (Noone et al., 2010).

4.2 Recommendation

According to the findings many business in hospitality industry such as hotels are very reluctant to adopt the Six Sigma especially the DMAIC business model, but for those hotels which have adopted Six Sigma (DMAIC business model) have testified to be very effective in the business operation because it has helped to define the specific problem that are facing the specific hotel, measure the size of the problem and its impact within the particular hotel, analyze the problem by developing different alternative solutions so solve the particular problem, choose the best solutions that will help to solve the particular problem and improve the situation, then finally control the process of the improvements. Therefore, considering the dynamic changes of technology and intangibilities of hotel business operations, I suggest that all hotel managers to consider adopting the Six Sigma (DMAIC business model) to keep improving their business operations especially in providing service quality delivery to satisfy the diversity customers 'needs and expectations. Also, when the Six Sigma is effectively applied within the hotel especially in sales & marketing and research & development departments, can lead to positive and rapidly transformation of the hotel business in quality service provision that will lead an increase of number of customers, increase of revenue, hence profitability that off course will lead to stronger, sustainable, and more business expansion.

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SOCIAL IMPACT STRATEGIES IN FAMILY-OWNED VENTURES: PATH TO SUSTAINABLE ENTREPRENEURSHIP

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ABSTRACT

Social entrepreneurship is a promising approach to addressing social and environmental challenges. Family-owned ventures have emerged as one of the most important forms of entrepreneurship in the last few decades. In the framework of family-owned businesses, this paper examines the significance of social impact strategies and how they contribute to the development of sustainable entrepreneurship. The study collects data through in-depth interviews using a qualitative research methodology. The goal of the study is to close some of the gaps in the literature that it focuses on. An overview of the body of literature is provided at the end of the article, which can be used as a starting point for comprehending the concepts and theoretical underpinnings of social ventures.

Keywords: *Social Impact, Strategies, Family-Owned Ventures, Sustainable Entrepreneurship, Path, Social Responsibility, Impactful Entrepreneurship, Family Business, Sustainable Practices, Entrepreneurial Sustainability*

1. Introduction:

The article discusses the significance of social impact strategies in the context of family-owned businesses, as well as their role in achieving long-term entrepreneurship. The author emphasizes the need for entrepreneurs to prioritize people, planet, and profit within their business dynamics (Soto-Acosta et al., 2016). This topic is significant as it addresses the growing interest in sustainable entrepreneurship and the unique challenges and opportunities faced by family-owned ventures.

1.1 Research Objectives, Questions, and Central Hypothesis:

The research objectives of the article are to examine the role of social impact strategies in family-owned ventures and their contribution to sustainable entrepreneurship. The authors aim to identify the specific strategies employed by family-owned ventures to create social impact and explore their impact on business performance and sustainability (Soto-Acosta et al., 2016).

The central proposition of the study is that family-owned ventures that prioritize social impact strategies will experience improved business performance and long-term sustainability. According to Soto-Acosta et al. (2016), family-owned businesses can generate value for various stakeholders and aid in the accomplishment of sustainable development goals by incorporating social impact into their business models.

1.2 Overview of the Structure of the Article:

The article is structured as follows:

- a. Introduction: Provides an overview of the importance of social impact strategies in family-owned ventures and their role in sustainable entrepreneurship.
- b. Literature Review: examines pertinent research on family-owned companies, social impact tactics, and sustainable entrepreneurship.
- c. Methodology: Explains the research approach used, including the methods used for gathering and analyzing data.
- d. Results: Outlines the study's conclusions, highlighting the particular social impact tactics that were found and how they affected sustainability and business performance.
- e. Discussion: explores the implications for theory and practice while analyzing the results in light of the body of existing literature.
- f. Conclusion: summarizes the study's key findings and makes recommendations for future research and practice.

The article concludes by highlighting the importance of social impact strategies in family-owned ventures and their potential to contribute to sustainable entrepreneurship. The authors emphasize the need for more research in this area in order to enhance our understanding of the mechanisms through which family-owned businesses can successfully implement social impact strategies (Soto-Acosta et al., 2016).

2. Literature Review

The existing literature on social impact strategies, entrepreneurship, and family-owned ventures encompasses a wide array of topics and perspectives. The topic of social entrepreneurship has garnered attention in the wider literature on entrepreneurship. Research has been conducted on the subject in the areas of knowledge management (Maalaoui et al., 2020), resource constraints (Desa & Basu, 2013), and the unique field of social cause venturing (Bhowmick, 2011). Furthermore, studies have looked into how social entrepreneurship affects value creation and economic growth (Wang, 2022). Additionally, research has been done on the difficulties and efficacy of disruptive thinking in social entrepreneurship (MK & Selma, 2022).

Academics who study family-owned ventures cover a wide range of topics, including family-oriented corporate entrepreneurship (Kellermanns & Eddleston, 2006), external venturing strategies in family-owned businesses (Ramirez-Pasillas et al., 2020), and the impact of family social capital on early decision-making and venture readiness (Chang et al., 2009). The effects of family social capital on venture readiness, early decision-making, family-oriented corporate entrepreneurship, and external venturing strategies in family-owned businesses were investigated by Ramirez-Pasillas et al. (2020). The effects of family social capital on venture readiness, early decision-making, family-oriented corporate entrepreneurship, and external venturing strategies in family-owned businesses were investigated by Ramirez-Pasillas et al. (2020). Family-oriented corporate entrepreneurship in the context of family-owned ventures (Kellermanns & Eddleston, 2006), the impact of family social capital on early decision-making and venture readiness (Chang et al., 2009), and external venturing strategies in family-owned businesses (Ramirez-Pasillas et al., 2020) have all been studied by researchers. There has been research done on the uniqueness, excitement, and independence of family businesses (Minola et al., 2016). Agreements for the expansion of new family businesses have attracted attention as well, offering crucial information to stakeholders and owners of family businesses (Mallon et al., 2017).

Additional factors that have been covered in the literature include the effects of entrepreneurship education on students' behavior and intentionality (Kazmi & Nábrádi, 2017), the challenges faced by women who start businesses after the age of fifty (Logan, 2014), and the strategies used by immigrant entrepreneurs to find opportunities through social capital and proximity (Jamaludin et al., 2020). While some research has been done on the topic, Popov et al. (2018) found that there are not many quantitative analyses that examine how social entrepreneurship in developed countries is impacted by the formal institutional environment.

The literature has examined the function of social entrepreneurship in establishing sustainable economic structures that produce social benefits when considering social impact (Kolaković et al., 2018). It has also been discussed how social entrepreneurship contributes to the creation of jobs and the reduction of poverty, stressing the steps involved in determining social issues, assessing their impact on society, and developing long-term business plans (Ijiwole, 2019).

From the opportunities and difficulties of social entrepreneurship to the dynamics of corporate entrepreneurship in family-owned enterprises and the wider social impact of entrepreneurial endeavors, the body of research on family-owned businesses, entrepreneurship, and social impact strategies offers a wide range of perspectives.

2.1 The theoretical frameworks and concepts relevant to the study and the gaps in the literature that the paper address

In addition to identifying gaps in the literature that the research aims to fill, the study intends to explore the theoretical frameworks and concepts pertinent to the investigation. First of all, Grassi & Toschi (2021) carried out a methodical literature review of technology social ventures and identified the state of the art and directions for future research at the micro-, meso-, and macro-levels. This review provides a comprehensive overview of the existing literature in the field and can serve as a foundation for understanding the theoretical frameworks and concepts related to social ventures. A typology of social venture business model configurations was created by Margiono et al. (2017). This typology can help comprehend the various business models that social ventures use and offer insights into the methods and techniques they use to make a positive social impact. Murphy and colleagues (2021) outlined new facets of the theory of social enterprise.

The most innovative contributions and unique research questions in the social enterprise literature are the main topics of this article. It can shed important light on the theoretical underpinnings of social entrepreneurship and point out areas that need more investigation. Kim et al. (2021) looked at both internal and external factors in their investigation of the long-term growth and success of social ventures. This study provides information that can be used to guide the creation of social impact strategies for family-owned businesses by illuminating the elements that support the sustainability and long-term impact of social ventures. Dewitt and Stamm (2018) investigated how transgenerational entrepreneurship is influenced by projected futures, stressing the value of looking ahead and expanding on previous entrepreneurial successes. This viewpoint may be useful in figuring out how family-owned businesses can create social impact plans that complement their long-term objectives.

Last but not least, Minola et al. (2016) examined corporate venturing in family businesses from a developmental perspective, taking into consideration how enterprising family dynamics influence the desire for corporate venturing. This research can shed light on the ways in which family-owned enterprises can leverage unique characteristics and dynamics to foster social impact and sustainable entrepreneurship.

Following a review of the references, it is clear that among the theoretical frameworks and concepts relevant to the study of social impact strategies in family-owned enterprises are social venture business model typologies, the importance of anticipated futures in transgenerational entrepreneurship, and the variables influencing the long-term viability and expansion of social ventures. The goal of the study is to close some of the gaps in the literature by focusing on the specific strategies and methods family-owned businesses employ to have a positive social impact, as well as the unique opportunities and difficulties they face in this environment. The research intends to fill in some of the gaps in the literature, including the particular tactics and approaches used by family-owned businesses to make a social impact as well as the particular opportunities and challenges they encounter in this setting.

3. Methodology

The researcher used a purposive sampling technique, which focuses on selecting content documents and records with relevant data concerning sustainability and family business. The researcher also selected participants who possess specific characteristics or experiences relevant to the research topic for the interview (Ramadani et al., 2017; Adom et al., 2017). This approach allowed the researchers to gather precise and rich data that would provide better information for the study (Anggadwita et al., 2019). The study used a qualitative approach, with in-depth interviews as the data collection technique and content review (Ramadani et al., 2017).

3.1 Sample selection, data sources, and data analysis procedures

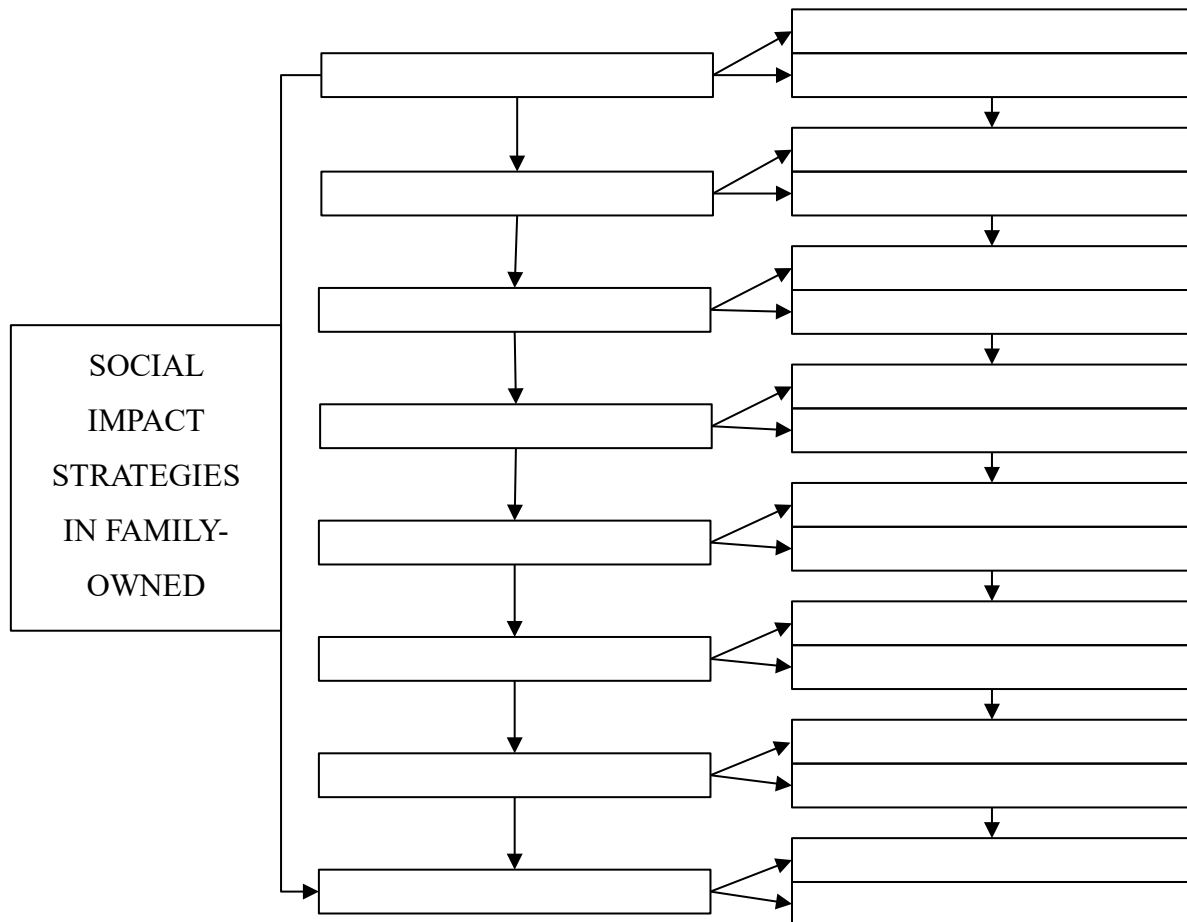
The researchers used a purposive sampling technique, which focuses on selecting Participants who possess specific characteristics or experiences relevant to the research topic (Ramadani et al., 2017; Adom et al., 2017) This approach allowed the researchers to gather precise and rich data that would provide better information for the study (Anggadwita et al., 2019). The study used a qualitative approach with in-depth interviews as the data collection technique The data collection process involved conducting in-depth interviews with family-owned venture owners to explore their social impact strategies (Anggadwita et al., 2019). A qualitative research technique that enables a thorough examination of participants' viewpoints and experiences is in-depth interviewing (Lewis, 2015). In order to get participants to give thorough answers and insights into their social impact strategies, the researcher asked open-ended questions. In order to look for trends and themes to explore, the researcher also went over documents from earlier studies. The researchers used a technique known as thematic analysis, which entails finding patterns and themes in the transcripts of the interviews, to analyze the data (Lewis, 2015). This approach enables the researchers to thoroughly and methodically analyze qualitative data in order to identify patterns and distinctions in the social impact strategies employed by family-owned enterprises.

3.2 Limitations and potential biases in the research methodology

Recognizing the constraints and possible biases present in the research design is essential. Sampling is one possible issue that could arise because it introduces selection bias and restricts the generalizability of the results (Ramadani et al., 2017). Furthermore, the use of participant self-reported data introduced social desirability bias because participants gave answers they thought would be consistent with social norms (Olteanu et al., 2019). Because participants gave answers they thought would be in line with social norms, the use of participant self-reported data introduced social desirability bias. Furthermore, because of the study's qualitative design,

it is more difficult to determine the causal relationships between social impact and strategies for sustainable entrepreneurship (Anderson-Cook, 2005).

3.3 The research conceptual framework



By synthesizing these elements, the paper aims to provide a comprehensive framework for understanding how family-owned businesses can strategically integrate social impact initiatives, ultimately contributing to sustainable enterprise.

To sum up, a qualitative research methodology was employed in this study on social impact strategies in family-owned businesses, with in-depth interviews serving as the primary data collection technique. Purposive sampling was the method used by the researchers to choose participants who fit the research topic because they had certain qualities. Thematic analysis was used to analyze the data and identify patterns and themes in the social impact strategies employed by family-owned ventures. However, it is important to consider the limitations and potential biases associated with the research methodology, such as selection bias and social desirability bias. Further research utilizing diverse methodologies and larger sample sizes would be beneficial to enhance the generalizability and validity of the findings.

4. Social Impact Strategies in Family-Owned Ventures

4.1 An in-depth analysis of social impact strategies adopted by family-owned ventures

Family-owned ventures have increasingly recognized the importance of incorporating social impact strategies into their business models to achieve sustainable entrepreneurship

(Carr & Sequeira, 2007). Many factors influence these strategies: previous experience with family businesses (Carr & Sequeira, 2007); internationalization (Kontinen & Ojala, 2010); crowdfunding (Bento et al., 2019); external venturing practices (Ramirez-Pasillas et al., 2020); sustainability orientation (Johnson & Hoerisch, 2021); resource configurations (Mallon et al., 2017); corporate venturing (Minola et al., 2016); strategic responses to hybrid social ventures (Lee & Jay, 2015); place attachment (Kibler et al., 2015); drawing management talent (Thompson & Eijkemans, 2018); comparative case studies (Khokhawala & Co. Iyer, 2022); start-up ventures (Galpin & Hebard, 2015); entrepreneurial cultures (Cruz et al., 2012); managing family advantages (Habbershon, 2006); and social entrepreneurship education (Kickul et al., 2018).

Prior family business exposure plays a significant role in shaping entrepreneurial intent and behavior, including the adoption of social impact strategies (Carr & Sequeira, 2007). Family-owned ventures with a history of internationalization are more likely to incorporate social impact strategies into their operations (Kontinen & Ojala, 2010). Crowdfunding has emerged as a viable avenue for sustainability ventures to raise funds and gain support (Bento et al., 2019). External venturing practices, such as corporate venture capital, can facilitate the adoption of social impact strategies in family-owned ventures (Ramirez-Pasillas et al., 2020). The orientation towards sustainability influences the behaviors and strategies of established entrepreneurial ventures (Johnson & Hoerisch, 2021). Resource configurations, including access to venture capital, can impact the growth and adoption of social impact strategies in new family ventures (Mallon et al., 2017). Corporate venturing can serve as a platform for repeated acts of entrepreneurship across generations in family-owned ventures (Minola et al., 2016). Strategic responses to hybrid social ventures involve balancing sustainability and business practices in established companies (Lee & Jay, 2015). Place attachment and social legitimacy are important considerations for sustainable entrepreneurship (Kibler et al., 2015). Sustainable ventures face challenges in attracting management talent, which can be addressed through effective strategies and practices (Thompson & Eijkemans, 2018). Comparative case studies provide insights into the social, economic, and environmental outcomes of sustainable entrepreneurship (Khokhawala & Iyer, 2022). Start-up ventures recognize the value of sustainable business practices in achieving long-term success (Galpin & Hebard, 2015). Entrepreneurial cultures within family businesses shape the adoption of social impact strategies (Cruz et al., 2012). Managing the advantages of family firms, such as familiness and agency, is crucial for sustainable entrepreneurship (Habbershon, 2006). Social entrepreneurship education emphasizes innovation, impact, sustainability, and scale as key themes for aspiring entrepreneurs (Kickul et al., 2018).

In conclusion, family-owned ventures adopt social impact strategies to achieve sustainable entrepreneurship.

4.2 The motivations behind integrating social impact into family business models are illustrated with real-world examples and case studies to illustrate different approaches.

In recent years, there has been a growing interest in social entrepreneurship and its potential to address social and environmental challenges (Vial, 2016). Social ventures are unique in that they aim to create both social and financial value (Margiono et al., 2017). To achieve this, social entrepreneurs develop innovative business models that integrate social and economic objectives (Müller et al., 2022). These business models are designed to generate revenue while also creating positive social impact (Geldres-Weiss et al., 2021). One key aspect of social entrepreneurship is the incorporation of experiential learning in MBA programs (Awaysheh & Bonfiglio, 2017). Experiential learning allows participants to actively engage in the learning process and develop the necessary skills to become successful social entrepreneurs (Awaysheh & Bonfiglio, 2017). By combining theoretical knowledge with practical

experience, MBA students can gain a deeper understanding of social entrepreneurship and its potential for creating positive change (Awaysheh & Bonfiglio, 2017). Another important factor in the success of social ventures is the availability of funding (Lall & Park, 2020). Philanthropic grants play a crucial role in scaling social entrepreneurship (Lall & Park, 2020). These grants provide the necessary financial support for social ventures to expand their operations and increase their social impact (Lall & Park, 2020). However, it is important for social ventures to carefully balance their social and commercial objectives to ensure long-term sustainability (Lall & Park, 2020).

In conclusion, social entrepreneurship is a promising approach to addressing social and environmental challenges. By developing innovative business models and incorporating experiential learning, social entrepreneurs can create both social and financial value. Philanthropic grants also play a crucial role in scaling social ventures and increasing their social impact. However, it is important for social ventures to carefully balance their social and commercial objectives to ensure long-term sustainability.

5. Benefits and Challenges:

5.1 The benefits and advantages of incorporating social impact strategies in family-owned businesses

Incorporating social impact strategies in family-owned businesses offers several benefits and advantages that contribute to the sustainability of these ventures. One advantage is the close relationship and familiarity that family members have with the business, which enhances their attitudes of stewardship and emotional attachment to employees, customers, and other stakeholders (Miller et al., 2012). This sense of stewardship can lead to a long-term commitment to the business and a focus on its long-term success. Family-owned businesses also possess unique attributes known as bivalent attributes, which can be a source of both advantages and disadvantages. These attributes can explain the dynamics of family firms and their ability to navigate challenges and obstacles (Tagiuri & Davis, 1996). By leveraging these attributes, family-owned businesses can develop strategies that capitalize on their strengths while mitigating potential disadvantages. Moreover, family-owned businesses can perform better by implementing social impact strategies, especially in emerging markets. According to Miller et al. (2009), these tactics help build social capital and relationships both inside and outside the organizational community, which are essential for success in cutthroat and intricate marketplaces. By building strong relationships and social capital, family-owned businesses can access expert knowledge and resources that contribute to their sustainability. Social impact strategies facilitate business growth and diversification, which in turn contributes to the sustainability of family-owned enterprises. By incorporating a commercially focused growth orientation and leveraging the networks of social enterprise, family-owned businesses can expand their impact and ensure long-term sustainability (Jenner, 2016). This approach allows them to absorb potential failures or poor performance in one portfolio through the success of other portfolios.

5.2 The challenges and obstacles encountered by family-owned businesses

However, family-owned businesses may encounter challenges and obstacles when implementing social impact strategies. These challenges include a shortage of capital, adverse economic environments, stiff competition, and the need to adjust to different roles in managing the enterprise (Chundu et al., 2021; Hynes, 2009). Overcoming these challenges requires effective financial management, adaptation to changing market conditions, and measuring the scale and impact of the business.

6. Interplay of Family Dynamics and Social Impact:

6.1 The role of family dynamics in shaping the implementation of social impact strategies: The influence of family values, traditions, and governance structures

Family dynamics have a significant impact on the implementation of social impact strategies in family-owned businesses. Family values, customs, and governance structures can have an impact on the success of these strategies in both positive and negative ways. Family customs and values can provide a strong foundation for social impact strategies. They can instill a sense of purpose and commitment to making a positive difference in the community. Family-owned ventures often have a long-term perspective and are more likely to prioritize social and environmental goals over short-term financial gains (Yu et al., 2011). These values and traditions can guide the decision-making process and ensure that social impact strategies are aligned with the family's vision and mission. However, family dynamics can also present challenges in implementing social impact strategies. Family conflicts and power struggles can hinder decision-making and create resistance to change. In some cases, family members may prioritize their individual interests over the collective goals of the venture (Ramirez-Pasillas et al., 2020). This can lead to a lack of alignment and coordination in implementing social impact strategies.

Effective governance structures are essential for managing family-related issues and ensuring the successful implementation of social impact strategies. Clear roles and responsibilities should be defined for family members involved in the venture, and mechanisms for resolving conflicts should be in place (Habbershon & Pistrui, 2002). Family councils or boards can provide a platform for open communication and decision-making, allowing family members to contribute their perspectives and expertise (Wiesz, 2017). Best practices for managing family-related issues in the implementation of social impact strategies include fostering a culture of trust and open communication within the family and the venture (Bettinelli et al., 2017). Regular family meetings and retreats can provide opportunities for discussing and aligning social impact goals and strategies. It is also important to involve the next generation in the decision-making process and provide them with opportunities to develop their own social impact initiatives (Farivar et al., 2016).

In conclusion, family dynamics, including values, traditions, and governance structures, play a crucial role in shaping the implementation of social impact strategies in family-owned ventures. While they can provide a strong foundation for these strategies, they can also present challenges that need to be effectively managed. By fostering a culture of trust, open communication, and involving the next generation, family-owned ventures can successfully implement social impact strategies and create sustainable entrepreneurship.

6.2 How do these strategies contribute to the sustainability of the ventures?

In spite of these obstacles, family-owned businesses must use social impact strategies if they are to remain sustainable. According to Ahmad et al. (2020), a firm's longevity can be attributed to its active involvement in social causes and the effective involvement of families in business combined with social responsibility. Furthermore, social impact strategies are consistent with sustainability ideals and principles, which are becoming more and more significant in today's business environment (Lindsey, 2011).

In conclusion, incorporating social impact strategies in family-owned businesses offers numerous benefits and advantages that contribute to their sustainability. These strategies leverage the close relationship and familiarity of family members with the business, capitalize on the unique attributes of family firms, enhance performance in emerging markets, promote business diversification and growth, and align with the values of sustainability. While challenges and obstacles may arise, overcoming them through effective financial management, adaptation, and measurement can ensure the long-term success of family-owned businesses.

7. Impact Measurement and Evaluation:

7.1 The methods and metrics used to measure the social impact of family-owned ventures

An essential component of assessing how well family-owned businesses are performing is social impact assessment (Hervieux & Voltan, 2019). It entails assessing, keeping an eye on, and controlling the planned interventions' intended and unintended social effects (Haski-Leventhal & Mehra, 2016). Social impact is measured using a variety of approaches and metrics, but there is wide variation in how these are applied (Hervieux & Voltan, 2019). One approach is the use of a systems approach, which considers the interconnectedness of various factors and stakeholders in assessing social impact (Hervieux & Voltan, 2019). This method acknowledges that social impact depends on a variety of factors and necessitates a comprehensive understanding.

The particular objectives and circumstances of the family-owned business can influence the metrics chosen for the social impact assessment. According to Haski-Leventhal and Mehra (2016), some typical metrics include the quantity of beneficiaries contacted, alterations in social behavior or attitudes, enhancements in life quality, and environmental sustainability. These metrics offer concrete assessments of the venture's societal impact.

7.2 How impact assessment influences decision-making and strategic planning

The assessment of social impact has significant implications for decision-making and strategic planning in family-owned ventures. It helps identify areas where the venture is making a positive difference and areas that require improvement (Hervieux & Voltan, 2019). By understanding the social impact of their actions, family-owned ventures can align their strategies and activities with their social mission and values (Thompson & Eijkemans, 2018). Impact assessment also provides valuable feedback for making informed decisions about resource allocation and prioritizing initiatives that have the greatest social benefit (Hervieux & Voltan, 2019).

8. Sustainability and Future Outlook:

8.1 Insights into tracking and reporting mechanisms

Tracking and reporting mechanisms play a crucial role in social impact assessment. They enable family-owned ventures to collect and analyze data on their social impact over time (Haski-Leventhal & Mehra, 2016). This longitudinal data allows for the identification of trends, patterns, and areas for improvement. It also facilitates accountability and transparency by providing evidence of the venture's social performance to stakeholders, including investors, employees, and the wider community (Haski-Leventhal & Mehra, 2016). Effective tracking and reporting systems require appropriate methods for gathering data, regular evaluation and monitoring, and clear reporting of the findings (Haski-Leventhal & Mehra, 2016).

In conclusion, social impact assessment is essential for measuring the social impact of family-owned ventures. It involves the use of various methodologies and metrics to evaluate the intended and unintended social consequences of the venture's activities. Impact assessment influences decision-making and strategic planning by providing insights into the venture's social performance and aligning strategies with its social mission and values. Tracking and reporting mechanisms are crucial for collecting and analyzing data on social impact over time and ensuring accountability and transparency for stakeholders. By understanding and measuring their social impact, family-owned ventures can effectively contribute to sustainable entrepreneurship.

8.2 Evaluating the long-term sustainability of family-owned ventures with social impact strategies

The long-term sustainability of family-owned ventures with social impact strategies is a complex and multifaceted issue. Several factors contribute to their sustainability and impact, as discussed in the literature. One key factor is the integration of sustainability innovation and sustainable entrepreneurship (Schaltegger & Wagner, 2011). This involves introducing innovative practices that align with social and environmental goals while also ensuring the long-term viability of the business. By adopting sustainable practices, family-owned ventures can enhance their social impact and contribute to a more sustainable future. Collaborations and strong business models are also crucial for the success of family-owned ventures with social impact strategies (Bocken, 2015). Building partnerships with like-minded organizations and developing innovative business models can help these ventures overcome challenges and achieve long-term sustainability. On the other hand, a lack of suitable investors and a short-term investor mindset can hinder their success (Bocken, 2015). Innovation is another key determinant of long-term success for family-owned ventures (Kammerlander et al., 2015).

8.3 The implications for the future of such businesses

By continuously innovating and adapting to changing market conditions, these ventures can stay relevant and maintain their social impact over time. This necessitates a focus on R&D in addition to an openness to new concepts and innovations in technology. According to Ramirez-Pasillas et al. (2020), the future generation of family members is also essential to the long-term viability of family-owned businesses. By launching new ventures and bringing fresh perspectives, they can drive innovation and ensure the continued success of the family business. However, it is important to understand which dimensions are least important to current family members, as this can help optimize the timing of an exit strategy (Swab et al., 2020). Furthermore, the availability of financing options and the ability to make long-term investments are important for achieving the sustainability of family-owned ventures with social impact strategies (Arena et al., 2018). Access to sustainable venture capital and other sources of financing can enable these ventures to scale their operations and have a greater impact on society. However, challenges in accessing financing and short-term investor mindsets can pose significant obstacles to their long-term sustainability (Arena et al., 2018).

8.4 Recommendations for enhancing sustainability and impact

To enhance the sustainability and impact of family-owned ventures with social impact strategies, several recommendations can be made. Firstly, these ventures should prioritize sustainability innovation and integrate it into their business models (Schaltegger & Wagner, 2011). This involves identifying opportunities for sustainable practices and developing innovative solutions that align with social and environmental goals. Secondly, collaborations and partnerships should be fostered to leverage resources and expertise (Bocken, 2015). By working together with other organizations, family-owned ventures can access new markets, share knowledge, and achieve greater impact. This can also help overcome challenges such as a lack of suitable investors or a strong incumbent industry. Thirdly, a focus on continuous innovation and adaptation is crucial for long-term sustainability (Kammerlander et al., 2015). Family-owned ventures should invest in research and development, stay abreast of market trends, and embrace new technologies and ideas. This will enable them to remain competitive and maintain their social impact over time. Finally, access to financing options and the ability to make long-term investments should be prioritized (Arena et al., 2018). Family-owned ventures should explore sustainable venture capital and other sources of financing that align with their social impact goals. This will provide the necessary resources to scale their operations and have a greater societal impact.

In conclusion, the long-term sustainability of family-owned ventures with social impact strategies depends on various factors such as sustainability innovation, collaborations, innovation, the involvement of the next generation, and access to financing. By prioritizing these factors and implementing the recommendations mentioned above, family-owned ventures can enhance their sustainability and impact, contributing to a more sustainable future.

9. Conclusion

This essay investigates the function of social impact tactics in family-run businesses and how they affect environmentally friendly business practices. The study's main conclusions point to a potential source of sustainable entrepreneurship: the incorporation of social impact strategies into family-owned businesses (Welter, 2011). This is consistent with the expanding understanding in the field of entrepreneurship research that shows that social, institutional, and historical contexts impact economic behavior (Welter, 2011). The research also emphasizes how crucial it is to comprehend the background of family companies as well as the function of heirs, founders, and governance procedures in cross-generational entrepreneurship (Monticelli et al., 2019). According to Eze et al. (2020), it highlights the significance of incorporating entrepreneurship into family businesses and the influence of religion and customs on family values and business operations. Additionally, the research highlights the value of family and entrepreneurial leadership as assets for strategic entrepreneurship in family-owned businesses (Kansikas et al., 2012). According to Wong et al. (2010), it implies that family-controlled businesses might be more successful at corporate venturing. The study also emphasizes how family ties affect the diversity of entrepreneurial teams and the productivity of fledgling businesses (Ko et al., 2020). The study also discusses how digital entrepreneurship is being adopted by family businesses and how this is affecting innovation and technology appropriation (Basly & Hammouda, 2020). It implies that incorporating digital entrepreneurship into family businesses can support the advancement and innovation of technology.

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THE EFFECT OF SERVICE CONVENIENCE AND SERVICE QUALITY ON CUSTOMER LOYALTY THROUGH CUSTOMER SATISFACTION

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ABSTRACT

The purpose of this study was to determine whether the effect of service convenience and service quality has an effect on customer loyalty, with customer satisfaction as a mediator. This research aims to provide an in-depth understanding of what factors can increase customer loyalty, both directly and indirectly. The data collection method uses a questionnaire distributed using Google Form. The method used is purposive sampling technique; the data is processed using multiple linear regression analysis with classical assumption tests and hypothesis testing using SPSS 25. The implementation of this research is to find out more about service convenience and service quality on customer loyalty and customer satisfaction as a mediator. This research will show a variety of different influences on customer loyalty. The results showed that service convenience and service quality generated from several literatures were shown to have a positive influence on customer loyalty, but the service convenience variable did not have a positive effect on customer satisfaction or service quality and also proved to affect customer satisfaction. The variable of customer convenience on customer loyalty is not mediated by customer satisfaction, while in service quality, the results show that the service quality variable on customer loyalty is not mediated by customer satisfaction.

Keywords: Customer loyalty; customer satisfaction; service convenience; service quality.

1. Introduction

Today's business world is in the era of globalization, in a situation that is truly uncertain and very difficult to predict in the face of challenges. Organizations have increasingly serious internal problems of productivity, quality, cost, time, service, safety, environment, and employee behavior. Externally, organizations continue to be under pressure from various parties, including customers, suppliers, competitors, non-governmental organizations, governments, and various unexpected changes. (Jewahan et al., 2022). The development of an increasingly sophisticated and modern era encourages various kinds of system changes, both directly and indirectly.

The object of research is PT Lion Super Indo. Super Indo was officially launched by Delhaize Group (51%) and Salim Group (49%) in 1997. Super Indo grows and develops with the people of Indonesia through a partnership between Salim Group, Indonesia, and Ahold Delhaize, the Netherlands. Super Indo stores are spread across more than 40 cities in Java and the southern part of Sumatra. Supported by more than 10,000 trained employees, Super Indo provides a wide range of daily needs products with reliable quality, complete, affordable prices, easily accessible store locations, and standard operating procedures that are always monitored. This makes Super Indo the place to shop that is always "fresher", "more economical" and "closer".

The phenomenon that occurs at PT Lion Super Indo is that, based on the results of the Top Brand Award survey that has been conducted since 2018, PT Lion Super Indo in 2018 is in the second brand position in the supermarket category with a Top Brand Index of 10.70%. In 2019, PT Lion Super Indo also remained in second place and has never been in first place until now, but with a Top Brand Index that decreased to 10.10%. Then in 2020, it experienced a good increase but remained in second place with a Top Brand index of 10.60%. Furthermore, in 2021, PT Super Indo is in the first position, while the second position is filled by Tip-Top, followed by Carrefour Express and ADA. PT Lion Super Indo's Top Brand Index in 2021 received the highest point of 15.80%. And in 2022, this Super Indo company fell again with its Top Brand Index to 15.30%. The Top Brand Award is an award initiated by marketing experts in Indonesia and given to brands that are classified as top brands.

When a customer experiences comfort and obtains good quality in the services provided, they will feel satisfied, which will ultimately affect customer loyalty. There are many factors that can increase customer loyalty. These factors include service convenience, which is a service concept that can provide comfort by providing easy access to shopping and easy transactions. (Putri & Syafitri, 2021). Convenience in service is very important because it is one of the factors that influence customer satisfaction and loyalty. Based on previous research conducted by Sanjaya (2018), there is a significant positive relationship between service convenience and customer loyalty. However, according to research conducted by Sutanto and Keni (2021), shows that service convenience has no effect on customer loyalty.

Service quality is an effort made by a company to fulfill customer desires and expectations so that customers feel satisfied and loyal to the company. (Zhong & Moon, 2020). Customer expectations can change at any time, so the service quality must be adjusted to the wishes of consumers. Each customer will assess and compare one company with other similar companies by comparing the services received and the expected services. There are research findings by Saneva and Chortoseva (2020) that show a significant effect of service quality on satisfaction and loyalty, as well as a significant effect of customer satisfaction on customer loyalty. This means that the higher the service quality, the higher the customer loyalty. However, in contrast to the research results, Cahyadi & Shihab (2022) state in their research that information quality and service quality have a negative and insignificant effect directly on customer loyalty, while system quality has a positive and significant effect directly on customer loyalty.

Customer satisfaction is an expression of a person's feelings of pleasure or disappointment arising from comparing the perceived product performance or results against one's expectations. If the performance is below expectations, the customer is not satisfied; if it exceeds expectations, then the customer will be satisfied or happy. (Udayana et al., 2022). The result of experiencing positive emotions or aspects that are consistently felt by customers and assessing good experiences when transacting with a service provider is that customers will feel positive emotions in the form of satisfaction, which will ultimately affect customer loyalty. In line with research conducted by Sambodo Rio Sasongko (2021), the results showed that customer satisfaction has a positive and significant effect on customer loyalty. In contrast, the results of research conducted by Rahayu and Nurlaela Wati (2018) show that customer satisfaction does not have a positive and significant effect on customer loyalty.

2. Literature Review

2.1 Service Convenience

Service convenience is the consumer's perception of the convenience of time and business involved in purchasing or using services. Service convenience can be achieved by providing facilities that support and make customers feel comfortable with what they receive at the service place. Service convenience is part of the main driving force behind customer

interest in shopping. Growing services require them to focus more on the convenience of the service they provided to consumers (Agri, 2018).

According to Petra (2018), service convenience is the consumer's perception of the time and effort associated with purchasing or using a service. This conceptualization uses the dimensions of time and effort as the benefits of convenience (time and/or effort savings) or the costs and burdens of inconvenience (waste of time and/or effort).

Based on the discussion above, it can be concluded that service convenience is a marketing strategy that refers to consumer perceptions by minimizing consumer time and effort spent purchasing or using this service. The more cost and time associated with the service, the lower the consumer's perception of service convenience.

2.2. Service Quality

Service quality is the level of difference between reality and customer expectations about the services they receive. Therefore, service is an action taken by a seller to meet customer needs and desires. As a measure of how well the level of service provided is able to match customer expectations, service quality can be realized through the fulfillment and desires of customers and the accuracy of their delivery to balance customer expectations. (Cahya et al., 2021).

Service quality is one of the result-based attitudes comparing consumer expectations of the quality and performance of company services perceived by consumers. According to the above definition, it is concluded that service quality is a customer assessment of whether the service provided by the company is good or bad. Service quality is very important because it includes the company's reputation in the future. (Dava, 2021).

2.3 Customer Satisfaction

Customer satisfaction is the customer's perception that their expectations have been met or exceeded. Customer satisfaction refers to the comparison between what customers expect and what they feel when using the product. When customers feel that product performance meets or exceeds expectations, they will feel satisfied. If the product performance does not match expectations, it indicates that they are dissatisfied. Satisfaction is defined as the level of a person's feelings after comparing the performance or results he expects (Gultom et al., 2020). The way to increase customer satisfaction that we can do is to carry out a product diversification strategy. By carrying out a diversification strategy for our products, consumers will feel noticed, which will have an impact on customers' feelings of satisfaction with our products. This is a unique attraction offered to the target market. Diversification is a company strategy to enter new markets, market, and develop new product lines. (Khairi & Darmawan, 2021).

2.4 Customer Loyalty

Customer loyalty is very important because of the increasingly sharp competition among companies today. The level of importance and expectations of customers and company performance must match. Companies must pay attention to things that are considered important by customers so that they feel satisfied. Customer Loyalty to their services can encourage companies to improve service quality and the trust they provide ((Gultom et al., 2020).

Customer Loyalty is building customer loyalty and making customers continue to use their services so as not to move to competitors without high or large costs by improving service quality and maintaining loyal customers rather than looking for new ones. (Subawa & Sulistyawati, 2020). Loyalty is a customer commitment to repurchase certain goods or services in the future, even if the situation and rival marketing efforts can make customers switch to other companies. (Zahara, 2020).

2.5 Frame of mind

Based on the existing literature review, it can be made into a framework model that can be used as the basis for this research. Judging from the title "The Effect of Service Convenience and Service Quality on Customer Loyalty Through Customer Satisfaction", it can be developed into a framework that can be described as follows :

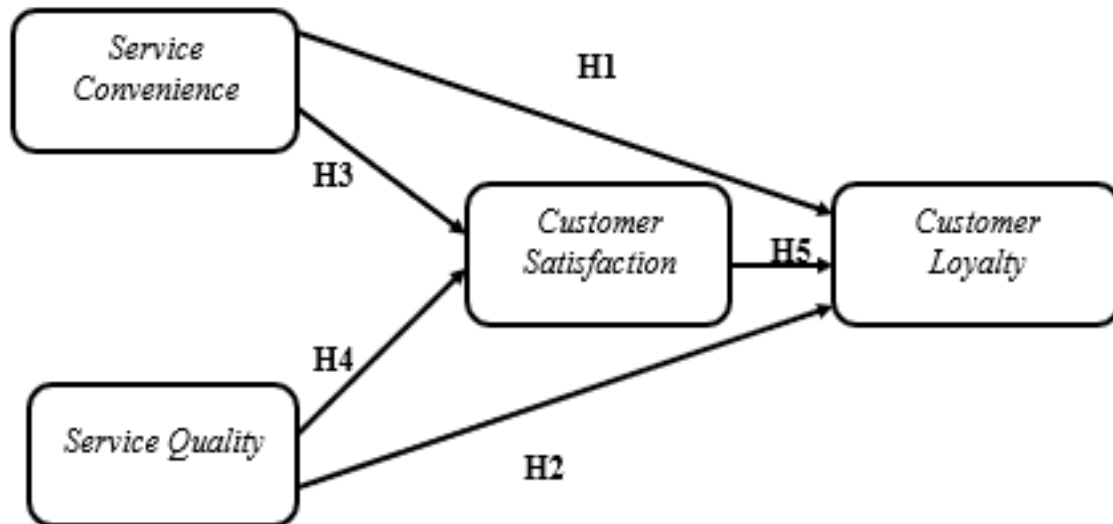


Figure 1 frame of mind

2.6 Hypothesis Development

Increasing customer loyalty in retail companies requires good and satisfying service convenience according to the needs and desires of consumers. Service convenience is also a factor that affects customer loyalty because customers who are satisfied with their personal values and experience a positive mood towards service will have high loyalty to the company. Customers are often disloyal due to poor service or service quality that decreases and does not match what the customer expects. (Yuliana, 2021).

This is supported by research conducted by Sanjaya (2018). The results of simple linear regression analysis show a significant positive relationship between service convenience and customer loyalty. This means that the higher the service convenience, the higher the customer loyalty. In line with research conducted by (Rahmani, 2022) shows service convenience has a positive and significant effect on customer loyalty.

Based on this explanation, the hypothesis is formulated as follows:

H1: Service convenience has a positive and significant effect on customer loyalty.

The service quality variable has a positive and significant effect on customer loyalty. This means that the higher the service quality provided by the company, the higher the customer loyalty, or the lower the service quality provided, the lower the customer loyalty (Prasetyo et al., 2023).

Based on research conducted by Sagala et al., (2019). The results of the study prove that service quality affects customer loyalty positively and significantly. In line with research conducted by Subawa and Sulistyawati (2020), service quality has a positive and significant effect on customer loyalty.

Based on this explanation, the hypothesis is formulated as follows:

H2: Service quality has a positive and significant effect on customer loyalty.

Service convenience is considered a factor that can affect customer satisfaction. Service convenience is considered one of the factors that can increase the overall level of customer

satisfaction. Service convenience is a feeling that is highly dependent on the person experiencing it. Therefore, convenience cannot be known directly through observation; instead, customers must be asked about how comfortable they are when using the service. (Dyah et al., 2022)

The results of research conducted Hariyanto, (2021) shows that e-service convenience has a positive and significant effect on customer satisfaction. This is in line with research conducted by Sutanto & Keni (2021), and Purnama, (2019). The results of hypothesis testing prove that service convenience affects customer satisfaction positively and significantly.

Based on this explanation, the hypothesis is formulated as follows:

H3: Service convenience has a positive and significant effect on customer satisfaction.

Service quality is defined as the difference between customer perceptions of what they get when using the services provided by a company and what they feel after using these services. The more service quality provided by a company, the higher the customer satisfaction that will be felt by the company, so service quality is very important in winning the competition. (Dyah et al., 2022)

The results of research conducted by Fransiska & Bernarto, (2021) show that service quality has a positive and significant effect on customer satisfaction ... This is reinforced by the results of research by Udayana et al., (2022) which is a positive and significant effect of service quality variables on customer satisfaction.

Based on this explanation, the hypothesis is formulated as follows:

H4: Service quality has a positive and significant effect on customer loyalty.

Customer satisfaction is characterized by a feeling of pleasure in customers after using the company's products or services. Customer satisfaction is a sense of pleasure or disappointment that arises from a consumer after using a particular product or service and comparing it with the consumer's own expectations. Customer loyalty can be defined as customer loyalty to goods or services so that they often buy these goods or services, it will become a habit that stems from involvement. Customer satisfaction will encourage them to continue using services that make them satisfied and make them always use services that make them feel comfortable. Ramadhany & Supriyono, (2022) the results of research conducted by Mahato & Goet, (2020) and Sambodo Rio Sasongko (2021), show that customer satisfaction has a positive and significant effect on customer loyalty.

Based on this explanation, the hypothesis is formulated as follows:

H5: Customer satisfaction has a positive and significant effect on customer loyalty.

3. Research Methods

The population in this study are all people or consumers who have made purchases at Super Indo. The sample in this study was taken by purposive sampling, the number of samples used in this study was determined by the formula (Lemeshow, 1997)

$$n = \frac{Z^2 1-\alpha/2 p(1-P)}{d^2} \quad (1)$$

$$n = \frac{1,960^2 \times 0,5(1 - 0,5)}{0,1^2}$$

n = 96.04 rounded up to 100 respondents to meet the minimum sample limit. The data were analyzed using multiple linear regression analysis and sobel test by utilizing the SPSS version 25 software application. The study used a Likert scale of 1-5 from strongly disagree (1) to strongly agree (5). The variable measurements used can be seen in Table 1.

Table 1 Measurement

Variables	Indicator
Service Convenience (Jiang, Ling Jiang, Nan Liu, Shixiong, 2011)	<ol style="list-style-type: none"> 1. Convenience Decisions 2. Acces Convenience 3. Evaluation Convenience 4. Transaction Convenience 5. Convenience Benefit 6. Post-Benefit Convenience
Service Quality (Cesariana, Carmelia Juliansyah, 2022)	<ol style="list-style-type: none"> 1. Tangibles 2. Reliability 3. Responsiveness 4. Assurance 5. Emphaty
Customer Satisfaction (Tjiptono, 2014)	<ol style="list-style-type: none"> 1. Overall customer satisfaction 2. Confirmation of Expectation 3. Repurchase intention 4. Wilingness to recommend
Customer Loyalty (Anabila, 2022)	<ol style="list-style-type: none"> 1. Make regular repeat purchases 2. Recommend products to others 3. Showing product immunity to others

4. Research Findings and Discussion

4.1 Respondent Characteristics

The characteristics of respondents in Table 2 consist of gender, dominated by women with a total of 70 people (70%) and men with a total of 30 (30%). Respondents have an age dominated by 17-25 years old, with 75 respondents (75%) consisting of 26-32 years old, 22 people (22%), 33-39 years old, 3 respondents (3%). The majority of respondents have a history of the last education coming from SMA / Equivalent totaling 79 respondents (79%) Respondents' average employment status is dominated by 67 respondents (67%) and the average income of respondents is dominated by 1.1 million - 2 million totaling 47 respondents (47%) and 2.1 million - 3 million totaling 20 respondents (20%).

Table 2 Respondent characteristics

Category	Ket	Total	Percentage
Gender	Male	30	30 %
	Female	70	70%
Age	17 - 25 years	75	75%
	26 - 32 years old	22	22%
	33 -39 years old	3	3%
	> 40 years	0	0%
Last Education	Elementary school/equivalent	1	1%
	Junior high school/equivalent	0	0%
	High School / Equivalent	79	79%
	Diploma	7	7%
	S1	13	13%
	Postgraduate	0	0%
Jobs	Student	67	67%

	Employees	16	16%
	PNS	8	8%
	Private Entrepreneur	9	9%
Revenue	<1 million	10	10%
	1.1 million - 2 million	47	47%
	2.1 million - 3 million	20	20%
	3.1 million - 4 million	17	17%
	>4 million	6	6%

Source: Primary data processed by SPSS 25

4.2 Classical assumptions

The results of the classical assumption test (Table 3) show that there is no heteroscedacity (Glejser test, $p > 0.05$) and normality is also fulfilled (Kologorov-Smirnov Test Asymp.sig > 0.05).

Table 3 Classical assumption test

Ind	Dep	Multicolinearity		Park Test	Kologorov -Smirnov Test Asymp.sig
		Toll	VIF		
SC	CS	0.779	1.283	0.243	0.200
SQ		0.779	1.283	0.543	
SC	CL	0.743	1.346	0.534	0.200
SQ		0.606	1.649	0.883	
CS		0.693	1.649	0.945	

Description: SC = Service convenience, SQ = service quality, CS = Customer satisfaction, CL = Customer loyalty.

Source: Primary data processed by SPSS 25

4.3 Hypothesis Testing

Table 4 Multiple Linear Regression Results

Ind	Dep	Unst. Coef		t	Sig.	Adj.R Square
		B	Std. Err			
SC	CS	0.122	0.089	1.365	0.175	0.293
SQ		0.494	0.101	4.911	000	
SC	CL	0.173	0.046	3.721	000	0.435
SQ		0.191	0.058	3.305	0.001	
CS		0.105	0.052	2.012	0.047	

Description: SC = Service convenience, SQ = service quality, CS = Customer satisfaction, CL = Customer loyalty.

Source: Primary data processed by SPSS 25

Hypothesis testing results (Table 4) Service convenience (000) and service quality (0.001) on customer loyalty have a Sig value < 0.05 , meaning that H1 and H2 are significant and supported. At service convenience (0.175), customer satisfaction has a value > 0.05 , meaning that H3 is not significant and not supported. While service quality (000) on customer satisfaction has a Sig value < 0.05 , meaning H4 is significant or supported. Customer satisfaction (0.047) on customer loyalty has a Sig value < 0.05 , meaning that H5 is significant

or supported. From the coefficient of determination shown in Adjusted R^2 (Table 4). Service convenience and service quality affect the dependent variable customer satisfaction by 29.3; the remaining 70.7% is explained by other variables not reached in this study. The value of the coefficient of determination is shown in Adjusted R^2 (Table 4) service convenience, service quality, and customer satisfaction affect the dependent variable customer loyalty by 43.5%, the remaining 56.5% is explained by other variables not reached in this study.



Sobel test statistic: 1. 13413754
 One-tailed probability: 0.12836843
 Two-tailed probability: 0.25673686
 Source: Promer data processed. 2023
 Figure 2 Mediation Testing Results 1



Sobel test statistic: 1. 86643196
 One-tailed probability: 0.03099048
 Two-tailed probability: 0.06198096
 Source: Promer data processed. 2023
 Figure 3 Mediation Test Results 2

The results of mediation testing are presented in Figures 1 and 2. The value in the first test of mediation results in a One-tailed probability > 0.05 which means that the mediation relationship is not supported. While the value in the second test results in a One-tailed probability < 0.05 which means that the mediation relationship is supported.

Service Convenience on Customer loyalty

The results of testing H1 show that service convenience has a positive and significant effect on customer loyalty. This finding is in accordance with research conducted by Sanjaya, (2018) shows a significant positive relationship between service convenience and customer

loyalty. The service convenience item has the highest average (4.38) stating "I feel comfortable with Super Indo's operating hours" while the lowest average (4.06) states "I can easily determine the product I choose because Super Indo offers what I need".

Service quality on Customer loyalty

The results of testing H2 show that service quality has a positive and significant effect on customer loyalty. This finding is in accordance with research conducted by Saneva & Chortoseva, (2020) shows a significant effect of service quality on customer loyalty. The service quality item has the highest average (4.38) stating "Employees respond quickly and appropriately to visitor needs" while the lowest average (3.97) states "Employees are very familiar with the products they will sell both in terms of product placement and the condition of the product itself".

Service convenience on customer satisfaction

The results of testing H3 show that service convenience does not have a positive and significant effect on customer satisfaction. This finding is in accordance with research conducted by Sutanto & Keni, (2021) shows service convenience has no significant effect on customer loyalty. The presence or absence of service convenience has no effect on customer satisfaction. Companies need to pay more attention to how to increase customer satisfaction.

Service Quality on Customer satisfaction

The results of testing H4 show that service quality has a positive and significant effect on customer satisfaction. In line with research Reza Nurul Ichsan, Ahmad Karim, (2021) shows that service quality has a significant effect on customer satisfaction. This means that the higher the quality of service provided, the greater the customer loyalty generated.

Customer Satisfaction on Customer Loyalty

The results of testing H5 show that customer satisfaction has a positive and significant effect on customer loyalty. This finding is in accordance with research conducted by Bagus et al., (2023) showed a significant effect of customer satisfaction on customer loyalty. The customer satisfaction item has the highest average (4.21) stating "I feel that Super Indo products / services provide good value for the costs I pay" while the lowest average (3.85) states "I will choose Super Indo products / services again when I need them again".

Service Convenience on Customer Loyalty with Customer satisfaction as a mediator

The results of testing H6 show that the effect of service convenience on customer loyalty is not mediated by customer satisfaction. The results of the sobel test calculation obtained a one-tailed probability value: 0.128 with a significant level of 5%, these results can be concluded that $0.128 > 0.05$. This means that the effect of service convenience on customer loyalty is not mediated by customer satisfaction.

Service Quality on Customer Loyalty with Customer satisfaction as a mediator

The results of testing H6 show that the effect of service quality on customer loyalty is mediated by customer satisfaction. The results of the sobel test calculation obtained a one-tailed probability value: 0.030 with a significant level of 5%, these results can be concluded that $0.030 < 0.05$. This means that the effect of service quality on customer loyalty is mediated by customer satisfaction.

5. Conclusions and suggestions

This research was conducted on Super Indo customers in Yogyakarta. The results showed that service convenience and service quality have a positive and significant effect on customer loyalty. Thus the company can improve the implementation of service convenience and service quality on items that are still low in the discussion section. Service convenience has an insignificant effect on customer satisfaction, service quality has a positive and significant effect on customer satisfaction and customer satisfaction which also has a positive and significant effect on customer loyalty. The mediation test results show that service convenience is not mediated by customer satisfaction, while the service quality results show that the service quality variable is mediated by customer satisfaction. Future research can test again by adding several variables to increase customer loyalty.

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ANALYSIS OF SPILLOVER EFFECT ON GREEN STOCK, COMMODITY AND CRYPTOCURRENCY MARKETS DURING COVID-19 PANDEMIC AND RUSSIAN-UKRAINE WAR

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ABSTRACT

The increasing risk of climate change is making changes to all aspects of humanity, including the financial sector. This study aims to determine the spillover effect between oil commodities, green stock markets in Indonesia and America and Bitcoin. Using the Vector Autoregression method, this study divides into several time periods, namely the overall period (April 2016 - February 2023), the period before the COVID-19 pandemic (April 2016 - December 2019), the period after the COVID-19 pandemic (January 2020 - February 2022), the Russian-Ukrainian war period (February 2022 - February 2023) and uses daily return data from Crued Oil WTI, Nasdaq OMX Green Economy, SRI-KEHATI Index and Bitcoin. The results showed that in the crisis period there was a spillover effect on all research variables. Therefore, investors should avoid these four instruments when there is a shock to one of the financial instruments. That way, investors can reduce the loss of their investment and wait for the opportunity to buy back financial assets after the crisis period is over.

Keywords: *spillover; crued oil; hisa ya kijani; cryptocurrency*

1. Introduction

In recent decades, the issue of sustainability has become a global conversation, due to the increasing risk of climate change. According to the Mckinsey Report (2020) found that the physical risks of climate change are already present and growing, as the planet's temperature has increased by an average of about 1.1 degrees Celsius since the 1880s. The sustainability agenda began to be widely discussed when the United Nations (UN) issued the Sustainable Development Goals (SDGs) since 2016. According to Bappenas (2023), the Sustainable Development Goals are a commitment from countries that are members of the United Nations to carry out development that maintains sustainable improvement of people's economic welfare, development that maintains the sustainability of people's social lives, development that maintains the quality of the environment and development that ensures justice and the implementation of governance that is able to maintain an improved quality of life from one generation to the next. The commitment made by various countries was strengthened by the Paris Climate Agreement in 2015 where the agreement was attended by 195 countries that agreed to reduce the risk of climate change until 2030. Indonesia itself only joined the Paris Agreement on April 22, 2016.

As the risk of climate change increases, so does the financial sector and investor behavior. One way to reduce global risks related to environmental issues in the financial sector is to issue green bonds and determine green stocks for companies that have paid attention not only to environmental issues but other aspects. This step can be taken as one of forming new financial

assets called green finance or green investing and making investors interested in environmental issues in their investments. According to Tran, et al. (2020) green investing is a process of making investment decisions based on environmental protection criteria with the aim of having a positive impact on the environment, and generating certain financial returns on investments made. One of the green assets, green bonds, are fixed income assets that finance investments with environmental or climate-related benefits (Ehlers & Packer, 2017).

On the other hand, the emergence of cryptocurrencies is also considered as a way to reduce the global risk of climate change, but this is still a matter of debate, including among academics or researchers. According to the British Broadcasting Channel (BBC), academics from Cambridge estimate that Bitcoin consumes about 121.36 terawatt-hours (TWh) of electricity every year, which is more than the electricity consumption of Argentina with a population of 46 million. The increased energy required to produce Bitcoin assets could increase the risk of climate change. On the contrary, according to Badea and Mungiu-Pupazan (2021) despite its high energy consumption and adverse environmental impacts, Bitcoin continues to be an instrument used in the environmental economy for various purposes and trends regarding Bitcoin regulations in different countries show that the use of Bitcoin is gaining legitimacy, despite criticisms of this cryptocurrency.

Based on the explanation above, researchers want to see the relationship between each financial instrument, namely, green stocks, oil commodities and Bitcoin during the COVID-19 pandemic and the war conflict between Russia and Ukraine. The advantage of this research is that there has not been much research related to the relationship between green stocks in Indonesia and America with other instruments such as crude oil and Bitcoin. In addition, there have not been many studies related to the comparison of the spillover effect between the four instruments during the COVID-19 pandemic and the war between Russia and Ukraine. Di and Xu (2022) examined the spillover effects between Bitcoin assets, commodities and stocks in developed and developing countries for the period before the COVID-19 pandemic and the period after the vaccine for COVID-19. Another research from Urom, et al. (2020) examined the spillover effect on stocks, Bitcoin and oil and gold commodities using the Bayesian TVP-VAR method. The results of this study provide convincing evidence of time variation in the level of volatility spillover, and that spillover increases during extreme global market conditions. The choice of this instrument is because during the COVID-19 pandemic and war there were shocks to oil commodities. During the COVID-19 pandemic there were shocks to the demand for oil commodities, while during the Russian and Ukrainian wars there were shocks to the supply of oil commodities. Bourghelle, et al. (2021) states COVID-19 pandemic created a demand shock as reduced global demand for crued oil and triggered an economic recession. Different from COVID-19 pandemic, oil shock during Russia-Ukraine war will affect global economy via three main channels: financial sanction, commodities and supply chain disruptions (Bagchi & Paul, 2023). Oil commodities are used because although all countries are trying to switch from non-renewable energy to renewable energy, a transition in energy use is needed so that oil energy is still very much needed today. Meanwhile, the selection of green stock market financial instruments was chosen because these instruments are still rarely researched, especially in the green stock market in Indonesia. According to World Energy Investment (2020), a major shock from the COVID-19 pandemic, investment activity was disrupted by lockdown policies, especially for oil prices. However, clean energy investment is relatively stable in decline. For the selection of Bitcoin variables due to the policy regarding Bitcoin in Indonesia, it can currently be traded as a commodity, which also supports the purpose of this study to see whether Bitcoin financial assets can be used as hedging for portfolios from green stock markets in Indonesia and America.

2. Literature Review

Di and Xu (2022) examined the spillover effects between Bitcoin assets, commodities and stocks in developed and developing countries for the period before the COVID-19 pandemic and the period after the vaccine for COVID-19. This study uses the Vector Autoregression (VAR) and Generalized Forecast Error Variance Decomposition methods. The results show a higher correlation between Bitcoin and traditional financial assets such as stocks, gold and oil. However, during the COVID-19 recovery period, the correlation between Bitcoin and other financial instruments was very low after the vaccine became available. This result proves that the effect of the COVID-19 vaccine has a positive effect on the economic recovery from the Pandemic because the vaccine revives public confidence, especially investors, in the economy and financial markets despite the increase in the number of COVID-19 cases due to Omicron. Vaccination is a successful tool to aid economic recovery and reduce pressure on financial markets. The research also found that Bitcoin was a strong transmitter of volatility during COVID-19.

Meanwhile, research from Wen, et al. (2022) where this study observed that gold and Bitcoin instruments are good safe haven assets during the COVID-19 Pandemic. Using the Time-varying Parameter VAR (TVP-VAR) method, the results of this study are that the impact of oil commodities on gold and Bitcoin assets is more significant in the short term but less significant in the medium and long term. The effect of oil commodities on gold and Bitcoin was mostly negative before the COVID-19 pandemic, but there was a change in direction to positive when the pandemic began. Thus, gold and Bitcoin have a good hedging effect for oil before the COVID-19 pandemic. Meanwhile, in the period after the pandemic, for Bitcoin assets, there is a mixed positive response during the COVID-19 pandemic, indicating that Bitcoin cannot be a safe haven asset for oil assets during the COVID-19 pandemic. For gold, there was a positive response at the beginning of the COVID-19 pandemic. Therefore, gold is not a safe haven hedge for oil. After that, the time-varying response changes from positive to negative, but the negative relationship is weak and only lasts for a short time. Therefore, the safe haven properties of gold assets for oil appear short-term only.

In addition to examining the relationship between oil commodities and gold and Bitcoin assets, Wen, et al. (2022) also examined the effect of a shock in the stock market on gold and Bitcoin prices. The existence of a shock in the stock market has a more significant spillover response in the short term, but there is no spillover effect in the medium and long term. The impact of the shock in stocks on gold prices was negative throughout the period before the COVID-19 pandemic. Thus, gold has a good hedging effect against shocks in the stock market before the COVID-19 pandemic. This contrasts Bitcoin with the stock market, where Bitcoin price spillovers are always positive. This implies that Bitcoin is not a safe haven asset against stock market shocks during the COVID-19 pandemic, nor is it a hedging tool for the stock market before the COVID-19 pandemic.

Research from Urom, et al. (2020) examined the spillover effect on stocks, Bitcoin and oil and gold commodities using the Bayesian TVP-VAR method. The results of this study provide convincing evidence of time variation in the level of volatility spillover, and that spillover increases during extreme global market conditions. In contrast, stocks are relatively less responsive to volatility spillovers during extreme events. This proves that the increased spillovers found for both risks can lead to financial contagion. Second, the results from the cross-quantilogram show strong dependence and positive directional predictability between Bitcoin, stock markets in several countries and crude oil during bull market returns. However, during bear market periods, there is negative dependence and predictability from Bitcoin to stocks in Finland, the Netherlands, the US and the crude oil market only. This implies that Bitcoin can act as a hedge against stocks in Finland, the Netherlands, the US, and the crude oil market. However, the insignificant dependence and directional predictability from Bitcoin to

the remaining assets suggests that Bitcoin can act as a safe haven for these assets during bear markets.

Meriyani, et al. (2022) showed by using the Multiple Regression method, the movement of crude oil prices has a positive effect on the price of Bitcoin. This means that the volatility of crude oil prices will affect the volatility of Bitcoin prices either when crude oil prices rise or fall. As we know, trading cryptocurrency assets such as Bitcoin is traded daily so there is no period to rest so Bitcoin volatility is also very high. Based on the findings of this study, it can also be concluded that the effects of crude oil price movements will affect the price of Bitcoin in the long run and it can be assumed that there will be a role of crude oil prices from Bitcoin volatility during 2021. The study also found that the spillover effects of gold or crude oil are more crucial than other spillover effects, suggesting a link between Bitcoin assets and crude oil. Meanwhile, the effect of natural gas commodity assets on Bitcoin assets is that the price movement of natural gas commodity assets has a positive effect on the price movement of Bitcoin. This shows that the volatility of natural gas will affect the price movement of Bitcoin, for example if the price of natural gas assets increases or decreases, it will affect the volatility of Bitcoin.

The research results from Qian, et al. (2022) using TVP-VAR and Spillover Indices based on Diebold-Yilmaz, namely first, dynamic spillover analysis and robustness tests show that bitcoin, gold, and commodities have a weak hedging effect on the stock market. The ability of the studied financial instruments to act as safe haven properties ranked based on the research results are commodities, gold and then bitcoin. Second, the dynamic spillover analysis directly shows that the world stock market and developed countries act as net spillover transmitters, while bitcoin, gold, and commodities are net receivers. Third, the total dynamic average spillovers increase significantly after extreme risk events occur. More specifically, the spillover effect decreased from 50.84% to 39.37% when the European debt crisis ended, but the spillover effect increased rapidly to 48.43% during the COVID-19 outbreak, which means that risk transmission is more sensitive when a crisis occurs. Finally, the dynamic total spillover measurement reveals that the total spillover of six markets exhibits significant time-varying characteristics, ranging from nearly 20% to 80%, indicating relatively strong spillover effect information among bitcoin, gold, commodities, and stock markets.

Research from Fareed (2022) using the Rolling Window Multiple Correlation method and Polanco-Martinez (2020) found that in the bivariate case COVID-19 significantly and positively affects the carbon efficiency index, has a significant negative effect on oil prices and has a significant and asymmetric impact on bitcoin. While in all tetra-variate cases, these studies found a positive and significant correlation between Bitcoin and green stocks while a significant negative impact on oil commodities. The findings of this study corroborate important policy implications for investors. Investors can also diversify their portfolios from oil commodities to Bitcoin and green stocks during pandemic-type crises. In other words, stocks of low-carbon companies and crypto markets can serve as safe haven assets for investors against the shock of the COVID-19 pandemic.

3. Research Methods

The VAR model is a multivariate model for time series analysis. In a VAR model, the dependent variable is not only affected by the lag of the variable itself, but also by the lags of other variables in the model. In general, the VAR model is expressed as:

$$y_t = c + A_1y_{t-1} + A_2y_{t-2} + \dots + A_p y_{t-p} + e_t \quad (1)$$

where:

y_t = dependent variable at t

C = constanta

A₁, A₂ = coefficient matrix

y_{t-1}, y_{t-2} = dependent variable matrix at t

ε_t = residual matrix or error

In this study, the dependent variables used are the returns of green stocks in Indonesia and America, Bitcoin also Oil. Therefore, the research model is as follows:

$$(2) \quad \begin{bmatrix} OR \\ SR_{US} \\ SR_{ID} \\ BR \end{bmatrix} = \begin{bmatrix} a_{11} & a_{12} & a_{13} & a_{14} \\ a_{21} & a_{22} & a_{23} & a_{24} \\ a_{31} & a_{32} & a_{33} & a_{34} \\ a_{41} & a_{42} & a_{43} & a_{44} \end{bmatrix} \begin{bmatrix} OR \\ SR_{US} \\ SR_{ID} \\ BR \end{bmatrix} + \begin{bmatrix} e_{1t} \\ e_{2t} \\ e_{3t} \\ e_{4t} \end{bmatrix}$$

where:

OR = return of crued oil WTI

SR_{US} = return of American green stock

SR_{ID} = return of Indonesian green stock

BR = return of Bitcoin

α = lag operator

e = error

In the model, it is assumed that the oil commodity is the source of the shock so that it ranks first in the model. Furthermore, the shock caused by oil will have an impact on the green stock market, both in Indonesia and America as well as Bitcoin. The three financial instruments are instruments that receive or absorb shocks not as an alternative to shocks.

4. Research Findings and Discussion

An overview of the return movement during the research period can be seen through the descriptive statistics of each variable in the time period that has been classified in this study.

4.1 Descriptive Statistic

Table 1. Descriptive Statistics of All Variables Based on the Research Period

	SR _{ID}	SR _{US}	OR	BR
Mean	0.03%	0.05%	-0.14%	0.36%
Median	0.03%	0.10%	0.22%	0.23%
Max	15.87%	9.69%	37.66%	26.77%
Min	-7.86%	-11.52%	-305.9%	-38.17%
Std dev	1.30%	1.26%	8.72%	4.79%
N	1657	1657	1657	1657
Mean	0.04%	0.05%	0.06%	0.43%
Median	0.04%	0.09%	0.19%	0.29%
Max	3.77%	5.15%	14.68%	26.77%
Min	-5.40%	-5.19%	-9.03%	-21.87%
Std dev	1.06%	0.74%	2.03%	4.90%
N	889	889	889	889
Mean	-0.001%	0.09%	-0.54%	0.45%

Median	-0.03%	0.15%	0.27%	0.31%
Max	15.87%	9.69%	37.66%	21.38%
Min	-7.86%	-11.52%	-305.97%	-38.18%
Std dev	1.74%	1.68%	15.21%	4.90%
N	519	519	519	519
Mean	0.04%	-0.02%	-0.01%	-0.06%
Median	0.07%	0.03%	0.27%	-0.15%
Max	3.03%	6.10%	12.91%	13.25%
Min	-5.79%	-7.59%	-12.13%	-24.15%
Std dev	0.95%	1.69%	3.10%	4.10%
N	247	247	247	247

Based on table 1, of the return movement of each variable used and the statistical description, the four return variables experienced significant price movements during the COVID-19 pandemic. The SRI-KEHATI index decreased by 7.86% and the Nasdaq OMX Green Economy decreased by 11.52%. Likewise with Bitcoin financial assets which experienced a decline during the COVID-19 pandemic of 38.18% and oil commodities which experienced a decline of 305.97%. However, during the COVID-19 pandemic, these four assets also had the largest increase during the study period. The SRI-KEHATI index increased by 15.87%, the Nasdaq OMX Green Economy increased by 9.63%, while Bitcoin increased by 21.38% and the WTI oil commodity increased by 37.62%.

4.2 Regression Result

The following are the results of VAR estimation on each optimum lag throughout the study period.

Table 2. Regression Result Across All Period

Lag	Adjusted R ²			
	OR	SR _{US}	SR _{ID}	BR
Overall Period				
0	-	-	-	-
1	0.101	0.003	0.053	0.003
73	0.217	0.261	0.232	0.197
Before COVID-19 Period				
0	-	-	-	-
1	0.016	0.016	0.043	0.0001
19	0.129	0.109	0.131	0.094
After COVID-19 Period				
0	-	-	-	-
2	0.188	0.081	0.110	0.023
27	0.761	0.336	0.361	0.292
Russia-Ukraine War Period				
0	-	-	-	-
23	0.483	0.506	0.476	0.540

Based on the table 2, in the overall period, lag 73 has a higher adjusted R² value than the other lags. value that is higher than the other lags, while in the period before the COVID-19

pandemic, lag 19 has an adjusted R² value that is higher than the other lags. period before the COVID-19 pandemic, lag 19 has the highest adjusted R² value among other lags. value is higher among other optimum lags. For the period after the COVID-19 pandemic COVID-19 pandemic, lag 27 has a higher adjusted R² value than lag 2. than lag 2. Finally, in the period of war between Russia and Ukraine lag 23 has a higher adjusted R² value compared to other lags.

4.3 Result Discussion

To discuss the research results related to the relationship between the variables used in the study and the resulting response of each variable to a shock from other variables, it is necessary to look at the results of the Impulsive Response Function and Variance Decomposition more deeply.

Table 3. Impulse Response Function Result

Impulse	Response			
	OR	SR _{US}	SR _{ID}	BR
Overall Period				
OR	0.0213	0.0002	0.0001	0.0034
SR _{US}	0.0005	0.0111	0.0019	0.0149
SR _{ID}	-0.0001	0.0005	0.0090	0.0022
BR	-0.0001	0.0037	0.0029	0.0566
Before COVID-19 Period				
OR	0.0161	0.0009	-0.0024	0.0117
SR _{US}	0.0047	0.0057	0.0009	-0.0087
SR _{ID}	-0.0016	0.0020	0.0078	0.0027
BR	0.0011	0.0022	0.0012	0.0617
After COVID-19 Period				
OR	0.1512	-0.0027	0.0003	-0.0118
SR _{US}	-0.0624	0.0138	0.0021	0.0274
SR _{ID}	0.0209	-0.0009	0.0145	0.0103
BR	-0.0084	0.0044	0.0036	0.0578
Russia-Ukraine War Period				
OR	0.0154	-0.0041	-0.0007	-0.0303
SR _{US}	-0.0081	0.0125	0.0061	0.0101
SR _{ID}	0.0019	-0.0122	0.0050	-0.0246
BR	0.0088	-0.0009	0.0017	0.0210

Based on the results of the table above, it shows that the shock that occurs in the oil commodity variable has a positive impact on American green stocks in the overall period and before the COVID-19 pandemic, but has a negative effect during the COVID-19 pandemic period and the war period between Russia and Ukraine. This is the same experienced by the Bitcoin variable against the shock from the oil commodity, where in the overall period and before the COVID-19 pandemic the shock to the oil commodity had a positive impact on the Bitcoin variable, but in the COVID-19 pandemic period and the war period between Russia and Ukraine the shock from the oil commodity had a negative impact on the Bitcoin variable. For the Indonesian green stock variable, it has a positive response to the oil commodity shock in the overall period and the COVID-19 pandemic, but in the period before the COVID-19 pandemic and the war between Russia and Ukraine, the response of the Indonesian green stock variable to shocks to oil commodities has a positive response.

In shocks that occur in green stock variables in America, the response of oil commodity variables is positive in the overall period and the period before the COVID-19 pandemic, but has a negative response in the COVID-19 pandemic period and the period of the Russian and Ukrainian wars. While the response of Indonesian green stocks to shocks to the American green stock variable has a positive response in all periods of the study, both in the overall period, the period before the pandemic and after the COVID-19 pandemic as well as the period of the Russian and Ukrainian wars. For the response of the Bitcoin variable to shocks from the American green stock variable, it has a positive response in the overall period, after the COVID-19 pandemic and the Russian and Ukrainian wars. Only the period before the COVID-19 pandemic, where the Bitcoin variable has a positive response to shocks to the American green stock variable.

The shocks that occur in the Indonesian stock variable, the response experienced by the oil commodity variable is negative in the overall period and before the COVID-19 pandemic, but has a positive response in the period of the COVID-19 pandemic and the Russia and Ukraine war. The American green stock variable shows a positive response in the overall period and before the COVID-19 pandemic and has a negative response in the period of the COVID-19 pandemic and the Russian and Ukrainian wars. For the Bitcoin variable, it has a positive response in the overall period, before and after the COVID-19 pandemic to shocks to the Indonesian green stock variable. However, only in the period of the Russian and Ukrainian wars did the Bitcoin variable have a negative response to shocks to green stock variables in Indonesia.

Meanwhile, shocks that occur to the Bitcoin variable have a different response from the oil commodity variable, where in the overall period and the COVID-19 pandemic show a negative response. But in the period before the COVID-19 pandemic and the war in Russia and Ukraine, the oil commodity variable has a positive response to shocks in the Bitcoin variable. For the response of the green stock variable in America to Bitcoin variable shocks, it has a positive response in the overall period, before and after the COVID-19 pandemic, but has a negative response in the period of the Russian and Ukrainian wars. Finally, the response of the green stock variable in Indonesia to Bitcoin variable shocks is positive throughout the study period.

Table 3. Variance Decomposition Result

Impulse	Response			
	OR	SR _{US}	SR _{ID}	BR
Overall Period				
OR	93.8074	2.5580	2.2383	1.3962
SR _{US}	4.6778	91.3817	2.0390	1.9015
SR _{ID}	1.8752	6.2526	89.7215	2.1507
BR	0.7983	4.7073	1.7711	92.7233
Before COVID-19 Period				
OR	90.5777	4.2372	2.9708	2.2143
SR _{US}	6.1705	89.4371	1.9407	2.4517
SR _{ID}	2.2908	8.84405	87.0761	1.7890
BR	1.1626	2.5683	2.0503	94.2188
After COVID-19 Period				
OR	63.4368	13.4145	19.2330	3.9157
SR _{US}	7.4168	83.0716	5.5229	3.9888
SR _{ID}	4.2692	5.7036	85.9920	4.0351

BR	3.06001	14.4347	3.2137	79.2916
Russia-Ukraine War Period				
OR	75.0442	10.2393	8.9452	5.7713
SR _{US}	12.2699	69.8705	11.2026	6.6569
SR _{ID}	10.6089	13.7322	67.4593	8.1997
BR	15.4447	25.5268	7.9433	51.0852

Based on the results of the Variance Decomposition summary table, it shows that for oil commodity variables, the overall period is most influenced by the American green stock variable by 2.55%, where in the period before the COVID-19 pandemic the influence of American green stocks was 4.23% and increased to 13.41% in the COVID-19 pandemic period. In the period of Russia and Ukraine war, the influence of US green stocks on oil commodity variables decreased to 10.24%. For the American green stock variable, throughout the study period, the oil variable influenced the American green stock the most. However, the influence of oil commodity variables was highest in the period of the Russian and Ukrainian wars at 12.27%, followed by the COVID-19 pandemic period at 7.42% and the period before the COVID-19 pandemic at 6.17%. In the overall period, the influence of oil commodities on green stock variables in America amounted to 4.68%.

In the green stock variable in Indonesia, throughout the study period, it shows that the variable that has the most influence on the green stock variable in Indonesia is green stocks in America. The influence of the American green stock variable on the Indonesian green stock variable in the overall period is 6.25%, where in the period before the COVID-19 pandemic the influence of the American green stock variable was 8.84%. In the COVID-19 pandemic period, the influence of the green stock variable has decreased to 5.70% and there is an increase in the influence of oil commodities on the Indonesian green stock variable, which in the period before the COVID-19 pandemic the influence was 2.29% to 4.27% in the COVID-19 pandemic period. During the Russia and Ukraine war period, the influence of the green stock variable in America and the oil commodity variable was 13.73% and 10.60%.

For the Bitcoin variable, throughout the study period the influence exerted by other variables was the American green stock variable. In the overall period, the influence of the American green stock variable was 4.70%, where in the period before the COVID-19 pandemic the influence of American green stocks was 2.57%, then increased to 14.43% in the COVID-19 pandemic period. In the period of the Russia and Ukraine war, the influence of the American green stock variable increased again to 25.52%.

4.4 Economic Analysis

Based on the results of the discussion, it can be seen that there is an increase in spillover during the crisis period of both the COVID-19 pandemic and the Russian and Ukrainian wars, this is the same as the results of the research by Li, et al. (2023) which states that there is an increase in the relationship between oil commodities and Chinese green stocks during the COVID-19 pandemic, and Gkillas, et al. (2022) which states that an increase in volatility (shock) in oil commodities will increase the linkage effect between oil commodities and Bitcoin. This shows that the need for diversification for an investor in investing, especially during periods of crisis.

In addition, this study can also see the relationship between oil commodities and American stocks and Bitcoin changing from positive in the period of no crisis and negative when a crisis occurs. The Indonesian green stock variable has a dynamic relationship with oil commodities, where in the COVID-19 pandemic period it has a positive relationship in the period of the Russian and Ukrainian wars it has a negative relationship. While the relationship between Indonesian and American green stock variables has a different relationship when there

is a crisis or no crisis, where in the period before the COVID-19 pandemic has a positive relationship but when in the period of the COVID-19 pandemic and the Russian and Ukrainian wars the relationship between Indonesian green stock variables and American green stocks has a negative relationship.

Based on the Impulse Response Function and Variance Decomposition results, it can be concluded that in the crisis period there was a spillover effect on all variables. Therefore, investors should avoid these four instruments when there is a shock to one of the financial instruments. That way, investors can reduce the loss of their investment and wait for the opportunity to buy back financial assets after the crisis period is over.

5. Conclusion

This study aims to look at the spillover effect between oil commodity instruments, green stocks in Indonesia and America and Bitcoin. In this study, researchers divided into 4 research periods, namely the overall period, the period before the COVID-19 pandemic, after the COVID-19 pandemic and the period of the Russian and Ukrainian wars. The results show there is an increase in spillovers during the crisis period of both the COVID-19 pandemic and the Russian and Ukrainian wars, which can be seen from the Variance Decomposition results. Another finding from this research that the relationship between oil commodities and US stocks and Bitcoin changes from positive in the period of no crisis and negative when a crisis occurs, while the Indonesian green stock variable has a dynamic relationship with oil commodities, where in the COVID-19 pandemic period it has a positive relationship in the period of the Russian and Ukrainian wars it has a negative relationship. The last, for the green stock variable in Indonesia, there is an increasing relationship with the US green stock variable and oil commodities during the crisis period. Based on this study also suggest that investors should avoid these four instruments during crisis period since an increase in spillover effect between one instrument and another.

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WEALTH AND VALUES: EXPLORING MONEY BELIEFS IN THE ARLONG PARK ARC OF ONE PIECE

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ABSTRACT

This article aims to explore the portrayal of money beliefs in One Piece anime. One Piece is a globally influential anime among teenagers and young adults. This study seeks to provide valuable insights into the intersections of popular culture and personal finance, using the Arlong Park arc as a convincing and rich source of analysis that combine wealth, values, and emotional resonance. This is qualitative descriptive research. Data were collected by watching and taking notes at anime One Piece –Arlong Park Arc. Structural analysis of the narrative method was used to analyze the data. The results found that among four concepts of money beliefs, the anime was dominated by money worship and money status. This research also found positive behavior from characters who keep the value over the money. The portrayal of Nami’s emotional entanglement shows her dedication to her village, which has been destroyed by Arlong Pirates. The restoration of the village is her driving force to be a wealthy person.

Keywords: Money Belief; Anime; One Piece; Value

1. Introduction

The current technological growth has improved the way young people do financial transactions. There are several products of financial technology that help people earn, spend, and invest. Therefore, financial behavior gradually shifts from traditional to digital platform.

Rapid technological change also brings about economic disruption. The situation brings about changes in the way companies manage their business. The complexity of employment is increasing. The office job, traditionally mostly supported by a full-time onsite employer, gradually changes into remote work with more freelancers. There are also many online investing opportunities that bring different kinds of risk into the business.

The development of social media brings fast information to young people about current trends that come from their circle of friends or celebrities. This leads to fear of missing out (FOMO) phenomena and a consumptive lifestyle. As a result, in addition to the already high basic living cost, young people also got trapped in unnecessary spending.

The combination of technological development, economic disruption, and societal change as mentioned above increases the possibility of financial difficulties for young people. The new digital era changes the financial decision making and financial behavior of young people.

In addition to the digital environment, financial behavior is also shaped by emotional influence and belief. Fear, greed, and anxiety have a significant impact on people's approach to money management.

Popular culture such as movies, anime, and manga can promote changes in young people belief and attitude. Pop culture can help in the education (Ceylan-Dadakoğlu et al., 2022; Fauzy, 2021; Miranda & Educators, 2023; Rizziq et al., 2022; Sonmali et al., 2021; Yusof et

al., 2023).

Pop culture is reflecting social values (Abu Backer, 2023; Adhitama, 2022; Butler et al., 2016; de Leeuw & van der Laan, 2018; Lu & Zhang, 2019). It is the formation of individual preferences and attitudes (Iwasaki, 2021; Kubrak, 2020; Liu et al., 2022; Yusof et al., 2021). Furthermore, pop culture also represents the identity of young people (Adhitama, 2022). In short, pop culture shapes the beliefs, behaviors, and identity of young people. Anime as one of the pop culture also shape perspective and norms. It is a medium to provoke empathy, stimulate thought, and inspire change (Ginting et al., 2023; Praveen & Srinivasan, 2022; Rizziq et al., 2022). Iconic characters and convincing stories have the ability to have a lasting impact on the views of an individual about the world.

One of the popular and influencing anime is One Piece. It is adapted from manga and currently has live-action movie version. One Piece targeted the global audience of teens and young adults. It is the story of a group of young people who chase their dreams. The themes of this anime are adventure, friendship, fantasy, dream, and ambition. While pursuing oneself dream, they maintain respect for individual principle. The story also present each character background and personal growth which is full of complex moral dilemma. This proposes young people to reflect their aspirations and value. As the main story of Pirates, the financial topic cannot be separated from the story line. The financial matters represented by treasure and bounty.

This research aims to identify the concept of money belief in the Arlong Park Arlong Anime One Piece. One Piece can influence young people with their belief in money while offering both entertainment and subtle lessons.

2. Literature Review

2.1 Money Belief

Money-related attitudes and beliefs are formed quite early in childhood and are carried into adulthood. The fact that this is the case and that attitudes about work ethics are strongly correlated with wealth offers an intriguing and significant window into the early socialization techniques of parents, who undoubtedly instill a work ethic in their kids. (Kirkcaldy & Furnham, 1993). Beliefs about money serve as a significant predictor of success or failure in managing finances to achieve financial freedom (Sina, 2013). Mismanagement of money can cause various unforeseen problems and this is due to beliefs about money, whether the person is aware or not aware of their beliefs in money, but what is certain is that money beliefs are something that should be understood (B. T. Klontz, Britt, Mentzer, & Klontz, 2011).

2.1.1 Money Script

Money scripts are underlying assumptions or beliefs about money that are typically only partially true, are often developed in childhood, and are unconsciously followed throughout adulthood. Money scripts are often passed down from generation to generation within families and cultures and shape financial behaviors (Klontz, et al., 2015). Gender-neutral, money scripts can indicate money disorders and are linked to income, net worth, and other financial indicators (B. T. Klontz et al., 2011). The money script consists of money avoidance, money worship, money status, and money vigilance.

2.1.2 Money Avoidance

Individuals who have money avoidance scripts refuse to take personal accountability for their financial well-being and routinely avoid dealing with money (Klontz & Klontz 2009 in Klontz et al., 2015). Those who avoid money feel bad about money, call the rich people greedy, think money corrupts, and would prefer not to have much of it (Klontz et al., 2012). While some people who avoid money may overspend or give up a large portion of their money in

order to have as little as possible, others who avoid money may severely underspend, even on necessities. People who develop, or inherit, money avoidance scripts succumb to fear, disgust, or anxiety when it comes to money (Klontz et al., 2015) and run away from money problem (Klontz & Klontz, 2009).

2.1.3 Money Worship

Some people accept the idea that their happiness will increase with their wealth (B. T. Klontz et al., 2015). Those who worship money believe that in order to succeed, they must put in a great deal of effort and long hours. Those who worship money also think that in order to show others affection, they must spend money (Klontz et al., 2015). Those who worship money are certain that having more money will make them happy and solve all of their problems. They also hold the view that one can never have too much money and that they will never truly be able to afford their life's desires (Klontz & Britt, 2012).

2.1.4 Money Status

Adherents of money status scripts are unduly preoccupied with the idea that their net worth and self-esteem are equivalent. They associate money with their socioeconomic class and feel that it grants them status (Klontz et al., 2012). Individuals who have money status scripts may pose as having more money than they actually do, which puts them at danger of overspending in an attempt to appear prosperous. They think that people are only as successful as their income and that if they lead a good life, the cosmos would provide for their material requirements (Klontz & Britt, 2012).

2.1.5 Money Vigilance

The financially vigilant are aware, cautious, and worried about their future. They think it's critical that individuals work for their money, save, and not receive financial handouts. They are less inclined to use credit and won't purchase anything if they can't pay with cash (Klontz & Britt, 2012). Although they are less likely to deceive their spouse about their spending habits, those who are money cautious also tend to be concerned and secretive about their financial situation with others.

2.2 *Popular Culture*

Popular culture is a culture that affects how people think, feel, look at things, and even recent occurrences in the culture at the moment (Yusof et al., 2023). Popular culture becomes a trend in people's lives, and tends to be followed or favored by most people in general. Popular culture always changes and emerges uniquely in various places and times, forming currents and eddies, as well as values that influence society. Popular culture is a global phenomenon that promotes people's shared humanity and transcends geographical borders. Japanese popular culture is one of the most influential in the world, combining ancient traditions with contemporary innovation. Forms of cultural expression that stand out from Japan and have gained global appeal are manga and anime.

2.2.1 Manga

Manga typically depicts Japanese life and culture. Comics drawn in the Japanese style popularized in the mid-1900s are referred to as modern manga (Yuana & Chaqiqi, 2021). Manga spans a wide range of genres, from historical literature to science fiction set in the future, and from adolescent romance to profound concepts pertaining to life.

2.2.2 Anime

Anime is the term for works of Japanese animation. Anime is a type of Japanese animation that draws inspiration from Japanese comics, sometimes known as "manga," (Ranang, et al., 2010) which are widely recognized cartoons worldwide (Yusof et al., 2023). An unique purpose for adapting manga into anime is to popularize the culture globally, particularly among younger audiences like teens and adults (Adhitama, 2022). One of the most in-demand forms of entertainment and culture in Japan is anime, which is rapidly becoming popular throughout the globe (Jelantik & Khusyairi, 2022). Since anime was initially created for Japanese audiences to enjoy, it is not intended to propagate Japanese popular culture. Nonetheless, anime has become more and more popular over the globe, and even those who don't watch it usually accept and find it enjoyable (Yusof et al., 2023).

3. Research Methods

This research uses a descriptive qualitative method with a narrative structural analysis approach developed by Roland Barthes (1977). This research aims to identify the concepts of money belief in the anime Arlong Park ARC of One Piece. The data sources for this research are words, sentences and expressions expressed by characters in the anime Arlong Park ARC of One Piece.

3.1 Narrative Structural Analysis

A variety of narrative formats, including those seen in fairy tales, books, and movies, can be examined using Roland Barthes' structural narrative analysis. Researchers can gain a more methodical and objective understanding of a narrative's structure and meaning with the use of this study. Narrative structural analysis is divided into three levels, function analysis, action analysis, and narrative analysis (Barthes, 1977).

3.1.1 Function Analysis

The lowest level of narrative structure is function. Functional analysis explain function and sequence. Barthes mentioned the nature of function in structural narrative analysis.

“The essence of a function is, so to speak, the seed that it sows in the narrative, planting an element that will come to fruition later - either on the same level or elsewhere, on another level” (Barthes, 1977 p.88).

3.1.2 Action Analysis

The action analysis sees and explains the actant's actions(Dewa, 2021). The analysis looking at the relationships between characters in relation to narrative development.

3.1.3 Narrative Analysis

The narrative analysis describe how is the power of stories in telling themselves? What meaning do you get from the story? Description of meaning with meaning by integrating the analysis stages previously placed in the context of narrative communication (Barthes, 1977).

3.2 Identifying Money Belief

From structural narrative analysis, researchers will identify the concepts of money belief that appear in the conversation of the anime Arlong Park ARC of One Piece.

4. Research Findings and Discussion

Monkey D. Luffy is the main character of One Piece anime. However, in the Arc of Arlong Park, the focus of the story is Nami. She is the navigator of *Mugiwara* (Straw Hat)

Pirates. Nami acts as the protagonist, while Arlong is an antagonist in the story. Besides those two main characters, this story has several other supporting characters and sequences.

4.1 Characters

In summary, the characters in this anime can be categorized into the protagonist side and antagonist side. The protagonist side are the characters that support Nami. This side consists of *Mugiwara* Pirates, 2 Bounty Hunters, and Cocoyashi Villagers.

There are several members of *Mugiwara* Pirates. In this story, the members of *Mugiwara* Pirates that are joining the story are Monkey D. Luffy, Zoro, Sanji, and Ussop. Villagers with names and significant roles are Belmere, Nojiko, and Gen-San. The bounty hunters are Yosaku and Johnny.

The antagonist side is the character that supports Arlong. The member of Arlong cronies are Fishman Pirates and corrupted members of The Marines led by Captain Nezumi. The mentionable and the strongest Fishman Pirate members beside Arlong are Hatchan, Chew, and Kuroobi.

4.2 Story

The story in this Arc consists of 4 sequences. The sequences of the story are opening, flashback, conflict, and ending.

The first stage is the beginning of the story. It is the story of the quest for Nami. The story starts with the journey of *Mugiwara*'s crew to find the whereabouts of Nami and *Mugiwara* Pirate's ship, *Going Merry*, which are unknown. It turns out that Nami brings the ship to Arlong Park, the base of the fishman pirate led by Arlong, a very strong fishman. In this sequence, Nami is told to be part of Arlong's pirates. Arlong fancies her ability to draw maps. In this sequence Nami appears as a betrayer of *Mugiwara* pirates and a spy of Fishmen pirates.

The second stage is a flashback of the tragedy that happened to Nami. It contains the background story of Nami that shows her true motives. She does not betray the *Mugiwara* Pirates. She hates Arlong that destroyed Cocoyashi Village where she grew up. Arlong also exploits the villagers and kills everyone who cannot pay tribute to Arlong. Among the victims was Nami's mother Belmere. Nami wants to get revenge on her mother, as well as free her village from Fishmen Pirate. Nami wants to pay the ransom to get Arlong to release her village. However, the Marines led by Nezumi confiscated the money. Later, the *Mugiwara* Pirate crew arrives to help Nami.

The third stage is a conflict between the *Mugiwara* Pirate and the Fishermen Pirate. This stage shows the fight that happens between *Mugiwara* Pirate led by Luffy and Fishmen Pirate led by Arlong. The final battle is between Luffy and Arlong. Luffy defeats Arlong and destroys his base.

The fourth stage is the end of the story. The villagers celebrate their freedom. However, it is almost spoiled by Nezumi, who tries to claim Arlong money. But Nami and her friends beat him and stop him. The story ends with the sailing of *Going Merry* to the sea accompanied by the cheers from the villagers.

4.3 Money Belief

This study found the status of the money in the dialogue of Arlong, Nami, Nojiko, and some random villagers.

Arlong as a strong fishman feels superior over the ordinary human being. Therefore, he regards the villagers as lowly human beings.

“Understand? Low-life humans should just think of nothing but ways of offering the money to me”

“Listen. You lowly humans simply need to keep paying up without thinking! I need enormous funds! Your tribute money will eventually become the cornerstone of the Arlong empire, which will rule the East Blue!”

According to Arlong, those lowly humans don't deserve to live. Thus, to elevate your status and get your right to live, you have to pay.

“Under my rule, anyone without money dies! Understand, you inferior species?”

“100,000 berries per adult. 50,000 berries per kid. Those who can't pay...die!”

“The blunder of being unable to pay tribute money is an act of rebellion against us!”

Nami also regards money as a tool to get status. This is shown by her conduct to the Fisherman Pirate.

“Do you still not get it? The one and only reason I got close to you was for the money! Now that you're flat broke, you have no charm whatsoever!”

Due to the circumstances that happen in the village, Nojiko also view money as a means to get status. The status of having a right to live. Therefore, money is to buy your life.

“Exactly like it sounds, it's money that we offer to them! We buy our lives every month with money.”

Nojiko's opinion is supported by the villagers.

“Sounds like we'll have to pay for our lives every month at 100,000 berries from now on!”

“Endure it now! we should just be glad no one in the village has died. if money is all that's needed, it's an easy price to pay!”

Money worship in this anime is shown by Arlong and Nami. Arlong views that money is the best in the world.

“A good world is one in which money flows well! Money is good, you can trust it more than anything!”

“Money the best, nothing's more dependable than money”

He also mentions Nami's tendency to worship money.

“You were blindly deceived, weren't you? She (Nami) can even forget her mother's death for the sake of money”

Nami herself shows agreement with Arlong's view of her worshipping money.

“That's fine. I'm a pirate! But Arlong is a reasonable guy. Money will fix all this, so it's just a little more until our agreement!”

Nami does not trust anyone, but she trusts money.

"The only thing I trust is money"

She thinks that money can solve any problem.

"Anything can be solved with money"

Money avoidance is only shown by Nezumi, the captain of The Marine. However, it is not fully money avoidance since he just mentions it after he fails to get the money from Nami. His conduct is more about running from the responsibility that comes with the money.

"I'll give it back, honestly. I don't care anymore."

4.4 Value and Wealth

Despite the negative part of money belief shown, there are some positive things when the characters chose value over wealth.

Nami has a strong sense of value. She values her family and her village over the wealth she can gain for herself. She also appreciates the promise over money.

"Bellmere-san would be happier if we were gone. ... Having 2 children cost lots of money..."

"I keep my promises made over money even if it means my death."

The argument of Nojiko also strengthens Nami's regards over value.

"She says it's okay, because she'll just steal some more. Once that girl says something, there's no changing her mind"

Unfortunately, not everyone understands the point of view of Nami. Ussop misunderstands Nami's motive before he knows the background story of Nami.

"Darn it! So that's the deal? So she had us fooled the entire time! She was after treasure from the very start!"

Ussop's opinion is in line with Arlong's.

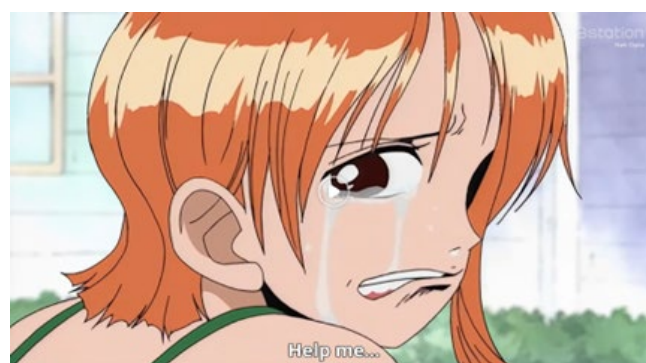
"So you had them completely fooled! This girls like cold blooded witch..she'll even forget about her own parent's death for money!"

Nami's symbolic act of stabbing her tattoo of Arlong's symbol reflects her inner turmoil and the price she's willing to pay for her village's freedom, showcasing her values over personal gain.



Nami tearfully reveals her true intentions to Luffy, admitting that she had to pretend to side with Arlong to protect her village. Nami talking to Luffy:

“Go away! You! Go away! Go away!! Go away!! Go away!! Go away!! Go away! Go away!! Go away!!.....Luffy Help me.”



Luffy said: “OF COURSE I WILL!!!”



On the other hand, Arlong tried to show that he has value. He wants people to see that he regards promise over money.

“It can't be helped! That's what we agreed 8 years ago. I'm a man who'd die to keep my money-related promises.”

However, Arlong’s words are just to deceive Nami. He says that he will keep his promise, but he tells Nezumi to take the money.

This anime also shows that life is very important. It is the most important thing to keep, because we can do anything only when we are alive. Therefore, it is okay to use money to survive.

“Bellmere!! Don't waste your life for some pathetic sense of justice! Some battles aren't worth fighting! Some issues can be solved with money!”

5. Conclusions

Taken together, these findings demonstrate that among the four concepts of money beliefs, the anime was dominated by money worship and money status. This study also found positive behavior from characters who keep their idealistic approach to wealth. It was shown by the emotional entanglement of Nami during her journey to save her village. The village has become Nami's main force to gain wealth and become a rich person. This showed her dedication to her village. These findings add substantially to our understanding of the value of money beliefs and financial decision-making of an individual. One Piece anime has rich meaning and lesson behind the story especially about financial decision. More research should further explore financial factors from other perspectives, such as the exploitations and governance of organizations.

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IMPLEMENTATION OF INDUSTRIAL RELATIONS DISPUTE RESOLUTION IN THE INDUSTRIAL RELATIONS COURT IN REALIZING JUSTICE AND LEGAL CERTAINTY

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ABSTRACT

Based on Law No. 2 of 2004, the resolution of industrial relations disputes is mandated by PPHI. Disputes must first be resolved through consensus, a failure to which one party can file a lawsuit with the Industrial Relations Court. These disputes include differences of opinion that result in conflict between employers or a combination of employers and workers/laborers or trade/labor unions due to disputes over rights, interests, termination of employment relations, and disputes between trade unions and labor unions within one company. This research aims to evaluate the implementation of industrial relations dispute resolution in industrial relations courts and determine how it can be improved to ensure justice and legal certainty. The research method used was descriptive analysis with a normative juridical approach, focusing on statutory regulations, principles, and legal theories that govern the resolution of industrial relations disputes. The study found that the process of examining industrial relations disputes based on the provisions of civil procedural law often prolonged the time for settling cases, which was initially set to 50 working days. However, this extended period proved detrimental to workers/labourers and failed to provide a sense of justice and legal certainty.

Keywords: *industrial relations disputes, work relationship, worker/laborers, work termination.*

1. Introduction

The general explanation of Law Number 13 of 2003 concerning Manpower states that the development of labor law has many dimensions that are not only related to the interests of workers who will, are and after work, but also how to ensure that everyone gets work and a decent living for them. Humanity without any discriminatory treatment in the implementation of work relations. The protection of workers in the employment relationship is intended to guarantee the basic rights of workers/laborers and ensure equality of opportunity and treatment without discrimination on any basis to realize the welfare of workers/laborers and their families while still paying attention to developments in the business world. One form of manifestation of increasing the honor and dignity of workers/laborers is the protection of the rights of workers/laborers whether they have been agreed to in the Work Agreement, Company Regulations or Collective Labor Agreement.

Workers/laborers bind themselves to employers in a work agreement. The work agreement must contain the identities of the parties, work conditions, rights and obligations of the parties. A work agreement gives rise to an employment relationship, namely of relationship between the entrepreneur and the worker/laborer based on a work agreement, which has elements of work, wages and orders. Working relationships are expected to run harmoniously. During the employment relationship, if a dispute occurs, it must first be resolved through deliberation to reach a consensus, namely through bipartite or tripartite negotiations.

The settlement of industrial relations disputes in Indonesia is regulated in Law Number 2 of 2004 concerning Settlement of Industrial Relations Disputes (UU PPHI). Industrial relations disputes include rights disputes, interest disputes, employment termination disputes, and disputes between workers/labor unions within one company. For industrial relations disputes that cannot be resolved through negotiation, one party can file an industrial relations dispute lawsuit with the Industrial Relations Court, as a special court within the general judiciary. The procedural law that applies in the industrial relations court is civil procedural law unless otherwise specified in the law. The period for resolving industrial relations disputes at the Industrial Relations Court is 50 (fifty) working days from the first hearing. In practice, this time period is often exceeded for various reasons and reasons.

Workers/laborers who wish to file an industrial relations dispute lawsuit at the Industrial Relations Court (PHI) must fulfill requirements such as attaching a minutes of advice from the mediator, so that filing an industrial relations dispute lawsuit is not as easy or simple as people imagine because apart from the time, money and energy required. must be issued, and the most important thing is the knowledge of procedural law itself that must be possessed by those who will file a lawsuit regarding industrial relations disputes. The Industrial Relations Court is a special court established within the general judicial environment of the District Court whose jurisdiction covers the province concerned.

2. Literature Review

2.1 Principle of Pancasila Industrial Relations (HIP)

The term industrial relations is a development of the term labor relations (labor relations or management relations), (Wijayanti, 2010), the term labor relations was later changed because it gives a narrow impression because it only covers the relationship between employers and workers/employees.

Article 1, number 16 of Law Number 13 of 2003 concerning employment (Employment Law), states that industrial relations are a system of relationship between actors in the process of producing goods and/or services consisting of elements of entrepreneurs and workers/laborers which are based on the values of Pancasila and the 1945 Constitution of the Republic Indonesia.

Industrial relations are formed between actors in the process of producing goods and/or services consisting of elements of entrepreneurs and workers/laborers which are based on the values of Pancasila and the 1945 Constitution, therefore industrial relations in Indonesia are known as Pancasila Industrial Relations (Shamad, 1995). The parties involved in the production process in a company are entrepreneurs and workers/labourers, while the government is an interested party in realizing harmonious working relationships as a condition for the success of a business, so that it can drive economic growth and improve the welfare of all levels of society.

Based on Pancasila as a philosophical basis, normatively all legal regulations governing Pancasila Industrial Relations, in the form of basic law (1945 Constitution), as well as other statutory regulations are the implementation of Pancasila values. Therefore, normatively, the law governing industrial relations in Indonesia must always be controlled for its harmony with the values of Pancasila (Soepomo, 1975).

The relationship between all parties who are related or have an interest in the process of producing goods or services in a company. The aim is to create a safe and harmonious relationship between these parties so that it can increase business productivity (Ugo, 2012). By implementing industrial relations, entrepreneurs and employers' organizations have the function of creating partnerships in developing businesses, expanding employment opportunities, and providing welfare to workers/laborers in an open, democratic and fair manner.

2.2 Principle of Industrial Relations Disputes

Article 1 number 1 of Law Number 2 of 2004 concerning Settlement of Industrial Relations Disputes (UUPPHI) states that industrial relations disputes are differences of opinion that result in conflict between employers or combinations of employers and workers/laborers or trade/labor unions because of disputes regarding rights, interest disputes, employment termination disputes and disputes between workers/labor unions within one company.

Article 2 of the PPHI Law states that types of industrial relations disputes include rights disputes, interest disputes, employment termination disputes, and disputes between workers/labor unions within one company. An employment termination dispute is a dispute that arises due to a lack of agreement regarding the termination of an employment relationship by one of the parties. The principle, every industrial relations dispute must be resolved first through deliberative bipartite negotiations to reach consensus. If bipartite negotiations fail, then one or both parties will register the dispute with the agency responsible for the local employment sector by attaching evidence that efforts to resolve through bipartite negotiations have been made. Furthermore, the agency responsible for the employment sector will help the disputing parties to resolve their disputes either through mediation or conciliation.

In reality, deliberation to reach a consensus is often unsuccessful because disputing parties in industrial relations disputes position themselves as “opposite” parties so that in the end they experience difficulties in deliberation, let alone reaching a consensus because each party maintains its "position" and not to "interest" in resolving industrial relations disputes with a win-win solution (Susanti, 2018). In the event that settlement through conciliation or mediation does not reach an agreement, then one of the parties can submit a lawsuit to the Industrial Relations Court which has the authority to examine and decide at the first instance regarding employment termination disputes.

Article 57 of the PPHI Law states that the procedural law that applies to the Industrial Relations Court is the Civil Procedure Law that applies to courts within the General Courts, except as specifically regulated in this law. Furthermore, Article 103 of the PPHI Law states that the Panel of Judges is obliged to provide a decision on resolving industrial relations disputes no later than 50 (fifty) working days from the first hearing.

2.3 Instruction of the Director General of General Courts Number 03 of 2022 concerning Settlement of Cases in First Level and Appeal Courts in the General Courts, as follows:

The instructions are addressed to 1. Chairman of the High Court; and 2. Chairman of the District Court, for: First: Acting responsively in facing developments and changes in values in society, in the context of the court's participation in encouraging the creation of good governance, especially clean governance and protecting the interests of the state and the people from various disgraceful acts.

Second: Monitoring and evaluating the implementation of case resolution in accordance with the provisions, namely: a. At the High Court, for 3 (three) months; b. At the District Court, for 5 (five) months.

Third: The time provisions as stated in the second point include completion of minutation.

Fourth: The time limit provisions in the second point do not apply to special cases that have been determined based on statutory regulations.

Based on these instructions, the time period for settling cases the Industrial Relations Court are 50 (fifty) working days as stipulated in Article 103 of the PPHI Law.

2.4 Principle of Justice

The main element of law, as stated by Soediman Kartohadiprodjo, include:

- a. Law is everything that concerns humans, namely humans in social life;

- b. Law functions to obtain order in human life;
- c. A significant factor law is justice.

According to Bentham, law makers must form laws that are fair to all members of society individually, but Bentham's concept is one-sided, so Rudolf Von Jhering, who is known for his teachings of social utilitarianism, stated the following; (Otje Salman & Anton F. Susanto, 2004) "Law is a tool for society to achieve goals and law is a means to control individuals so that their goals are in line with society's goals or in other words, personal goals become part of social goals (Darmodihardjo, Darji, 2008) so that the law is a tool that can be used to implement social changes, the content of the law is the provisions regarding the regulation of the creation of state welfare". (Otje Salman & Anton F. Susanto, 2004).

2.5 Principle of Legal Certainty

The legal certainty is part of the characteristics of a rule of law. A rule of law state, as is known, is a state where every policy step, whether ongoing or to be implemented by the government, must be based on law. Likewise, people who are protected by the law must act in accordance with clear rules so that they are expected to follow and implement the law without hesitation (Lopa, 1996). The government must also comply with the law.

According to Satjipto Rahardjo, who stated that as an aspect of legal life, legal certainty requires certainty in relationships between the people in society. For this purpose, what is closely related to the issue of legal certainty is where the law comes from (Rahardjo, 1990). This means that the law must come from a source that has legitimate authority and therefore must be obeyed and binding.

The law must contain three identity values which are reflected in its legal principles, a) legal certainty (*rechtmatigheid*), which is viewed from a juridical perspective. b) legal justice (*gerechtigheit*), looking from a philosophical perspective, justice is equal rights for all people before the law, and c) legal utility (*zwech matigheid/doelmatigheid/utility*), that the law must provide benefits for those seeking justice (Rato, 2009).

The states that legal certainty is certainty about the law itself, positive law which regulates human interests in society must always be obeyed even though positive law is less than fair. Legal certainty is a certain matter (circumstance), provisions or provisions. Laws must essentially be certain and fair. It must be a guide to behavior and is fair because the code of behavior must support an order that is considered reasonable. Only because it is fair and implemented with certainty can the law carry out its function. Legal certainty is a question that can only be answered normatively, not sociologically (Rato, 2009).

3. Research Methods

The research specifications are analytical descriptive, namely research intended to describe humans and other phenomena (Bambang Sunggono, 1997). The approach method used is a normative juridical approach, using statutory regulations, legal principles, legal theories (Martin Steinman and Gerald Willen, 1974). The research stage takes the form of library research in the form of secondary data which in the legal field is viewed from the perspective of binding strength, namely primary legal materials, secondary legal materials and tertiary legal materials (Bahder Johan Nasution, 2008). Data collection techniques are carried out through reviewing secondary data that is relevant to the research. Secondary studies include various textbooks, journals, scientific papers and other relevant literature. The data collection method is carried out by researching and analyzing documents, archives, notes, transcripts, etc. (Jhony Ibrahim, 2006).

Field data was conducted through interviews with parties related to the problem, using a structured interview guide (Directive Interview) or a free interview guide (Non-directive Interview) and using a voice recorder to record the interviews. The data analysis method is

qualitative juridical, does not use formulas, statistics and mathematics. The qualitative juridical method is a research method that produces analytical descriptive data, namely what is expressed by respondents in writing or orally as well as real behavior, which is researched and studied as a whole, without using mathematical formulas (Soerjono Soekanto and Sri Mamudji, 2001). The location of the research was at the Bandung Islamic University Library, Jalan Taman Sari Bandung - West Java and the Industrial Relations Court, Jalan Surapati Number 47, Bandung City.

4. Research Findings and Discussion

4.1 Settlement of Industrial Relations Disputes in the Industrial Relations Court

Article 1 paragraph (1) of the 1945 Constitution expressly states that: "The Indonesian states is a state of law." Soepomo then interpreted the Indonesian state of law as follows (Soepomo, 1958) "... that the Republic of Indonesia was formed as a state of law, meaning that the state will be subject to the law, legal regulations also apply to all state bodies and organs." Moh. Yamin stated that in the Indonesian state, it is the law and not humans who must rule and that the power exercised by the Government of the Republic of Indonesia is only based on and originates from the law and is never based on force of arms, or arbitrary power, that is the belief that it is the power of the body that can decide all disputes within the state (Gautama, 1973). The Indonesian legal state reflects the characteristics of Indonesia (nationalism) with the additional attribute of "Pancasila", thus becoming the "Pancasila Legal State" (Phillipus M. Hadjon, 1987). The Indonesian state has unique Indonesian characteristics because the Indonesian people have high confidence in the truth of Pancasila values in the history of the Indonesian state (Charada, 2018). Therefore, Pancasila is the basis of the state that unites Indonesia. In the field of employment, Pancasila values underlie industrial relations in Indonesia, so it is called Pancasila industrial relations, as stated in the section considering letter a of the PPHI Law, it is stated that employment relations arising from the existence of an employment agreement between workers/laborers and entrepreneurs/employers are expected to well established, so that in industrial relations between workers/laborers and entrepreneurs, a harmonious, dynamic and just relationship needs to be realized optimally in accordance with the values of Pancasila. The right to work and the right in work are not only socio-economic implementations, but are also fundamental human rights (Charada, 2015). This has implications for the state's responsibility to facilitate and protect its citizens so that they can earn an income with a decent standard of living, so that they are able to meet their living needs fairly on the basis of human dignity (Charada, 2015). One of the fundamental principles in the field of employment is to create harmonious, dynamic and fair working relationships accompanied by very adequate social security protection that can guarantee continuity of work for workers/laborers and continuity of business for entrepreneurs/employers. Harmonization of work relations is the basic capital for creating good productivity on an ongoing basis. With this harmonious situation, it is hoped that it will be able to encourage workers/laborers and entrepreneurs to fulfill their rights and obligations fairly so that the relationship is able to fulfill and advance prosperity dynamically (Pangaribuan, 2010). Therefore, in providing legal protection for workers, careful planning is needed to realize the state's responsibilities (Sutedi, 2011). This situation is considered to give rise to a tendency for entrepreneurs/employers/employers to act arbitrarily against workers/laborers (Wijayanti, 2010). According to the general explanation of the Employment Law, it is stated that the position of workers/laborers and entrepreneurs who are socio-economically unequal encourages the government to provide protection to workers/laborers which is one form of manifestation of increasing the honor and dignity of workers/laborers in the form of protection for workers'/labourers' rights, whether agreed to in the work agreement or as outlined in company regulations and/or collective work agreements. A work agreement between an

entrepreneur and a worker/laborer which then creates an employment relationship. An employment relationship is a legal relationship between an entrepreneur or employer and a worker/laborer based on a work agreement made by the worker/laborer and the entrepreneur/employer. As long as the employment relationship lasts, the emergence of industrial relations disputes between employers and workers/laborers is sometimes unavoidable and these employment relations disputes are rooted in feelings of dissatisfaction. Employers provide policies that in their opinion are good and will be accepted by workers/laborers, but workers/laborers have different considerations and views. As a result, the policies provided by entrepreneurs are not the same. Workers/laborers who feel dissatisfied will show decreased performance and cause disputes (Asyhadi, 2008). In practice, industrial relations between entrepreneurs and workers/laborers are not always harmonious and dynamic. It is possible that at any time the relationship will be colored by disputes. Pameo states that industrial relations disputes will always occur as long as there are entrepreneurs/employers and workers/laborers. This was triggered by differences in interests between entrepreneurs and workers/laborers which in turn gave rise to many problems in industrial relations (Sahat, 2006). From the entrepreneur's side, the main interest is to obtain the maximum profit and manage expenses as little as possible, while on the worker/laborer's side the desire is to get the maximum possible income (welfare) from the entrepreneur (Supono, 2019). Therefore, in such conditions, the state needs to provide legal protection to actors in work relationships with careful planning to realize the state's responsibilities (Sutedi, 2011).

4.2 Implementation of Industrial Relations Dispute Settlement in the Industrial Relations Court in Realizing Justice and Legal Certainty

Theoretically, with the existence of legal instruments that regulate industrial relations disputes between workers/laborers and entrepreneurs, industrial relations disputes should be able to be carried out properly and effectively. However, in practice this turns out not to be the case. The principle of industrial relations adopted in Indonesia is Pancasila Industrial Relations (HIP) which is then used as a reference in overcoming or resolving various problems that arise in the field of employment, that is, every complaint that occurs at the company level and other employment problems that arise in the field of employment. work must be completed amicably or by deliberation to reach consensus (Kunarti, 2016). Disputing parties do not utilize conciliation and arbitration methods, and mediation is less effective, which ultimately results in industrial relations disputes proceeding through lawsuits (litigation). It is in this litigation process that the performance of the Industrial Relations Court (PHI) as a special court is something that many complain about. disputing parties (Susanti, 2018) especially regarding the length of the settlement process at the Industrial Relations Court. Industrial relations dispute cases that are filed with the PHI as a special court within the general judiciary, the procedures for examining industrial relations dispute cases are subject to the provisions of civil procedural law. The implementation of general civil procedural law as stipulated in Article 57 of the PPHI Law has resulted in the process of implementing court decisions being slow and not fulfilling the principles of simple, fast and low-cost justice (Nurhayati, 2018), this reality does not reflect efforts to protect the law and provide of justice and legal certainty for workers/laborers who are litigating, because in practice the process of examining industrial relations dispute cases at the Industrial Relations Court is complicated and takes a long time.

The focus of this research is employment termination (PHK) disputes by employers against workers/laborers. The layoffs could not be resolved through bipartite and tripartite negotiations, so the workers/laborers filed a lawsuit at the Industrial Relations Court. Article 82 of the PPHI Law states that the resolution of industrial relations disputes regarding termination of employment can only be submitted within a period of 1 (one) year from the receipt or notification of the decision from the employer, thus the termination of employment

relations carried out by the employer against workers/laborers must be resolved first through bipartite negotiations and tripartite negotiations (mediation or conciliation). If an agreement is not reached during these negotiations (bipartite and tripartite), the worker/laborer can file a lawsuit with the Industrial Relations Court.

Table 1. Classification of cases and length of trial process at PHI at Bandung District Court Registration in 2022

No	Case No.	Reg. Date	Case Status	Time (Day)
1	209/Pdt.Sus	03/11	Hearing	96
2	206/Pdt.Sus	01/11	Hearing	98
3	207/Pdt.Sus	01/11	Hearing	98
4	205/Pdt.Sus	31/10	Hearing	99
5	204/Pdt.Sus	27/10	Hearing	103
6	203/Pdt.Sus	26/10	Hearing	104
7	202/Pdt.Sus	25/10	Hearing	105
8	197/Pdt.Sus	18/10	Hearing	112

Source: http://sipp.pn-bandung.go.id/list_perkara

Table 2. Classification of cases and length of trial process at PHI at Bandung District Court Registration in 2023

No	Case No.	Reg. Date	Case Status	Time (Day)
1	118/Pdt.Sus	31/07	Hearing	84
2	116/Pdt.Sus	26/07	Hearing	89
3	115/Pdt.Sus	24/07	Hearing	91
4	113/Pdt.Sus	20/07	Hearing	95
5	110/Pdt.Sus	13/07	Hearing	102
6	103/Pdt.Sus	05/07	Hearing	110
7	102/Pdt.Sus	04/07	Hearing	111
8	100/Pdt.Sus	26/06	Hearing	119

Source: http://sipp.pnbandung.go.id/list_perkara

The criticism that has arisen against PHI is related to the slow pace of cases, even though the existence of PHI is expected to realize fast administration of justice while still being guided by substantial justice or material law contained in the PPHI Law which regulates the time limit that judicial institutions must comply with, a maximum of 50 (fifty) working days at the court of first instance and a maximum of 30 (thirty) days at the Supreme Court level (Kunarti, 2016). Based on the provisions of Article 3 paragraph (2), Article 15, Article 25, Article 103 and Article 115 of the PPHI Law, the period for resolving industrial relations disputes from bipartite, tripartite to first instance court decisions is 110 working days, whereas if the party is defeated file legal action in the form of cassation to the Supreme Court, then the length of time until the decision has permanent legal force is as follows : bipartite; 30 working days, tripartite; 30 working days, Lawsuit at PPHI; 50 working days and Cassation at the Supreme Court; 30 working days. Amount 140 working days. The period of 140 (one hundred and forty) working days is the period for resolving industrial relations disputes starting from bipartite negotiations, tripartite negotiations (mediation or conciliation), examinations before the Industrial Relations

Court, and appeals for cassation by one of the dissatisfied parties. the decision of the Industrial Relations Court as the court of first instance. In practice, the time for resolving industrial relations disputes at the Industrial Relations Court (PHI) is not always completed within 50 working days as regulated in Article 103 of the PPHI Law, for example the dismissal dispute case with case No. 197/Pdt.Sus-PHI/2022/PN.Bdg and No. 202/Pdt.Sus-PHI/2022/PN.Bdg has entered the 112th and 105th day of the trial process (P.N. Bandung, 2022). Workers/laborers as plaintiffs are very tiring because after the decision of the Industrial Relations Court, the defeated party can file a cassation appeal to the Supreme Court. For decisions that have obtained permanent legal force, and the defendant does not implement the decision voluntarily, the plaintiff (worker/laborer) must submit a request for execution. Example of a request for execution of decision Number 9/Pdt.Sus-PHI/2017/PN.Ptk dated 15 February 2018, based on this decision the defendant submitted a cassation action to the Supreme Court, then the PHI cassation decision Number 837K/Pdt.Sus-PHI/ was handed down 2018. Because the defeated party did not implement the decision voluntarily until there was a warning from the Chairman of the Pontianak District Court (Pontianak, 2022).

This certainly does not provide justice and legal certainty to workers/laborers. From the two examples above, it shows that the work relationship between workers/laborers and entrepreneurs is unequal between the workers/laborers and entrepreneurs. In practice, it is not uncommon for entrepreneurs in various ways to lead various problems or disputes into complex and protracted forms with various pretexts and reasons. According to Syaiful, workers/laborers are forced to fight directly with employers, while the state is always looking for justifications to discharge its obligations to enforce the law. In labor conflicts or disputes, the state's presence is limited to being a neutral party and mediator between workers/laborers and employers by playing the function of mediator (Sayid, 2020), or quoting Surya Tjandra's view which states that the PPHI Law is considered to have shifted the government's (executive) role in employment disputes to the courts (judicial) (Sayid, 2020). Another fact shows that there is a disparity between justice and law, it seems that there is increasingly support for the continuation of the situation with various laws and regulations which often hurt the values of justice in society, especially workers/laborers (Sayid, 2020). This is a classic big problem because the value of justice seems to be isolated in its existence by forces that are difficult for small groups of society to penetrate, namely statutory regulations and more broadly, namely the law. In fact, law is part of society, which arises and is processed within and for the benefit of society. Society can determine the extent of the law's scope or the limits of its usefulness (Bambang, 2013).

With this reality, it is time to bring back a progressive spirit in reading the situation and placing justice as a priority as a common goal. The government must not remain silent in continuing to strive to provide a balanced position between workers/laborers and entrepreneurs. The presence of justice is part of the right solution in resolving or at least reducing the high number of problems in the employment sector. This form of justice can at least be understood, when referring back to the foundation of the Republic of Indonesia, namely Pancasila (Sayid, 2020), especially the 5th principle "social justice for all Indonesian people".

The slow resolution of industrial relations disputes in the Industrial Relations Court is a serious concern. The Director General of the General Court of the Supreme Court of the Republic of Indonesia on December 1 2022 issued Instructions of the Director General of General Justice Number 03 of 2022 concerning the Settlement of Cases in the Courts of First Level and Appeal Level in the Judicial Environment In general, the fourth section states that the time limit provisions in the second point do not apply to special cases that have been determined based on statutory regulations. This means that the PPHI Law is a special provision, the period for resolving industrial relations disputes is as specified in Article 103 of the PPHI Law, namely 50 (fifty) working days from the first hearing. The phenomenon and practice of

industrial relations is a reality and even an inevitability. The development of civilization (including employment) tends to lead to modernization. The reaction to demands for change is marked by the growth and development of industrialization of goods/services, the development of democratization, and the development of capitalism which then also influences the form and existence of employment relations (Nur, 2022).

The regulations for resolving industrial relations disputes in the PPHI Law still have weaknesses and do not provide justice for workers/laborers (Kasra, 2021). Therefore, a new legal breakthrough is needed and a mechanism for resolving industrial relations that is fast, precise, straightforward, cheap, harmonious, dynamic, fair, and at the same time provides legal certainty for both workers/laborers and employers. Procedures for resolving claims at the Industrial Relations Court at the District Court located in the provincial capital, and the procedural law applicable in PHI as stipulated in Article 57 of the PPHI Law are subject to the provisions of civil procedural law (HIR) except as specifically regulated in the PPHI Law. Therefore, along with the development of industrial areas, especially on the island of Java, it is time for the provisions of Article 59 paragraph (2) of the PPHI Law to be immediately realized. Therefore, it is necessary to amend or revise Law Number 2 of 2004 concerning Settlement of Industrial Relations Disputes which can provide justice and legal certainty for workers/laborers.

5. Conclusion

The Industrial Relations Court is a special court within the general court environment at the District Court in the provincial capital. The procedural law in force at the Industrial Relations Court which is subject to the provisions of civil procedural law is convoluted and takes a long time, causing the period for resolving industrial relations disputes at the Industrial Relations Court as stated in Article 103 of the PPHI Law in practice to be exceeded for various reasons and reasons. so that the principles of simple, fast and low-cost justice are not achieved. Workers/laborers who have spent time, money and energy attending hearings at the Industrial Relations Court far from where they live. PHI's decision as a court of first instance cannot immediately be implemented because cassation is still available.

The implementation of industrial relations dispute resolution regarding termination of employment (PHK) in the Industrial Relations Court has not yet achieved justice and legal certainty for workers/laborers. Therefore, it is time for a Presidential Decree to be issued to immediately establish an Industrial Relations Court in areas that are dense in industry as stipulated in Article 59 paragraph (1) of the PPHI Law that: "In Regencies/Cities, especially those that are dense in industry, by Presidential Decree a Court must be immediately established." Industrial Relations at the local District Court"

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ANALYSIS OF SDGs IMPLEMENTATION IN PROVINCIAL REGIONAL GOVERNMENT ORGANIZATIONS IN INDONESIA

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ABSTRACT

This research aims to describe the implementation of sustainable development goals in provincial governments in Indonesia. The research uses secondary data from the Indonesian Central Bureau of Statistics with the main data being the Sustainable Development Report. The research uses a descriptive quantitative approach with comparative analysis of sample averages with the achievement of sustainable development goals at the national level. The research results show that data on achieving sustainable development goals at the provincial level is very limited and there are six elements that do not have data from the seventeen elements that have been formulated. Even though there are limited data, the available data on the 11 provincial sustainable development goals has an average achievement of sustainable development goals that is in line with the achievement of national level sustainable development goals. The availability of data in sustainability reports at the central statistics bureau needs to be completed so that each province also has reliable information, considering that provincial regional governments are an inseparable part of achieving national sustainable development.

Keywords: National SDGs, Provincial SDGs

1. Introduction

Concerns about the sustainability of the earth and future generations were voiced by the United Nations in a high-level conference of its members at the Geneva, Rio Janeiro and Tokio meetings, all of whom gave strong warnings about the safety of the earth and developed joint plans to save our beloved earth. Concerns about the degradation of human life and sustainability have been expressed by Rachel Carson's silent spring (1962, Paul Ehrlich The Population Bomb (1968) E.F. Schumacher's Small is Beautiful: A study of Economics as if People mattered (1973) in (Laine, Tregidga, & Unermen, 2022), (Meadows, J. Randers, & W. Behrens, 1972) which predicts that economic growth, consumption and human population growth will exceed the capacity of the earth so that it will cause food scarcity, which has an impact on the sustainability of generations, climate change problems and the availability of water, all of which will have an impact on the sustainability of the planet and all its inhabitants. This encourages all stakeholders, especially the United Nations, to try to restore these conditions in a concept called *Sustainability Development Goals*. The formulation of Sustainability Development goals is formulated in 17 items *Sustainable Development Goals* (SGD). The Commissioner for Environment and Development (WCED, 1987) stated these seventeen items: "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Sustainable Governance Development, which is also a concern of the Catholic Church in Pope Francis' encyclical in Laudato Si ((Pope, 2019, p. 202) says that currently the earth is crying, because humans are greedy and have exploited the earth to a large extent so that it is increasingly unfit for habitation. Pope called the earth a weeping brother.

The concerns of all humans as the main stakeholders encourage the need for sustainable development goals to be fought for and achieved through concrete steps by every country and organization in both economic, social and organizational activities. Awareness of this, although it has been echoed by global organizations, is not enough considering the existence of authority in each country in interpreting and formulating sustainable development goals. In the context of a country, governments tend to create short-term and unsustainable value for the economy and society (Abdalah, 2107), especially when analyzed from a global perspective (Daly, 1996). There are tensions and contradictions between national value creation at the level of a country and the global concept of sustainable development (Bowen et al, 2017) because each country tends to be subjective in providing meaning about sustainable development. However, efforts to realize the SDGs must continue to be fought for and become a commitment of every country if we want to save the earth we live on and become an important thing for the future of the national community and humanity as a whole (Biermann, Kanie, & Kim, 2017), so sustainability as a whole which has been formulated by the United Nations (Biermann, Kanie, & Kim, 2017) must be spelled out by each country as a shared commitment.

Since the birth of the SDGs at the United Nations Rio de Janeiro Conference in 2012, academic and policy research has focused on the role of global governance in achieving the SDGs (McKeon, 2017) with the contribution of national projects in supporting sustainability case study in Norway (Nygard, 2017) and private sector involvement (Adams, 2017) (Redman, 2018). This will encourage the government's very important role in encouraging the implementation of national SDGs in all jurisdictions but tends to focus on pursuing the achievement of SDGs through value creation at the national level of each country (Colaner, Imanaka, & Prussia, 2018); (Florini & Pauli, 2018). When Covid 19 emerged which hit the whole world, it also had an impact on the achievement of the SDGs, especially in the field of poverty, especially food procurement, as well as in terms of managing food availability, as an effort to eradicate poverty, it must be managed democratically and involving multilateral countries, especially at the time of Covid 19 (McKeon N., 2021) short local food chains have reduced carbon which has an impact on sustainability, becoming one of the positive values during the pandemic (Alexander F. Stein, 2022).

The draft SDGs in the context of Indonesia as a country that is developing towards a developed country, this is very important to formulate. Not only accepting global agreements but must be able to formulate the form and implementation of the SDGs in question. Indonesia, as predicted, will experience rapid growth and in 2045 as the golden year it will become one of the developed countries as planned in the Indonesian economic and development program. This fairly good economic progress was marked by Indonesia's entry into the ranks of the G20 countries and in 2022 it became the presence of the G20. Become get together, strong together. Another thing is that economic development, infrastructure and moving the capital city will have an impact in terms of sustainable development. So the dimensions of sustainability must be the government's attention in all fields and must be supported by regional governments, both provincial and district and city, bearing in mind that regional governments have also received extensive autonomy which could be more dominant in degrading the sustainability and balance of the universe in order to achieve the desired goals. dominantly focuses on economic and socio-political aspects. On the other hand, local government public sector organizations, on the other hand, can be implementers of achieving the SDGs because they are in direct contact with the community as the main stakeholders in protecting and preserving the universe. Realizing the SDGs agreement at the local level can go through the process stages of definition, implementation, monitoring (Reddy, 2016) as well as the importance of integration at all levels of government from the provincial and regional centers.

The implementation of MDGs indicators in regional governments tends to be neglected and has not become an integrated part of the government's vision and mission so that in

preparing development plans and activity programs regional governments still focus on infrastructure in their respective regions. Thus, the assessment of SDGs indicators in the form of statistical data measurement reports compiled and reported by local governments only focuses on results that are adjusted to the existing indicators in the measurements issued by Bappenas. regional government so that the results in measuring SDGs indicators have not shown optimal results.

This research was conducted to (1) evaluate the implementation of MDGs based on indicators that have been prepared by Bappenas for provincial regional governments throughout Indonesia from 2019-2022. (2) Evaluate indicators that cannot be measured or are too many so that they are difficult to include in activity programs and their achievements. Thus, the results of this research can provide an overview of the implementation of sustainable development goals at the provincial level throughout Indonesia.

2. Literature Review

2.1 Legitimacy theory

The presence of legitimacy theory as an effort to align company interests and the social interests of society and values in society which often have disparities (Deegan, 2002; Patten, 1992), is considered important to create a relationship between the interests of organizations in forming values and the interests of society in gaining share. benefits of the existence of the organization. Although this theory was developed more for private sector research, with the same goals in the context of the public organization sector, both government and non-government, this theory is very relevant. The theory of legitimacy as a link between the interests of the government and society in public sector organizations is more dominant in line with the goals of public sector organizations which strive to fulfill the interests of society and not the interests of government organizations. Legitimacy theory also cannot be separated from stakeholder theory which shares the desire to fulfill the interests of stakeholders. However, legitimacy theory has more formalized power in fulfilling organizational obligations to stakeholders. Formal legitimacy is needed as a liaison for social and political problems in society (Gray et al., 1996; Deegan, 2002). It is increasingly important for social researchers to consider the social issues that impact organizational management and what information needs to be disclosed (Manetti and Bellucci, 2018; Deegan, 2002). Consistent with this view, proponents of legitimacy theory argue that organizations have no inherent rights over natural, human, financial resources, or even the existence of the organization itself. Organizations need acceptance by society (Deegan, 2002) and are an evolution of a social contract with stakeholders to be able to operate. Likewise for public sector organizations that require legitimacy from stakeholders in meeting their needs directly, including the availability of implementation of sustainable development goals as an effort to inform stakeholders about the achievements of the SGGs. Disclosure of sustainable development goals by the government and other public sector organizations can be aligned with poverty reports in private organizations which are then concreted in the GRI index. Efforts to convey the government's SDGs can also be considered as a form of accountability in implementing good government governance (GGG).

2.2. Implementation of SDGs at government Organization

The study of sustainable development goals (sustainable development goals) has been widely studied both from the aspect of institutions and individuals who have contributed a lot to the concept of sustainable development goals. The government has an important role in achieving the MDGs, because the government is the policy maker and determines the direction of development in a country. In this literature review, we will describe the government's efforts to achieve the SDGs based on reports from several sources.

According to a report from the United Nations Development Program (UNDP), the Indonesian government has demonstrated a strong commitment to the SDGs, especially through the establishment and implementation of programs relevant to these goals. For example, by expanding access to basic education, health services, and water and sanitation services. The Indonesian government has also been more proactive in climate change mitigation and adaptation efforts, with the government taking action to accelerate the transition to renewable energy resources and increase energy efficiency in vital sectors, such as transportation.

Apart from that, the government is also trying to fight poverty, with a report from the World Bank stating that the Indonesian government's program achieved significant results in reducing poverty. Although there are still challenges that must be overcome, such as controlling corruption. The Indonesian government upholds sustainable development and has built strong investments in human development. However, there are still challenges faced by the government in achieving the SDGs, including coordination between sectors and institutions, as well as strengthening capacity in monitoring progress achieved. Therefore, efforts need to be made to increase cooperation between the government, private sector and society in achieving the SDGs.

In a global context, many countries have also demonstrated high commitment to the SDGs. The Spanish government has introduced an aggressive greenhouse gas emissions reduction program and a violence prevention program against women and children. The German government has introduced a carbon emissions scheme and encouraged the use of renewable energy. The Indian government has introduced sanitation schemes and access to clean water for every citizen. The Japanese government has introduced a program to reduce carbon emissions and implement green technology.

In conclusion, the government plays a very important role in achieving the SDGs. The government needs to create and implement policies to fight poverty, create sustainable jobs, increase community access to health services, clean water, education and infrastructure, and increase mitigation and adaptation efforts to climate change. Therefore, close collaboration is needed between government, the private sector and society to achieve global sustainability goals.

3. Research Methods

This research uses a descriptive quantitative approach using secondary data from the Central Bureau of Statistics in the form of sustainability reports presented by the Indonesian government from 2020-2022. The research sample was 34 provincial areas and took the most representative indicator data available in each province in Indonesia. This research uses descriptive statistics to describe the measurable achievements of each sustainable development goal by comparing the achievements of regional government and central government. The availability of data on provincial SDGs indicators is still limited, so the selection of indicator data in the sample for each sustainable development goal uses a purposive sampling technique. The selection of indicators is carried out using the criteria of data availability in each province, relevance of indicators and ease of analysis.

4. Research Findings and Discussion

4.1. National SDGs Achievements

Efforts to present information about sustainable development have become one of the commitments of the Indonesian government which participates in every international meeting and is willing to be part of efforts to save the earth which is currently seriously ill. These efforts are demonstrated by designing a framework to achieve sustainable development goals in accordance with the expectations of the entire nation. As in the Bapenas document, indicators

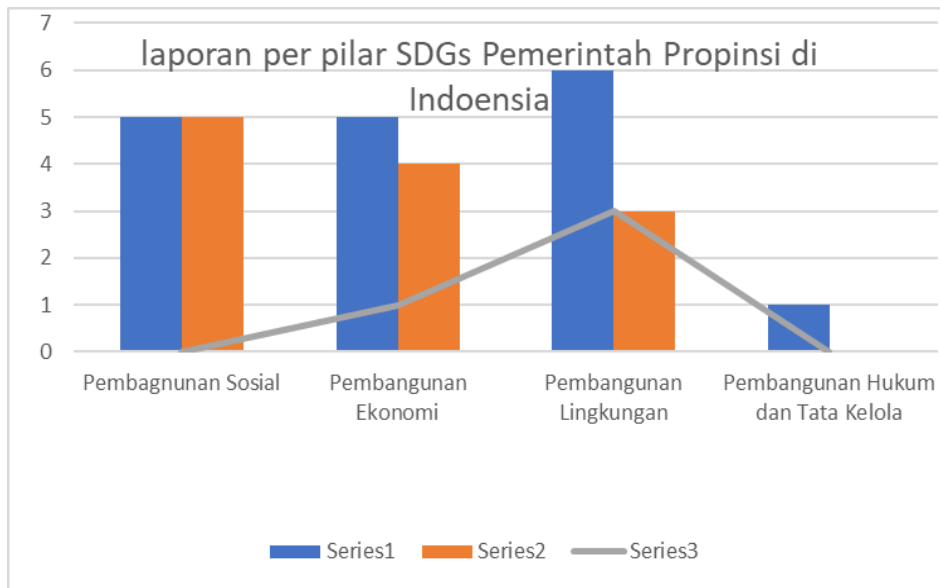
for each sustainable development goal have been formulated, but not all indicators can be presented.

Nationally, in achieving 17 sustainable development goals based on Bapenas data in 2019, Indonesia was able to get a score of 64.2. on a score of 1- 100 so that it was ranked 102nd internationally. Even though it is at number 102, efforts are continuously being made from year to year to increase the achievement of sustainable development goals so that it continues to increase. This will be realized in 2023, Indonesia will be at a score of 70.2 and ranked 75th. With these results, Indonesia has become one of the countries that has a good commitment to continuously realizing sustainable development goals. through the annual SDGs Indonesia meeting, Minister Bapanes Suharso (2023) reported that amidst a global situation full of uncertainty, Indonesia could achieve the SDGs quite significantly. This achievement can also be seen in the achievement of indicators for each sustainable development goal which consists of 289 indicators grouped into four main pillars, namely social, economic, environmental and legal development and governance. Indonesia is also able to reveal and present indicators as many as 224 indicators that can be achieved in two categories, namely 138 indicators have been achieved and 31 indicators will be achieved and 55 indicators need special attention or have not been achieved and their data has been documented.



4.2. Provincial Level SDGs Achievements

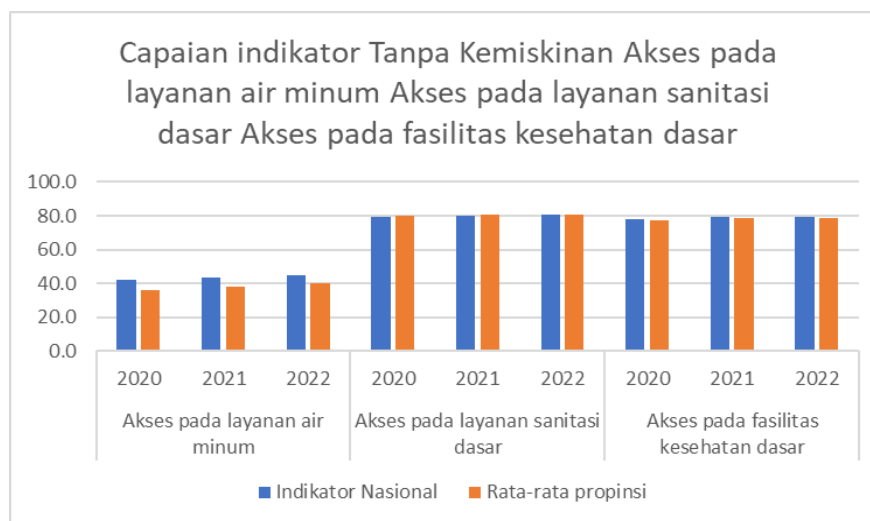
Achieving sustainable development goals at the provincial level does not appear to have significant data on each goal and indicator. This can be obtained from the availability of data at the National Central Bureau of Statistics (2023) which does not yet have complete data on each provincial level achievement. As in the following table, although this research only takes one indicator for each sustainable development goal, the economic pillar of the welfare indicator is not yet available. Likewise, for environmental development, of the six sustainable development goals, only three are available and for partnerships there is no published data.



4.3. Social Pillar Achievements

The Social Pillar in the Bapenas document and Presidential Decree No. 111 of 2022 concerning sustainable development goals places 5 goals in the social pillar including; no poverty, no hunger, healthy and prosperous life, quality education and gender equality. The results of data searches on the Central Bureau of National Statistics' page regarding sustainability reports show that the goals of healthy and prosperous living at the provincial level do not yet have data.

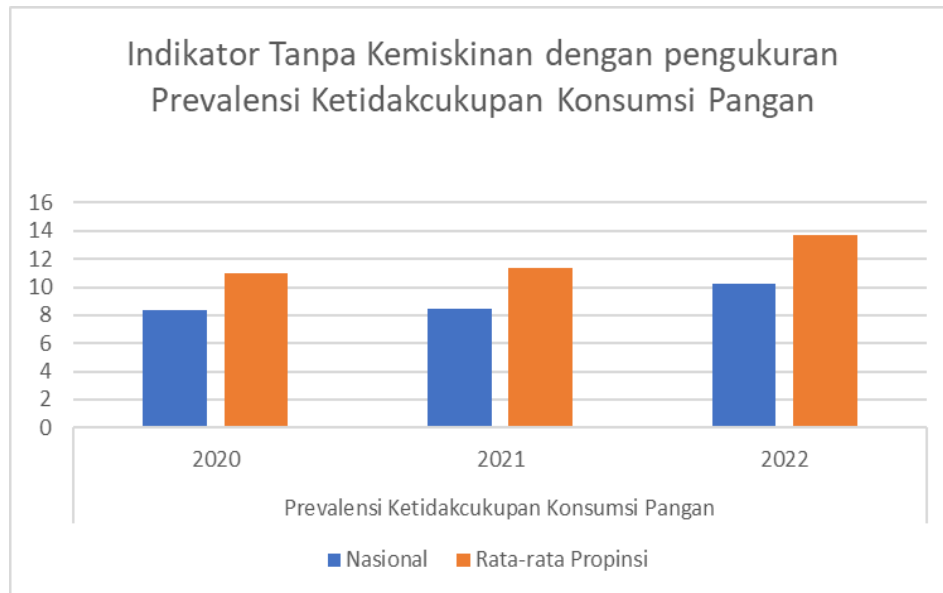
4.3.1. No Poverty



The goal of no poverty based on available data takes information about access to drinking water, access to basic sanitation services and access to basic health facilities. Based on the data presented, the achievement of the goal of no poverty in each province shows figures that are not much different from data at the national level except for access to drinking water services shows that on average from 2020-2022 provincial achievements are lower than national achievements. This can happen because the role of the central government through the PUPR ministry is very intensive in building infrastructure including the availability of clean water in regions and cities.

4.3.2 No Hunger

The goal of sustainable development without hunger takes indicators of the prevalence of inadequate food consumption, showing that data at the provincial level on average has higher achievements than national achievements. This shows that food insufficiency at the regional level is higher than at the national level. This can be achieved by the central government through social assistance programs to provide food for the underprivileged population who are categorized as poor.

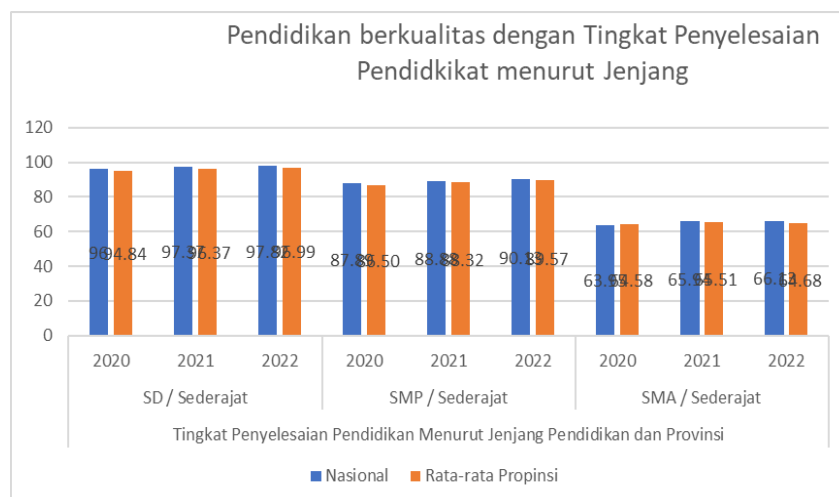


4.3.3. Good Health and well being

The goal of a healthy and wellbeing at the provincial level is not available even though nationally this indicator has been achieved in good condition.

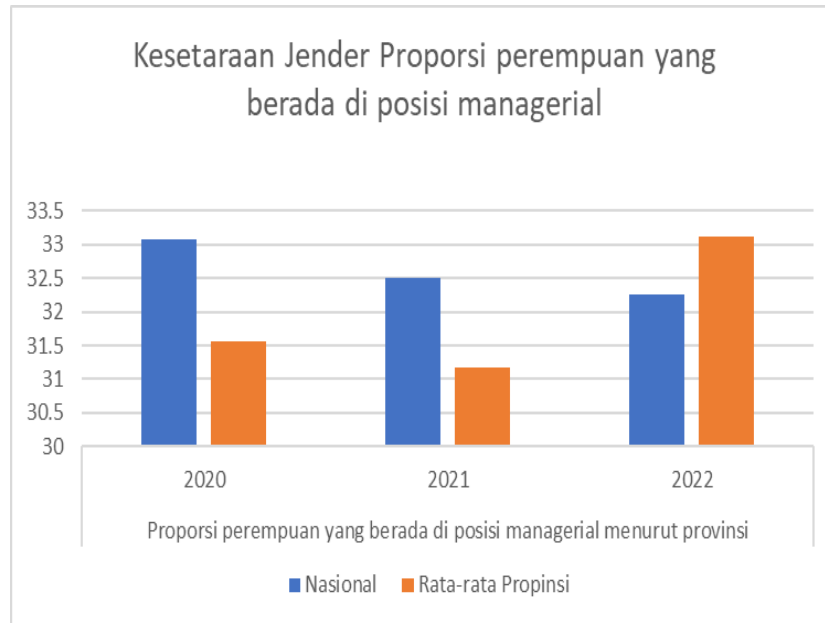
4.3.4 Quality education

The goal of quality education takes the indicator of the level of educational completion at elementary school, junior high school and high school levels. Comparing the provincial average data with the central government's achievements, both have the same figures. This shows that the role of the provincial government is parallel and in line with the national education improvement program.



4.3.5. Gender equality

The goal of gender equality uses an indicator of the proportion of women in managerial positions. Data shows that the average at the provincial level in 2022 will experience a very high jump compared to the achievements of the central (national) government. This shows that partially the provincial government is able to elevate the role of women to better levels of leadership, providing more opportunities for women to pursue high careers.

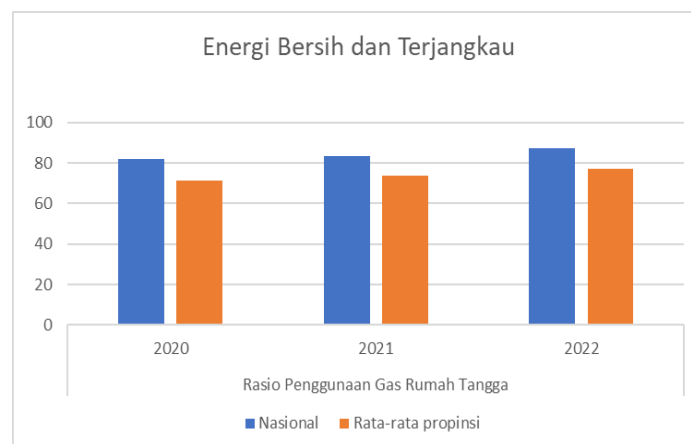


4.4. Economic pillar achievements

Sustainable development goals in the Economic pillar include; clean and renewable energy, decent work, Industry, innovation and infrastructure, reducing the partnership gap to achieve goals. Of the 5 sustainable development goals in the economic pillar, there is one goal that has complete data nationally but has not been presented at the provincial level.

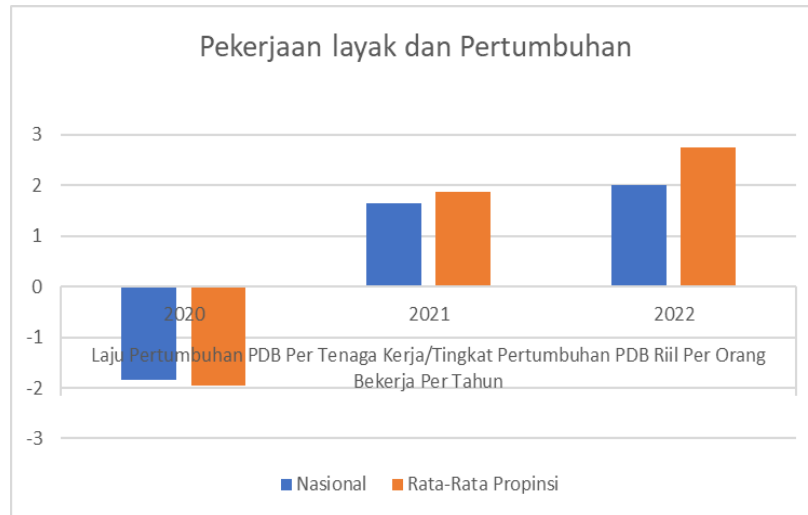
4.4.1 Affordable and clean energy

The indicator chosen for the goal of clean renewable energy is the ratio of household gas use. The use of gas is seen as a form of renewable energy, although on the other hand the central government has to issue very large subsidies to support affordability for the public. The average provincial achievement is still smaller than the national achievement. This can happen because there are disparities in gas distribution to the population and each province still has other alternatives for fuel use.



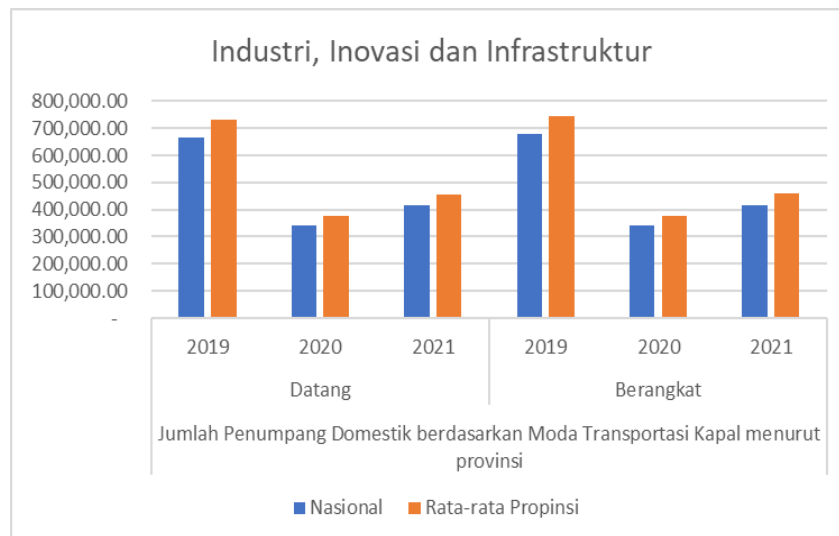
4.4.2. Decent work and Economic growth

Achieving the goal of sustainable development with decent work based on available data by taking the GDP growth rate per worker indicator shows that the average upward trend at the provincial government is better than at the national level. This difference shows that each provincial region has succeeded in providing better employment opportunities compared to national measurements.



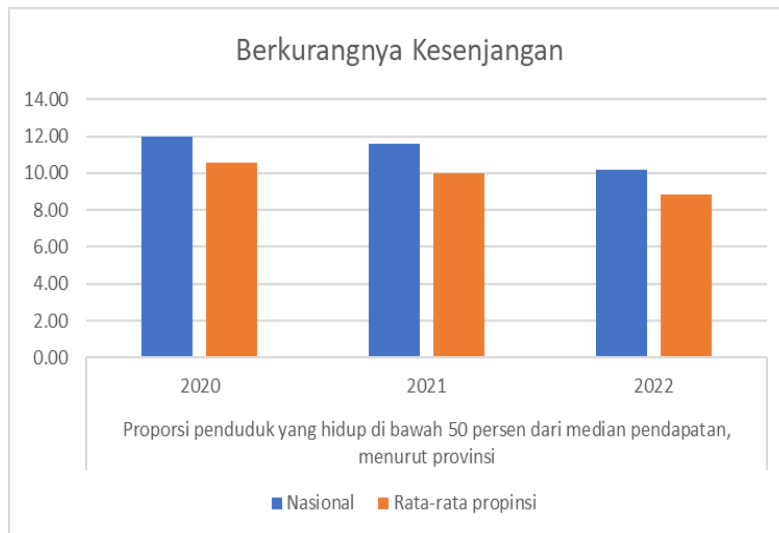
4.4.3. Industry, Innovation and infrastructure

Achieving sustainable development goals for industry, innovation and infrastructure that takes the indicators of passenger departures and arrivals. This indicator seems less relevant but the only data available for each province can be used as a comparison. Based on this limited data, it provides an illustration that community movement in each province is quite good and tends to be higher on average compared to national achievements.



4.4.4. Reducing Inequality

Achievement of the sustainable goal of reducing inequality as measured by the indicator of the proportion of the population living below 50 percent of median income. The provincial average results show that the reduction in inequality in the province is better than measuring national inequality using this indicator.



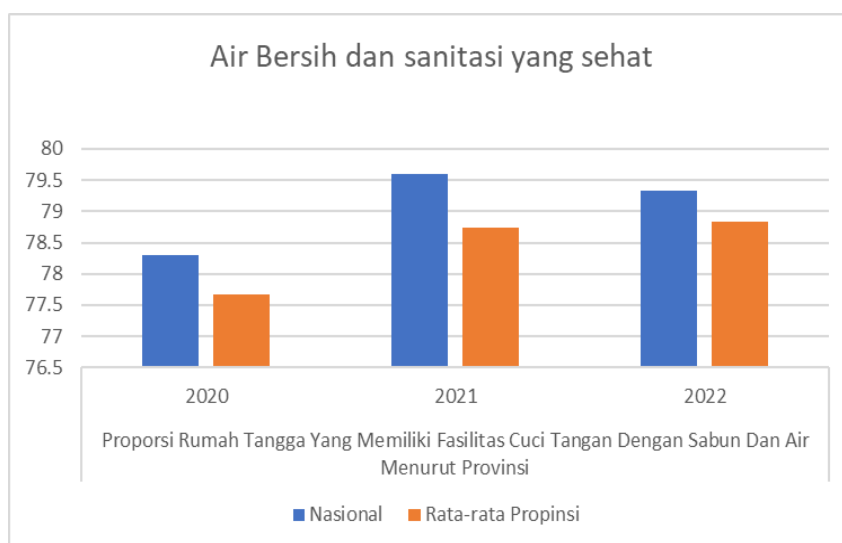
4.4.5. Partnerships for the Goals

4.5. Achievements of the Environmental Development Pillar

Sustainable development goals in the third pillar, namely environmental development, place the goals to be achieved in terms of the environment which include; clean water and proper sanitation, decent cities and settlements, responsible consumption and production, overcoming climate change, marine ecosystems and land ecosystems. The results of data collection show that of the six existing sustainability goals, only three have data at the provincial level.

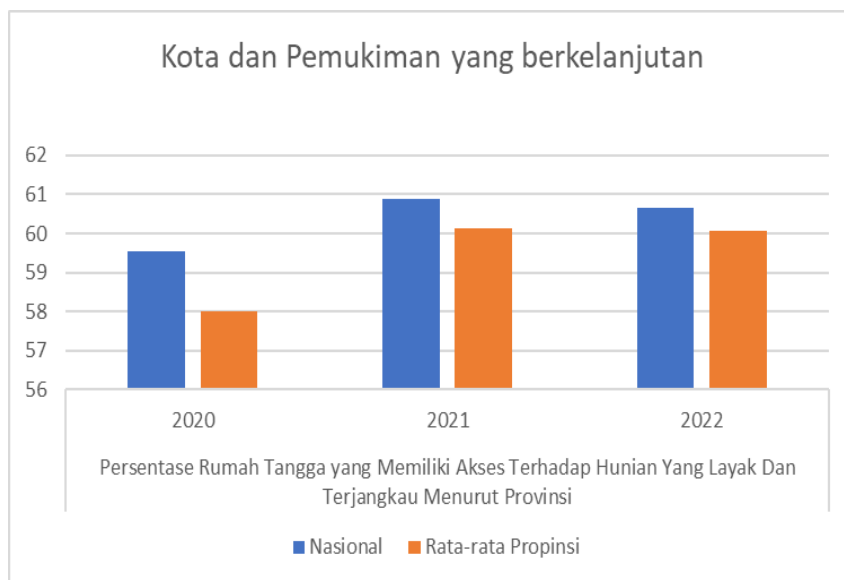
4.5.1. Clean water and sanitation

The availability of clean water and adequate environmental sanitation is the first goal in the environmental development pillar. The indicator data for clean water and adequate and available environmental sanitation is an indicator of the proportion of households that have hand washing facilities with soap and water. This indicator can be categorized as an indicator that plays a very small role, but this is the only indicator for which data is available. This data shows that on provincial average, the availability of these facilities is lower compared to national achievements. This encourages increasing the measurement of different indicators at the national level.



4.5.2. Sustainable cities communities

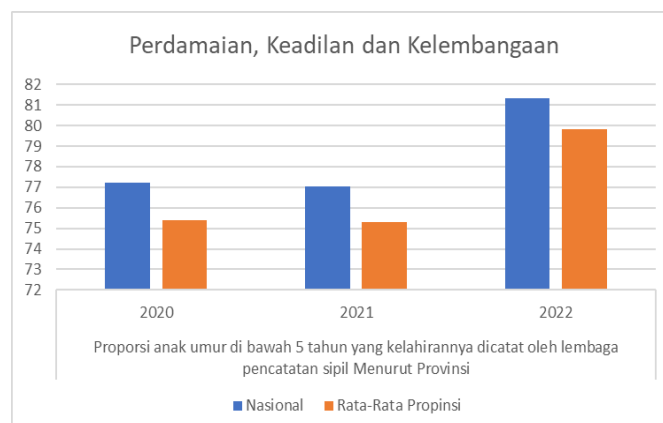
The second sustainable development goal in the environmental development pillar is sustainable cities and communities. The data available from several measurement indicators is the percentage of households that have access to adequate and affordable housing. This indicator can measure decent cities and settlements. The provincial average shows that the achievement of access availability in the province is still lower than the national achievement. This shows that the role of the central government is still very dominant in providing infrastructure for the community compared to the role of provincial governments.



Sustainable development goal at environmental development pillars, points three to six do not yet have indicator measurement data at the provincial level, but at the national level they are available. These three goals include; responsible consumption and production, handling climate change, marine ecosystems and land ecosystems.

4.6. Achievements of the Legal and Governance Development Pillar

The achievements of the legal and governance development pillars which are realized in achieving peace, justice and institutions with the available indicators, namely the proportion of children aged under 5 years whose births are recorded in civil registration institutions, appear to be still far from other indicators that are not yet available. However, based on this indicator, it shows that the provincial average is still low compared to the achievements of the central government.



5. Conclusions and limitations

5.1. Conclusions

The achievement of sustainable development goals based on available data shows that the achievement figures for sustainable development goals at the national level have increasingly better and more comprehensive data available, but this is different from the achievements at the provincial level which shows very limited achievement data. Of the 17 SDGs data published by BPS in 2020-2022, it was found that only 12 presented achievements at the provincial level. Each of these goals has also not been able to present in accordance with the indicators in the national goals. There are 5 sustainable development goals that do not provide data at the provincial level.

Based on this limited data, the overall picture obtained is that there is no significant difference between national achievements and achievements at the provincial level. This shows that the synergy between the central government and provincial governments has been working to jointly strive for increasingly meaningful sustainable development achievements. With the hope that these efforts can provide some guarantee for the survival of the next generation in the future.

5.2. Limitations

The available data on each achievement of the Sustainable Development Goals is very limited.

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THE INFLUENCE OF FINANCIAL LITERACY, MATERIALISM, AND ALLOWANCE ON SAVING DECISION AND CONSUMPTIVE BEHAVIOR IN GENERATION Z

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ABSTRACT

The purpose of this study was to test and analyze how financial literacy, materialism, and Allowance influence the saving decisions of Generation Z and consumptive behavior of Generation Z. This study uses quantitative research methods and focuses on the population of Generation Z in the provinces of West Java and Central Java, which includes a total of 21,989,129 individuals. 104 people were used in the study sample aged between 17 and 25 years. The data collection method consisted of distributing questionnaires with a 5-point Likert scale which was then analyzed using SEM through the use of the SmartPLS 3.2.9 application. Research findings show that financial literacy can positively affect Generation Z's saving decisions, materialism can positively influence Generation Z's saving decisions, and Allowance can positively influence Generation Z's saving decisions. Conversely, financial literacy can negatively affect Generation Z's consumptive behavior, materialism can positively affect Generation Z's consumptive behavior, and Allowance does not affect the consumptive behavior of Generation Z.

Keywords: Financial Literacy; Materialism; Allowance; Saving Decision; Consumptive Behavior

1. Introduction

Indonesia is the fourth largest country in terms of population, with 277.7 million residents. Globally, Indonesia is currently included in the 20 largest economies based on GDP and is projected to become one of the top five economies by 2030. Indonesia has a large wealth gap, larger than most countries (Pangestu & Karnadi, 2020). According to the Central Statistics Agency (BPS), in 2020, the majority of Indonesia's population is Generation Z, with a total of 75.49 million people or 27.94 percent of Indonesia's population. Generation Z was born between 1995 and 2010 and has the characteristics of being wise towards technology, able to interact via social media, and can be said to be the multitasking generation (Laturette et al., 2021). This generation is known as the Internet Generation, namely people who live in the digital era (Negara et al., 2022).

The results of the Financial Fitness Index survey conducted by (NISP, 2022) show that Indonesia's young generation is among the groups with the lowest financial literacy. They are far behind Singapore, which is ranked 61st with an average financial health of only 37.72. Economic development cannot be separated from economic growth, which is very important for the success of a country. Gen Z is a large part of society, so it can influence the country's economy because Gen Z needs financial independence and the ability to manage their finances in the future. Currently, society needs to instill saving behavior. This is related to the tendency

of Indonesian people, especially Generation Z, to consume more. A person shows saving behavior when they are able to save a certain amount every day or month but spend less than their income.

Many researchers have examined saving behavior, a study conducted by (Oktafiani & Haryono, 2019) states that saving behavior is often associated with understanding future needs, saving decisions, and actions. Saving behavior can be said to be a decision taken by someone to decide on savings activities (Oktafiani et al., 2022). Financial knowledge is needed to make savings decisions by helping the individual's mindset to understand how important this is. This explanation shows that saving behavior needs to be instilled from an early age to minimize endless needs in the future.

The financial literacy level of Millennials and Gen Z in Indonesia is still not satisfactory. The SNLIK results conducted by the Ministry of Finance (OJK) show a financial literacy level of 38.03% and an investment level of 76.19% in 2019. Therefore, someone who has good financial awareness will usually not experience financial problems in the future because they know how to manage money carefully and how to save to improve welfare in the future. Research conducted by Sari & Anwar, (2021) and Cuandra & Desianti, (2022) showed a positive relationship between financial literacy and saving decisions. However, in other research, Sekarwati & Susanti, (2020) found a negative correlation between financial literacy and saving behavior.

People with high materialism tend to spend much money and worry about money because they have poor money management skills compared to people with low materialism. This is in line with Pangestu & Karnadi, (2020), who found that materialism has a negative impact on saving behavior. However, additional research by Wijanarko et al., (2022), states that materialism has a positive impact on saving behavior.

In terms of saving, allowance is quite an important factor because most of them think that saving is an activity that can be done when they have a leftover allowance (Zulaika & Listiadi, 2020). Krisdayanti, (2020) research results show that allowance influences saving behavior. This is in line with previous research findings by Raszad & Purwanto, (2021) which found that allowance influences savings decisions. However, research conducted by Zulaika & Listiadi, (2020) found a negative relationship between allowance and saving decisions.

Without realizing it, in this highly advanced modern era, it is very easy for humans to fulfill their needs and desires. Starting from the upper class to Generation Z, everyone has started to experience this convenience en masse, resulting in consumptive behavior. According to (Izazi et al., 2020), when someone purchases and consumes goods without considering reasonable reasons, it is called consumptive behavior. Generation Z is a social group that is sensitive to the influence of current trends, lifestyles and styles, which can create consumptive behavior. Findings from Katadata Insight Center (KIC) and Zig Research (Databoks) show that most of Gen Z's monthly routine expenditure, 72.9%, is spent on communications such as purchasing credit, internet, etc.

The current level of understanding of Generation Z's financial literacy is still very low, despite reducing consumptive behavior, namely increasing understanding of financial management with financial literacy. Therefore, individuals who do not understand financial literacy are sometimes vulnerable to consumptive behavior (Fungky et al., 2021). Financial literacy becomes negative with consumptive behavior (Sustiyo, 2020). Ignorance of financial knowledge has a negative impact on consumptive behavior. In contrast, research conducted by Prihatini & Irianto, (2021) states that financial literacy has a positive relationship with consumptive behavior.

Materialism is the tendency to pay more attention to material possessions and comfort, physical values (religiosity) or spirituality (Muttaqin & Ardianto, 2019). Materialism drives consumptive behavior, according to research by Pangestu & Karnadi, (2020). On the other

hand, (Muttaqin & Ardianto, 2019) shows that materialism has a negative impact on consumptive behavior.

A person's consumption level will be high if he earns enough allowance not only to buy everything he needs but also to fulfill his desires. If you have more allowance, you will be more consumptive. This is in accordance with the findings of Rismayanti & Oktapiani, (2019), who found that pocket money has a positive effect on consumptive behavior. However, Rozaini & Sitohang, (2020), found that allowance has a negative effect on consumptive behavior.

The explanation above shows that there are differences in the results of previous research (research gap). Therefore, this research aims to re-evaluate how financial literacy, materialism, and allowance impact the saving decisions and consumptive behavior of Generation Z in West Java and Central Java Provinces. This research proposes something new by adding allowance as an independent variable. This research will also provide a new perspective for materialism research because there is still little research on the influence of materialism on saving decisions and the influence of materialism on consumptive behavior.

2. Literature Review

2.1 Theory of Planned Behavior (TPB)

Theory of Planned Behavior is the intention of the individual to do something that is given the behavior. Intention can be assumed to capture the motivational factors that influence a behavior, this is an indication of how hard people are willing to try and how much effort they plan to make a decision. The stronger the intention to engage in behavior, the greater the likelihood of success (Ajzen, 1991). The *theory of planned behavior (TPB)* assumes that people tend behave rationally and systematically make use of the information available to them when deciding to act or not to act taking into account its implications before they make a decision (Fishbein & Ajzen, 1975).

2.2 Theory of Attitude and Behavior

According to Hengo et al., (2021) *Theory of Attitude and Behavior* (Attitude and Behavior theory) states that materialistic qualities are a powerful incentive for individuals to buy what they want. People with high materialism are the least satisfied with their standards compared to those with low materialism.

2.3 Keynes's Theory of Consumption

According to Keynes Suparmono, (2018), Current consumption is strongly influenced by disposable income. Keynes's theory of consumption states that "The higher a person's income, the more the level of consumption also increases, and the rate of savings also increases. Conversely, when a person's income level decreases, so does the measure of income used to consume so that the savings rate is zero." This means that this consumption is very dependent on their income.

2.4 Financial Literacy and Saving Decision

Financial literacy is a science of personal finance, a provision for successful personal financial management. The broader one's capacity to oversee financial matters, the healthier the decision-making process. According to Zulaika & Listiadi, (2020), financial literacy has a noteworthy positive impact on savings behavior. This research measures financial literacy variables using indicators developed in research by Rahmayanti et al., (2019), which include (1) general knowledge of financial management, (2) savings and loan management, (3) insurance management, and (4) investment management.

H1: Financial Literacy has a positive effect on saving decisions in Generation Z.

2.5 *Materialism and Saving Decisions*

A study conducted by Saffana et al., (2023) has determined that materialism has a negative relationship with saving behavior. As individuals' materialistic tendencies increase, their propensity to save decreases. In contrast, individuals with lower materialistic attitudes showed a high tendency towards saving.

H2 : Materialism negatively affects saving decisions in Generation Z

2.6 *Allowance and Saving Decision*

This finding is consistent with research conducted by Wulandari & Susanti, (2019), which confirmed that the provision of Allowance has a beneficial impact on the tendency to save. Therefore, it can be concluded that individuals with larger amounts of Allowance are more likely to show higher savings rates, and conversely, those with smaller amounts of Allowance are more likely to show lower savings rates. Indicators for the savings decision variable use indicators developed in research by Risnawati & Syaparuddin, (2021), including (1) saving to provide a sense of security and comfort, (2) saving to reduce expenses, (3) saving to prevent financial losses, (4) saving to gain profits, and (5) saving to prepare yourself for the future.

H3: Allowance has a positive effect on saving decisions in Generation Z.

2.7 *Financial Literacy and Consumptive Behavior*

Increasing the level of financial literacy has the potential to spur consumption (Ma et al., 2021). In a comprehensive investigation, Sustiyo, (2020) argued that inadequate financial literacy exerts a detrimental and noteworthy influence on consumerist tendencies exhibited by Generation Z.

This consumptive behaviour variable uses research indicators developed in the research of Rozaini & Sitohang, (2020). These include (1) buying a product because of the impression of a gift, (2) because the packaging is attractive, (3) because of appearance and prestige, (4) because of the price, not because of profits, (5) just because of the symbol or status, (6) just because it matches the advertised model, (7) believe that buying a product at a high price will create feelings self-confidence, and (8) desire to try more than two different similar products.

H4: Financial literacy negatively affects consumptive behavior in Generation Z.

2.8 *Materialism and Consumptive Behavior*

According to Richins & Dawson (1992), which was developed in research Wijanarko et al., (2022), including (1) the importance of assets in a person's life, (2) owner and ownership are a source of happiness, and (3) ownership is a measure of success and success in life. Materialism has a positive influence on individual consumption behavior. Materialism can arouse consumer desires and encourage motivational action (Fu & Liu, 2019).

H5: Materialism has a positive effect on consumptive behavior in Generation Z.

2.9 *Allowance and Consumptive Behavior*

The allowance indicator uses indicators developed in research by (Rozaini & Sitohang, 2020), including (1) financial literacy/utilization, (2) gifts from parents and (3) income/own income. Based on research by Kumalasari & Soesilo (2019), Allowance has been shown to influence students' consumption behavior. The higher an individual's Allowance, the higher his consumption behavior. A large allowance will result in a significant spending pattern that will meet his requirements and desires (Fauzziyah & Widayati, 2020).

H6: Allowance has a positive effect on consumptive behavior in Generation Z.

3. Research Methods

3.1 Type of study, Population, Sampel, and Sampling Technique

In this research, previously created hypotheses were tested using quantitative methods. The data in this study were obtained through the process of observing primary data. The primary data came from questionnaires disseminated to Generation Z populations living in West Java and Central Java. The examination focused on the demographics of Generation Z in West Java and Central Java, consisting of 21,989,129 individuals. This study used the Slovin method to calculate it ($n = \frac{N}{1+ ne^2}$) (with a result of 99.5). 104 respondents aged 17 to 25, belonging to Generation Z, lived in West Java and Central Java.

3.2 Types, Data Sources and Data Collection

The questionnaire used a Likert scale to measure financial literacy, materialism, allowance, saving decisions, and consumptive behaviour in Generation Z, distributed online through a Google form, to measure respondents' answers using a Likert scale of 1-5. In this research, the statements proposed include the topics of financial literacy, materialism, Allowance, savings decisions and consumptive behaviour. Making this research instrument (questionnaire) includes a series of steps, namely: (1) identifying variables, (2) identifying indicators, (3) determining the scale, and (4) composition of the questionnaire.

3.3 Data Analysis Methods

The application used for data processing is SmartPLS 3.2.9. The implementation of SmartPLS 3.2.9 consists of two steps. First, *the outer model* is assessed and checked to verify validity and reliability. Validity is evaluated based on the outer loading or cross-loading results for each indicator. Reliability can be determined by checking the Cronbach alpha and Composite Reliability values. Second, the *inner model* is tested to calculate the R-squared value, which measures the fit of the model. This process aims to determine the extent of the influence of the independent variable on the dependent variable. Analysis of hypothesis testing is performed to determine the significance of the influence of the independent variable on the dependent variable. The analysis used a t-test on the bootstrapping path coefficient algorithm.

4. Research Findings and Discussion

Respondent characteristics include respondent distribution information, and findings based on gender, age, monthly allowance, source of income, and correspondence address are characteristics of respondents. The following table shows the survei results on the characteristics of respondents.

Table 1.1 Respondent Demographic

Characteristics	Total	%
Gender		
Man	17	16,3
Women	87	83,7
Age		
17-19	13	12,5
20-22	70	67,3
23-25	21	20,2
Monthly Allowance		
<Rp. 500.000	26	25
IDR 5,00,000-IDR 1,000,000	42	40,4
IDR 1,500,000-IDR 2,000,000	28	
>Rp. 2.000.000	8	26,9

		7,7
Source of Income		
Parents	68	65,4
Scholarship	2	1,9
Work	16	15,4
Parents and Business	8	7,7
Parents and Work	10	9,6
Province		
West Java	63	60,6
Central Java	41	39,4

Source : Author date processing

Based on table 1.1 states that the majority of respondents are women and aged between 20 to 22 years. Most of the people who answered have an allowance of around Rp. 500.000,- to Rp. 1.000.000,- every month given by parents. The study involved people from two provinces: West Java (63 people) and Central Java (41 people).

Table 1.2 Descriptive Statistic

	N	Average	Median	Min	Max	Standard Deviation
X1.1	104	4.183	4	1	5	1.007
X1.2	104	4.269	5	1	5	0.943
X1.6	104	3.99	4	1	5	0.925
X1.8	104	4.029	4	1	5	0.925
X2.1	104	3.981	4	1	5	0.98
X2.2	104	3.394	4	1	5	1.188
X2.3	104	3.01	3	1	5	1.173
X2.4	104	3.529	4	1	5	0.99
X3.1	104	3.885	4	1	5	1.003
X3.2	104	4.173	4	1	5	0.849
X3.3	104	4.135	4	1	5	0.951
X3.5	104	4.106	4	1	5	0.919
X3.7	104	3.51	4	1	5	1.019
X3.8	104	3.663	4	1	5	1.034
Y1.1	104	4.077	4	1	5	0.987
Y1.2	104	4.202	4	1	5	0.903
Y1.3	104	4.106	4	1	5	0.919
Y1.4	104	4.221	5	1	5	0.99
Y1.5	104	4.106	4	1	5	0.98
Y2.1	104	2.971	3	1	5	1.252
Y2.2	104	2.692	3	1	5	1.177
Y2.3	104	2.394	2	1	5	1.212
Y2.5	104	3.163	3	1	5	1.169
Y2.6	104	2.644	2	1	5	1.293
Y2.8	104	2.721	3	1	5	1.18

Source: SmartPLS 3.2.9

Table 1.2 presents the results of financial literacy variables, revealing average grades ranging from 3.9 to 4.2. This signifies agreement. In the case of the materialism variable, an average value between 3.0 and 3.9 indicates a neutral attitude, leaning towards agreeing. The variable allowance shows a value of agree with an average ranging from 3.5 to 4.1. Similarly, an average score of 4.0 to 4.2 for the saving decision variable showed a sleigh of approval. In contrast, variables related to consumptive behavior had an average value of 2.6 to 3.1, indicating a tendency to disagree, close to neutral.

4.1 Outer Model

The outer model test (sample) is used to determine the relationship between the dependent variable and the indicator or it can be said to be an external indicator that can know the correlation of each indicator and variable (independent and dependent).

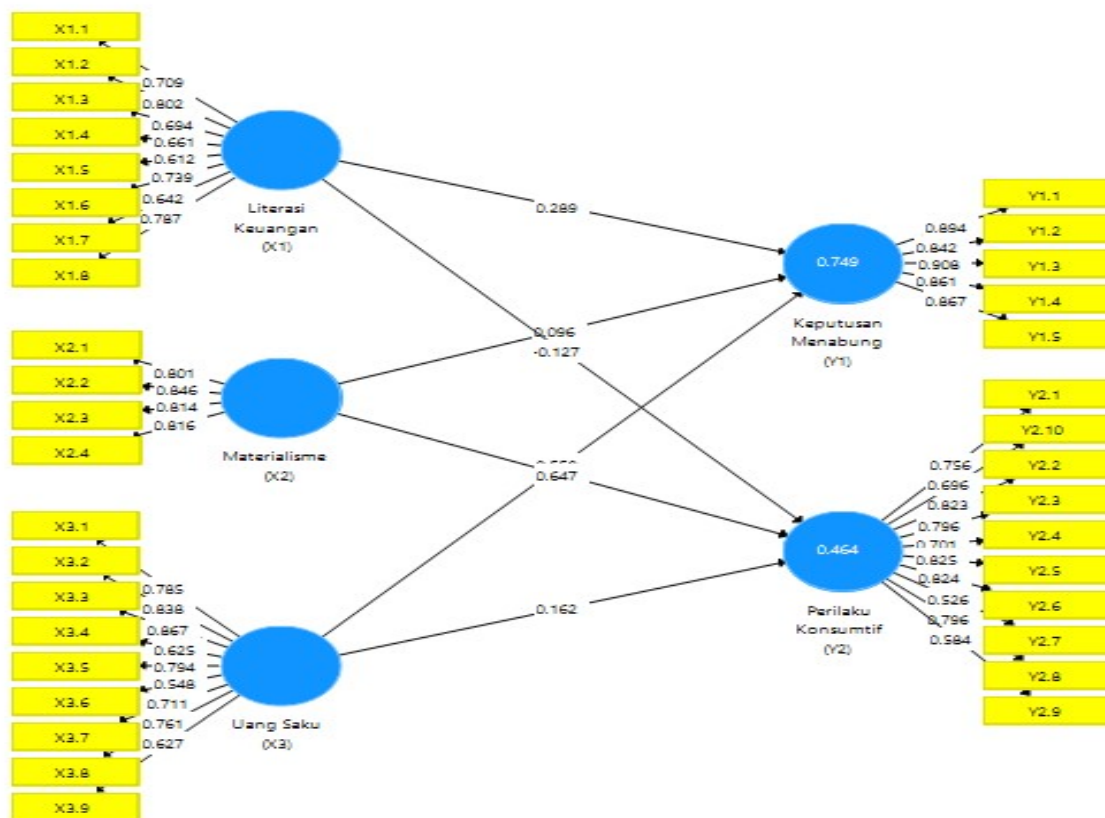


Figure 1.1 Model Path Coefficients (Before Construct)

Based on Figure 1.1, the outer loading test results show that some questionnaire items do not meet the loading factor standard, so they are void. The financial literacy construct (X1) lacks four items, namely in items X1.3 (0.694), X1.4 (0.661), X1.5 (0.612), and X1.7 (0.642). Furthermore, three items fall in the allowance construct (X3), namely items X3.4 (0.625), X3.6 (0.548), and X3.9 (0.627). However, of the ten items present, the construct of consumptive behavior (Y2) has only six left, the items omitted are Y2.4 (0.698), Y2.7 (0.526), Y2.9 (0.584), and Y2.10 (0.696). After that, retesting of validity is carried out, and all indicator values of each variable are above the standard loading factor value of more than 0.70, so they are considered valid.

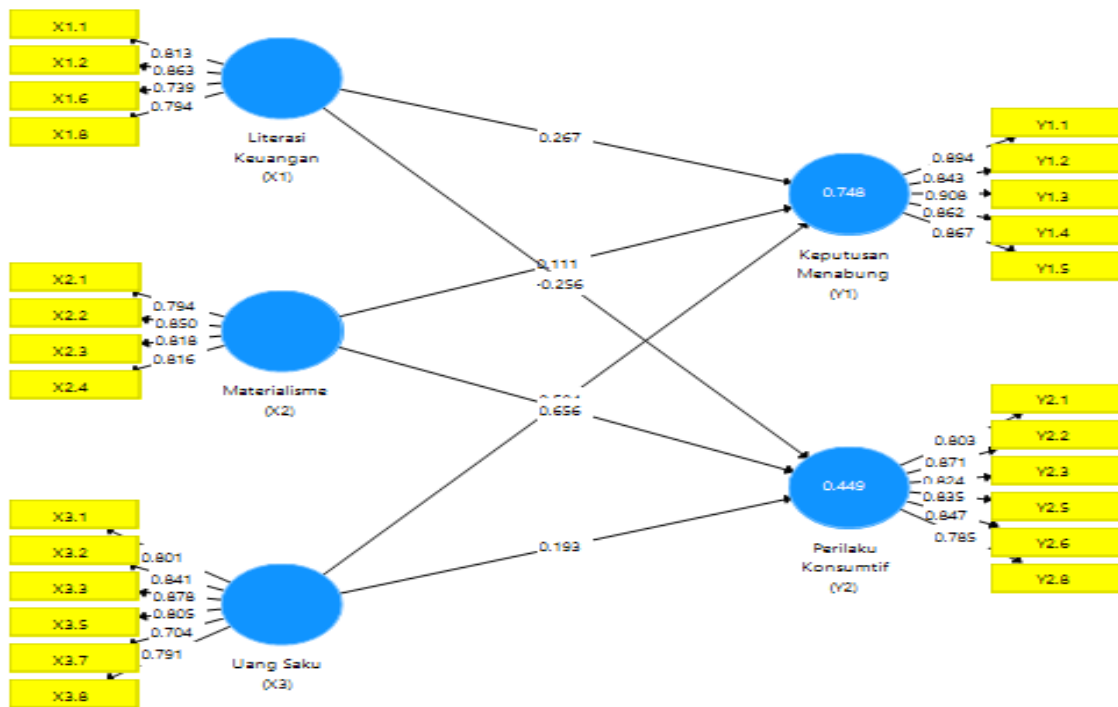


Figure 1.2 Model Path Coefficients (After Construct)

Figure 1.2 illustrates the results of information analysis performed with the help of SmartPLS 3.2.9 software. The findings show that all measurements used are considered valid and meet the validation criteria.

4.1.1 Convergent Validity Test

The Validity test of this study was shown by the relationship between independent and dependent variables, namely financial literacy (X1), materialism (X2), allowance (X3), decision security (Y1), and customer behavior (Y2) with indicators through the SmartPLS application. The loading factor value of each indicator is considered valid if its value is greater than 0.70. Conversely, a relationship can be considered invalid if the load factor value of each indicator is less than 0.70 (Chin W, 1998).

Table 1.3 Loading Factor Value

Variable	Indicator	Loading Factor	Note
Financial Literacy (X1)	X1.1	0.813	Valid
	X1.2	0.863	Valid
	X1.6	0.739	Valid
	X1.8	0.794	Valid
Materialism (X2)	X2.1	0.794	Valid
	X2.2	0.85	Valid
	X2.3	0.818	Valid
	X2.4	0.816	Valid
Allowance (X3)	X3.1	0.801	Valid
	X3.2	0.841	Valid
	X3.3	0.878	Valid
	X3.5	0.805	Valid
	X3.7	0.704	Valid
Saving Decision (Y1)	X3.8	0.791	Valid
	Y1.1	0.894	Valid
	Y1.2	0.843	Valid

	Y1.3	0.908	Valid
	Y1.4	0.862	Valid
	Y1.5	0.867	Valid
	Y2.1	0.803	Valid
	Y2.2	0.871	Valid
Consumptive Behavior (Y2)	Y2.3	0.824	Valid
	Y2.5	0.835	Valid
	Y2.6	0.847	Valid
	Y2.8	0.785	Valid

Source: SmartPLS 3.2.9

Based on table 1.3 3 shows that the relationship between the variable and its indicator has met the criteria and can be considered valid because the indicator of each variable has a loading factor value of > 0.70. Thus, this indicator has the ability to test all variables to be used.

4.1.2 Construct Reliability Test

Reliability is measured by questionnaires that show variables or constructs. If the person in question consistently answers a question or statement, the items in the statement are considered reliable. A construct or variable is considered reliable if Cronbach's alpha is more significant than 0.70 and the ave value is more significant than 0.5 (Chin W, 1998).

Table 1. 4 Construct Reliability and Validity

	Cronbach's Alpha	Reliabilitas Komposit	Alpha	AVE
Saving decisions (Y1)	0.923	0.942	0,70	0.765
Financial Literacy (X1)	0.817	0.879	0,70	0.646
Materialism (X2)	0.837	0.891	0,70	0.672
Consumptive Behavior (Y2)	0.908	0.929	0,70	0.686
Allowance (X3)	0.890	0.917	0,70	0.648

Source: SmartPLS 3.2.9

Table 1.4 states that the statements given for each variable are reliable. All variables have potential reliability given their structured nature, which describes the dimensions of each variable and is accompanied by a Cronbach Alpha value exceeding 0.70; moreover, the AVE value is more than 0.5.

4.1.3 Determine Coefficient (R^2)

The coefficient of determination is used to calculate the degree of impact exerted by the independent variable. (financial literacy, materialism, Allowance) to the dependent variables (saving decisions and consumptive behavior).

Table 1.5 Determinant Coefficient (R^2)

	R Square	Adjusted R Square
Saving Decision (Y1)	0.748	0.741
Consumptive Behavior (Y2)	0.449	0.432

Source: SmartPLS 3.2.9

Table 1.5 shows the R-squared value is determined to be 0.748, equivalent to 74.8 percent, for saving decisions. This shows that financial literacy, materialism, and Allowance affect 74.8 percent of saving decision variables. In contrast, variables outside the study affected 25.2 percent. The R-squared value of consumptive behavior was 0.449, or 44.9 percent. In other words, financial literacy, materialism, and Allowance each affected 44.9 percent, with outside variables studied at 51.5 percent.

4.1.4 Discriminant Validity Test

Table 1.6 Fornell-Larcker

	Y1	X1	X2	Y2	X3
Saving Decisions (Y1)	0.875				
Financial Literacy (X1)	0.746	0.804			
Materialism (X2)	0.531	0.428	0.820		
Consumptive Behavior (Y2)	0.202	0.167	0.647	0.828	
Allowance (X3)	0.839	0.738	0.523	0.347	0.805

Source: SmartPLS 3.2.9

Table 1.6 shows that the correlation value of the association construct is higher compared to other constructs, so it can be said that the model has good discriminant validity.

4.1.5 Cross Loading

Table 1.7 Cross Loading

	Keputusan Menabung (Y1)	Literasi Keuangan (X1)	Materialisme (X2)	Perilaku Konsumtif (Y2)	Uang Saku (X3)
X1.1	0.573	0.813	0.275	0.028	0.521
X1.2	0.591	0.863	0.291	0.084	0.560
X1.6	0.509	0.739	0.353	0.192	0.519
X1.8	0.693	0.794	0.435	0.217	0.733
X2.1	0.464	0.416	0.794	0.464	0.420
X2.2	0.392	0.309	0.850	0.639	0.429
X2.3	0.426	0.295	0.818	0.556	0.409
X2.4	0.468	0.396	0.816	0.448	0.461
X3.1	0.641	0.546	0.451	0.246	0.801
X3.2	0.743	0.670	0.408	0.109	0.841
X3.3	0.794	0.695	0.459	0.275	0.878
X3.5	0.661	0.574	0.457	0.240	0.805
X3.7	0.555	0.494	0.400	0.462	0.704
X3.8	0.636	0.567	0.351	0.354	0.791
Y1.1	0.894	0.697	0.465	0.193	0.823
Y1.2	0.843	0.595	0.457	0.114	0.724
Y1.3	0.908	0.674	0.487	0.205	0.739

Y1.4	0.862	0.640	0.461	0.174	0.643
Y1.5	0.867	0.650	0.454	0.196	0.726
Y2.1	0.247	0.156	0.561	0.803	0.283
Y2.2	0.089	0.049	0.530	0.871	0.218
Y2.3	0.143	0.097	0.529	0.824	0.250
Y2.5	0.276	0.245	0.661	0.835	0.404
Y2.6	0.107	0.148	0.439	0.847	0.285
Y2.8	0.097	0.112	0.437	0.785	0.256

Source: SmaertPLS 3.2.9

Based on Table 1.7, it can be concluded that using the cross-loading assumption, the discriminant variable is achieved so that the variable can be valid. Because each indicator can explain every variable the indicator explains or represents, the value must be higher.

4.2 Inner Model

Table 1.8 Hypothesis Test (Boostrapping Path Coefficients)

	Sampel Asli	T Statistik	P Values	Keterangan
Financial Literacy -> Saving Decisions	0.267	2.535	0.012	Accepted
Financial Literacy -> Perilaku Konsumtif	-0.256	2.338	0.020	Rejected
Materialism -> Saving Decisions	0.111	1.975	0.049	Accepted
Materialism -> Consumptive Behavior	0.656	8.496	0.000	Accepted
Allowance -> Consumptive Behavior	0.584	6.226	0.000	Accepted
Allowance -> Consumptive Behavior	0.193	1.377	0.169	Rejected

Source: SmartPLS 3.2.9

Based on the findings presented in Table 1.8, it is evident that financial literacy has a positive and statistically significant impact on savings decisions. These results validate the original sample coefficient of 0.267 and the statistically significant coefficient of 0.012, where the value is less than 0.05, thus indicating the acceptance of H1. Variables related to materialism also showed a positive and significant influence on savings decisions, as is evident from the original sample coefficient of 0.111 and a statistically significant coefficient of 0.049, with a value of less than 0.05, leading to the rejection of H2. Furthermore, Allowance showed a positive and significant influence on savings decisions, which was supported by the original sample coefficient of 0.584 and a statistically significant coefficient of 0.000, where the value was less than 0.05, thus confirming the acceptance of H3. In contrast, financial literacy showed a negative and significant influence on consumptive behavior, as shown by the original sample coefficient of -0.256 and a statistically significant coefficient of 0.020, with a value less than 0.05, thus supporting the acceptance of H4. The materialism variable exerts a positive and significant influence on consumptive behavior, supported by the original sample coefficient of 0.656 and a statistically significant coefficient of 0.000, with a value of less than 0.05, leading to the acceptance of H5. In contrast, the allowance variable showed no significant effect on consumptive behavior, as shown by the original sample coefficient of 0.193 and the statistically significant coefficient of 0.169, with values greater than 0.05, resulting in the rejection of H6.

4.3 *The Effect of Financial Literacy on Saving Decisions*

This study confirms that there is a positive and noteworthy correlation between financial literacy and saving decisions so **H1 is accepted**. It states that an individual's understanding of financial matters can indeed exert influence on their decisions regarding saving. A person who has a good understanding of financial concepts is likely to exhibit similar behavior. Sufficient knowledge of how to effectively manage personal finances, as well as relevant information, is known as financial literacy. Decisions made are better if financial knowledge and capabilities are expanded (Jennifer & Pamungkas, 2021). This shows that Generation Z in West Java and Central Java Provinces has high financial literacy, which can influence their saving behavior. Generation Z should be considered because they have good financial intelligence, which can help them make good saving habits and improve their well-being in the future.

According to research conducted by Rikayanti & Listiadi, (2020); Thohari & Hakim, (2021) and Zulaika & Listiadi, (2020), financial literacy has a positive impact on saving behavior. Another study Raszad & Purwanto, (2021), supports the results of this study by stating that saving is more likely when someone is more financially conscious. Therefore, understanding finances helps people become better at saving.

4.4 *The Influence of Materialism on Saving Decisions*

This study states that materialism has a positive and significant impact on saving decisions, so **H2 is rejected**. This is in accordance with research conducted by Wijanarko et al., (2022) and Dewi et al., (2021) stating that materialism affects saving behavior. The desire to live and spend materially drives people to save. Materialistic people often save up to buy something they want.

4.5 *The Effect of Allowance on Saving Decisions*

The results of the hypothesis test show that allowance has a positive impact on saving decisions, so **H3 is accepted**. If someone has a large allowance, they have an easier time controlling their money; Logically, they more easily meet their needs and the rest is collected and stored in available financial institutions. According to research conducted by Raszad & Purwanto, (2021), Allowance plays an important role in cultivating saving habits. The allocation of allowance has a significant impact on the spending patterns of Generation Z in the West Java and Central Java regions, thus influencing their saving habits. As a result, the use of Allowance is very important, especially in the context of savings.

4.6 *The Effect of Financial Literacy on Consumptive Behavior*

The findings suggest that the financial literacy hypothesis has a detrimental influence on consumptive behavior, thus leading to the **acceptance of H4**. This result is in line with previous studies conducted by Izazi et al., (2020); Kumalasari & Soesilo, (2019) and Sustiyo, (2020) which all concluded that financial literacy has a negative impact on consumptive behavior. Having good financial intensity allows individuals to make informed decisions when choosing products and services that suit their needs, and vice versa. study is in line with the findings of research conducted by Funky et al., (2021), which revealed that increased financial literacy leads to a decrease in consumption behavior. That is, Generation Z with high financial literacy tends not to engage in consumptive behavior, and vice versa, Generation Z with low financial literacy tends to consume more.

4.7 *The Influence of Materialism on Consumptive Behavior*

The results showed that the materialism hypothesis had a positive impact on consumptive behavior so **H5 was accepted**. The more materialistic a person is, the more consumptive they

are. However, research conducted by Damayanti & Assagaf, (2021), found that materialism has a negative impact on consumption levels.

4.8 The Effect of Allowance on Consumptive Behavior

The findings showed that allowance did not have a significant impact on consumptive behavior, thus leading to the **rejection of H6**. This result is consistent with previous research Dilasari et al., (2021), which found that the tendency to make purchases was not influenced by the availability of Allowance. Allowance management poses challenges to practicing frugality. This suggests that individuals belonging to Generation Z are unlikely to limit their consumption. Because individuals have wants and needs to be met, Generation Z tends to spend constantly, thus suggesting that allowance does not exert a significant influence on consumptive behavior.

5. Conclusion

The findings show that financial literacy has the potential to have a positive impact on saving decisions among individuals belonging to Generation Z. This means that the more Generation Z in West Java and Central Java know financial knowledge, the more encouraging it will be to save. Materialism can positively influence the decision to save Generation Z. That is, Generation Z in West Java and Central Java Provinces who have materialism will be diligent in saving, but the goal is to buy something they want. Allowance can positively influence saving decisions in Generation Z. That is, the greater the Allowance earned by Generation Z in West Java and Central Java Provinces, the better the saving behavior. Financial literacy can negatively affect consumptive behavior in Generation Z. That is, the more Generation Z in West Java and Central Java know about finance, the less consumptive behavior is. Materialism has a positive impact on the consumptive behavior of Generation Z. That is, Generation Z in the West Java and Central Java regions is very materialistic, and they are also very consumptive. Allowance does not affect the consumptive behavior of Generation Z. That is, the consumption behavior of Generation Z in West Java and Central Java will not be influenced by the amount of money they receive.

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PIONEERING SUSTAINABLE CAREERS: STUDENT PARTICIPATION, UNIVERSITY IMAGE, AND INSTITUTIONAL SUPPORT AT SANATA DHARMA UNIVERSITY

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ABSTRACT

The objective of this research is to examine the correlation between student engagement, university prestige, and institutional assistance in relation to students' propensity to choose careers associated with sustainability at Sanata Dharma University. The research, conducted on a cohort of 210 students from several academic disciplines, employs the technique of multiple regression analysis for data examination. A questionnaire serves as the primary tool for gathering data. The research hypothesis consists of three statements. The data confirm the notion that the active involvement of students significantly influences their inclination to pursue careers in sustainability. Nevertheless, there is a lack of evidence to support the hypotheses pertaining to students' impressions of the university's reputation and the impact of institutional assistance. The findings of this study specifically demonstrate that the first hypothesis is supported, indicating that active student engagement has a considerable and favourable impact on students' inclination to pursue sustainability-related occupations. However, there is no statistically significant evidence to support the idea that students' perceptions of the university's reputation and the availability of institutional support affect their propensity towards sustainability-related jobs. Based on the aforementioned results, it is recommended that interventions targeting the improvement of student engagement be implemented.

Keywords: *Pioneering Sustainable Careers: Student Participation, University Image, Institutional Support*

1. Introduction

In the dynamic context of global sustainability (Assoratgoon & Kantabutra, 2023; Correia, 2019; Smith & Sharicz, 2011), the convergence of education and employment decisions assumes a prominent position (Azhar et al., 2022; Sanchez-Carrillo et al., 2021; Wamsler, 2020). This research conducts a comprehensive analysis of the intricate interactions among student engagement, university reputation, and institutional assistance, with the objective of understanding their combined influence on students' inclination towards careers connected to sustainability.

This study aims to investigate the attitudes and preferences of a sample of 210 students from various academic fields at Sanata Dharma University. The study utilizes a methodological approach that involves the use of multiple regression analysis to examine the complex connections between student engagement, university reputation, and institutional support. This analysis aims to gain a deeper understanding of how these factors collectively impact students' inclination towards pursuing sustainable professions. Within the framework of Sanata Dharma University, a significant issue arises: What are the determinants that either facilitate or hinder

students' propensity towards professions related to sustainability? The main question driving the investigation is how much student involvement, university reputation, and institutional support influence students' career aspirations in the field of sustainability.

In order to tackle this intricate issue, three hypotheses have been established. The initial hypothesis suggests that there is a significant relationship between active student involvement and their predisposition towards jobs relevant to sustainability. The logical basis for this claim is rooted in the premise that students who actively participate in sustainability projects are more inclined to have a strong interest in pursuing jobs within this subject (Azhar et al., 2022; Žalėnienė & Pereira, 2021). The second hypothesis posits that the manner in which students perceive the reputation of the university plays a role in shaping their career ambitions in the field of sustainability. This hypothesis is based on the logical assumption that a favourable perception of the university contributes to a feeling of prestige and confidence, hence pushing students to choose jobs that match with the institution's stated principles (Kusuma & Fridayani, 2022). The third hypothesis posits that the availability of institutional support plays a crucial role in influencing students' inclination towards pursuing professions related to sustainability (Fridayani et al., 2022). This expectation is based on the assumption that institutional support offers students the essential resources and motivation to establish enduring career trajectories.

Although previous research has not extensively examined the specific relationship between student participation, university image, and institutional support at Sanata Dharma University, there is a body of broader studies in the field of higher education and sustainability that can serve as a basis for understanding. Research has provided evidence that there is a noteworthy relationship between institutional support, a strong university image, and the career choices made by students. When students have a positive perception of their university, there is an increased likelihood that they will match their career choices with the ideals upheld by the school. Nevertheless, the intricate dynamics of this interaction, specifically within the context of Sanata Dharma University, have not been thoroughly examined and require a more detailed investigation.

The following sections of the paper will systematically explore the study methodology, do comprehensive data analysis, and go into a comprehensive discussion of the findings. This methodology guarantees a thorough investigation into the complex correlation between student engagement, the reputation of the university, the assistance provided by the institution, and the aspirations of students to follow environmentally conscious professions at Sanata Dharma University.

2. Literature Review

The global emphasis on the pursuit of sustainable careers has played a significant role for academic institutions in determining students' career expectations. In the present investigation, we will explore the distinctive milieu of Sanata Dharma University with the objective of elucidating the intricate interplay among student engagement, institutional reputation, and organizational backing and their collective impact on students' proclivity towards careers in sustainability.

2.1 The topic of discussion revolves around the correlation between student participation and the development of sustainable careers.

There exists a substantial body of scholarly literature that provides strong evidence to support the claim that the active engagement of students has a considerable impact on their career decisions, particularly in the context of sustainability-related areas. Chen et al., (2020) highlights the significance of student interaction in cultivating a feeling of accountability and ethical consciousness. Green et al., 2020; Van der Heijden et al., 2020) have conducted research that emphasizes the beneficial effects of student engagement in extracurricular activities on

both academic and personal growth, with potential implications for career decision-making. The relationship between university image and career choices is a topic of interest in academic research. Scholars have examined how the reputation and perception of a university can influence students' decisions regarding their future careers. This study aims to explore the connection between university image and career.

2.2 The second hypothesis suggests that the manner in which students perceive the reputation of the university plays a role in shaping their career aspirations in the field of sustainability.

The statement is in line with existing scholarly works in the field of marketing and branding in higher education, highlighting the significant impact of a favourable institutional reputation on student contentment and commitment. This phenomena has been supported by academic literature, as evidenced by the studies of (Purcell et al. (2019) and Yi (2021) .Numerous studies have repeatedly demonstrated that when students hold a positive perception of their educational institution, it plays a substantial role in enhancing their overall satisfaction and fostering loyalty. The study conducted by Purcell et al., (2019) aimed to provide a comprehensive understanding of the relationship between a favourable institutional image and student satisfaction. The researchers emphasized the significant influence of the institution's perceived reputation on shaping students' attitudes and views. In a similar vein, Yi, (2021) research explored the complex dynamics of marketing in the realm of higher education, revealing that the perception projected by an educational institution plays a substantial role in shaping students' overall experiences.

Furthermore, the findings derived from the study conducted by Sady et al. (2019) provide additional support for the notion that students have a tendency to match their job choices with the ideals and reputation connected with their educational institution. The alignment described here indicates a more profound correlation between the institutional image and the decision-making processes of students in the long run. This relationship goes beyond their academic experiences and influences their professional paths. The research conducted by Sady et al. (2019) sheds light on the concept that the image of an institution has a significant role in influencing students' job choices. This highlights the long-lasting effect of students' perceptions regarding the values and reputation of their educational institution. The correlation between job choices and institutional values underscores the significant impact that a favourable institutional reputation can have on both academic pursuits and students' decisions within their professional spheres. The similar findings observed in these research highlight the significance of developing and sustaining a positive institutional reputation. For institutions of higher education, this suggests that the resources allocated towards improving their reputation, values, and general image might result in benefits not only in terms of student happiness and loyalty, but also in influencing students' career choices and paths.

2.3 Institutional support influences students' intentions to pursue a career in the sustainable field

The hypothesis is grounded in the wider domain of higher education administration and support services, highlighting the notion that students tend to achieve favourable results when they receive substantial institutional support. The scholarly contributions made by Lu et al., (2021) and Su et al., (2021) enhance our comprehension in this area. The research highlights the concept that when educational institutions allocate resources and provide support services, students are more inclined to succeed both academically and in their overall well-being. The observed positive association implies that there is a tendency for students who perceive support from their educational institutions to exhibit a greater inclination towards exploring and pursuing jobs in the field of sustainability.

Yi, (2021b) research contributes to the existing discourse by emphasizing the favourable impact of institutional support on student involvement and academic performance, thus introducing a heightened level of intricacy to this narrative. In the present context, student engagement encompasses more than just academic achievement, since it includes participation in extracurricular activities, internships, and other experiences that contribute to comprehensive development. The suggestion is that educational institutions that offer complete support systems create a conducive environment in which students not only achieve academic success but also actively participate in activities that may influence their future job choices (Fridayani et al., 2022). The basic premise of the hypothesis centres around the possible influence of institutional support on individuals' decision-making about career trajectories, with a specific focus on the sustainable sector. The recognition of the favourable impact on student engagement and academic performance implies that institutional backing may have a significant influence on changing students' attitudes towards career decisions, guiding them towards sustainable professions.

3. Research methods

The current study used a quantitative research methodology to thoroughly examine the dynamics of pro-environmental behaviors among students who are currently enrolled at Sanata Dharma University. The aim of this study is to investigate the influence of three key factors, specifically student engagement, university reputation, and institutional support, on the formation of environmentally conscious attitudes and behaviors among students.

The study encompasses the entire population of currently enrolled students at Sanata Dharma University. A non-probability selection method is utilized to select a sample size of 211 students, ensuring representation of a wide array of academic disciplines offered by the university. The non-probability approach is employed due to its pragmatic and efficient characteristics in gathering responses from a diverse and inclusive group of students (Sugiyono, 2021). It is possible to get information by using a carefully thought-out survey to find out how involved students are in environmental projects, how they feel about the university's reputation, how much support they think the school gives them, and how they say they act in ways that are good for the environment. The implementation of electronic administration of the questionnaire aims to improve the efficiency and convenience of the data collection method.

Prior to formulating hypotheses, the study conducts a comprehensive review of the existing literature in order to establish the theoretical framework and contextualize the research within the current scholarly discourse. The hypotheses of this study are grounded in three primary assertions: firstly, the impact of students' engagement in environmental issues on their behavior is not substantial; secondly, the reputation of the university exerts a certain degree of influence on environmental behavior; and thirdly, the provision of institutional support holds some sway over environmental behavior. The analysis of the collected data in this study employs the methodology of multiple linear regression. The utilization of this statistical methodology allows for a thorough examination of the individual and collective effects of the independent variables on the dependent variable. Statistical software, such as SPSS, is utilized to conduct the analysis, aiming to derive meaningful insights from the gathered data.

4. Research Findings and Discussion

4.1 The process of evaluating instrument data

a. Validity Assessment

The purpose of the validity assessment was to determine the questionnaire's efficacy in assessing the specified constructs. The results presented in Table 1 indicate a statistically significant level below 0.05, suggesting that the acquired data is reliable and accurate. The findings of this study align with previous research that emphasizes the importance of

meticulously constructed questionnaires in accurately assessing the variables under investigation (Fridayani et al., 2023).

Table 1. Validity Test Results

Items	r value	Sig.	Items	r value	Sig.
X1.1	0,782	0,000	X3.1	0,867	0,000
X1.2	0,825	0,000	X3.2	0,851	0,000
X1.3	0,722	0,000	X3.3	0,813	0,000
X1.4	0,764	0,000	X3.4	0,874	0,000
X1.5	0,875	0,000	X3.5	0,856	0,000
X2.1	0,832	0,000	Y1	0,860	0,000
X2.2	0,880	0,000	Y2	0,806	0,000
X2.3	0,894	0,000	Y3	0,815	0,000
X2.4	0,850	0,000	Y4	0,860	0,000
X2.5	0,846	0,000	Y5	0,795	0,000

b. Reliability Assessment

The examination of the reliability of a measurement instrument, which involves evaluating its consistency, is crucial in ensuring the credibility and dependability of the obtained results. According to research by (Fridayani et al., 2023) a Cronbach's alpha value greater than 0.60 is indicative of the dependability of the data. This aligns with established protocols in the field of survey research, wherein the paramount concern is to guarantee the consistency and dependability of results across various questions within the questionnaire. Building upon this point, a thorough examination of Table 2 reveals that each variable investigated in the study exhibits a Cronbach's alpha coefficient beyond the predetermined threshold of 0.60. The current finding enhances the reliability of the collected data, providing confirmation that the measurement instrument employed in this investigation demonstrates internal consistency. The study's findings are supported by the evaluation of dependability, which showcases the strength of the data and enhances trust in the research outcomes, thus strengthening the study's credibility.

Table 2. Reliability Test Results

Variable	Number of Items	Cronbach Alpha
Student Participation (X1)		0,862
University Image (X2)		0,912
Institutional Support (X3)		0,905
Pioneering Sustainable Careers (Y)		0,886

4.2 Classical assumption testing

Classical assumption testing refers to the process of evaluating the assumptions underlying statistical models or tests in a classical statistical framework (Fridayani et al., 2023)

a. Normality Test.

The initial stage of data analysis involves doing a normalcy test. The first step in the data analysis process entails doing a normality test. The normality test is a statistical procedure utilized to evaluate the extent to which a given dataset adheres to a normal distribution. The normal distribution of the dataset can be inferred based on the results obtained from a one-sample Kolmogorov-Smirnov test. The statistical analysis produced a p-value of 0.200,

suggesting that there is not enough evidence to reject the null hypothesis at the predefined significance level of 0.05. This discovery suggests that the necessary requirements for normality are met, therefore affirming the appropriateness of employing parametric testing.

b. The multicollinearity test

The evaluation of multicollinearity inside a statistical model is a crucial investigation conducted through the use of a multicollinearity test. Multicollinearity is a phenomenon characterized by the existence of strong correlations among independent variables, which can create difficulties in the development of regression models. One aspect of this study examines multicollinearity by assessing the variance inflation factor (VIF) and tolerance values, which are presented in the coefficient table. In order to assess the presence of multicollinearity, it is recommended to examine the variance inflation factor (VIF) value, which ideally should not exceed 10, and the tolerance value, which ideally should not exceed 0.1. Upon review of Table 3, it can be observed that the variance inflation factor (VIF) values for all variables are below the established threshold of 10. This suggests the absence of multicollinearity. Moreover, it can be demonstrated that the tolerance values are constantly above the minimum threshold of 0.1, indicating a dearth of substantial correlation among the predictor variables. Hence, drawing upon the aforementioned criteria, the study's findings indicate a lack of factual substantiation for the presence of multicollinearity in the dataset.

Table 3. Multicollonearity Test Results

Variable	Tolerance	VIF
Student Participation	0,857	1,167
University Image	0,295	3,389
Institutional Support	0,287	3,478

c. The heteroskedasticity test

The heteroskedasticity test is an essential statistical procedure employed to evaluate the presence of heteroskedasticity within a given dataset. The concept of homoscedasticity, characterized by the presence of consistent variability, is of considerable importance in improving the dependability of regression models. Prior research has emphasized the significance of mitigating heteroskedasticity to prevent erroneous calculations and draw reliable conclusions. For more information on this claim, a close look at Figure 1 shows that the data points on the scatterplot show spread in both positive and negative directions with respect to the origin (0,0). The current visual analysis suggests that there is no discernible pattern in the variance, whether it is increasing or decreasing, when the independent variable undergoes changes. Hence, it may be inferred that the data presented in this study does not exhibit heteroskedasticity. The aforementioned observation aligns with the notion that homoscedasticity plays a crucial role in enhancing the reliability of regression models. This demonstrates the robustness of the dataset, hence supporting its suitability for future research endeavors.

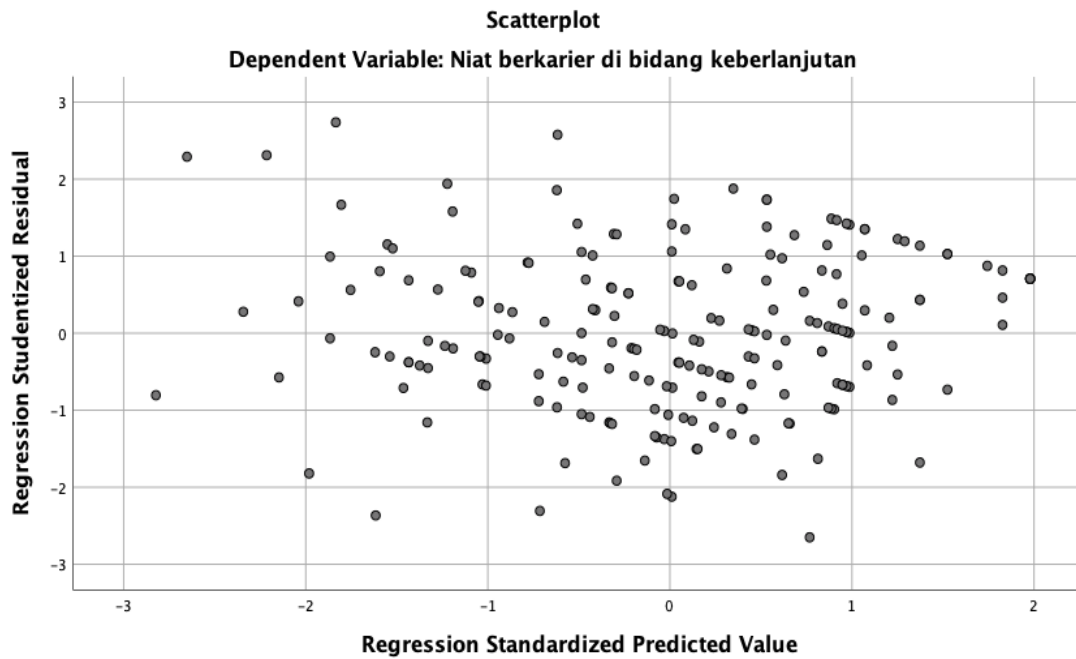


Figure 1. Scatterplot Graphic

4.3 Multiple linear regression analysis

The statistical method of multiple linear regression analysis is employed to investigate the association between a dependent variable and two or more independent variables. The methodology enables the discernment and measurement of the influence and magnitude of individual factors on the outcome variable while simultaneously accounting for the potential influence of other variables.

- a. The goodness-of-fit test is a statistical technique employed to evaluate the extent to which actual data conforms to a particular theoretical distribution (Ferdinand, 2014) The new R-squared coefficient of determination, 0.327, shows that the explanatory variables can explain about 32.7% of the differences seen in people's actions that are good for the environment. The remaining 67.3% is attributed to supplementary variables that have not been comprehensively examined. The present discovery, substantiated by a statistically significant F-test ($p < 0.05$), aligns with prior studies emphasizing the significance of employing a well-calibrated model during regression analysis.
- b. The process of hypothesis testing is a fundamental statistical technique used to make inferences about population parameters based on sample data.

Table 4. Multiple linear regression analysis

Variable	B	t	Significance
Student Participation	0,8	5,863	0,000
University Image	0,216	1,849	0,066
Institutional Support	0	1,573	0,117

Hypothesis 1 posits a relationship between student participation and career intentions in the field of sustainability.

The findings of the examination suggest that the level of student engagement has a constructive and statistically significant impact on students' aspirations to pursue professional paths in the field of sustainability. The obtained p-value of 0.00, which is below the

conventional threshold of 0.05 for statistical significance, indicates a noteworthy association between student engagement and career ambitions in the field of sustainability. Furthermore, the presence of a positive beta value and t-value suggests a favourable relationship between the level of student participation and their intention to pursue jobs in sustainability. This finding provides significant support for Hypothesis 1. According to studies by (Tarrant et al., 2021) and (Gupta & Nagpal, 2021), which have shown that students who participate in sustainability activities exhibit a greater propensity to express strong inclinations towards pursuing employment in this field, the current findings are consistent with prior research.

Hypothesis 2 posits a relationship between university image and career intentions in the field of sustainability.

The aforementioned hypothesis is deemed invalid due to the lack of substantial evidence indicating that the university image has a noteworthy impact on students' aspirations to pursue sustainability-related occupations. A p-value of 0.066, which exceeds the significance threshold of 0.05, suggests that there is no meaningful relationship between the university image and students' intentions. The absence of statistical significance implies that the observed association lacks reliability despite the beta value and t-value indicating a positive direction. Prior studies have shown diverse findings. Several studies have provided evidence suggesting that the perception of a university's image can have an influence on the profession choices made by students (Anjum, 2020; Zhu et al., 2021). Conversely, other research has indicated that elements such as practical experience may exert a more substantial influence on individuals' career intentions (Barba-Sánchez et al., 2022).

Hypothesis 3 posits a relationship between institutional support and career intentions in the field of sustainability.

The results indicate that there is no substantial impact of institutional support on students' inclination to pursue sustainability-related occupations, as the p-value ($p = 0.50$) exceeds the threshold of 0.05 (0,117). Put differently, the influence of institutional assistance should not be regarded as a decisive element in developing students' aspirations to pursue sustainability-oriented employment. Prior studies have yielded comparable findings, with certain investigations indicating that institutional support may not serve as a predominant driver for students' inclination towards sustainability-oriented professions (Agu, 2021; Papp-Váry et al., 2023). Various factors, such as the integration of sustainability into the curriculum and the availability of internship opportunities, could potentially exert a more substantial influence on students' intentions.

In its entirety, this study makes a substantial contribution towards enhancing comprehension of the impact of student engagement on the formation of aspirations to pursue sustainability-oriented occupations. Nevertheless, it is important to note that these findings underscore the intricate nature of the interconnections among these variables, hence suggesting the necessity for additional investigation to thoroughly explore these intricacies.

5. Conclusion

The research findings yield several significant conclusions.

a. **The Importance of Student Participation in Influencing Career Intentions in Sustainability at Sanata Dharma University**

The active involvement of students has a significant and favourable impact on shaping their aspirations to pursue professional paths in the field of sustainability at Sanata Dharma University.

The user's text does not provide any information. The results of the statistical analysis demonstrate a high level of statistical significance ($p = 0.00$), suggesting a strong

relationship between cultivating active engagement in sustainability-related activities among students and the shaping of their future aspirations. Additionally, the positive beta value further supports the importance of this engagement in influencing students' career goals.

b. Ineffectiveness of University Image

In contrast to initial assumptions, the research revealed that the university image does not exert a substantial influence on students' aspirations to pursue jobs in sustainability. The user's text does not provide any information to be rewritten. Despite the absence of statistical significance, it is advisable for institutions to not completely overlook the necessity of controlling and improving their image, as it may still have an influence on several facets of the student experience.

c. Limited Impact of Institutional Support

The study findings indicate that the presence of institutional support does not exert a substantial influence on students' inclination to pursue jobs connected to sustainability. The user's text does not provide any information to be rewritten in an academic manner. This discovery implies that simply offering assistance may not be satisfactory; educational institutions must investigate and adopt specific programs that align with students' professional goals in the field of sustainability.

The implications of the given situation are as follows:

a. Enhancing student engagement through active learning strategies

The findings underscore the need for actively engaging students in sustainability endeavours. It is imperative for educational institutions to develop and execute initiatives aimed at promoting and enabling student engagement in environmentally and socially conscious endeavours.

b. Revaluating Communication Strategies

Notwithstanding the constrained influence observed in this study, it is advisable for institutions to periodically evaluate their communication tactics in order to guarantee that the university's reputation is congruent with its dedication to sustainability. The implementation of a clear and consistent message has the potential to exert a favourable influence on students' perspectives.

c. Adapting Institutional Assistance Initiatives

It is recommended that institutions reassess the type of institutional assistance offered to students who express an interest in pursuing careers in sustainability. This could entail the implementation of customized mentorship initiatives, internship placements, or supplementary resources designed to provide specialized support for students pursuing careers in sustainability.

d. Prospects for Future Research

The present study highlights the necessity for more research endeavours aimed at investigating the complex interconnections among these variables and uncovering supplementary aspects that could potentially impact students' career aspirations in the field of sustainability. Further research might be conducted to examine the efficacy of targeted interventions designed to enhance student involvement and institutional support.

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THE DYNAMICS OF STUDENT ENGAGEMENT, UNIVERSITY IMAGE, AND INSTITUTIONAL SUPPORT IN FOSTERING PRO-ENVIRONMENTAL BEHAVIOR AMONG SANATA DHARMA UNIVERSITY STUDENTS

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ABSTRACT

The study explores the intricate dynamics of student engagement, university image, and institutional support in shaping pro-environmental behaviour among 210 students at Sanata Dharma University. Employing a multiple regression approach and utilizing questionnaires for data collection, the research unveils a significant positive correlation between university support, student participation, and pro-environmental behaviour. Notably, the perceived university reputation appears to exert minimal influence on environmental attitudes and behaviours, challenging initial predictions. These findings emphasize the pivotal roles of student engagement and institutional support, prompting the need for strategic interventions. Tailored approaches should leverage the positive impact of university support and student involvement while recognizing the limited sway of the university's image on pro-environmental attitudes. This study challenges preconceived notions and provides a robust foundation for targeted strategies to foster a sustainable and environmentally conscious campus community at Sanata Dharma University, offering practical insights for cultivating a culture of environmental responsibility.

Keywords: Student Engagement, University Image, Institutional Support, Fostering Pro-Environmental Behavior

1. Introduction

The increasing global preoccupation with environmental sustainability has led to a heightened emphasis on university campuses (Leal Filho et al., 2021; Moscardini et al., 2022), where the actions and beliefs of students are crucial in crafting a sustainable future (Cook, 2014; Pauw et al., 2015; Vukelić & Rončević, 2021). The primary aim of this study is to investigate the intricate connection between student engagement, university image, and institutional support in the context of fostering pro-environmental behaviour among students who are currently enrolled at Sanata Dharma University. The rationale behind choosing these factors is based on the understanding that they collectively constitute a network that has the capacity to greatly impact the level of ecological knowledge and behaviours exhibited by university students (Fridayani, Kusuma, et al., 2022).

To begin with, the active involvement of students is recognized as a crucial determinant in influencing pro-environmental conduct. The expectation is that the active engagement of students in activities that promote sustainability will yield favourable outcomes in terms of increasing their understanding and commitment to pro-environmental attitudes and behaviours.

Furthermore, the perception of university image is regarded as a factor that could potentially impact students' perspectives on environmental accountability. Nevertheless, existing scholarly works indicate that the relationship between university image and pro-environmental conduct lacks comprehensive confirmation (Harahap et al., 2020; Hwang & Choi, 2019)

Moreover, the presence of institutional support is considered a pivotal determinant in influencing the adoption of pro-environmental behavior among students (Alnaimi & Rjoub, 2021; Gigliotti et al., 2019). The provision of active assistance from the institution, including the implementation of pro-environmental policies and the establishment of supportive facilities, is anticipated to have a substantial impact on promoting environmental sustainability among students.

The research encompasses a meticulously chosen cohort of 210 students representing diverse academic areas at Sanata Dharma University. The justification for choosing this particular group is rooted in the wide range of opinions and experiences it encompasses, which offers a comprehensive dataset for conducting a comprehensive examination. When you use multiple regression analysis, it's easier to look into all the connections between different variables. This gives you a quantitative view that helps you understand student behaviour and perspectives better.

As we traverse the intricacies of the linkages being studied, it is imperative to recognize the importance of previous research in developing the fundamental comprehension of pro-environmental conduct within academic contexts. Previous research has yielded useful insights pertaining to the determinants of sustainable behaviours. However, it is imperative to devote focused investigation to the specific interplay among student engagement, university image, and institutional support. This study aims to enhance our comprehension and provide innovative viewpoints that are specifically relevant to the distinct setting of Sanata Dharma University by building upon the knowledge acquired from previous research.

In brief, this introductory section offers a coherent and comprehensive justification for the choice of variables, highlighting the need to examine their interaction within a specific context. This study emphasizes the distinctiveness of its contribution to addressing the existing deficiencies in the academic literature. It establishes a foundation for the research by focusing on the particular context of Sanata Dharma University while also recognizing and expanding upon the knowledge gained from prior studies.

2. Literature Review

4.1 The Impact of Student Engagement on Pro-Environmental Behaviour

The relationship between student engagement and environmentally friendly actions has been thoroughly examined in scholarly works. According to (Biancardi et al., 2023; Nada et al., 2021; Pane & Patriana, 2016), empirical evidence indicates that engaging in sustainability projects and participating in environmentally-oriented activities fosters the development of a heightened sense of environmental responsibility among students. In addition, scholarly research underscores the importance of experiential learning and community engagement in the formation of durable attitudes (Menon & Suresh, 2020; Morris, 2020). The extent of student engagement, encompassing both academic and non-academic pursuits, is identified as a significant factor in cultivating a sustainable attitude among college students (Fridayani, Riastuti, et al., 2022)

2.2 The Impact of University Image on Pro-Environmental Behaviour

The intricate correlation between the reputation of a university and individuals' engagement in pro-environmental actions is revealed through contrasting research outcomes. Although the enhancement of sustainability initiatives through a positive institutional image

has been acknowledged, the influence on human behaviour is a complex matter, as highlighted by Piscitelli & D’Uggento (2022). Research indicates that the reputation of an institution can potentially impact the overall perception of its commitment to the environment. However, the actual implementation of environmentally sustainable actions is dependent on several factors, such as effective communication strategies and the alignment of institutional values with sustainable practices (Duvnjak & Kohont, 2021; Iqbal & Ahmad, 2021). The existing body of literature emphasizes the necessity of developing a more intricate comprehension of the relationship between university image and pro-environmental conduct.

2.3 The Importance of Institutional Support on Pro-Environmental Behaviour

The existing body of literature continuously emphasizes the crucial significance of institutional assistance in promoting environmentally friendly behaviour among university students. The adoption of proactive strategies, such as the incorporation of environmentally friendly laws, the establishment of sustainable infrastructure, and the inclusion of environmental education, has demonstrated a favourable association with engagement in environmentally responsible behaviours (Iqbal et al., 2020; Tang et al., 2022). The literature highlights the significance of institutional support in establishing an atmosphere that promotes sustainable activities and fosters a shared sense of responsibility among students (Vukelić & Rončević, 2021). The extent of institutional dedication and the inclusiveness of supportive measures are identified as crucial factors in influencing pro-environmental conduct.

2.4 In order to provide a comprehensive understanding of the literature, it is essential to contextualize it within the framework of Sanata Dharma University.

Even though there is a lot of writing about how student engagement, university image, institutional support, and pro-environmental behaviour all affect each other, it is important to note that Sanata Dharma University has its own unique circumstances that need to be carefully looked at. Given the unique socio-cultural and institutional context of Indonesia, it is imperative to conduct a focused analysis that takes into account the specific ethos of the university. Cultural values, community dynamics, and the distinctive activities the university engages in all have an impact on how these variables interact within the context of Sanata Dharma University. Hence, the primary objective of this research is to enhance the comprehension of pro-environmental behaviour within the unique context of an Indonesian institution by examining the specific characteristics that define it.

In conclusion, this literature review offers a comprehensive examination of the complex interconnections among student engagement, university reputation, institutional backing, and environmentally friendly conduct. The statement highlights the complex nature of these processes and emphasizes the importance of doing a context-specific analysis, particularly within the distinct environment of Sanata Dharma University.

3. Research Methods

The present study utilizes a quantitative research approach to comprehensively investigate the dynamics of pro-environmental behaviours among students enrolled at Sanata Dharma University. The objective of this study is to examine the impact of three primary factors, namely student engagement, university reputation, and institutional backing, on the development of environmentally conscious beliefs and behaviours among students.

The scope of this study includes all students currently registered at Sanata Dharma University. By employing a non-probability sampling method, a sample size of 211 students is chosen to encompass a diverse range of academic specialties available within the university. The non-probability strategy is used because of its pragmatic and efficient nature in collecting responses from a varied and inclusive cohort of pupils (Sugiyono, 2021). The administration

of a carefully crafted questionnaire that aims to gather comprehensive information about student involvement in environmental initiatives, their perceptions of the university's reputation, the level of support they perceive from the institution, and their self-reported environmental actions facilitates the collection of data. The electronic administration of the questionnaire is implemented in order to enhance the efficiency and convenience of the data collection procedure.

Before developing hypotheses, the study does an extensive examination of the literature to create the theoretical framework and situate the research within the current body of knowledge. This study's hypotheses are based on three main claims: first, that students' involvement in environmental issues doesn't have a big effect on their behaviour; second, that the university's reputation has some influence on environmental behaviour; and third, that providing institutional support has some influence on environmental behaviour. In order to conduct an analysis of the gathered data, the study utilizes the technique of multiple linear regression. This statistical approach enables a comprehensive investigation of the separate and combined impacts of the independent factors on the dependent variable. The analysis is performed with statistical software, such as SPSS, in order to extract significant insights from the collected data

4. Research Findings and Discussion

4.1 The process of evaluating instrument data

a. Validity Assessment

The validity assessment was conducted to ascertain the effectiveness of the questionnaire in measuring the targeted constructs. The obtained results in Table 1 which demonstrate a significance level of less than 0.05, provide support for the reliability and accuracy of the collected data. This discovery is consistent with other studies that highlight the significance of carefully designed questionnaires for effectively measuring the variables being studied (Fridayani et al., 2023)

Table 1. Validity Test Results

Items	r value	Sig.	Items	r value	Sig.
X1.1	0,782	0,000	X3.1	0,867	0,000
X1.2	0,825	0,000	X3.2	0,851	0,000
X1.3	0,722	0,000	X3.3	0,813	0,000
X1.4	0,764	0,000	X3.4	0,874	0,000
X1.5	0,875	0,000	X3.5	0,856	0,000
X2.1	0,832	0,000	Y1	0,734	0,000
X2.2	0,880	0,000	Y2	0,772	0,000
X2.3	0,894	0,000	Y3	0,780	0,000
X2.4	0,850	0,000	Y4	0,657	0,000
X2.5	0,846	0,000	Y5	0,756	0,000

b. Reliability Assessment

The reliability assessment aimed to evaluate the consistency of the measurement device. The data is considered credible if it has a Cronbach's alpha score greater than 0.60. Prior research has emphasized the importance of reliability in guaranteeing the consistency of outcomes across several questions in a questionnaire (Fridayani et al., 2023) This is consistent with the known methodologies employed in survey research.

Table 2. Reliability Test Results

Variable	Number of Items	Cronbach Alpha
Student Engagement (X1)		0,862
University Image (X2)		0,912
Institutional Support (X3)		0,905
Pro-Environmental Behaviour (Y)		0,785

4.2 Classical assumption testing

Classical assumption testing refers to the process of evaluating the assumptions underlying statistical models or tests in a classical statistical framework (Fridayani et al., 2023)

a. Normality Test.

The first step in analysing the data is to do a normality test. The normality test is a statistical tool utilized to evaluate the adherence of a given dataset to a normal distribution. According to the results of a one-sample Kolmogorov-Smirnov test, the data had a normal distribution. The test produced a p-value of 0.382, which is above the specified significance level of 0.05. This observation suggests that the criteria for normality are met, hence affirming the appropriateness of employing parametric tests.

b. The multicollinearity test

The multicollinearity test is an essential analysis performed to evaluate the existence of multicollinearity in a statistical model. Multicollinearity is a phenomenon characterized by strong correlations between independent variables, which might provide difficulties when constructing regression models. The present study covers the evaluation of multicollinearity by analysing the variance inflation factor (VIF) and tolerance values as shown in the coefficient table. Based on established criteria, the absence of multicollinearity can be inferred when the variance inflation factor (VIF) value is below 10 and the tolerance value is over 0.1. The analysis of Table 3 indicates that the variance inflation factor (VIF) values for all variables are below the threshold of 10, suggesting a lack of multicollinearity. Additionally, the tolerance values continuously exceed the minimum threshold of 0.1, indicating that there is no substantial correlation between the predictor variables. Hence, drawing upon the aforementioned criteria, the study ultimately determines that there is no substantiated indication of multicollinearity inside the dataset.

Table 3. Multicollonearity Test Results

Variable	Tolerance	VIF
Student Engagement	0,310	3,478
University Image	- 0,083	3,389
Institutional Support	0,422	1,167

c. The heteroskedasticity test

The heteroskedasticity test is a statistical procedure used to assess the presence of heteroskedasticity in a dataset. The presence of homoscedasticity, as demonstrated through scatterplot analysis, enhances the dependability of the regression model. In earlier research, it was stressed how important it is to reduce heteroskedasticity to avoid wrong estimates and conclusions.

4.3 Multiple linear regression analysis

Multiple linear regression analysis is a statistical technique used to examine the relationship between a dependent variable and two or more independent variables. It allows for the identification and quantification of the impact of each independent variable on the dependent variable while controlling for the effects of.

- a. The goodness-of-fit test is a statistical method used to assess the degree to which observed data fits a specific theoretical distribution (Ferdinand, 2014).

The corrected R-squared value of 0.327 suggests that the independent factors can account for about 32,7% of the variability in pro-environmental behaviour. The remaining 67,3% is attributed to additional variables that have not been thoroughly investigated.

The current finding, which is supported by a statistically significant F-test ($p < 0.05$), is in line with other research that stresses how important it is to use a properly calibrated model when doing regression analysis

- b. The process of hypothesis testing is a fundamental statistical technique used to make inferences about population parameters based on sample data.

Table 4. Multiple linear regression analysis

Variable	B	t	Significance
Student Engagement	.	7,492	0,000
University Image	- 0,083	-0,661	0,509
Institutional Support		2,666	0,008

Hypothesis 1: The level of student participation has an impact on pro-environmental behaviour.

Upon analysing Table 4, significant findings emerge according to the initial hypothesis, which suggests a correlation between student engagement and environmentally conscious actions. The obtained significance value of 0.000, which is below the widely accepted threshold of 0.05, supports the statistical significance of this link. The presence of positive coefficients for both the beta and t values supports the aforementioned finding.

Based on the aforementioned results, it can be concluded that Hypothesis 1 is supported, indicating that student engagement has a partially beneficial and statistically significant influence on the adoption of ecologically sustainable practices. This conclusion is consistent with established statistical norms, suggesting that the impact of student participation on pro-environmental behaviour is not simply coincidental but has significant importance. The presence of a positive sign in both the beta and t values provides additional evidence supporting a positive direction of this influence.

Moreover, this discovery aligns with previous scholarly investigations, including the works of (Sahin & Teksoz (2012), which have continuously emphasized the significant influence of active student engagement in moulding attitudes towards environmental sustainability. The current study provides statistical validation for the observed association between student participation and pro-environmental conduct. Furthermore, this finding is conceptually consistent with previous scholarly discussions on the topic.

This research makes a valuable contribution to the existing literature by emphasizing the importance of fostering student engagement in sustainability initiatives. The statement posits that promoting active engagement among students can work as a catalyst for nurturing environmentally conscious attitudes and behaviours. In general, a close look at Table 4 and the following logical interpretation of the results give us a solid foundation

for understanding and recognizing the important role that student engagement plays in encouraging environmentally-friendly behaviours.

Hypothesis 2: The influence of university image on pro-environmental behaviour is not partial.

After doing a thorough examination of Table 4, a significant revelation arises pertaining to the second hypothesis, which suggests the impact of university image on environmentally conscious conduct. The computed p-value for this association is 0.509, exceeding the customary significance level of 0.05. Therefore, it may be inferred that the second hypothesis is refuted, indicating that the university's image does not have a statistically significant impact on environmentally beneficial conduct.

According to the investigations carried out by (Hansmann et al., 2020), the observed result deviates from prior research conclusions and presents a departure from anticipated outcomes. The absence of a statistically significant influence of university image on pro-environmental behavior necessitates a reevaluation of prevailing beliefs. The observed divergence between the current findings and previous studies indicates that the impact of university image on environmental views may depend on particular contextual elements. Given the aforementioned findings, it is imperative to acknowledge the unique contextual factors associated with Sanata Dharma University, which could potentially account for the observed behavior. The nullification of the hypothesis highlights the significance of doing research that is tailored to the specific environment, hence underscoring the necessity of taking into account the distinct attributes and cultural milieu of the institution being examined. The consideration of contextual nuances becomes especially relevant when analysing the impact of institution image on environmental views, as this relationship may differ depending on elements unique to Sanata Dharma institutions.

Hypothesis 3: The level of institutional support has an impact on individuals' pro-environmental behaviour.

By doing a thorough analysis of Table 4, significant findings arise pertaining to the third hypothesis, which investigates the impact of university support on environmentally conscious behaviours. The computed significance value for this association is 0.008, which is below the commonly accepted threshold of 0.05. Moreover, it is noteworthy that both the beta and t values have a positive orientation. Therefore, it can be concluded that the third hypothesis is supported, indicating that university assistance has a substantial and positive impact on promoting environmentally conscious behaviours.

The aforementioned conclusion is in perfect accordance with recognized statistical norms, suggesting that the impact of university funding on pro-environmental conduct is not a random event but rather has substantial importance. The presence of a positive sign in both the beta and t values serves to further substantiate the directionality of the positive influence.

Furthermore, this discovery aligns with a substantial body of previous scholarly investigations, as demonstrated by the work of (Fatoki, 2019), which constantly emphasizes the crucial influence of university policies and facilities on the formation of sustainable behaviours. The findings of this study demonstrate a positive correlation between the level of support provided by universities and individuals' pro-environmental behaviour. These results are consistent with existing academic literature and add to our understanding of the importance of institutional support in promoting environmentally responsible attitudes and actions.

The extant body of literature underscores the significance of institutional support in shaping individuals' pro-environmental behaviour, and the present study offers empirical

substantiation for this proposition. This highlights the significance of higher education institutions actively promoting and supporting ecologically sustainable initiatives. The comprehensive examination of Table 4 and the subsequent elucidation of the third hypothesis provide a solid basis for comprehending and recognizing the crucial influence of university assistance in promoting pro-environmental conduct.

- c. The dominance test is a method used to determine the hierarchical relationship between individuals or groups within a social structure (Ghozali, 2018).

The findings of the dominance test indicate that student engagement exerts (0,422) a more significant impact on pro-environmental behaviour (0,310) in comparison to institutional support. This statement is consistent with the focus on the proactive involvement of students in promoting sustainability efforts. The prevalence of student involvement implies that strategic interventions should prioritize the cultivation and promotion of student engagement in order to achieve more impactful results in the advancement of environmental responsibility.

5. Conclusions

In summary, this research conducted a comprehensive examination of the factors influencing pro-environmental behaviour in the student population of Sanata Dharma University. The study specifically investigated the relationship between student engagement, university reputation, institutional assistance, and environmentally conscious beliefs and behaviours. The study utilized a rigorous quantitative technique, which involved conducting tests to assess the validity and reliability of the data, examining the assumptions of classical statistical analysis, and doing multiple linear regression analysis.

The findings suggest that the level of student engagement has a considerable impact on pro-environmental behaviour, highlighting the crucial importance of active engagement in promoting sustainability. In contrast, the study revealed that the reputation of the institution did not exert a statistically significant effect on pro-environmental conduct within the particular setting of the Sanata Dharma institution. This underscores the necessity of a nuanced comprehension of the relationship between university image and students' environmental attitudes. The presence of institutional support has been identified as a noteworthy feature, highlighting the importance of university policies and facilities in influencing environmentally conscious behaviours among students.

Furthermore, the results of the dominance test indicate that student engagement exerts a more significant influence on pro-environmental behaviour compared to institutional support. This highlights the significance of cultivating a culture that encourages active student engagement in sustainability projects in order to achieve desirable results.

6. Implications

In this discourse, we will examine several strategies employed by universities. It is imperative for universities to focus efforts that effectively engage students in pro-environmental actions. This includes the implementation of sustainability initiatives, educational workshops, and organized activities aimed at fostering student engagement in environmental preservation endeavours.

The concept of reputation management refers to the practice of actively monitoring and controlling the perception and image of an individual, organization, or brand in order to maintain a positive reputation. Although the influence of university image on pro-environmental behaviour was found to be insignificant in this particular context, it is imperative for universities to consistently evaluate and improve their environmental programs in order to meet the expectations of environmentally conscious students. The transparent dissemination of

information regarding sustainability initiatives has the potential to enhance the overall reputation of a university.

The provision of institutional support is crucial for the success and sustainability of any organization or establishment. The considerable impact of institutional backing underscores the significance of colleges adopting and advocating for environmentally friendly policies (Kusuma & Fridayani, 2022). Enhancing the overall impact of institutional assistance can be achieved through investment in sustainable infrastructure, the integration of environmental education, and the active support of student-led projects.

The topic of student engagement is of great importance in the field of education. In light of the significant impact of student involvement on promoting environmentally conscious actions, it is imperative for universities to prioritize the establishment of a conducive atmosphere that fosters and promotes student engagement. This may entail the establishment of student-led sustainability committees, the provision of resources for environmentally beneficial projects, and the integration of sustainability into the curriculum.

In light of the current study's findings, there are several areas that warrant further investigation in future research. This study presents opportunities for further investigation, namely in the examination of cultural and contextual variables that shape the relationship between university image and pro-environmental behaviour. Furthermore, longitudinal studies have the potential to offer valuable insights on the enduring impacts of consistent institutional support and student engagement on environmental attitudes and behaviours over an extended period of time.

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THE BODY SHOP'S SUSTAINABLE INNOVATION: GREEN BUSINESS FOR SUSTAINABLE FUTURE

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ABSTRACT

The objective of this study is to address the issues raised during the G20 summit pertaining to the green economy, with a specific focus on the green business operations of The Body Shop Company. Furthermore, this study also makes reference to the Sustainable Development Goals (SDGs), which align with Indonesia's long-term aims. The data utilized in this study were derived from the sustainability report and annual report of the company, with the objective of assessing the financial impact resulting from the implementation of the green economy throughout the period of 2021-2022. The research methodology employed in this study involves using documentation techniques, namely relying on secondary data acquired from the company's official website. The results showed that The Body Shop's sustainability policy also not only has a positive impact on the environment and stakeholders, but also implicitly can increase the company's profitability through sustainable operational efficiency.

Keywords: Green Business; Sustainable Development Goals.

1. Introduction

It's one of the most important factors in economic activity because the natural environment produces the resources necessary for economic activity. Currently, our natural environment is experiencing a crisis characterized by global warming, ice melting, air pollution, natural disasters, and depleted natural resources. As the damage to the earth gets worse, consumers realize the importance of using environmentally friendly products/services and companies as producers are expected to implement activities that protect the environment. Sustainable Business is the thought of sustainability to be able to carry out repeated activities in the long term. This concept of sustainability has goals outlined in the Sustainable Development Goals (SDG's) which contain 17 goals. Sustainable Development Goals point 12, Responsible Consumption and Production, provides attention where in doing business and consuming products / services we must be responsible for the waste and materials we have used for the product / service. In line with this, at the G20 Bali 2022 Summit, the G20 overarching priorities encompass inclusion and a sustainable, green economy. Green Economy provides the idea of improving the welfare and social equality of society with an economy that reduces risks to nature. The implementation of green economy includes the implementation of green business. Green business is a business concept that applies environmental friendliness and balances the benefits obtained. Green Business is an organization that is committed to the principles of environmental sustainability in its operations, strives to use renewable resource, and tries to minimize the negative environmental impact of its activities (Čekanavičius et al., 2014). The whole world is currently concerned about efforts to improve and care for environmental damage due to economic activity.

This research is important to do in order to provide awareness to companies regarding the application of green business in their business that causes environmental damage due to production activities carried out. Building green business has a positive impact because consumers are increasingly concerned about the environment, it is important for companies to apply green business to company operations. As producers and consumers, must be responsible for the activities carry out to the limited natural environment. By implementing green business maintain the survival of the natural environment which will have a good impact on the natural environment we live in. Currently, attention to the implementation of green business is the focus of business development, but which companies have implemented green business and what they have implemented is an interesting thing to research.

One of the companies that implement green business is The Body Shop. The Body Shop International plc, or better known as The Body Shop, is a company engaged in the beauty business in the form of cosmetic or make-up products. The company's goal is to fight for a more just and beautiful world through environmentally friendly products. The company's founder, Dame Anita Roddick built The Body Shop to fight for what is good, fair, and beautiful for the earth. The company applies the triple bottom line business principle which actually not only measures success from a financial perspective, but also ensures that the business understands its social and environmental impact. Some of the innovations The Body Shop has made to become a B Corps company include involving customers in our activist campaigns, including Forever Against Animal Testing.

In addition, The Body Shop was a refill pioneer in the 70s and is committed to helping empower people and communities around the world through its Community Fair Trade program. The Body Shop understands that society's biggest problems cannot be solved by governments and non-profit organizations alone. So, they seek to address these issues through business, such as tackling inequality and poverty and creating high-quality jobs. Researchers chose The Body Shop as a company that runs green business to represent the implementation of green business because there are many interesting activities related to green business carried out and The Body Shop is an international company that can be emulated by other companies. With the problem, researchers researched how the implementation of green business at The Body Shop and how the impact on 3P (Planet, People, and Profit) implemented by The Body Shop.

2. Literature Review

2.1 People, Profit, Planet (3P) Theory

The Triple Bottom Line (TBL) was developed by John Elkington in 1994 into three terms: economic prosperity, environmental quality, and social justice, or commonly known as people, profit and planet. The TBL concept is applied to balance the social, economic and environmental sides. In addition to pursuing profit, companies must also pay attention and be involved in fulfilling the welfare of the community (people) and actively contribute to preserving the environment (planet) (Lumi et al., 2023).

People refers to the company's main focus in running its business, namely the community (Lumi et al., 2023). People are important for the company in maintaining the sustainability, development and progress of the company. Included in people are all individuals and groups involved in the company, such as employees and their families, suppliers, customers, customers, communities, and even all people who can influence or be influenced by the company. For this reason, the company can make activities to develop society and human resources.

Profit is the most important element and the main goal of every business activity including companies. However, companies should not only have profits for their organization but must be able to provide economic progress for their stakeholders. Profit refers to the company's responsibility to the existing economy, both in the company's internal economy and the impact of the economy at large (Lumi et al., 2023). In this case, the company has a challenge to be able to maintain and improve the company's economy, as well as the impact on the

surrounding environment, such as improving people's lives with the jobs provided, innovations created, and other economic impacts.

Planet is a concept that refers to the impact of all activities caused by the company in carrying out its operational activities both directly and indirectly (Lumi et al., 2023). It is mandatory for companies to maintain and preserve the environment in which the company exists and operates. The company must maintain the state of the environment, especially around the company's environment because it is the company's obligation to care about the environment.

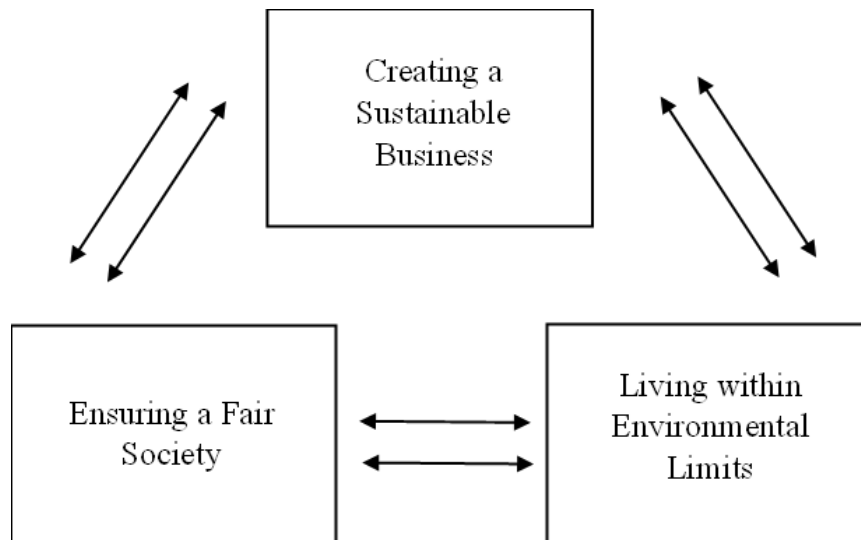


Figure 1

2.2 Sustainable Development Goals (SDGs)

In September 2015, the United Nations General Assembly (Leaders of 193 countries in the world) adopted the seventeenth sustainable development goal as an action plan to transform the world (people, planet and prosperity) by 2030. (UN, 2015). Sustainable Development Goals (SDGs) are development that maintains the improvement of people's economic welfare on an ongoing basis, development that maintains the sustainability of people's social life, development that maintains the quality of the environment and development that ensures justice and the implementation of governance that is able to maintain the improvement of the quality of life from one generation to the next. SDGs are global and national commitments in an effort to improve the welfare of society, including 17 goals, namely (1) No Poverty; (2) No Hunger; (3) Healthy and Prosperous Life; (4) Quality Education; (5) Gender Equality; (6) Clean Water and Sanitation; (7) Clean and Affordable Energy; (8) Decent Work and Economic Growth; (9) Industry, Innovation and Infrastructure; (10) Reduced Inequality; (11) Sustainable Cities and Settlements; (12) Responsible Consumption and Production; (13) Addressing Climate Change; (14) Ocean Ecosystems; (15) Land Ecosystems; (16) Peace, Justice and Resilient Institutions; (17) Partnerships for the Goals. (bappenas.go.id).

This research mainly focuses on the 12th point of the SDGs, which is responsible production. Achieving economic growth and sustainable development means all of us must recognize the importance of reducing the ecological footprint by changing the way produce and consume food and other resources. By 2030, Indonesia has a target to substantially reduce waste production through prevention, reduction, recycling and reuse. Another target is to ensure that people everywhere have relevant information and awareness on sustainable development and lifestyles in harmony with nature. (bappenas.go.id). Therefore, it is important for Indonesia to find alternative production and consumption processes by considering environmental sustainability according to SDGs point 12.

2.3 *Green Business*

The term 'green business' covers a wide range of topics, such as sustainability, scarce energy sources, environmentally friendly, pollution-free, social or political stability. It focuses on environmentally friendly activities, such as environmentally friendly practices throughout society. Green Business is an organization that is committed to the principle of environmental sustainability in its operations, strives to use renewable resources, and tries to minimize the negative environmental impact of its activities (Čekanavičius et al., 2014). Green Business is carried out in order to reduce the amount of waste, reuse wasted materials and recycle them as by-products or as raw materials for other products products can reduce costs through environmentally friendly processes (Gadde et al., 1997).

Earlier studies by renowned researchers (e.g., Čekanavičius et al., 2014; Florida et al., 1999; Molenaar and Kessler, 2017; Pattinson, 2015) identified different advantages of green business. Various advantages of implementing green business, are reducing resource use and costs, saving money through digitization, increasing budgets for higher revenues, and gaining investment capital. Nulkar (2014) argues that green business can guarantee four competitive advantages, namely emerging market opportunities, early mover advantage, cost & risk management, and environmental management. It also creates various advantages ranging from environmental management classification to personnel management, operational efficiency, and tangible profits (Lun, 2011).

3. Research Methods

The research method used in this research is descriptive qualitative research. The data used comes from secondary data obtained from The Body Shop's sustainability report. With the data reduction stage, we select data related to this research from the sustainability report and present the related data that we have collected, after which researchers draw conclusions from the related data.

4. Research Findings and Discussion

4.1 *Implementation of green business at The Body Shop*

The Body Shop is committed that the packaging materials of its products are 100% reusable, compostable by 2030, and 50% of all plastics are recycled. By 2022, The Body Shop has achieved the target of recycled plastic and 90% of the packaging of various products can be recycled from data in The Body Shop's Sustainability Report on 2022. In enhancing green business, The Body Shop ensures that its product packaging remains safe, effective, and aesthetically pleasing with various efforts made, among others:

- a. Removing all unnecessary packaging such as skincare cartons, multiple transit plastic protectors and additional gift packaging layers to reduce the use of resources, water and energy.
- b. Reusing packaging materials by increasing the number of in-store refill bins and strengthening plans to phase out hard-to-recycle materials.
- c. Replacing some plastics with recycled glass and aluminium which increases Post-Consumer Recycled (PCR). In addition, replacing plastic used for soap packaging with paper.

In running a sustainable green business, The Body Shop is committed to helping address the climate emergency and limit global warming to 1.5 degrees Celsius. This is supported by all Natura & Co brands having committed to achieving net zero by reducing all direct and indirect greenhouse gas emissions associated with the business and franchises. The Body Shop considers that carbon reduction planning is a complex business process that requires an approach to understand and assess the best way forward, such as in product rationalization The Body Shop estimates that carbon emission reductions will fluctuate in line with business

growth or decline. After that, The Body Shop will start to look at achieving short-term carbon reduction targets in accordance with the Science Based Targets Initiative (SBTi) rules. In the short term, this process commits The Body Shop to:

- a. 80% of purchased electricity comes from renewable energy by 2025.
- b. Reduce emissions from store heating and cooling, company vehicle use and backup energy sources, and purchased electricity to net zero by 2030.
- c. Reduce carbon associated with products created (including materials, packaging, upstream transportation, and post-consumer disposal of products sold) by 42% by 2030.

The Body Shop's implementation progress towards net zero carbon includes:

- a. The Bring Back Our Bottle (BBOB) program in collaboration with Waste4Change achieved success in its program where around 1,133,620 empty bottles have been returned from the total sales products.
- b. The Body Shop has used green marketing as a global strategy to promote green products and provide tangible evidence that the company is taking part in maintaining environmental sustainability.
- c. The Body Shop has implemented the green office concept by installing solar panels to reduce carbon emissions and is committed to having an environmentally friendly office.

The beauty products company headquartered in Watersmead, Littlehampton, UK also has a unique way of communicating with its customers. The communication is not directly related to its products. The brand aims to run a business that makes people feel good about themselves. In 1995, The Body Shop stores in the UK conducted a "What Women Want" and received 14,000 responses within three months significantly raising awareness and campaigning on women's issues.

When it comes to workers, The Body Shop as a B Corp is committed to treating all their workers, customers, suppliers and communities fairly and equally. The company does not only focus on its products but also on creating a fair and equal society. In many cases, The Body Shop helps lead working groups to improve knowledge and practices. In 2022, The Body Shop is actively working with action for sustainable development, ethical trading initiative, global shea alliance, and others. A concrete example of what our company is doing, in line with our Commitment to Life target to pay all our employees a real living wage (higher than minimum wage) by the end of 2023, 96% are paid more or the same as 2022 wages. In addition, all suppliers are required to sign a supplier code of conduct which outlines the high standards of all direct suppliers and their supply chains in relation to human rights and labour practices. The Body Shop also implemented a Responsible Recruitment Toolkit aimed at helping suppliers build their capacity in ethical recruitment practices thereby reducing the risk of labour exploitation.

In addition, The Body Shop operates with principles that oppose animal testing, support community trade, defend human rights, and protect the earth. These values influence the business from product development to supply chain. Starting in 2016, The Body Shop transformed these values into three pillars focusing on Enrich Our People, Enrich Our Products, and Enrich Our Planet. The campaign refreshed The Body Shop's mission and reinforced its commitment to people, planet and products. The commitment to these three pillars is not only for the short term, but is also part of The Body Shop's long-term targets for 2030. These pillars have been translated into several long-term programs, such as expanding the fair trade program for communities from 19 to 40 key ingredients and improving the quality of life of producer communities, as well as helping 40,000 people to get jobs (Enrich Our People). Second, ensuring that 100% of natural ingredients come from sustainable sources, publicizing the natural and non-natural ingredients used, and disclosing biodegradation and water use in production (Enrich Our Products). The Enrich Our Planet program aims to ensure that 70% of

total packaging does not contain fossil fuels, reduce energy consumption by 10% in all stores, and more.

4.2 The impact of 3P (Planet, People, and Profit) implemented by The Body Shop

The increased implementation of sustainable business practices by The Body Shop has a positive impact on the planet's natural environment and the people connected to The Body Shop's business activities (Stakeholders). Based on a study conducted by Peng et al. (2018) shows that efforts to reduce carbon emissions, such as those made by The Body Shop, improve air quality and reduce premature deaths due to air pollution. Not only that, The Body Shop's social policies also have a positive impact on workers and customers by enriching company employees and listening to customer feedback. In relation to reducing carbon emissions, The Body Shop also uses renewable energy sources and recycled materials in the production process. According to Gielen et al. (2002), companies can reduce carbon emissions by using substitute materials that are recycled materials or materials that are easily processed as waste. The research is also supported by the results of research conducted by Cochran (1998) which found that the use of substitute materials can save the cost of producing goods.

Thus, The Body Shop, with a focus on skin care products as consumer staples, utilizes sustainability policies to manage materials efficiently, support recycling, and build efficient supply chains. Research conducted by Ameer and Othman (2012) shows that the sustainability practices of top Global companies within the industrials, Customer Staples, and Materials sectors have improved financial performance. Similarly, Porter's Hypothesis tested by Brannlund and Lundgren (2010) states that strict environmental regulations can increase the competitiveness of firms. Although the limited research conducted by Lundgren on the impact of CO₂ tax policy on Swedish industry shows a decrease in profitability, other studies show that improving profitability through productivity improvements by implementing efficient technologies and procedures takes more than one year. Therefore, although our research cannot argue that The Body Shop's implementation of sustainability policies increases profitability due to difficulties in obtaining information related to the company's financial condition, we can deduce that The Body Shop's sustainability policies not only support the environment and stakeholders, but also implicitly increase the company's profitability through continued operational efficiency.

5. Conclusion

The conclusion of this paper is that an analysis of the implementation of sustainable business practices by The Body Shop, based on the Triple Bottom Line (TBL) or 3P (People, Planet, Profit) principle, shows that these business practices have a positive impact on the natural environment of the planet and the company's stakeholders. With a focus on social, economic, and environmental sustainability, The Body Shop has successfully achieved various targets and commitments related to reducing carbon emissions, managing waste, using renewable energy sources, and using recycled materials in its production. The implementation of the Triple Bottom Line principle is also in line with the Sustainable Development Goals (SDGs) adopted by the United Nations (UN). The Body Shop is committed to achieving sustainable development goals, particularly in sustaining economic prosperity, maintaining environmental sustainability, and ensuring social justice. Related to the role of Green Business in The Body Shop's strategy that focuses on environmental sustainability, the company implements green business practices to reduce resource use, save costs, and create a competitive advantage. The Body Shop also incorporates social values, including human rights and community trade, in its business. The Body Shop's sustainability policies also not only have a positive impact on the environment and stakeholders, but can also implicitly improve the company's profitability through continued operational efficiency.

While previous research findings suggest a positive relationship between sustainability practices and environmental, stakeholder and financial performance, we cannot explicitly conclude that sustainability practices within The Body Shop improve the company's profitability as we were unable to find data related to the company's current and historical financial condition. In addition, the very short time span of our study prevents any meaningful attempt to improve the accuracy and quality of our research. To better understand the impact of The Body Shop's sustainability policy implementation on Planet, People, and Profit, future research should be conducted with a wider time span and use more accurate information.

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THE ROLE OF CUSTOMER SATISFACTION IN MEDIATING DISCOUNTS AND SERVICE QUALITY ON CUSTOMER INTENTIONS FOR WORD OF MOUTH: STUDY ON ENGLISH COURSE CUSTOMERS DISCOVERY ENGLISH JOGJA

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ABSTRACT

This study aims to determine: (1) the effect of discounts on customer intention for word of mouth, (2) the effect of service quality on customer intention for word of mouth, (3) the effect of customer satisfaction on customer intention for word of mouth, (4) customer satisfaction mediates the effect of discounts on customer intention for word of mouth, (5) customer satisfaction mediates the effect of discounts on customer intention for word of mouth. The sample used was 100 respondents using purposive sampling technique. Data analysis using SEM PLS with SmartPLS 3 software. The results show that: (1) discounts have a significant effect on customer intention for word of mouth, (2) service quality has a significant effect on customer intention for word of mouth, (3) customer satisfaction has a significant effect on customer intention for word of mouth, (4) customer satisfaction partially mediates the effect of discounts on customer intention for word of mouth, and (5) customer satisfaction partially mediates the effect of service quality on customer intention for word of mouth.

Keywords: discount; service quality; customer satisfaction; word of mouth

1. Introduction

Service companies are companies that provide services to meet customer needs in terms of intangible goods or so-called services. Currently, there are more and more service businesses and various types so that marketers must be able to market their products to reach customers. The services offered vary in various fields, including transportation, care, health, finance, and education.

Based on Central Statistics Agency (BPS) data in the 2016 Economic Census, the number of service companies in the education sector reached 619,947 businesses all over Indonesia country, equivalent to 2.32% of the total number of businesses in Indonesia. Among them are schools, universities, and courses, also training institutions. Data from Tirto.Id (April 2017) shows that English language courses are the second largest courses and training institutions after computers, with 4,728 institutions. This shows that people have an awareness to develop their abilities and skills, especially in the current era where soft skills such as English Language are needed.

This opportunity is utilized by business people in providing English course training. Currently, many English course institutions have sprung up, where business people compete to provide these services. In Yogyakarta itself, the existence of English courses is experiencing a rapid development. There are approximately 30 institutions that provide English course services, including IONs, English First, English Made Easy (EME), Arvard Institute, and

Discovery English. The number of competitors in this area forces marketers to improve strategies to service quality in running their business.

There are five factors that can affect customer satisfaction, such as product quality, service quality, emotional, price and cost (Lupiyadi, 2001). Service quality in accordance with customer desires can foster satisfaction in the minds of customers (Fernandes & Solimun, 2018). Price triggers customer satisfaction so that marketers must be able to create a pricing strategy. According to Ardiansyah and Nurdin (2018), discounts can be a strategy to attract consumer buying interest in the products they offer through price discounts.

The theory put forward by Tjiptono (2006), states that product quality has a major contribution to customer satisfaction so that customers have the intention to recommend and provide testimonials to their relatives. The activity of recommending and giving testimonials to others is called **Word of Mouth**.

According to Sumardi (Abdillah and Harono, 2015), Word of Mouth is a marketing activity that triggers consumers to talk, promote, recommend and sell a product brand to other potential consumers. Information through word of mouth is considered more credible and real without any promotional elements from the company concerned (Lovelock & Wirtz, 2011: 206). According to Solomon 1996 (Daryantono, 2021) customer satisfaction is a factor that will encourage positive word of mouth communication.

Marketers must make improvements in their operations and marketing to generate satisfaction so that customers have the intention to do word of mouth for a product.

2. Literature Review

2.1 Discount

Discounts are price reduction given by sellers to buyers as a reward for purchases that are pleasing to the seller (Tjiptono, 2018). According to Kotler and Armstrong (2008) discounts are price reductions on a purchase within a certain period. There are four types of discounts (Kotler & Armstrong, 2008), namely: (1) cash discounts; (2) quantity discounts, (3) functional or trade discounts, and (4) seasonal discounts. The purpose of discounts is classified into three (Tjiptono, 2018: 167), namely:

- a. Encourage large purchases; if the buyer wants to make large-scale purchases, the manufacturer or seller will provide a discount.
- b. Encourage buyers not to make long-term credit. With a discount, buyers are expected to be interested in making purchases by making payments in a short time to avoid accounts receivable for the company.
- c. Retaining customers; discounts can provide special value to consumers so that they are reluctant to move to other sellers.

2.2 Service Quality

Kotler and Keller (2016) define service quality as all the characteristics and properties of a product or service that affect the ability to satisfy needs. Meanwhile, according to Goetsch and Davis (Tjiptono, 2008) service quality is a condition related to products, services, people, processes, and the environment that meet and even exceed consumer expectations.

Tjiptono (2016) states five indicators of service quality including tangible, empathy, responsiveness, reliability, and assurance.

2.3 Customer Satisfaction

Daryanto (2021) states that customer satisfaction is an emotional assessment of the customer after using a product when expectations and needs are met. Customer satisfaction is an achievement that has the potential to lead to long-term and short-term sales growth and market share. Peter & Olson (2010) define customer satisfaction as a comparison of

performance expectations when not buying and perceptions after buying. Customer assessment of product performance is determined by many factors such as consumer loyalty to the brand and word of mouth.

There are 5 main drivers of customer satisfaction (Daryanto, 2021), that is (1) product/service quality, (2) price, (3) service quality, (4) emotional factors, and (5) cost and convenience. In addition, Tjiptono (2016: 101) states the indicators used to measure customer satisfaction, namely:

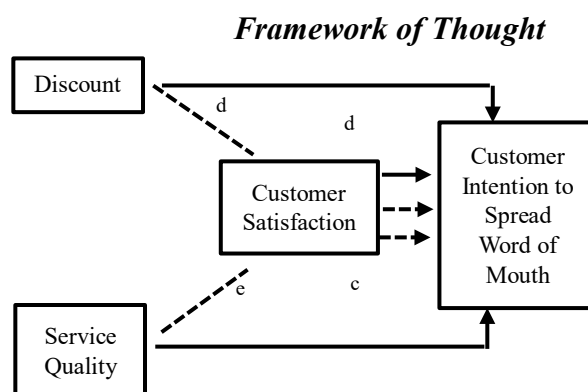
- a. Conformity to expectations, where the level of product capability in meeting consumer expectations.
- b. Performance is the level of product ability to perform functions well.
- c. Comparison is the degree of difference or similarity of product performance with other companies.
- d. Confirmation is the ability of a product to realize its performance as promised.
- e. Interest in revisiting, is the willingness of customers to reuse the products/services offered by the company.
- f. Willingness to recommend is the willingness of customers to offer and tell the experience of using the products / services that have been used to their relatives.

2.4 Word of Mouth

Sumardi in Abdilah, et. al. (2015) argue that word of mouth is a marketing activity that can influence customers to talk about, promote, and recommend to other potential customers based on experience. Besides that Kotler and Armstrong (2016) argue that word of mouth is the delivery of a person to friends, family, or other customers and recommends products because they have used or bought them.

Sernovitz (2009) states that there are four basic dimensions of word of mouth known as 4T, namely talkers, topics, talking parts, and tracking. Ronny and Sunandar: 2007 (Rahyu & Ruhamak, 2016) argue that word of mouth can be measured by: The willingness of customers to talk about positive things about the company including the quality of services provided, the ease of reach and the price provided by the company.

- a. Recommendations to others regarding the services provided by the company.
- b. Encouragement of friends or acquaintances to make purchases of products provided by the company.



2.5 Hypothesis

Based on the background and problem formulation that has been explained, the hypothesis of this study is:

- a. H1: Discounts affect customer intentions for word of mouth.
- b. H2: Service quality affects customer intentions for word of mouth.
- c. H3: Customer satisfaction affects customer intentions for word of mouth.
- d. H4: Customer satisfaction mediates the effect of discounts on customer intentions for word of

- mouth.
- e. H5: Customer satisfaction mediates the effect of service quality on customer intentions for word of mouth.

3. Research Methods

3.1 Type of Research

This research will use a quantitative approach with a survey research type, where researchers will distribute a number of questions arranged in the form of a questionnaire. The survey research used is explanatory research which aims to examine the causality between variables that explain a certain phenomenon (Zulganef, 2018).

3.2 Population and Sample

The population in this study is approximately 1,000 people who are students or customers who have had courses at the Discovery English Jogja English course institution from 2021 to 2023 (the last 2 years).

The sample in the study were students or customers at the Discovery English Jogja English Course as many as 100 people who had or were doing the course program.

3.3 Sampling Technique

This study uses a non-probability sampling technique which is a sampling technique where each member in the population does not have the same opportunity to be sampled (Suliyanto, 2018).

The techniques used in non-probability sampling are purposive sampling and accidental sampling. Purposive sampling is a data source selection technique based on certain considerations with the respondent's criteria, namely students or customers of Discovery English Jogja who have had a course program. While accidental sampling is a sampling method by taking respondents who happen to be or are coming for courses at Discovery English Jogja.

3.4 Research Variables

- a. Independent Variables. In this study, the independent variables are Discounts and Service Quality.
- b. Dependent Variable. The dependent variable in this study is customer intention for Word of Mouth.
- c. Intervening Variable. In this study, the mediating variable is Customer Satisfaction.

3.5 Data Collection Technique

The data collection technique in this study is a questionnaire that will be distributed online via google form. Sekaran and Boegi, 2013 (Zulganef, 2018) say that a questionnaire is a set of written questions that have been formulated, where respondents answer these questions with alternative answer

choices. The questionnaire was distributed to students or customers of English language institutions who had already conducted course programs at Discovery English Jogja.

3.6 Instrument Testing Technique

3.6.1 Validity Test

According to Suliyanto (2018) the validity test is the level of accuracy and accuracy of the research instrument measuring instrument. In this study, researchers focused on the type of construct validity that can show how well the results obtained from the use of measures that are in accordance with the theory underlying the instrument. Construct validity consists of convergent validity and discrimination validity.

3.6.2 Reliability Test

Abdilah and Hartono (2015) argue that reliability shows the level of consistency and stability of measuring instruments or research instruments. Reliability tests can use Alpha Cronbach and Composite Reliability techniques.

3.7 Data Analysis Technique

The data analysis technique in this study uses Partial Least Square (PLS) and uses multivariate statistical techniques with two independent variables (X), one dependent variable (Y), and one mediating variable (M). In conducting data analysis, researchers conducted measurements with the outer model then continued structural measurements with the inner model. Furthermore, researchers conducted a mediation test by estimating the direct effect and indirect effect. In hypothesis testing, researchers used PLS based on p-values with a confidence level of 0.05. The final stage of data analysis is testing the mediation hypothesis, where researchers use the path coefficient between the independent variable (discount and service quality) and the dependent variable (customer intention for word of mouth) from direct effect to indirect effect as a basis for decision making.

4. Research Findings and Discussion

The following are the results of the description of the characteristics of respondents based on gender, age, occupation, and pocket money/income per month.

Table 1. Respondent Characteristics

Gender	Number (Respondents)	Percentage (%)
Male	29	29%
Female	71	71%
Total	100	100%
Age	Number (Respondents)	Percentage (%)
< 18 years old	3	3%
18 - 23 years old	74	74%
> 23 years old	23	23%
Total	100	100%
Work	Number (Respondents)	Percentage (%)
Students	4	4%
Students	75	75%
Public Employee	5	5%
Privat Employee	12	12%
Other	4	4%
Total	100	100%
Monthly Allowance/Income	Number (Respondents)	Percentage (%)
< Rp 1000.000	22	22%
Rp 1.000.000 - Rp 3.000.000	48	48%
> Rp 3.000.000	30	30%
Total	100	100%

Judging from gender, 29 respondents who are male with a percentage of 29% and 71 people are female with a percentage of 71%. So, it can be concluded that women dominate as

customers at the Discovery English Jogja English course. Judging from age, there are 4 respondents aged < 18 years with a percentage of 3%, 74 respondents aged 18 - 23 years with a percentage of 74%, and 23 respondents aged > 23 years with a percentage of 23%. So, it can be concluded that the age of 18 - 23 years dominates as a customer at Discovery English Jogja. Judging from occupation, there are 4 respondents who are students with a percentage of 4%, 75 respondents are students with a percentage of 75%, 5 respondents work as civil servants with a percentage of 5%, 12 respondents work as private employees with a percentage of 12%, and 4 respondents with other jobs with a percentage of 4%. So it can be concluded that Discovery English Jogja customers are dominated by students. Judging from the characteristics of pocket money/income per month, 22 respondents have pocket money/monthly income below Rp 1,000,000 with a percentage of 22%, 48 respondents have pocket money / monthly income between Rp 1,000,000 to Rp 3,000,000 with a percentage of 48%, and 30 respondents have pocket money / monthly income above Rp 3,000,000. It can be concluded that the customers of Discovery English Jogja are people with middle economic class.

4.1 Validity Test Results (Outer Model)

4.1.1 Convergent Validity Test

Sholihin and Ratmono (2013: 16) state that the rule of Thumb for convergent validity is indicator loading greater than 0.70. The following is a table of data processing results for each variable.

Table 2. Outer Loading Before Removal

Variable	Item (Code)	Outer Loading	Status
Discount	X1.1	0,733	Valid
	X1.2	0,887	Valid
	X1.3	0,672	Invalid
	X1.4	0,767	Valid
	X1.5	0,771	Valid
	X1.6	0,263	Invalid
Service Quality	X2.1	0,778	Valid
	X2.2	0,753	Valid
	X2.3	0,861	Valid
	X2.4	0,859	Valid
	X2.5	0,749	Valid
Customer Satisfaction	M1.1	0,895	Valid
	M1.2	0,896	Valid
	M1.3	0,831	Valid
	M1.4	0,907	Valid
	M1.5	0,837	Valid
Customer Intention to WORD OF MOUTH	Y1.1	0,895	Valid
	Y1.2	0,900	Valid
	Y1.3	0,856	Valid
	Y1.4	0,917	Valid

In the table above, it can be seen that the outer loading value on the discount variable is on statement items X1.3 and X1.6 with a value of 0.672 and 0.263 respectively. This value is below 0.7 so that the two statement items are declared invalid and should be deleted. Hair, Anderson, Tatham and Black, 2014: 94 (in Abdillah and Hartono, 2015: 196) state that a good or acceptable outer loading value is > 0.5. Therefore, researchers did not delete statement item X1.3 because its value was 0.672. The following is the outer loading value after deletion.

Table 3. Outer Loading after Deletion

Variable	Item (Code)	Outer Loading	Status
Discount	X1.1	0,734	Valid
	X1.2	0,889	Valid
	X1.3	0,670	Valid
	X1.4	0,768	Valid
	X1.5	0,769	Valid
Service Quality	X2.1	0,778	Valid
	X2.2	0,753	Valid
	X2.3	0,861	Valid
	X2.4	0,860	Valid
	X2.5	0,749	Valid
Customer Satisfaction	M1.1	0,889	Valid
	M1.2	0,894	Valid
	M1.3	0,829	Valid
	M1.4	0,908	Valid
	M1.5	0,844	Valid
Customer Intention to WORD OF MOUTH	Y1.1	0,894	Valid
	Y1.2	0,900	Valid
	Y1.3	0,854	Valid
	Y1.4	0,920	Valid

Another parameter used to measure convergent validity is the Average Variant Extracted (AVE) value > 0.5 (Sholihin and Ratmono, 2013: 16). The following is the AVE value in the table below:

Table 4. Average Variant Extracted (AVE) Value

Variabel	Average Variance Extracted (AVE)	Status
Discount	0,592	Valid
Service Quality	0,643	Valid
Customer Intention to WORD OF MOUTH	0,763	Valid
MOUTH	0,796	Valid

4.2 Discriminant Validity Test

According to Sholihin and Ratmono (2013: 16) there are 2 rules of thumb for discriminatory validity, namely the square root of the AVE is greater than the correlation between constructs and the loading of indicators on the measured constructs is greater than the loading on other constructs.

Table 5. Cross Loading Value of Discriminant Validity Test

Variable	Discount	KL	KP	WORD OF MOUTH Intention
X1.1	0,734	0,270	0,149	0,333
X1.2	0,889	0,505	0,351	0,388
X1.3	0,670	0,378	0,274	0,309
X1.4	0,768	0,446	0,361	0,390
X1.5	0,769	0,458	0,383	0,371
X2.1	0,356	0,778	0,627	0,505
X2.2	0,338	0,753	0,567	0,472

Variable	Discount	KL	KP	WORD OF MOUTH Intention
X2.3	0,353	0,861	0,627	0,543
X2.4	0,236	0,860	0,735	0,710
X2.5	0,378	0,749	0,596	0,559
M1.1	0,481	0,733	0,889	0,618
M1.2	0,460	0,685	0,894	0,675
M1.3	0,554	0,620	0,829	0,616
M1.4	0,514	0,723	0,908	0,770
M1.5	0,385	0,692	0,844	0,783
Y1.1	0,414	0,754	0,689	0,894
Y1.2	0,406	0,759	0,694	0,900
Y1.3	0,431	0,568	0,503	0,854
Y1.4	0,425	0,733	0,603	0,920

4.3 Reliability Test Results

In the reliability test, the rule of thumb for alpha and composite reliability values must be > 0.7. The following is a table of Cronbach's alpha and composite reliability values.

Table 6. Cronbach's Alpha and Composite Reliability Values

Variable	Cronbach's Alpha	Composite Reliability	Status
Discount	0,826	0,878	Reliable
Service Quality	0,860	0,900	Reliable
Customer Intention	0,922	0,941	Reliable
to WORD OF MOUTH	0,915	0,940	Reliable

Inner Model Test Results

Table 7. Evaluation Goodness of Fit (R-square) Test Results

Variable	R-Square	Adjusted R-Square
Customer satisfaction	0,678	0,681
Customer intention to WORD OF MOUTH	0,651	0,641

The results of the goodness of fit evaluation test obtained an R-square value of the customer satisfaction variable of 0.678. This shows that exogenous variables (discounts and service quality) are able to explain 67.8% of changes in endogenous variables (customer satisfaction). As much as 32.2% of changes in endogenous variables are explained by variables outside this research model. The customer intention variable for word of mouth obtained an R-square value of 0.651. This means that exogenous variables (discounts, service quality, and customer satisfaction) are able to explain 65.1% of changes in endogenous variables (customer intention for word of mouth), while the remaining 34.9% of changes in endogenous variables (customer intention for word of mouth) are explained by variables outside this research model.

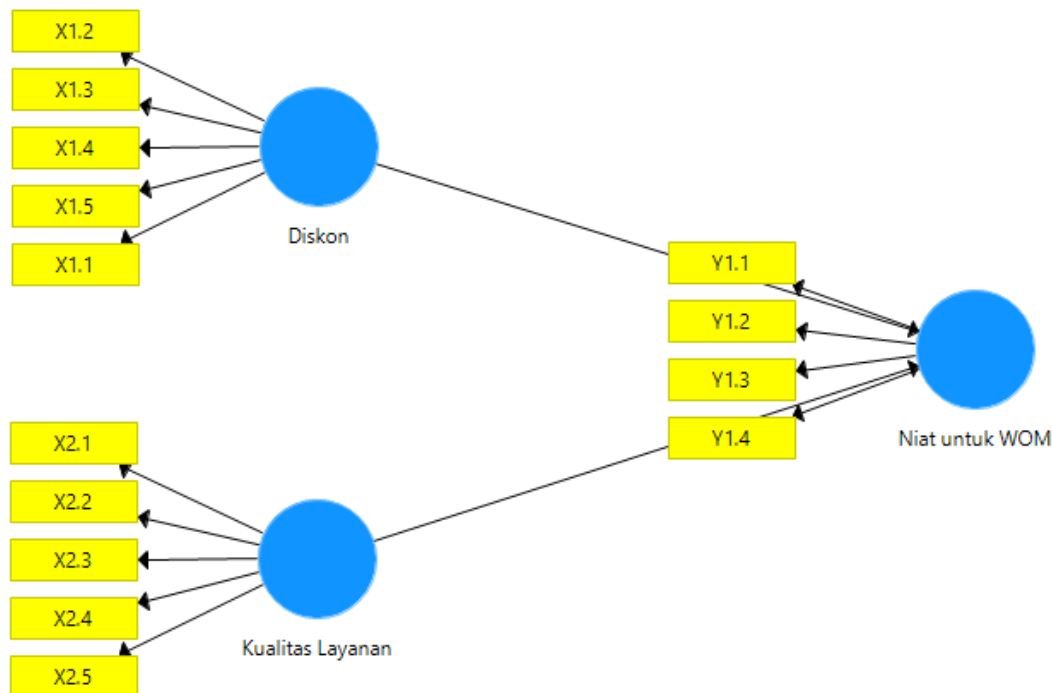
4.4 Hypothesis Testing

This hypothesis testing stage is carried out after evaluating the structural model which is carried out to determine whether the research hypothesis is accepted or rejected.

Table 8. Direct Effect Hypothesis Testing Results

Model	Original Sample (O)	T Statistics	P Values	Explanation
Discount → <i>WORD OF MOUTH Intention</i>	0,221	2,826	0,002	Significant
L Quality → <i>WORD OF MOUTH Intention</i>	0,619	8,498	0,000	Significant
P Satisfaction → <i>WORD OF MOUTH Intention</i>	0,607	5,292	0,000	Significant

Diagram 1. Direct Effect Structural Equation Model



4.4.1 Hypothesis Test 1

The effect of discounts on customer intention for word of mouth is indicated by a p-value of $0.002 > 0.05$, then H_0 is rejected and H_A is accepted, which means that discounts directly have a positive effect on customer intention for word of mouth. This means that the more attractive or the more discounts Discovery English provides, it will directly strengthen or weaken the customer's intention to do word of mouth.

4.4.2 Hypothesis 2 Test

The effect of quality on customer intention for word of mouth is indicated by a p-value of $0.000 > 0.05$, then H_0 is rejected and H_A is accepted, which means that service quality has a positive effect on customer intention for word of mouth. This means that the better the quality of service provided, the stronger the customer intention for word of mouth, and vice versa, if the weaker the quality of service provided, the weaker the customer intention for word of mouth.

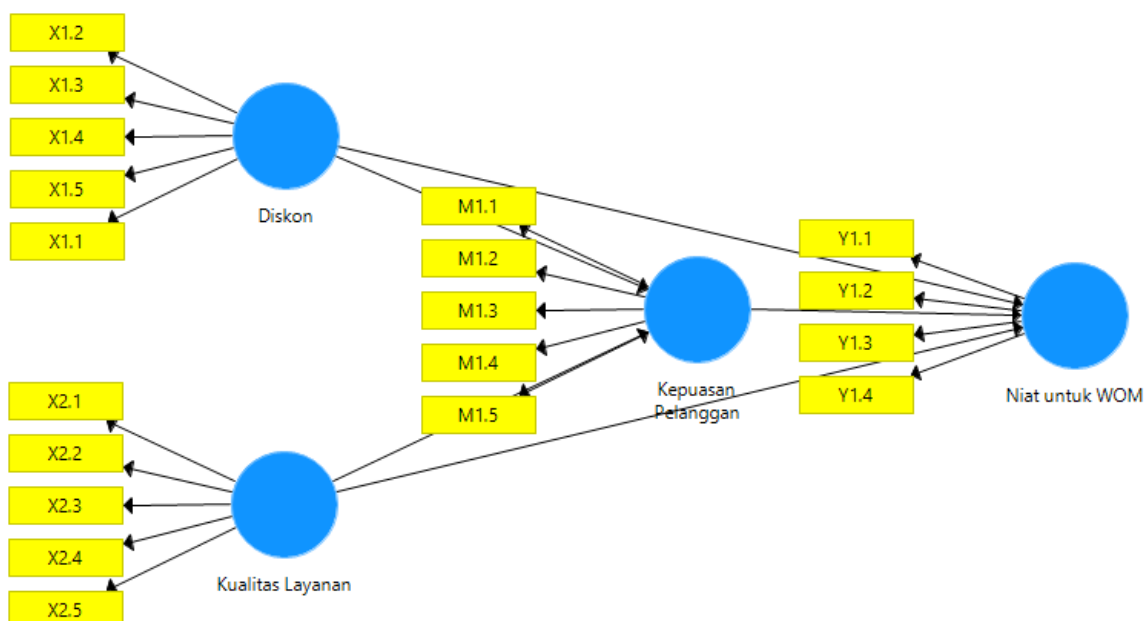
4.4.3 Hypothesis Test 3

The effect of customer satisfaction on customer intention for word of mouth is indicated by a p-value of $0.000 > 0.05$, then H_0 is rejected and H_A is accepted, which means that customer satisfaction has a positive effect on customer intention for word of mouth. This means that the more satisfied a customer is, the stronger the customer's intention to do word of mouth. Conversely, if the customer is not satisfied, the weaker the customer's intention to do word of mouth.

Table 9. Indirect Effect Hypothesis Testing Results

Model	Original Sample (O)	T Statistics	P Values	Explanation
Discount → P Satisfaction → WORD OF MOUTH Intention	0,163	3,356	0,000	Significant
L Quality → P Satisfaction → WORD OF MOUTH Intention	0,414	4,474	0,000	Significant

Diagram 2. Indirect Effect Structural Equation Model



4.4.4 Hypothesis Test 4 (Mediation Hypothesis)

The effect of discounts on customer satisfaction and the effect of customer satisfaction on customer intentions for word of mouth are indicated by a p-value of $0.000 < 0.05$. This shows that H_0 is rejected and H_A is accepted, so it can be concluded that customer satisfaction mediates the effect of discounts on customer intentions for word of mouth.

Sholihin and Ratmono (2013) state that if the path coefficient between the independent and dependent variables from the direct effect to the indirect effect decreases in value and remains significant, then H_0 is rejected and H_A is accepted with partial mediation. In this study, the mediation model formed is partial mediation, namely customer satisfaction partially mediates the effect of discounts on customer intentions for word of mouth. This is indicated by the original sample (O) value in the direct to indirect effect estimate decreasing, from 0.221 to 0.163. This means that customer intention for word of mouth will be higher when customers have satisfaction because of the discount given.

4.4.5 Hypothesis Test 5 (Mediation Hypothesis)

Service quality on customer satisfaction and the effect of satisfaction on customer intentions for word of mouth are indicated by a p-value of $0.000 < 0.05$. This shows that H_0 is rejected and H_A is accepted, so it can be concluded that customer satisfaction mediates the effect of service quality on customer intention for word of mouth.

In this study, the mediation model formed is partial mediation, namely customer satisfaction partially mediates the effect of service quality on customer intentions for word of mouth. This is indicated by the original sample (O) value in the direct to indirect effect estimation has decreased but remains significant, namely 0.619 to 0.414. This means that customer intention to do word of mouth will be higher when customers have satisfaction due to the quality service provided by Discovery English Jogja.

4.5 Discussion

Discounts are one of the sales and promotion strategies that can be carried out by companies. According to Kotler and Armstrong (2008: 9) a discount is a price reduction on a purchase within a certain period. The results of hypothesis testing show that discounts have a positive and significant effect on customer intention for word of mouth. This shows that whether or not there is a discount, whether or not a discount is attractive, affects the customer's intention to do word of mouth. Discounts provided by the company influence customers to be encouraged to talk about positive things about Discovery English Jogja to others.

Product quality and service quality have a major contribution to customer satisfaction so that customers have customer intentions to provide recommendations and testimonials to their relatives (Tjiptono 2006: 528). In this study, the quality of service affects customer intentions for word of mouth supported by data, meaning that the better the quality of service provided. This shows that companies and employees who provide good, promising, and appropriate services will encourage positive attitudes in the minds of customers. In this study, it is shown that many respondents are satisfied with the quality of service provided by Discovery English in the questionnaire with an average value of 4.60 which is included in the very good category. Customer satisfaction is able to encourage customers' intentions to talk about positive things related to their purchasing experience. The theory that supports this research is stated by Tjiptono (2006: 258) which states that customer satisfaction can trigger customer attitudes to provide recommendations and testimonials to their relatives.

The results of hypothesis testing show that discounts affect customer intention for word of mouth mediated by customer satisfaction. When companies provide discounts on products or services sold, customers who make purchases will feel happy and satisfied, so that they can encourage customer intention to do word of mouth.

The results of hypothesis testing show that service quality affects customer intention for word of mouth mediated by customer satisfaction. The more customers feel satisfied because of the quality of service provided by Discovery English employees, the higher the customer's intention to do word of mouth.

5. Conclusion

- a. Discounts have a direct effect on customer intention for word of mouth.
- b. Service quality has a direct effect on customer intentions for word of mouth.
- c. Customer satisfaction has a direct effect on customer intentions for word of mouth.
- d. Customer satisfaction mediates the effect of discounts on customer intentions for word of mouth partially (partial mediation).
- e. Customer satisfaction mediates the effect of service quality on customer intentions for word of mouth partially (partial mediation).

6. Suggestion

- a. To increase customer satisfaction, companies can focus on the discount variable, namely by continuing to carry out promotions in the form of discounts by paying attention to indicators such as the amount and period of the discount. Based on input from respondents, it is hoped that Discovery English Jogja will provide discounts with a longer duration, especially during certain periods, for example during school holidays. This suggestion is intended to increase customer satisfaction raised by the discount variable.
- b. The quality of service provided by employees should be maintained and even improved as much as possible to create a stimulus for more satisfaction in the minds of customers. so that customers increasingly have a strong intention to talk about positive things to others. Then the company gets indirect marketing from the word of mouth.
- c. Provide innovation and other supporting facilities such as teaching learners by using strategies, materials, and activities that are relevant to the latest circumstances and trends. This will trigger satisfaction as it is able to exceed customer expectations and needs when deciding to do a course program.

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TRANSPARENCY AND ACCOUNTABILITY OF SCHOOL OPERATIONAL ASSISTANCE FUND MANAGEMENT IN SMK N 2 DEPOK YOGYAKARTA

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ABSTRACT

One form of government program that seeks to help improve nine-year compulsory education is through the School Operational Assistance (BOS) program. The purpose of this program is to improve the quality of education, equal access to education, efficient use of funds, transparency and accountability as well as reducing the financial burden of students in the future and providing education funds for underprivileged children. This study aims to determine the application of transparency and accountability principles in the management of School Operational Assistance (BOS) funds. This research was conducted at SMK N 2 Depok Yogyakarta City, Yogyakarta Special Region. The implementation of accountability and transparency is based on the Kemendikbudristek number 13 of 2022. This research is qualitative research with a descriptive approach. The data from the research is the result of direct observation to SMK N 2 Depok Yogyakarta and through interviews with resource persons namely the Principal, Teachers, Administration, and School Committee. The research method was conducted by presenting data and drawing conclusions. The results of this study prove that the implementation of the principles of transparency and accountability in the management of School Operational Assistance (BOS) funds at SMK N 2 Depok Yogyakarta runs well. The implementation of the accountability principle has been successfully demonstrated in the preparation, implementation, reporting and management of the School Budget Activity Plan Application (ARKAS) program in accordance with the Regulation of the Secretary General of the Kemendikbudristek number 13 of 2022. The implementation of the Transparency principle has been successfully demonstrated through the quarterly committee budget realization reports posted on the official website of SMK N 2 Depok Yogyakarta.

Keywords: Transparency, Accountability, BOS Funds

1. Introduction

1.1 Background of the Problem

In the field of education in order to realize the ideals of national education, until now the government is faced with various problems, such as the level of quality of educators who have not met quality standards, school infrastructure facilities that are still inadequate and limited education budget provided by the government. Seeing this limitation, the government presents the School Operational Assistance Fund as a form of financing in order to ease the burden of

education costs for poor / indigent students and relieve for other students, so that they get 9-year Basic Education services.

BOS Fund Management must be managed properly. This form of management can be done through the School Activity Plan and Budget (RKAS). This is the first step that must be taken in financing management, where the implementation is based on the implementation of accounting and evaluation in an accountable, democratic and transparent manner. The contents of the CTR are sources of income in the one-year budget. The composition of the RKAS contains the management of BOS funds (both from the national and local governments), where the principal forms a BOS fund management team. This team accompanied by the Principal designed the RKAS by analyzing school needs, after that, it involved teachers, school committees in planning the right program (Yanti, 2021).

This study aims to analyze the implementation of transparency and accountability in receiving BOS funds. In addition, researchers want to see the use of BOS funds in improving the quality of schools. The use of BOS funds helps in the educational process of students of SMK N 2 Depok. The research used a case study at SMK N 2 Depok which is one of the outstanding schools in the Sleman Regency area. This can be seen from the official website of SMK N 2 Depok, students won the artificial intelligence (AI) competition held by intel.

The receipt of BOS funds is managed independently by the school. School BOS fund management regulations are based on the Regulation of the Governor of the Special Region of Yogyakarta Number 6 of 2023. The problem still faced by SMK N 2 Depok today is to equalize the prices of goods and services and adjust the account code. This shows that the BOS team at SMK N 2 Depok must be more open and work responsibly to achieve the goals of good BOS management.

Disclosure of the use of BOS funds is one of the main keys in the principle of transparency and accountability. This is supported by a statement (Hidayat 2022). First, openness can be realized through the submission of information on the use of BOS funds through socialization to parents/guardians, the school committee, and through the school's ARKAS account. This is in accordance with the statement of the head of planning of SMK N 2 Depok in implementing the regulation of the Minister of Education and Culture Number 63 of 2022. If it has been done in accordance with these regulations, it has a good impact on teachers, school committees, students of SMK N 2 Depok. In addition, it is able to increase a sense of trust for the community and improve the quality of schools. Second, accountability is discussed further in this study. because BOS funds must be accounted to the central government and local governments as funders.

Thus, this study researchers want to further examine the implementation of transparency and accountability based on the principles of managing school operational assistance funds as seen from the Technical Guidelines for the Use of BOS Funds No. 63 of 2022. It is hoped that this research can provide benefits for SMK N 2 Depok in order to create accountability and transparency in managing BOS funds.

2. Theoretical Foundation

2.1 Transparency

Transparency can be interpreted as openness in carrying out the decision-making process and submitting material and relevant information related to the company (Batubara & Nasution, 2022). Transparency means open, which indicates that the management of BOS funds must be open to all interested parties. Being open can provide benefits to schools to know that schools have managed BOS well, with transparency and BOS management can be carried out in a controlled manner and there will be no misappropriation or embezzlement of school funds (Yunita & Perdanawati, 2020). There are five standards for the purpose of transparency in budgeting. First, it provides public information about budget policies. Second, create an

easily accessible budget document. Third, submit accountability reports on time. Fourth, accommodating the voice and proposal of the people. Fifth, provide a public information system. The existence of transparency has important benefits such as preventing corruption, strengthening trust in the government's commitment in setting certain policies, strengthening social unity through public trust in the government, facilitating.

2.2 Accountability

Accountability for the performance of government agencies is the obligation to provide accountability or answer every action or activity that has been carried out by a person / legal entity / leader of an organization to parties who have the right or authority to ask for information or accountability. The benefits of accountability are ensuring public trust, creating information disclosure, and improving a conducive working atmosphere (Marinah, et al. 2023). Accountability in this study means a form of accountability for the use of BOS funds obtained by schools as one of the financial sources, namely from the RKAS program which is a fund that will be used for activities in schools so that there needs to be accountability from BOS fund managers in accordance with the established planning. If the school has carried out accountability in accordance with the plan such as spending finances in accordance with the needs of the school.

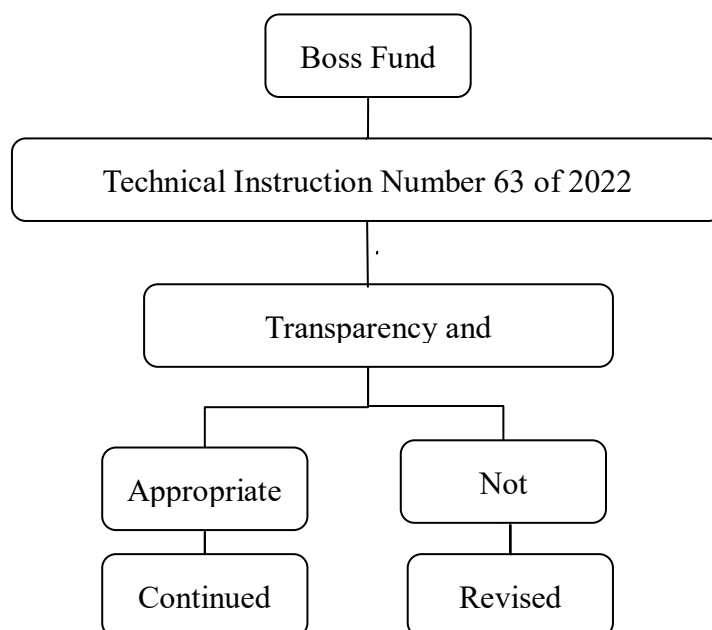
2.3 School Operational Assistance Fund (BOS)

The School Operational Assistance Program (BOS) is a government effort that allocates funds to cover the operational costs of basic education units. The School Operational Assistance Program (BOS) is a government effort that allocates funds to cover the operational costs of basic education units, with the main objective of supporting the implementation of compulsory education programs. The BOS program is designed to reduce the financial burden on parents involved in financing education, especially in the context of 9-year compulsory education programs that have high quality standards. Another purpose of the BOS Fund is to assist in financing school operational activities, reducing the cost burden that must be borne by students, and increasing the ease of access and quality of learning for students (Dinata, et al. 2023). In addition, according to the Regulation of the Minister of National Education (Permendiknas) No. 69 which has been issued since 2009, School Operational Assistance (BOS) is basically a program.

3. Research Methods

This research is a qualitative research that aims to analyze the implementation of transparency and accountability of BOS fund management at SMK N 2 Depok. The analysis is carried out by comparing the results of the implementation of transparency and accountability with applicable regulations. The resource persons for this research were the Head of Budget User and Head of Administration (KTU). Data collection techniques with interviews. Furthermore, data analysis techniques are carried out using the steps of Miles, Huberman and Saldana (2014) including data reduction carried out in the form of analysis sharpening, classifying, directing, discarding unnecessary data, and organizing data so that final conclusions can be drawn and verified, presenting data struggling to find meaningful patterns and provide possibilities draw conclusions and draw conclusions. From this research, information will be obtained regarding the implementation of accountability and transparency in the management of BOS funds at SMK N 2 Depok, then evaluated whether the results are appropriate or not in accordance with Technical Directive Number 63 of 2022. If the research results are appropriate, the management of BOS funds can be continued. However, if it is not appropriate, it is necessary to revise the implementation of accountability and transparency of BOS fund management that has been implemented at SMK N 2 Depok. Based on the

description above, here is the framework used for guidance in analyzing data according to the guidance of Miles, Huberman and Saldana (2014):



4. Results and Discussion

4.1 Application of Accountability Principles for School Operational Assistance Fund Management (BOS) SMK N 2 Depok

The BOS Fund is one form of the government's efforts to support the implementation of education. Therefore, schools have the responsibility to manage BOS funds well, in accordance with the management standards set by the government. In achieving this, the principle of accountability must be applied. The implementation of BOS fund management regulations is based on a circular letter from the Governor of the Special Region of Yogyakarta. The regulation contains the elaboration of the regional budget for Fiscal Year 2023, such as price standards and others. This is supported by the statement of the source:

"SMK N 2 Depok has used the latest regulations" (Slamet Wijono, Planner, Tuesday, November 14, 2023_AK2)

In managing BOS funds from the government, SMK N 2 Depok formed a team specifically responsible for managing BOS funds. This is supported by the statement of the source:

"This team consists of the principal, as the person in charge of budget users, treasurer, teachers and school committee (Slamet Wijono, Planner" Tuesday 14 November 2023_AK 4).

In preparing the BOS fund budget, the team that has been formed conducts meetings to plan school needs for one year. This is supported by the statement of the source:

"The BOS team gathered study program heads from 13 different majors such as majors in machinery, chemistry, mining, and others to prepare the required budget plan" (Slamet Wijono, Planner, Tuesday, 14 November_AK7).

Through the preparation that has been carried out by the BOS team and the heads of study programs, the next step is to allocate these funds in accordance with the planned budget. This is supported by the statement of the source:

"So, the BOS fund budget is used for building maintenance, extracurricular activities and teacher service trips" (Sriasih, KTU, Friday, November 17, 2023_AK2).

In the form of accountability in the use of BOS funds, the school makes a report that will be sent to the Education Office and Inspectorate through the ARKAS system. This is supported by the statement of the source

"In addition, the school also holds monthly meetings with teachers and school committees and to convey the realization of the budget that has been used" (Sriasih, KTU, Friday, November 17, 2023_AK3).

The form of activities carried out by SMK N 2 Depok is in accordance with Permendikbudristek Number 63 of 2022. Based on the results of the elaboration that has been carried out, it can be concluded that the implementation of accountability in the management of BOS funds at SMK N 2 Depok has gone well.

4.2 Application of the Principle of Transparency in the Management of School Operational Assistance Funds (BOS) SMK N 2 Depok

Financial openness in educational institutions is very important to build trust and get support from parents, the community, and the government in running various educational programs in schools. The management of BOS funds at SMK N 2 Depok must follow the regulation of technical guidance Number 63 of 2022 Article 3 related to transparency, namely the management of funds is managed openly and accommodates the aspirations of stakeholders in accordance with the needs of the education unit. This is supported by the statement of the source:

"Transparency regarding the use of BOS funds needs to be done with the aim of the government and the public knowing the use of these funds" (Slamet Wijono, Planner, Tuesday, November 14, 2023_TR8).

The implementation of transparency at SMK N 2 Depok begins by recording the needs needed by the school in one current period. The distribution of data collection needs at SMK N 2 Depok is divided into two periods, namely the first period starting from January-June and the second period from July-December. This data collection is carried out by the BOS team and the heads of study programs. Transparency reporting at SMK N 2 Depok can be realized through the submission of information on the use of BOS funds through socialization to parents/guardians, the school committee, and through the school's ARKAS account. Based on the results of the elaboration that has been carried out, it can be concluded that the implementation of transparency in the management of BOS funds at SMK N 2 Depok has gone well.

5. Conclusion

Through the description of the implementation of transparency and accountability at SMK N 2 Depok, the management of BOS funds has been carried out well. This can be seen from the process of planning, implementing, and reporting carried out openly and responsibly. This disclosure was implemented by SMK N 2 Depok by providing information on the

realization of the use of BOS funds. In addition, accountability is applied by reporting regularly to the Education Office, the Inspectorate, teachers, and school committees.

6. Suggestion

From the results of the research, researchers suggested that SMK N 2 Depok should further improve the application of the principles of transparency and accountability in managing BOS funds so that the credibility of SMK N 2 Depok School is more qualified and qualified so that the disbursement of BOS funds for the next year can be accepted.

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THE ROLE OF OPERATIONS CONSULTING IN ADDRESSING CHALLENGES FACING TOURISM AND HOSPITALITY INDUSTRY IN TANZANIA

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ABSTRACT

The tourism and hospitality sector in Tanzania is confronted by multifaceted challenges including skilled labor shortages, service quality issues, sustainability concerns and compliance issues. Operations consulting is promising solution but it's underexplored in the academic literature for this sector. This study investigates how operations consulting can address these challenges, enhancing customer satisfaction, operational efficiency and industry competitiveness. To achieve these objectives, the study employs an inductive approach, embracing a constructivist research philosophy and a qualitative research design. Data were gathered through review of relevant literature such as books, articles and reports and explorative analysis is used to examine the data. The findings reveal that operations consulting plays pivotal roles in Tanzania's tourism and hospitality sector including managing risks, developing specialized strategies, enhancing service quality, fostering collaboration, promoting sustainability as well as training and skill development. This study also identified several challenges that operations consulting face within this dynamic industry including seasonal nature of the industry, integration of technology, environmental concerns and sustainability, cost management and human resources needs. These challenges demand a multifaceted and adaptive approach from operations consultants to stay updated on industry trends and be flexible in their strategies.

Keywords: *Operations Consulting, Consultants, Consultant firms, Tourism and Hospitality*

1. Introduction

The consulting industry, despite its multibillion-dollar stature, remains a complex and multifaceted domain, often lacking a comprehensive definition (Buono, 2001; Gray, 2002). Perhaps this might be due to the reasons that consulting industry is large, complicated, and fragmented based on its key players, clients and sectors involved (Wickham et al. 2008). However, while Management Consulting has garnered substantial attention in the literature, operations consulting remains an underexplored domain despite its vital role in addressing operational challenges and fostering efficiency. This imbalance in scholarly raises research questions about (1) *What is the role of operations consulting in addressing challenges within the Tanzanian tourism and hospitality industry?* and (2) *What specific challenges do operations consultants encounter in contributing to the growth and sustainability of businesses in this sector?* Therefore, the scope of this paper encompasses a detailed exploration of the roles and challenges faced by operations consulting in the Tanzanian tourism and hospitality industry while providing a comprehensive understanding of both management and operations consulting, explore the specific contributions of operations consulting in mitigating these challenges and enhancing the overall performance of businesses in the Tanzania's tourism and hospitality sector

2. Literature Review

2.1 Definitions of The Key Terms and Concepts

2.1.1 Meaning Consulting Industry

Despite been the mult-billion-dollar industry, consulting has neither been well understood nor well defined (Buono, 2001; Gray, 2002). It on this backdrop this article attempts to define consulting industry as *totality of all professional large, small and medium consulting firms and their consultants at either on organization or individual level committed to deliver a consulting services in a specific industry or sector aligned to their areas of specialization with the main purpose of rendering a professional advice and assistance to their respective clients in helping them to achieve organizational goals and objectives by solving specific business problems, identifying and seizing new opportunities and improving their business performance related to management and operational intricacies of their business*. Greiner et al. (2010) contended that consulting industry is slowly developing from stand-alone-firms to new organizational involving combination of firms into networks and alliances to deliver values to the clients. Therefore, consulting industry is expected to deliver their values to their clients related to management, operation, or hybrid consulting services by using their professional consultants or consultant.

2.1.2 Consultants

Newton, (2019) define consultant as an independent professional advisor who adds value by helping managers to identify and achieve beneficial challenge appropriate to their situations. Using Kubr, 2002; Kubr et al. (2005) concept of management consulting and Jacobs et al. (2018) operation consulting concept, this article define *consultant as an independent professional person committed to provide advisory service or consulting service to their clients to achieve organizational purposes and objectives by solving both managerial and operational intricacies of the business, identifying and seizing new opportunities, enhancing learning, and implementing the required changes*. Sadler, (1998) argued that they render independent advice and assistance about management and operation issues of the consulted organization by identifying and investigating problems and opportunities, recommending appropriate action, and helping consulted organization to implement those recommendations. Greiner et al. (2010) inform the literature that Consultants are attracted to consulting careers because they work itself is interesting and it often provide a career gateway and shortcut to securing a senior executive position upon leaving the consulting firm.

2.1.3 Consulting Firms

World Bank. (2006) define Consulting firms as any registered consultant(s) whose core business is exclusively provision of consulting services inform of intellectual and advisory in nature provided by their qualified and experienced hired consultants to study, design and organized specific projects, advice clients and conduct training and transfer knowledge related to the issues being addressed. Czerniawska, (2007) furtherly clarify that for a consultant or consultants to be able to do what a client wants they need the support of a “firm” behind them as consulting projects become more specialized and complicated it become so harder for an independent consultant or a stand along person to undertake the whole project alone. While Czerniawska, (2007) reported independent consultants accustomed to working by themselves are searching out network of linkminded individuals to deliver values to their clients Greiner et al. (2010) noticed consulting industry changing slowly developing from stand-alone-consultant for firms to new structure involving combination of firms into networks and alliances. Perhaps this supports the metamorphosis nature of the industry and what Kubr et al. (2005) captured that consulting industry was going through a profound changes, the phenomenon that necessitated both practitioners and clients needs to be aware of these changes

to ensure that their clients value continue to be delivered. *Therefore consulting firms are those registered consultants or consultants inform of organization, network or alliance come together for the purpose of providing professional advice or assistance to their clients inform of individual or organization and help them to solve their specific identified business problems, identify and seizing new opportunities, recommending new action and helping the consulted individuals to implement those suggested recommendations to achieve client’s business goals and objectives related to management and operations intricacies through value creation process.* Understanding clearly what consulting industry all is about, brings us near to conceptualization of major key players or components of consulting industry which include consultants, consultant firms, clients, client sectors.

2.2 Overview of Hospitality and Tourism Industry in Tanzania

Tourism and Hospitality Industry Performance in Tanzania for many years has continued to punch below her economic weight as compared to that of neighbour’s countries which account for 17% of GDP reaching 2.44billion USD in 2018 from 2.25billion USD in 2017(Melubo et al. 2022). In 2019, Tanzania received 1,527,230 million international tourists which generated about TZS 5 billion and employed about over a million tourism jobs representing 11.2% of the total workforce in the country (Anderson, 2015; Anderson et al. 2018).The current government’s objectives is to increase the number of overseas tourists to five million by 2022 and it hope to join the league of the top global lang-haul destination. The economic incentives of nature-based tourism have led to the establishment of 22 national parks by 2019 (from only one in 1951), 38 game reserves and 56 controlled areas and wildlife management areas. As such, almost a third of 945,087 km² of tanzania’s total land area has been set aside for conservation and tourism(Melubo, 2019; Melubo et al. 2022)

2.3 Challenges facing tourism and hospitality industry in Tanzania

One of the prominent challenges facing tourism and hospitality industry in Tanzania is *lack of skilled personnel* with the necessary specialized knowledge and operational competencies required by the industry (Anderson, 2015; Anderson et al. 2018). None of the curriculum exist in Tanzania teach students operational complexity of their profession at higher education institution offering tourism and hospitality management unlike in India where the hospitality curriculum reflects about 70% operational (Parvadhavardhini, 2013) Anderson et al. (2018) highlights the issue of Insufficient lecturers with relevant expertise and up-to-date knowledge and skills in the discipline which hinder the quality of education and the ability to adequately prepare students for the industry. Hospitality and tourism sector in Tanzania is not strictly regulated especially hospitality sector where a lot of people who are working in most of the hotels are not professional in that filed. The dependence on importing skilled labour from nearby nations like Kenya is evidence of the gap in the domestic talent pool and the dearth of qualified professionals in the sector (Kazuzuru, 2014). The industry has been affected by the low service quality resulting from the shortage of skilled labour and a lack of quality assurance mechanisms. Most of individual employed in most of the hospitality business are untrained and inexperienced individuals who contributes to deterioration in the overall service quality. These people could be lacking in the expertise, abilities, and commitment to providing excellent customer service. However, there has been no established mechanism in place to allow the nation to utilize the highly qualified professionals and skilled workers that are already present in the nation. This means that when qualified tourism professionals graduate and apply for jobs in the country, there is no simple way for them to be recognized. The absence of an established mechanism to recognize and utilize highly qualified professionals and skilled workers within the country can have several negative effects on the industry.

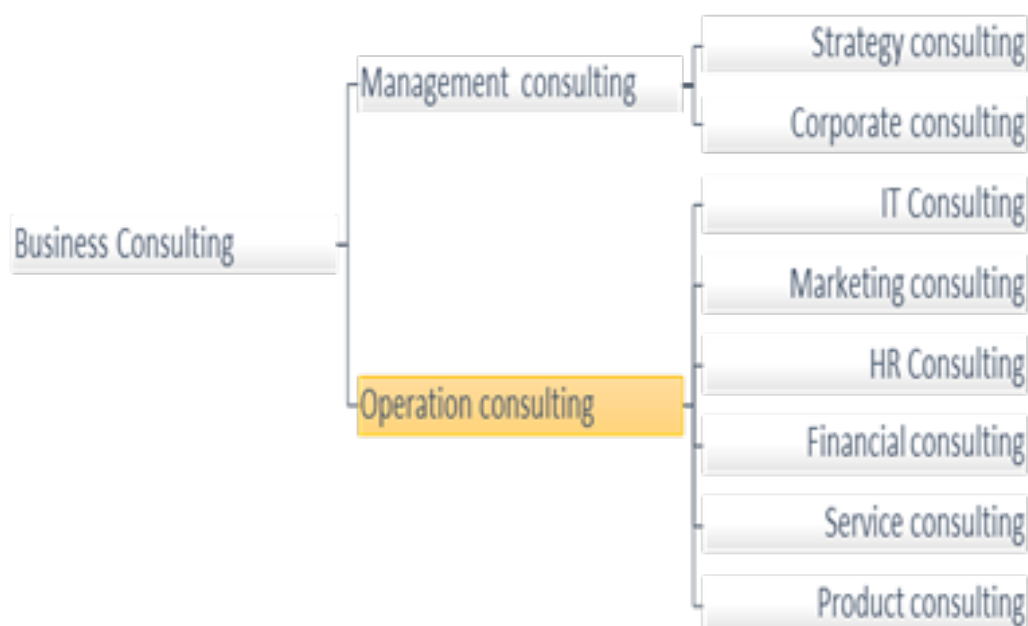
2.4 The Conceptualization of Business Consulting in Tanzania

In Tanzania the conceptualization of the consulting business is not different from other part of the world. It was not until the mid-1970s the management consulting firms both public, private, and foreign management consulting firms started emerging in Tanzania (Kaijage, 1993, 2016). Most foreign consulting firms come from United Kingdom, North America, Finland, and Norway and employed high-calibre local consultant (Kaijage, 2016). Today Universities are key player of the consulting industry in Tanzania playing a key role in providing management consulting to their clients in need. It is common practice in Tanzania for the public enterprises to use private consulting service though it might be a bit costly but guarantee extreme quality. The use of foreign consultancy has long history in Tanzania dating from 1960s when government was suffering from poor management of rural areas, poor performance of tourism industry and the foreign consultant was hired to provide solution to these problems. Their recommendation resulted to abolishment of city, municipal, town and district authorities but in late 1970s government decided to reintroduce city, municipal and town authorities. Since the consultant was not locally based, they could not assist in evaluating the implementation of their recommendation. Development of cashew nut processing factories due to decline of cashew nut production.

2.5 Major Areas of Consulting Business in Tanzania

The literature review on consulting business has been given much considerable attention by researchers having the interest on this field who rigorously debated and documented several publications on the subject matter authored by Newton, (2019); Hartley, (2017); World Bank, (2006); Burtonshaw-Gunn, (2010); Baaij, (2022); Czerniawska, (2002); Buono, (2001); Czerniawska, (2001); Wickham et al. (2008); Kaijage (2016). However, the emerging themes underlying the major areas of consulting business were management consulting by Biswas et al. (2001); Kubr et al. (2005); Wickham et al. (2008); Wickham et al. (2008); Buono (2001); Kaijage (2016) ;(1993); Biswas et al. (1999); Burtonshaw-Gunn (2010); Greiner et al. (2010) and Operation Consulting which has been narrowly receiving a considerable attention from recited literatures. This information suggests the major two areas of business consulting that are also applicable in Tanzania.

Figure 1: - Major Areas of Business Consulting Source (Author)



2.5.1 Management consulting

Baaij, (2022) define management consulting as a knowledge-intensive service that independent business professionals offer to managers of client organizations and that entails providing management with unbiased guidance on decisions regarding the solutions to the challenges and opportunities facing the client organization and, in some cases, also consist of assistance with the management’s tasks regarding the implementation of these solutions. Burtonshaw-Gunn, (2010) make important point that Management consulting helps managers and organizations achieve their business goals and objectives not only resolving management and business issues but spotting and seizing new opportunities, fostering learning, and making changes. Wickham et al. (2008) highlighted that planning, organising, Directing, and controlling are also the key areas of management consulting. In Tanzania perspective as Kaijage, (2016) contended that the use of foreign consultancy has a long history dating from 1960s when government was suffering from poor management of rural areas the government decided to hire a qualified foreign consultancy to provide solution to such problem. This information suggest that the nature of the problem require the consulting firm to deliver management consulting capability or value to the government of Tanzania to get out of that problem. Though the government accept the report from the consultant and with immediate effect start implementing the recommendations of the report advising the government to abolish governance system of city, municipal, town and district authorities in 1970s the government reintroduce city, municipal, town authorities and district council. This suggest that the consultant provide a report to the government and government implement those recommendations without the help of the consultant simply because after delivering the service and since the consultant was not indigenious there is no, they can ensure the effective implementation of such management consulting service. While Kubr et al. (2005) highlighted the purpose and objective of any management consulting that should help the organization to achieve their goals and objectives, solving management and business problems, identifying, and seizing new opportunities, enhance learning and implementing changes Baaij, (2022) proposed five important steps that any management consultancy should adhere:- identifying the problem or opportunity, Diagnosing of the problem, Developing solutions, making decision and implementing the decision. Therefore, any management consulting that do not take an effective responsibility of any of the five step is a “**bogus management consulting**”. The bogus consulting of the foreign firm did not effectively play its part in implementation stage as a result the desired outcome was not achieved. I dare say it was a bogus consulting service to the government of Tanzania. The term bogus consultancy has been also used to describe the similar situation by (Baaij, 2022).

2.5.2 Operations consulting

Kubr et al. (2005) offer the portrayal of the world “operations” as the process of transforming a certain input into a required outputs in form of goods and services. Therefore, operations are not restricted to manufacturing but apply also to activities and all kinds of services. It adds value to the value chain which comprise of product development, marketing, logistics, productions, service quality and sales-and-after sales. Though Operations Consulting has its root from industrial consulting it has been narrowly receiving a considerable attention from literature (Sharma, 2020). While there a mushroom growing of management consulting of to deliver management consulting services the same trend is yet to be found in operations consulting. operation consulting has been defined *as consultant as an independent professional person committed to provide advisory service or consulting service to their clients to achieve organizational purposes and objectives by solving operational challenges of the business, identifying, and seizing new opportunities, enhancing learning, and implementing the required changes*. Baaij, (2022) contend that operations should contribute to costs reduction, speed of

service and service quality. Operations consulting also follow five steps as proposed by Baaij, (2022). The government of Tanzania higher the foreign consultant to provide the consultation on poor governance of the tourism industry in 1960s. It was noted that the consultant provided a detailed report and recommendations to the problem identified and diagnosed by the consultant, but the same consultant report was criticised by having a lot of information that any busy manager cannot comprehend and implement such report.

2.6 Legal status of consulting business in Tanzania

Depending on the kind of entity you choose to set up, a consulting business's legal status in Tanzania vary. Like in other countries legal status of the consulting business in Tanzania is like other form of business that an individual or company should follow though the profession seems to be not a legally enforced profession. While in some countries professional associations provide such registration in other country the legal structure for other business is also supportive to consulting firms especially int Tanzania. since the consultant need to work as a legal entity to acquire the status of firm the legal registration therefore is of paramount important. In Tanzania business consulting can take either of the following legal form sole proprietorship, partnership, Limited Liability Company (LLC), Company Limited by Share and Non-governmental Organization (NGO).

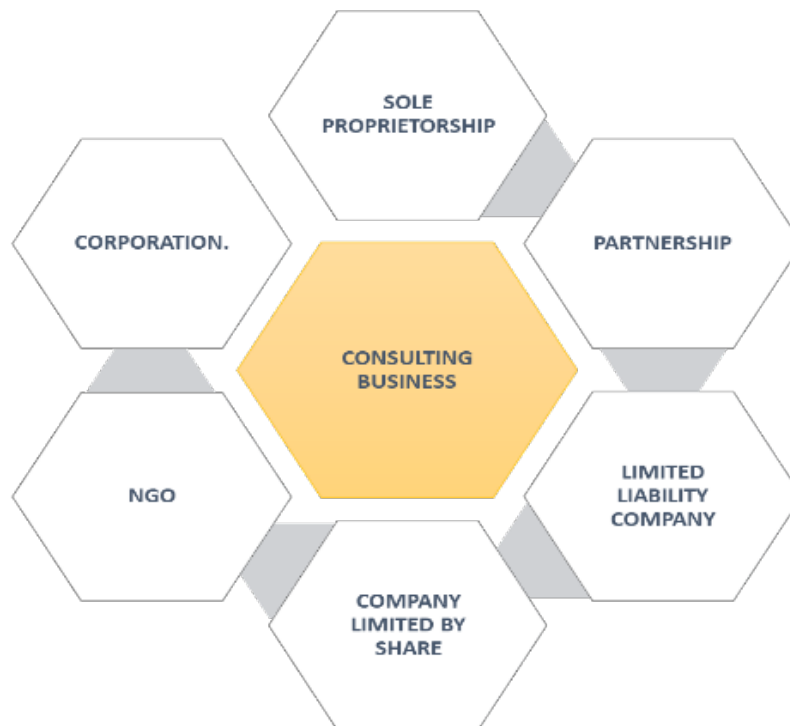


Figure 2: - legal structure of Business consulting in Tanzania

3. Research Methods

This study uses constructivism research philosophy that holds the view that individual seek understanding of the world in which they live and work by developing subjective meaning from their experience directed toward a certain objects or things (Creswell, 2014). The chosen research paradigm supports the decision of the researcher to use Qualitative research design (Dubey et al. 2022). Inductive approach is used to develop explanations based on role and challenge of operation consulting in tourism and hospitality industry in the context of Tanzania. Data were gathered through review of relevant literature such as books and articles from

different journals to explain the phenomenon under the study. Explorative analysis was used to analyse the data. To ensure the validity of the finding’s researcher use books and articles concord to validate presented findings. This article uses Tanzania as a case study to explore the roles and challenges of operation consulting in hospitality and tourism industry. In this regard researcher use relevant books and articles indexed in quality ranked journals together with as a source of data collection.

4. Research Findings and Discussion

4.1. Role of operations consulting in tourism and hospitality industry

4.1.1. Training and skill development:

Operation consultants can help with the education and training of the labour force in the tourism and hospitality sectors. They can pinpoint the precise training gaps and needs in the sector and create specialized training programs to fill them. This can involve offering training in relevant fields like financial management, sales and marketing, customer service, and hospitality management. Consultants help to improve the overall service quality and guest experiences by raising the workforce's skill levels. Training and skill development has also been reported as core role of the operations consulting in tourism and hospitality management (Yuldashev et al. 2022). Study also conducted by Anderson, (2016) human resource needs and skills gaps in the tourism and hospitality in Tanzania demonstrate the intervention of the consultant in skill development and training. By creating and implementing training programs, operation consultants can help increase the industry's capacity. They can help educational institutions improve their curricula, offer workshops and seminars to professionals, and facilitate the dissemination of knowledge from international experts. This aids in bridging the knowledge and skill gap that exists among professionals working in the tourism and hospitality industries.

4.1.2. Creating specialized strategies and strategic planning

To address the problems identified, operation consultants can create specialized operational strategies. They can collaborate closely with tourism companies, educational institutions, and governmental organizations to create operational strategies that are in line with the local situation and consider Tanzania's particular needs and limitations. Operational consultants can assist tourism-related businesses and organizations in creating strategic plans to address the challenges they face. To find opportunities and create strategies that complement the goals and objectives of the company, consultants can carry out market research, industry analysis, and feasibility studies. This entails determining target markets, developing marketing plans, and developing business models that can boost sustainability and competitiveness.

4.1.3. Increasing service quality

By conducting service audits, creating customer service training courses, and putting in place quality control procedures, consultants can assist businesses in providing better services. Tourism businesses can improve service quality by establishing and implementing quality assurance mechanisms with the aid of operation consultants. This entails creating norms, procedures, and rules for various aspects of business operations, such as orderliness, hygienic practices, customer care, and safety. Consultants can help businesses achieve and maintain high standards of quality by conducting audits and inspections, offering feedback and suggestions for improvement.

4.1.4. Sustainability and responsible tourism:

Consultants can help the industry adopt sustainable and ethical tourism practices. They can help companies adopt eco-friendly procedures, cut back on waste and energy use, and

implement initiatives for responsible tourism. Giving advice on sustainable tourism certifications, community involvement, and cultural preservation is one aspect of this that contributes to the industry's long-term viability and positive effects.

4.1.5. Compliance with policies and regulations:

Organization consultants can help companies comprehend and adhere to the laws and regulations governing Tanzania's tourism and hospitality sector. In addition to other legal obligations, they can offer advice on licensing requirements, tax laws, and employment laws. Consultants assist companies in avoiding fines and conducting business within the law by ensuring compliance.

4.1.6. Risk assessment and crisis management:

Operation consultants can assist tourism businesses in creating backup plans and crisis management strategies. They can identify potential threats and weak spots, create action plans, and offer direction in the event of crises like pandemics, natural disasters, or political unrest. Consultants can help businesses implement recovery plans, ensure the safety of visitors and staff, and minimize disruptions.

4.1.7. Process optimization and improvement:

Consultants can evaluate the operational procedures used by tourism and hospitality businesses to find areas for enhancement. To improve productivity and efficiency, they can aid in streamlining procedures, removing bottlenecks, and allocating resources more effectively. This may entail implementing technological solutions, enhancing workflow management, and incorporating industry best practices. Consultants assist businesses in increasing their competitiveness and providing better customer experiences by enhancing operational processes.

4.1.8. Collaboration and networking:

Within the industry, operation consultants can promote collaboration and networking. To exchange knowledge, share best practices, and tackle shared challenges, they can bring together various stakeholders, including tourism businesses, educational institutions, governmental organizations, and industry associations. To promote collaboration and educational opportunities, consultants can plan workshops, conferences, and networking gatherings. Consultants help the tourism and hospitality industry grow and develop overall by encouraging collaboration.

4.2.Challenges facing Operations Consulting in Tourism and Hospitality Industry in Tanzania

4.2.1. Dynamic, Complexity and Seasonality Nature of the Industry

Tourism and hospitality are highly dynamic and complex industries, with ever-evolving market trends, consumer preferences, and competitive environments. To deliver pertinent and useful advice, operations consultants must stay current on market trends and have a thorough understanding of the nuances of the industry. However, many businesses in the tourism and hospitality sectors encounter seasonal demand fluctuations, with high seasons followed by low ones. The need to create strategies that address the variability in demand, such as optimizing staff scheduling, managing inventory, and maintaining service quality during peak and off-peak periods, presents a challenge for operations consultants.

4.2.2. Integration of Technology

The tourism and hospitality sectors are changing because of the quick development of technology. The most recent technological advancements and their applications in fields like

reservation systems, guest experience management, data analytics, Artificial Intelligence, Augmented, Virtual and Mixed reality, metaverse technology, block chain technology and online marketing are things that consultants need to be knowledgeable about. It can be difficult to effectively integrate technology into operations because it requires infrastructure investments, staff training, and change management.

4.2.3. Environmental concerns and sustainability:

With heightened awareness of environmental problems, sustainable practices have become essential for the tourism and hospitality sectors. The recommendations made by operations consultants need to take sustainability into account, including energy efficiency, waste management, water conservation, and eco-friendly initiatives. It can be difficult to strike a balance between sustainability goals and financial viability.

4.2.4. Cost management:

Businesses in this industry must be able to keep costs under control while maintaining high levels of customer satisfaction and maximizing profits if they are to succeed. By creating plans and putting them into action that reduce costs, operations consultants are essential in tackling this problem. For companies in the tourism and hospitality sectors, cost control and profitability are essential. Optimizing costs without sacrificing service quality, controlling operating costs, and spotting opportunities for revenue generation are difficult tasks for operations consultants. They must create plans that support businesses in keeping their competitive edge while ensuring their financial sustainability.

4.2.5. Human resource need

Operations consultants are crucial in addressing the challenge of human resource management, which is a major issue in the tourism and hospitality sectors. The ability of employees to provide customers with exceptional services is crucial for the success of businesses in this industry. Operations consultants can help with the design and implementation of efficient human resource plans that consider the labour needs of the sector and fill skill gaps. A crucial component of human resource management is recruitment. Businesses can develop recruitment strategies that draw in and keep qualified candidates by working with operations consultants. They could help with choosing the best methods for hiring, writing job descriptions, evaluating candidates, and setting up efficient onboarding procedures. Additionally, consultants can collaborate with businesses to create initiatives for employer branding that will improve their standing as the industry's top employer.

5. Conclusion

To address the issues, the Tanzanian tourism and hospitality sector is facing, operation consulting is essential. To help businesses and organizations with skill development, process improvement, quality assurance, strategic planning, sustainability, risk management, and collaboration, consultants bring expertise, industry knowledge, and best practices to the table. Consultants aid in the expansion, viability, and long-term growth of Tanzania's tourism and hospitality industries through their assistance. Increasing operational effectiveness, enhancing customer experiences, implementing technology solutions, adopting sustainable practices, managing risks, and fostering business growth are the main objectives of operating consulting in the tourism and hospitality sectors. It's crucial to remember that establishing and operating a consulting business in Tanzania also necessitates adhering to regional rules, laws, and tax obligations. Getting advice from a local business advisor or attorney can help you to navigate the registration process and advise you on the best legal structure based on your company's needs. Additionally, make sure that your consulting business complies with all tax obligations,

licensing requirements, and any regulations that may be applicable based on the industry. Overall, the role of consultants in Tanzania's consulting industry is crucial for fostering organizational growth, resolving challenging issues, and offering valuable knowledge and guidance to clients in a range of industries. Their contributions aid companies and organizations in boosting productivity, effectiveness, and competitiveness.

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PENTINGSARI TOURISM VILLAGE AS A TOURISM SOCIAL ENTERPRISE: EMBARKING ON THE PATH TO SUCCESSFUL TOURISM SOCIAL ENTREPRENEURIAL ACTIVITIES

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ABSTRACT

The landscape of tourism social enterprises is characterized by diverse nature of these organizations and the absence of a universally accepted definition, posing a significant challenge to determine whether a particular entity truly operates as a social enterprise when trying to understand these entities' true nature. This study investigates how Pentingsari tourism village qualify as tourism social enterprise, challenges it encounter and successful entrepreneurial activities embarking on. The study uses an inductive methodology, a qualitative research design, and a constructivist research philosophy to accomplish these goals. Data were gathered through observations, unstructured interviews, and review of relevant literature such as books and articles. Field images and explorative analysis techniques were used to analyze the findings. The findings revealed that Pentingsari Tourism Village operate as a tourism social enterprise since it demonstrates its hybrid structure, autonomy, social, commercial, environmental logics and adheres to the triple bottom line framework is evident in its operations. This study shed light on the specific case of Pentingsari tourism village as a tourism social enterprise by highlighting its unique criteria, successful tourism entrepreneurial activities, addressed challenges that call for future work.

Keywords: *Social Entrepreneurship, Tourism Social Entrepreneurship, Tourism social Enterprise Community based tourism, Pentingsari Tourism Village*

1. Introduction

Despite its recent surge in popularity the meaning surrounding social entrepreneurship remain unclear to many (J. G. Dees, 1998). The diverse nature of tourism social enterprises and the absence of a universally accepted definition, *pose a significant challenge to determine whether a particular entity truly operates as a social enterprise when trying to understand these entities' true nature.* This scholarly puzzle raises research questions about (1) *Does Pentingsari tourism village qualify as a tourism social enterprise?* (2) *what successful tourism social entrepreneurial activities does Pentingsari tourism village undertake* (3) *what are the challenges confronting Pentingsari tourism village to pursue its missions as a social enterprise.* Therefore, the scope of this paper encompasses an in-depth examination and comprehensive exploration of Pentingsari tourism village whether it qualifies as a tourism social enterprise, successful entrepreneurial activities and the challenges it confronts.

2. Literature Review

2.1 Definitions of The Key Terms and Concepts

2.1.1 Social Entrepreneurship

Since entrepreneurship has been well-known concept for more than 200 years, despite of its varied meaning as contended by Dees et al., (2002); (2001), today the term is generally understood by majority. However, despite its recent surge in popularity the meaning surrounding social entrepreneurship remain unclear to many (Dees, 1998). This situation has created a confusing universe of social entrepreneurship where majority inquiries to know what social entrepreneurship really means? and what does it take for a business or organization to social a social enterprise. The term social entrepreneurship was firstly used in literature on social change from 1960's to 1980's (Nicholls 2006; Sheldon et al. 2016). Dees et al. (1998); (2001); (2002) contended that social mission is the heart of social entrepreneurship. According to Chahine, (2016) social entrepreneurship is the process by which effective, innovative, and sustainable solutions are pioneered to meet social and environmental challenges of the society. Chahine, (2016) contended that though the financial viability is a key to success, in social entrepreneurship, it is considered as a means to an end and not an end in itself. This bring us to the fact that the end goal and only bottom line of social entrepreneurship is on its ability to creates social impact built around a solution that is evidence based. Several scholars (Sheldon et al. 2016; Chahine 2016; Peris-Ortiz et al. 2017; Sheldon et al. 2017) agree that social entrepreneurship process should be structured within the institutional system that innovatively respond to opportunity within its resource limit to create and capture social value from the society. Dees 1998; Dees et al. (2001); (2002) explained that while commercial social entrepreneurship require the commercial entrepreneurs to shift its economic resources from the areas of low productivity to the area of high productivity with greater expectation of long-term reward expectation in terms of profitability (business profit-wealth creation criterial), in social entrepreneurship require social entrepreneurs to shift their economic resources from the areas of high productivity into the areas with low productivity to create social value for the society and capture social values from the society in terms of benefits or social mission related impact which become its central criteria.

2.1.2 Social Entrepreneurs

Despite of having its theory built upon understanding of who entrepreneurs is, several scholars (Peris-Ortiz et al. 2017; Sheldon et al. 2016; Nicholls 2006; Dees 1998; Sheldon et al. 2017; Chahine 2016; Dees et al. 2001; 2002;) agree that social entrepreneurs is an innovative, opportunity-oriented, resourceful-free limitation person or organization set out with an explicit social mission in their mind whose intention is to create and capture social value from the society not necessarily in economic form but evidence-based-benefits (social mission-related impacts) to justify for their resource utility in creating those values. This is at central of all activities social entrepreneurs perform. While the commercial values created by commercial entrepreneurs are measured in terms of wealth creation or profitability (commercial logic) created within the business environment, social values created by social entrepreneurs are measured in terms of evidenced-based-benefits or evidenced-based-social mission-related impacts (social logic) created within innovative social entrepreneurial system designed to provide sustainable solution to the society problems. Majumdar et al. (2021) argued that social value (social logic) is at core while economic value (commercial logic) is just a by-product of their evidenced based social value creation process. However, these social entrepreneurs establish social enterprises that play a greater role in social value creation process that should contribute to sustainable development in terms of social change transformation. They use business principles to solve social problems such as poverty, unemployment, and any other environmental challenges (Sheldon et al. 2016). Ashta (2020) distinguish between social

entrepreneurs and social enterprises as the former being at the individual level of operation while the latter being at the organizational level of operation.

2.1.3 Tourism Social Entrepreneurship

Sheldon et al. (2016) defined tourism social entrepreneurship process that uses tourism to create innovation solutions to immediate social environmental and economic problems in destinations by mobilising the ideas, capacities, resources, and social agreement from within or outside their destination required for its sustainable social transformation. Sheldon et al. (2016) further explained that this system is engineered by tourism social entrepreneurs who are defined as the change agents in a destination's social entrepreneurship system obliged to bring their vision, characteristics, and ideas to solve the social problem and bring about the transformation of the tourism destination. Tourism Social entrepreneurs are organized to establish tourism social enterprises dedicated to solving social problems in the destination.

2.1.4 Tourism Social Enterprise

Sheldon et al. (2016) defines social enterprise as an organization created by social entrepreneurs as private, semi-private or foundation dedicated to solving social problems in the destination. However, these social entrepreneurs establish social enterprises that play a greater role in social value creation process that should contribute to sustainable development in terms of social change transformation. They use business principles to solve social problems such as poverty, unemployment, and any other environmental challenges (Sheldon et al. 2016). In many countries including Indonesia, a legal entity for social enterprises does not exist or there are no specific legal structures been created for social enterprises (Sheldon et al. 2016; Chahine 2016). social enterprises therefore may three form of existing legal structure in a respective country for-profit social enterprise (FPSE), Non-Profit social enterprises (NPSE) and hybrid social enterprises (HBSE). FPSE is a form of social enterprises incorporated as for-profit legal entities. It is linked to commercial logics where investor use profit to create social impacts. They are free from distribution constraints and investors face share selling constraints to obtain equity investment. This form of EPSE respond to market demand and governance mechanisms focus on hierarchical control. They have ability to be self-sustaining and investors are potential sources of financing. Howe this form is relatively new and small in scale. NPSE take a form of social enterprise incorporated as non-for-profit legal entity. They are linked to social welfare logic to address the social needs of the society. through they use net profit to create social impact it has distribution constraints. Its governance structure emphasizes democratic control by members and Philanthropy are potential source of funding. This form is relatively old and well established in most of the countries. HBSE, it encompasses both non-profit and for-profit legal entity linked to both social welfare and commercial logics. While its members are limited to distribution constraints they produce and sell product to generate income. The governance mechanism is both hierarchical and democratic control where investors and philanthropists are potential source of financial and fundings. They are relatively few and new yet not well established. Many social entrepreneurs also opt for a hybrid model whereby they register one for-profit and one nonprofit entity. The rationale behind registering two separate organizations is that it provides more flexibility and allows the entrepreneur to benefit from a larger range of funding options, from venture capital to charity donations.

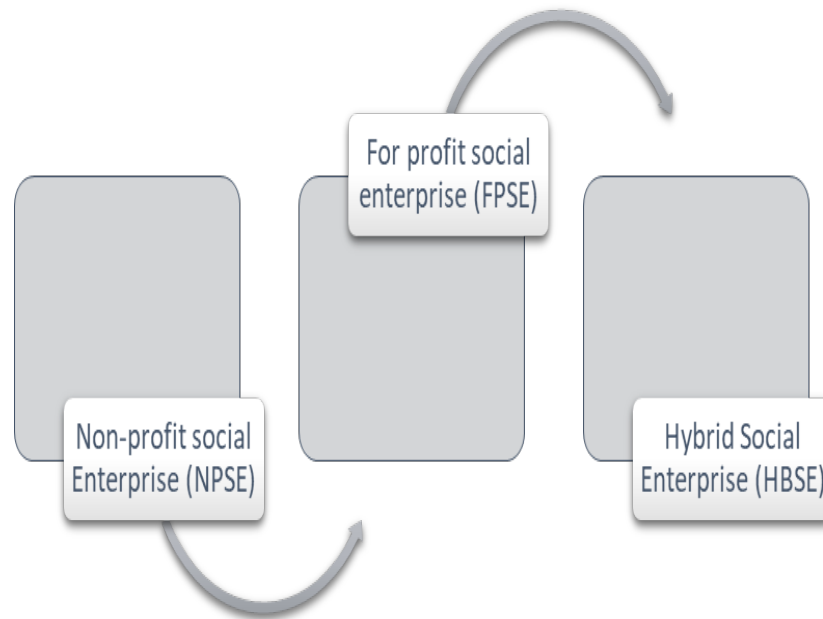


Figure 1; - Hybrid Social Enterprise (HBSE)

2.2 Development of Pentingsari Tourism village

2.2.1. The concept of tourism village

The village is the smallest administrative division in Indonesia, and there are different types of villages depending on whether they are in a rural or urban area. The desa or rural village is more common in regencies, while the kelurahan or urban village is more common in cities. According to the Ministry of Home Affairs, as of 2019, there were a total of 83,441 villages in Indonesia, with 74,953 being rural and 8,488 being urban. According to Regulation of the Regency of Banyuwangi Number 1 of 2017 define tourism village as a means of the activity of traveling by a person or a small group of tourists or a traveller, living in or close to traditional atmosphere while experiencing about rural life and the local environment. The village to qualify as a tourism village of attraction, amenity, accessibility, ancillary and activities designed to support village tourism is critical (Yudhanti, 2021a). The tourism village destination needs to be supported facilities and services provided by local community as well as tourism partners entrepreneurs. Using above criteria Indonesia government succeed to covert 1,877 villages equivalent to 2% out of 83,820 total villages as tourism villages including Pentingsari Village (Salouw et al. 2022).

2.2.2. Establishment of Pentingsari Tourism village

Pentingsari village is one of the 1,877 villages the government of Indonesia decided to grant tourism village status making only 2% of the tourism villages in Indonesia. Pentingsari village was observed to have uniqueness features, traditional authenticity, natural, cultural and heritage diversity feasible to be develop Pentingsari as a tourism village. Availability of this attractions make possible for Pentingsari tourism village to acquire the status of tourist village destination with 300 local communities willing to develop Pentingsari as a tourist village destination. The community where willing to design tourist activities like small handicrafts unique to produce hereditary. Local communities in collaboration with local government and local tourism village partner entrepreneurs play a critical role of designing specific tourism village activities, provide facilities and services that support development of Pentingsari as a tourism village. Meeting these legal requirements, the Pentingsari was officially declared as

Pentingsari tourism village on April 15, 2008, through the Sleman Regency Tourism Office Letter number 556/336 under management and control of local government or local communities (Wahyuningtyas et al., 2022).

2.2.3. Reasons for Establishing Pentingsari Tourism Village

Establishment of Pentingsari Tourism Village can be traced back to 1960's where the country record very poor economy from 1950's where the country enjoyed a period of satisfactory economic growth (Wie, 2017). Indonesian economy is recorded to experience a significant improvement in its economic performance during the period of President Soeharto's rule from 1966 to 1998 despite numerous dramatic events during the 1970s including -the 1972 rice crisis, the Malari riots of early 1974, oil boom including the Pertamina crisis (Hill, 1996; Mccawley, 2013). The establishment of a strong and highly centralized state under President Soeharto in 1966 was a turning point for the Indonesian economy(Hill, 1996). Through the World Bank, (2014) registered a notable trend of poverty reduction decreased from (24%) in 1999 to (11.4%) in 2013 still millions of rural people were under poverty. This reduction was direct connected to the fact that Indonesian government recognized potential of tourism to contribute to poverty reduction, improve living standards, create employment opportunities and foster sustainable development in rural areas through promotion of tourism village using community-based tourism model in Tana Toraja Regency, South Sulawesi, since 1980s, even before the term became widespread (Nurul et al. 2018). Though tourism village emerged in Yogyakarta Special Region in the early 1990's was not initially designed to meet the principles of community-based tourism(Dewi et al., 2022). However, the establishment of tourism villages was seen to further promote community-based tourism and the emergence of tourism villages in Yogyakarta Special Region in the early 1990's showcases the potential of this model. The concept was embraced in Yogyakarta Special Region around 2000 with dozens of villages being dubbed as tourist villages, and Pentingsari is one of them. It is important to note the gained momentum after Indonesian government enacted the Village Law in 2015 to empower local communities and preserve their cultural and natural heritage while creating economic opportunities (Fafurida, 2022). The recognition of the Indonesian government to use tourism as a transformative tool of Indonesian villages including Pentingsari to tourism villages including Pentingsari Tourism Village to solve village social problems including poverty, environmental challenges, unemployment, and living standards of the people in rural areas make the beginning of Pentingsari tourism village. Indonesian government enacted the Village Law in 2015 to empower the local communities to take management and operational role of the tourism villages while taking the active role to preserve their natural, cultural, heritage and architectural diversity to create economic opportunities.

3. Research Methods

This study uses constructivism research philosophy that holds the view that individual seek understanding of the world in which they live and work by developing subjective meaning from their experience directed toward a certain objects or things (Creswell, 2014). The chosen research paradigm supports the decision of the researcher to use Qualitative research design (Dubey et al. 2022). Inductive approach is used to develop explanations based on Pentingsari tourism village qualities as a a tourism social enterprise, successful entrepreneurial activities and the challenges it confronts. Data were gathered through review of relevant literature, use of observation and unstructured interview. The researcher uses field images, and explorative analysis to analyse the data. To ensure the validity of the finding's researcher use articles to validate presented findings.

4. Research Findings and Discussion

4.1 Pentingsari Tourism village as Tourism Social Enterprise

4.1.1 Legal framework structure logic

According to the Ministerial Regulation of Culture and Tourism Number: *KM.18/HM.001/MKP/2011* on the Guidance of National Community Empowerment Program (PNPM) for Tourism, define tourism village as a form of cohesion between lodging, attractions, facilities, and supporting infrastructure that is displayed in a manner that blends with the prevailing tradition (Demolinggo et al. 2020; Yudhanti 2021). Yudhanti (2021) contends that tourism village should be capable of supporting attraction, amenity, accessibility, ancillary and activities to operate as village tourism destination. Pentingsari being among the tourism village reported by several researchers (Demolinggo et al. 2020, Agassi, 2019; Aji, 2020; Suarthana et al. 2015) found to qualify to meet all criteria of been tourism village and on April 15, 2008, through *Sleman Regency Tourism Office Letter number 556/336* Pentingsari tourism village was registered under the *management and control of local government and local communities* (Wahyuningtyas et al., 2022). In many countries, Chahine (2016) reported to have limited legal structure for social enterprises or not exist at all, in Indonesia the case is not different, most organization with social mission take advantage of traditional legal option available including (*for-profit, Non-Profit or NGO*) to acquire its legal entity. Since Pentingsari tourism village is not a charitable organization its legal status should take a form of either of the two or the hybrid of the two to become more sustainable.

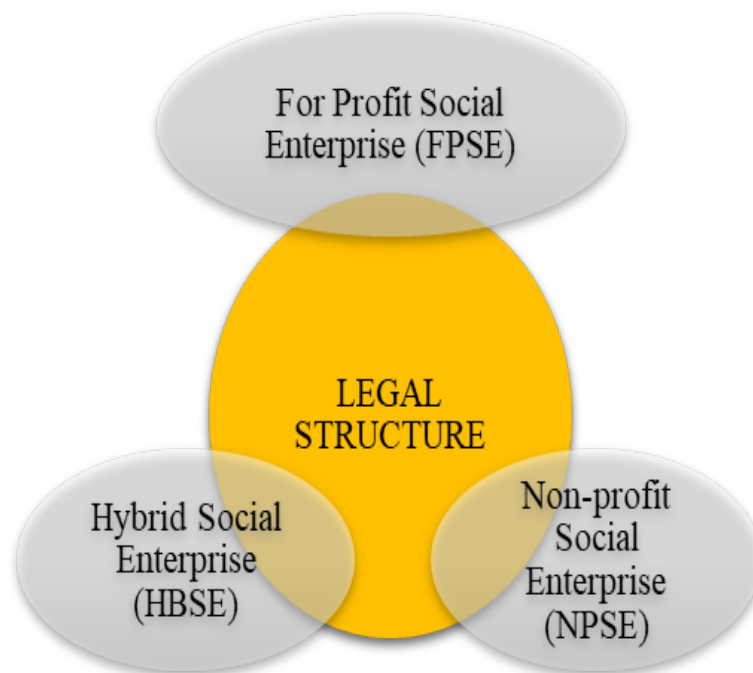


Figure 2; - Legal structure of social enterprises, Source (Author)

It was worthwhile to note that development of Pentingsari village was initiated by some community members who were willing to develop their village to solve the village existing social problems including *poverty reduction, create employment opportunities, improve living stand of the local people and conserve environment* under the management of the *local community* in partnership with *local government*. Since Pentingsari is built under the partnership of local community social entrepreneurs and local government, one cannot refer its structure as private rather, the semi-private as indicated by Sheldon et al. (2016) who define social enterprise as an organization created by *social entrepreneurs as private, semi-private or*

foundation dedicated in solving *social problems in their destination*. This is an indication that Pentingsari is operating under *legal structure of hybrid social enterprise* as showcased on its social mission behind its establishment. For Tourism Social Enterprise to take a hybrid legal structure as combination for-profit and *non-profit* entities to maximize their social, environmental, and commercial logics has been reported by several researchers (Ashta 2020; Majumdar et al. 2021; Sheldon et al. 2016; Chahine 2016). In this context it is argued that since the Pentingsari village is not a charitable organization and is established through the partnership of the local community, social entrepreneurs, and the local government, its legal status takes the form of a *hybrid social enterprise*. This hybrid legal structure suggests that Pentingsari Tourism Village aims to maximize its sustainability by combining financial objectives with social and environmental missions. The integration of for-profit elements allows the village to generate income for its operations while concurrently pursuing social and environmental goals.

4.1.2 Social Mission logic

Pentingsari Tourism Village effectively aligns with the social mission logic through its rigorous efforts in contributing to poverty reduction, improving living standards, and creating employment opportunities within the community. Pentingsari Tourism Village is consistent with the efforts made since the 1980s by the Indonesian government to encourage community-based tourism in rural areas to *combat poverty, improve living standard of the people, create employment, and conserve natural, cultural, heritage and architectural landscape* of the village for sustainable development. The essence of the local government partnership is to ensure local community are empowered *in good governance of the village resources*. Pentingsari through its tourism social entrepreneurial activities has successfully reported to create employment opportunities for the local people through which the living standard of the people has been observed to improve and poverty trend has been noted to decrease (Agassi, 2019; Aji, 2020). No doubt that the ability of Pentingsari tourism village to creates social impact built around a solution that is evidence based is also asserted by Peris-Ortiz et al. (2017); Sheldon et al. (2016); Nicholls (2006); Dees (1998); Sheldon et al. (2017); Chahine (2016); Dees et al. (2001); (2002). Therefore, Pentingsari Tourism Village's alignment with the social mission logic is deeply rooted in its commitment to addressing societal challenges through sustainable tourism practices. By embracing community-based tourism and actively participating in the government's vision for sustainable development, Pentingsari exemplifies how tourism can be a force for positive social change at the grassroots level.

4.1.3 Independence logic

Pentingsari tourism village began with a group of community members who took the initiative to develop their village with the goal of addressing existing social problems including poverty, unemployment, and the need for environmental conservation. The establishment of Pentingsari Tourism Village is marked by an entrepreneurial spirit within the community. The villagers recognized the potential for coffee tourism as an economic opportunity and actively engaged in the entire process, from cultivating and processing coffee to marketing the final product (Agassi, 2019). They came together, established cooperatives, and made use of their own assets to build a viable social enterprise. This cooperative model emphasizes the village's independence from external influences in the management of its resources. Pentingsari's success in the coffee tourism industry is notable for its lack of dependence on external assistance. The community members came together, utilized their own assets, and implemented their vision without significant aid from external sources (Agassi, 2019). This lack of reliance on external support highlights the village's determination to be self-sufficient in achieving its social and economic objectives. The community's ability to recognize the potential for coffee tourism in Pentingsari demonstrates a keen awareness of local resources and the economic

opportunities they present. The decision to capitalize on the village's scenic beauty and cultural heritage showcases a proactive approach to leveraging existing assets for sustainable development.

Therefore, *Pentingsari Tourism Village's independence logic* is manifested in its community-driven initiative, entrepreneurial spirit, cooperative establishment, lack of external dependence, and the astute recognition of local potential. The village's approach reflects a self-reliant and proactive stance, contributing to its success as a tourism social enterprise.

4.1.4 Commercial logic

By operating as a self-sustaining, viable business model, Pentingsari Tourism Village exemplifies commercial logic. Pentingsari Tourism Village has successfully diversified its revenue streams by engaging in various economic activities related to tourism. The sale of coffee, guided tours, and other related services contributes to a well-rounded income for the community. This diversification is a key aspect of its commercial logic, ensuring that the village is not overly reliant on a single source of income. Pentingsari has established privately owned businesses to supplement the village-owned coffee roastery, recognizing the economic potential of catering to consumer preferences. They have taken advantage of consumer demand for conventional coffee production techniques, distinctive aromas, and genuine experiences to ensure the social enterprise's financial viability. In 2011-2014, Pentingsari Tourism Village reached more than 2,000 visitors per month by offering various local wisdom-based tourism activities. This tourism recovery is believed to provide benefits to more than 80% of the local community (Salouw et al. 2022). Therefore, Pentingsari Tourism Village's commercial logic is evident in its revenue diversification, response to consumer demand, increased visitor numbers, and economic benefits to the community.

4.1.5 Environmental logic

Pentingsari Tourism Village exemplifies environmental logic by promoting and implementing sustainable practices in their coffee processing and cultivation. The locals place great importance on encouraging environmentally friendly behaviours', reducing the use of chemicals, and using organic farming methods. For example, Pentingsari's coffee farmers use organic farming methods instead of artificial fertilizers and pesticides. The traditional practice of pan-roasting coffee supports environmental sustainability while also preserving traditional methods. This approach is energy-efficient, leaving a smaller carbon footprint compared to more intensive processing methods. The community's awareness of the importance of natural resource conservation is evident in its dedication to sustainable business practices. By integrating environmentally friendly methods into coffee cultivation, Pentingsari ensures that its tourism activities do not compromise the ecological integrity of the region. Pentingsari's environmental logic extends beyond agricultural practices to include community-led conservation efforts. Guided by local experts, tourists engage in nature-based activities such as hiking, birdwatching, and fishing. These activities generate income for the community through guided tours and contribute to the promotion of local conservation initiatives. Therefore, Pentingsari Tourism Village's environmental logic is evident in its organic farming practices, energy-efficient coffee processing, and community-led conservation efforts.

4.1.6 Triple Bottom-line logic

Pentingsari Tourism Village operates in accordance with the triple bottom line concept, taking into account social, environmental, and economic factors. In order to justify its social logic, Pentingsari Tourism Village raises income levels, protects the local way of life, and generates employment. To justify its environmental logic, Pentingsari tourism village focus on sustainable farming techniques and conventional coffee processing techniques to support. The

community's economic benefits and long-term financial viability are ensured by the commercial success of the coffee tourism industry, which supports the enterprise's commercial logic. The triple bottom line idea is reflected in Pentingsari Tourism Village, which takes a comprehensive approach to sustainable tourism. Pentingsari is positioned as a model for community-based tourism that puts the long-term viability and the welfare of its residents first by integrating social, environmental, and economic factors.



Figure 3: - Pentingsari tourism village as a tourism social enterprise, source (Author)

4.2 Embarking On Successful Tourism Social Entrepreneurial Activities

4.2.1 Experiential coffee tourism

Pentingsari is well known for its coffee farms, which grow both Arabica and Robusta coffee varieties, allowing visitors to truly experience the various aromas of coffee from its beans to cup of coffee. Visitors to Pentingsari actively participate in several stages of the coffee cultivation process, including picking out coffee plants, harvesting, processing techniques, the art of serving coffee, and tasting sessions, which really transform the entire visitor tour into a special aromatic adventure. Tourists can learn about the entire coffee-making process, from the farm to the cup, and can appreciate the work that goes into producing high-quality coffee thanks to this hands-on involvement. These kinds of events are intended to persuade guests to partake in the preparation and tasting of coffee, which in turn affects their choice to buy coffee from their specially designed coffee shop. The commercial value of this activity has been mentioned in the current research by Agassi, (2019) as one of the key economic activities in Pentingsari contributing to the foreign exchange, income for local, and job opportunities. It's worthwhile to note that Indonesia is one of the biggest coffee-producing countries in the world and according to the data of International Coffee Organization (ICO), coffee production in Indonesia amounted up to 689,640 tons and was ranked 4th out of the world's top 10 coffee producers in 2016 below Vietnam, Colombia, and Brazil. This data shows that coffee consumers in the world depend heavily on Indonesian coffee (Agassi, 2019)



Figure 2: - Tourists in hand-on-experiential coffee tourism, Source (Author)

4.2.2 Gamelan Learning

Gamelan is a percussion-based blend of traditional Indonesian music. Pentingsari Tourism Village offers gamelan learning sessions so that guests can experience and learn about this distinctive genre of Indonesian music. The local musicians and instructors who teach gamelan receive financial support from the fees collected at these sessions. As visitors interact with local musicians and foster cross-cultural understanding despite the language barrier, gamelan learning fosters social exchange and cultural appreciation, strengthening the bonds between different cultures.



Figure 3: - Tourists in Hand-On-Experience Gamelan Learning, Source (Author)

4.2.3 Art Of the Small Handcrafts

Pentingsari Tourism Village promotes regional handicrafts, with a focus on Janur crafts and Wayang Suket creations in particular: Wayang Suket, an authentic cultural experience provided at Pentingsari Tourism Village, is an old-fashioned grass puppet show from Indonesia. People who want to experience traditional Indonesian arts and crafts come to see Wayang Suket's performances. The puppeteers and craftsmen who work on making these intricate

puppets are supported by the money made from ticket sales, admission fees to these performances, or donations. The village sells a variety of handmade items, including Janur crafts made from palm leaves. Visitors can also support the local economy by purchasing musical instruments and cultural artifacts.



Figure 4: - Tourists Performing Creative Art of handcrafts, Source (Author)

4.2.4 Gastronomy Tourism

Pentingsari Tourism Village provides a chance to sample traditional Javanese cuisine and herbal remedies. Visitors can learn about conventional cooking methods and the cultural significance of dishes through culinary tours, cooking classes, and food tastings that the village may host. Pentingsari may also promote the use of conventional herbal medicine and inform visitors of its advantages. In addition to giving tourists a unique culinary experience, culinary tourism helps local farmers, food producers, and chefs while also boosting the local economy.



Figure 5: - Tourists Experience in Gastronomy Tourism; Source (Author)

4.2.5 Nature-Based tourism

Hiking, birdwatching, and fishing are just a few of the nature-based activities done at Pentingsari picturesque surroundings. Guided by local experts who share knowledge about the region's flora, fauna, and ecological significance, tourists explore the natural landscapes. Visitors can appreciate the beauty of the region as hiking trails take them along picturesque routes. Fishing excursions can be planned in the nearby rivers or lakes, and birdwatchers can observe a variety of bird species there. These nature-based activities generate income through guided tours, equipment rentals, hospitality services, and the promotion of local conservation efforts.

4.2.6 Traditional Dress and Ceremonies

The Pentingsari Tourism Village exhibits traditional Javanese attire and rituals, giving visitors a glimpse into the region's rich cultural heritage. Visitors can see locals wearing elaborately decorated traditional clothing that displays the vibrant color and intricate patterns typical of Javanese culture. Tourists can also see customary rituals and ceremonies that are a vital part of the village's cultural heritage. Visitors can observe and understand the significance and symbolism behind the rituals by participating in these ceremonies, which provide an immersive experience. The village attracts visitors interested in learning about and experiencing local customs while also generating income by showcasing traditional dress and ceremonies.

4.2.7 Traditional Building

The traditional structures in Pentingsari Tourism Village serve as important landmarks in both culture and history. These structures draw visitors who are curious about the architecture and cultural history of the village. The income from entrance fees or guided tours of these buildings helps the villagers' economy. The money made can be put back into the buildings' upkeep and preservation, as well as into community projects. By showcasing their traditional structures, the villagers promote their cultural identity and heritage, strengthening social ties and fostering a sense of community pride. They also gain a better understanding of local customs.

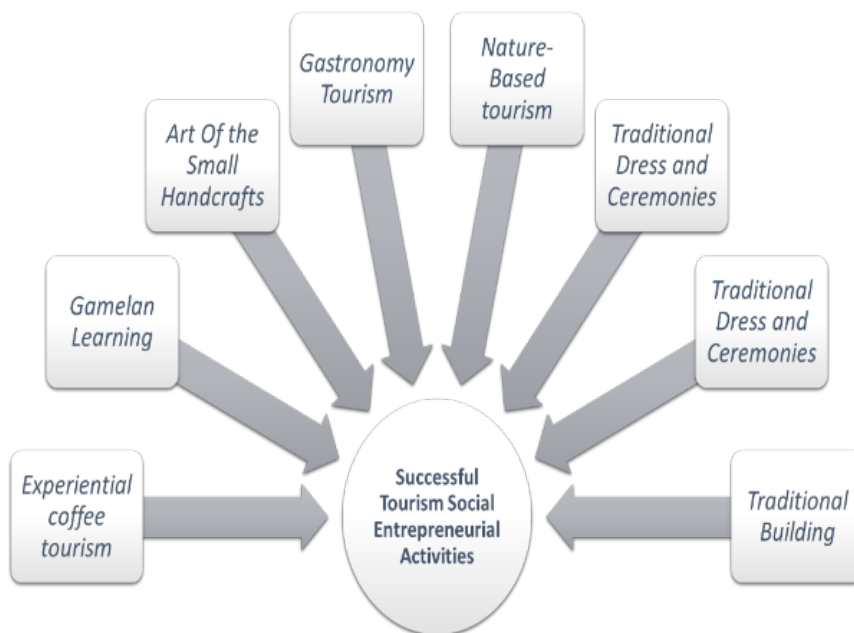


Figure 6: - Successful social entrepreneurial activities, Source (Author)

4.3 Pentingsari Tourism Village Evolving Challenges

Aging population and a small labour force; - The village faces difficulties in attracting young individuals to work in the coffee tourism industry due to perceptions of agricultural work as physically demanding and unattractive. Initiatives to alter perceptions, educational programs, internships, and collaborations with schools to inform the younger generation about the benefits and opportunities in the industry serve as potential solution to this challenge. It might be possible to change this perception by participating in community outreach initiatives, holding workshops, and sharing success stories of people working in the sector.

Lack of trained workforce;- Difficulty in attracting and retaining skilled personnel, such as multilingual tour guides, impacting the quality of services and marketing efforts. Focus on language proficiency training, promotional efforts to attract skilled personnel, and creating a conducive working environment to retain trained individuals serve as potential solution to this problem. Effective communication with international visitors will be possible by language training for tour guides, which will increase their comfort level and engagement.

Competition from other tourist destinations; - Pentingsari faces competition from other tourist destinations globally and within Indonesia, impacting sales and visitor numbers. Emphasize on unique selling points, such as traditional coffee roasting, cultural heritage, the rural experience and continuously innovate and differentiate tourism services hold the promise to minimize the competition from other tourist destinations.

Balancing Priorities- Striking a balance between economic growth and the preservation of local culture and the environment remains a continuum challenge. Economic pressures may push for changes that compromise the traditional aspects that make Pentingsari unique. Preserving traditional practices while meeting the modern demands of the tourism industry pose significant challenge toward achieving its goals. Pentingsari's commitment to traditional coffee processing techniques may conflict with the desire for efficiency and innovation. Adapting to contemporary tools and technology may be necessary for economic viability, but it requires careful consideration to maintain the authenticity and cultural heritage that attract visitors. *Limited Financial Resources:* Financial difficulties, as indicated by a reliance on grants, loans, or collaborations, highlight potential vulnerabilities. Limited financial resources can constrain the village's ability to invest in infrastructure, facilities, and marketing efforts. The village may face challenges in maintaining and expanding its tourism-related ventures, affecting the overall economic logic. Insufficient funds may hinder the development of new initiatives and the improvement of existing ones. Explore funding possibilities through grants, loans, or collaborations with private investors or governmental agencies supporting sustainable tourism growth hold a significant promise

5. Recommendations and Conclusion

The findings conclude that Pentingsari Tourism Village operate as a tourism social enterprise despite the challenges its face demonstrating a hybrid structure, independence, social, commercial and environmental logics while adhering to the triple bottom line framework in its operations. The findings support the idea that community-based tourism can contribute to sustainable development, economic growth, and cultural preservation. Pentingsari serves as an inspiring example, addressing poverty, improving living standards, and conserving natural and cultural heritage. However, navigating toward identified challenges including aging population and small labour force, lack of trained workforce, competition from other tourism destination, balancing priorities and limited financial resources this study recommended five strategies including (i) Develop a Comprehensive Marketing Strategic Plan; - targeting specific markets, utilizing social media platforms, creating a user-friendly website, and collaborating with tour operators. Engage in captivating storytelling and professional photography to attract more visitors (ii) Collaborate with Neighbourhood Educational Institutions;- Form partnerships

with local educational institutions to develop educational initiatives focused on coffee tourism. Offer internships, training sessions, and educational tours to cultivate a skilled labor force. Collaborate with local stakeholders to design attractive travel packages (iii) Harness the Power of Digital Platforms;- Leverage digital platforms for increased visibility, utilizing virtual technology for engaging content and providing modern amenities like Wi-Fi and online reservation systems for visitor convenience (iv) Balancing Traditional Practices with Modern Demands;- Integrate modern tools into traditional coffee processing while preserving cultural heritage. (v) Emphasize Distinctive Selling Points and Innovation; - Emphasize Pentingsari's unique selling points, such as traditional coffee roasting and cultural heritage to continue differentiate the village's tourism offerings and remain competitive. Pentingsari Tourism Village is an inspiring example of how community-based tourism can support sustainable development, strengthen local economies, and protect cultural and natural heritage. Pentingsari Tourism Village can enhance its standing as a sustainable social enterprise and act as a model by addressing the changing challenges and constantly enhancing its marketing initiatives.

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FINANCIAL DECISION MAKING IN THE VIRTUAL WORLD OF MASSIVELY MULTIPLAYER ONLINE ROLE-PLAYING GAMES

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ABSTRACT

Virtual worlds grow opportunities for business that involve individual financial decision making. This research aims to explore the perspective of gamers on financial decision-making in the virtual world of Massively Multiplayer Online Role-Playing Games (MMORPGs). This is a qualitative descriptive study. Data from this research were collected within Ragnarok X: Next-Generation MMORPG application through virtual ethnography and interview with players. The data was analyzed by identifying financial activities in the game, identifying the player's view of money, and identifying the financial decision making of the players in the game. The result found three categories of financial activities in the game that were income generation, spending, and conversion of real-world money to virtual purposes. The gamers in this research show strong self-control of money that prevent them from overspending real-world money for in-game purposes. Players feel a high degree of agency in MMORPGs. Social influence has little effect on financial decision making. They utilized strategies to optimize their in-game income. Their spending patterns were dominated by avatar customization and character progression. These findings contribute to understanding the intersection between the virtual world of gaming, financial decision-making, and the broader perspectives of individuals on money.

Keywords: *Financial, Decision Making, Virtual World, Gamers, MMORPGs*

1. Introduction

The virtual world has played an important role in the growth of the global economy (Smith, 2017). It resulted in potential disruptive impact such as remote work and virtual collaboration, e-Commerce and digital transactions, cryptocurrencies and blockchain technologies, gig economy and digital platforms, artificial intelligence and automation, augmented reality and virtual reality, as well as virtual currencies and digital assets.

Gaming industry can be mentioned as an early experience of virtual world. It was started around 2000s that online gaming was arise due to the widespread adoption of the Internet. Massively Multiplayer Online Role-Playing Games (MMORPGs) like World of Warcraft gained popularity that develop gaming business into virtual item tradings (Achterbosch et al., 2008). In South East Asia, the emerging trend of MMORPGs was shown by the popularity of Ragnarok Online, which was pioneered by South Korean game developer, Gravity (Mansoor & Ahmad, 2015). Currently, Ragnarok has been recognized in 91 countries around the world.

The game market was previously primarily aimed at young male players. It expanded the market to children, teenagers, and families. The emergence of MMORPGs brings more older players either male or female players.

MMORPGs representing a virtual second life for adult players that offer a different experience of achievement and social connections (D. Carter, 2005; M. Carter et al., 2015). Similarly with the context of Isekai in the anime and manga, the players can feel their escape

from the constraint of the body and embrace an alternate world in the fantastical realms (Berger et al., 2016). It is not just a source of entertainment but the embodiment of diverse identities that enable them to conduct self-discovery and different social interactions.

As a social game, MMORPGs create virtual economy into virtual life (Castronova, 2002). The virtual economy in the MMORPGs often mirrors the real-world economies (Smith, 2017). The dominant feature of the economy is shown by demand and supply. MMORPGs also incorporate microtransactions that allow players to spend real-world money for in-game advantages (Metasurya & Berlianto, 2022; Rahiem & Fitrananda, 2021). The decision to make these microtransactions reflects financial behavior, as players weigh the perceived value of virtual goods against real-world costs. It gave opportunities to players to trade both in the game environment and across the boundary of the real and virtual world.

Players make choices about resource allocation, risk management, and investment strategies to help them reach their goal. The decision has a strong impact on the progression, wealth, and overall experience of the game characters. Events within MMORPGs, such as in-game wars, quests, or changes in game mechanics, can influence players behavior (Worth & Book, 2014). Players may adjust their financial strategies in response to these events, demonstrating adaptability and decision-making within the virtual economy. Sometimes, the financial decision in the game that builds their in-game financial skills is transferable to real-world scenarios (Baker et al., 2009a; Vaegs et al., 2010).

This research articles aims to explore the intricate relationship between gamers, their perspectives on money, and their financial decision-making in the game. This paper attempts to answer three main questions. First, this paper attempts to notice what activities in MMORPGs are involved in financial decision making. Second, we tried to discover how gamers view money in their life. Finally, we try to understand how players view and behave in game financial activities.

2. Literature Review

2.1 Posthumanism

Posthumanis is a perspective that challenges the previous traditional human centrist perspective. This idea comes to facilitate the eagerness of human beings to blend in the environment of virtual world. It is a perspective beyond human. In the digital landscape, posthumanist ideas come to life as individuals try to escape from the embodiment of a physical barrier and immerse themselves in virtual experiences that redefine the boundaries of existence (Braidotti, 2019).

Posthumanism supports the evolving relationship between technology and humanity and promotes the emergence of new, digitally mediated forms of consciousness.

Virtual worlds serve as posthumanis exploration laboratories. It can not be separated from the technology. Virtual world itself is a multiuser virtual environment(Baker et al., 2009b). There are more than one person accessing a digital platform simultaneously. The users are interacting each other and their behavior can affect the environment.

In the virtual worlds, users can adopt avatars, manipulate reality, and engage in unprecedented forms of communication (Castronova, 2003). Avatar act as a digital representative of human being in the virtual world. Human being can only interact in the virtual world through their avatar.

Different with real world where people can not control something about themselves such as gender, physical traits and familial relations, avatar gives people more control about themselves. People can choose freely about their gender, appearance, and relations. Avatar facilitates people to explore new world roles and dynamics that are not available for them in the real world. It helps people to explore their deep interest and develop new skills.

Virtual world gives higher degree of agency (Popan et al., 2023). People do not have to act as their given role. Many things can be optional. Avatar give access to the community where people feel like they are belonged. This let us to connect with like-minded people who shares similar interests. For some people, avatar give more comfort when people can socialize without the obligation to make eye contact or verbal speech. It is all based on the choice. Hence it brings more comfort and deep joy.

2.2 *Virtual Economy*

The interaction of avatars in the virtual worlds sometimes involves trading virtual items. Thus, resulting in the emergence of virtual economy. Virtual economy cannot be separated from real-world economy, but with unique features (Castronova, 2002).

In the game environment, virtual economy is posited as a microcosm of economic systems. It is mainly built on the principles of demand and supply. Consequently, the virtual economy also has currency, markets, and consumer behavior (Drennan & Keeffe, 2007; H. Guo et al., 2019; Harris & Novobilski, 2008). The value of virtual assets is related to the scarcity, demand, and the impact of player-driven activities on market dynamics (Bayliss, 2018; Cheng, 2023; Dilla et al., 2013; Montone & Zwinkels, 2021).

The virtual economy is a complex system in the virtual world. It is also a decentralized type of economy, mostly driven by player interaction. It considers the influence of game design, game mechanics, and game structure in the way it provides the economic decision-making.

The growth of virtual economy in the game industry leads to other possibilities. Those include virtual real estate, digital art markets, and the growing field of nonfungible tokens (NFTs) (Chohan, 2021). In the future, digital space will become inseparable from human daily lives, there will be more intersection between virtual transaction and traditional economic systems.

Economic cannot work without trading tools which are currencies. Every virtual worlds has its own virtual currency (Castronova, 2020). Virtual currency assists gamers in executing their financial activities. Beside in game transactions, virtual currency act as a bridge of the game and real world.

2.3 *Financial Decision Making*

Financial decision making is a basic skill that every individual must master to ensure well-being. Financial decision making is a choice made by an individual about money, such as spending, saving, investing, or any other economic activities. Financial decision making is a complex process influenced by various factors (de Bruijn & Antonides, 2022).

Financial decision-making theory examines the concept of limited rationality, recognizing that individual processes of information have limitations, and evaluates all options available (Frydman & Camerer, 2016). It explores the impact of humanistics, or mental shortcuts, that individuals make to simplify complex decisions and sometimes lead to systemic bias.

In the virtual world, the item is virtual. Players cannot take the item outside the virtual world. Moreover, the value of the items is mostly related only to the entertainment purpose (Prakosa & Sumantika, 2022; Yulius, 2017). The items do not have any influence on the human beings' basic needs. Therefore, the financial decision making is more complex than financial decision making in real world scenario (Guo & Barnes, 2009; Stefany, 2014; Wu & Hsu, 2018).

Fear, greed, excessive confidence, and loss fear are among the emotional factors that affect investment strategies, risk tolerance, and financial planning, and affect choices. Understanding the interaction between emotions and decision making is essential for a comprehensive understanding of the dynamics of financial decision making (Frydman & Camerer, 2016; Gärling et al., 2009).

Social influences also play an important role in the theory of financial decision-making (Zopounidis & Doumpos, 2002). This theory recognizes the influence of social norms, peer pressure, and cultural expectations on individual choice. The social context shaped the perception of financial success, risk behavior, and the overall approach to money management.

Framing effects, where the way information is presented, can have a significant impact on decision-making results. It examines how individuals react to benefits and losses, the influence of reference points, and the tendency to avoid perceived losses.

2.4 Money Belief

Financial decision making is not only guided by rational considerations, but is influenced by beliefs and attitudes about wealth, success, and financial well-being.

The theory of money belief comes from psychological and sociocultural dimensions that underpin human perceptions and attitudes towards money (Furnham & Murphy, 2019; B. T. Klontz et al., 2015). It is deeply intertwined with individual beliefs, culture, value, and experiences. Cultural influences, family values, and social expectations contribute to the formation of people’s mindset. Consequently, those will have an impact on decisions about spending, saving and saving.

Money is not just a medium of exchange, but also a symbol of status, success, and security. The symbolic value of money sometimes exceeds the intrinsic value of money and is related to a person’s self-worth and perceptions of others. Understanding the psychological foundations of money beliefs can empower people not only to consider economic factors, but also to make informed and mindful financial decisions, taking into account deep-rooted beliefs that form their financial behavior.

In the virtual world where people have higher degree of freedom to choose on their identity and behavior, there are also a threat of losing control especially on money. Some research explores the gaming addiction that involving the financial decision making either in the game or in the real world (Drummond et al., 2020; Garea et al., 2021; Haagsma et al., 2013). The situation that gaming world lead to the gambling of loot boxes is closely related with money disorder (Klontz et al., 2011). Players’ view and attitude towards money have important role in protecting themselves from overspending (Slecicka et al., 2020).

3. Research Methods

The research uses a qualitative descriptive research design combined with a virtual ethnographic approach and interviews to explore the complexity of participants' experiences in the virtual environment. Qualitative descriptive research focuses on a direct and detailed description of events or phenomena and aims at providing an in-depth understanding of subjective realities in selected virtual spaces. At the same time, virtual ethnography integrates the social interaction, cultural dynamics, and behavior of participants in digital landscapes and captures the subtlety of virtual communities in a context-sensitive manner.

The virtual ethnography was conducted in South East Asian server of Ragnarok X; Next Generation. The chosen subserver was Bifrost which then merge with Crystals Waterfalls. All of the participants were from the Bifrost subserver.

The study participants consist of several players who agree to participate in the research. Those players fulfill several criteria; they have played the game more than a year; therefore, they have experienced most of the features of the game. All participants are adult players over 17 years of age who have their own job and fixed income. They log in daily into the game, and have joined any of the top 5 guilds in the subserver. All of the players communicate in the game mainly in English. The data was analyzed by identifying financial activities in the game, identifying the player's view of money, and identifying the financial decision making of the players in the game.

4. Research Findings and Discussion

4.1 Virtual World of MMORPGs

In this research, Ragnarok X: Next Generation (ROX) application supports the virtual world of Rune Midgard. It is a continent that consists of several major areas which represent every stage of the games in correspondence with the instance dungeon. The cities are Prontera, IZLUDE Island, Moroc, Alberta, Payon, Geffen, Glast Heim, Al De Baran, Comodo, Umbala, and Juno.

There are three types of major currency in this game, which are zeny, crystals, and diamonds. Virtual economy in this virtual world of ROX is built by interaction between players and non-playable character (NPC). The trading activities are conducted in the exchange center, the merchant NPCs and the merchant players' stalls. In this game, only the merchants job class can make direct transactions between players.



Figure 1. Map of Rune Midgard

4.2 Players Description

The players in ROX – Bifrost subserver were from five different South East Asian countries, mainly Thailand and Philippine. Participants in this research were nine players from five different countries. Those participants were Valeya from Indonesia, Timy from Singapore, Clea from Thailand, Bourne and Abandon from Malaysia, as well as Sheepy, Maevis, Zenchaos, and Sourtooth from Philippine. Among those nine players, only one participant from Thailand was female gamers.

There were two playing styles for the players who play on this server which were casual players and hardcore gamers. Casual or chill gamers play mainly for relaxation purposes. On the other hand, hard-core gamers play more passionately and give more commitment to the game. They are also very knowledgeable about the game and the updates. Hard-core gamers are also more competitive. In this research, most of the participants can be categorized as hard-core gamers. They commit to the game by doing all of the daily quests and side quest. They also make regular progress and grind 24 hours a day through special devices or cloud services.

Based on spending behavior, there are two types of players, which are Free to Play (F2P) and Pay to Win (P2W). F2P gamers do not spend money on the game and simply make do with any free features of the game. However, some players who make small spending for the purpose of convenience can be regarded as F2P. P2W gamers spend a significant amount of money to obtain weapons, supporting items, and features to give advantage over F2P. Sometimes P2W

gamers are also called whales. A whale are the biggest spenders in games that try to buy the best item in the games. Most of the participants in this research regard themselves as F2P. Only two participants acknowledge themselves as P2W gamers.

4.3 In-game Financial Activities

There are three activities in ROX that involve financial decision making. These activities are income generation, financial spending, and activities that intersect between the real and virtual world.

There are several ways to collect currency in the game in ROX. Some activities directly give currency to the players and some other activities need trading to convert the loots into currencies. Universal basic income in this game is the Daily Mission. Players come to the Mission Boards to get ten quests per day. The rewards for doing the quest. Every player also gets quota for daily and weekly dungeon raids. Players can go hunting the boss monster to get loots which can be sold as premium items. There are also life skill features to collect sellable materials such as mining, fishing, gardening, smelting, and cooking. A special class such as the merchant branch can do crafting, while the knight branch can craft a rune. Players can also collect zenry and materials through mob grinding. This is when players continuously kill specific regular monsters.



Figure 2. Mission Board for Daily Quest

The financial spending in this game is related to avatar customization, character growth, pet, and social activity. Avatar customization consist of equipment, costume, and appearance. Equipment consists of weapons, armor, and accessories. There are three types of basic equipment related to basic stats. From the lowest stats to the highest stats, white equipment, blue equipment, and gold equipment. There are also special types of armor equipment such as Valkyrie, Murphy, Odin, and Thanatos. To increase the effect of equipment, players need to upgrade, enchant, and refine. They also need to awaken the shadow equipment to increase the stats of certain skills.

The social activity in this game is related to the interaction between players. Players joining guild should contribute to the guild orders for the purpose of guild daily maintenance. Other activities related to the interaction of multiplayer is the wedding ceremony. Two players can get married for the purpose of costume and couple skills. They can also hold wedding celebrations and invite friends.

There was an intersection between virtual and real world. Players who want to get more currency faster can do so by buying the virtual currency diamond. Players can also get a premium subscription to get more privileges in the game such as additional quotas for quests or other activities.

4.4. *Players View of Money*

Participants in this study regard money as something important and something good to have.

“I Love Money” (Valeya)

Money is important, but it is not the most important. Life is more important than money.

“Money is important but definitely not greater than life” (Timy)

People cannot do anything without money. Money gives freedom to do anything and go anywhere.

“I see people as cars, and money as gas. We can't go anywhere or do anything we like without money.” (Sheepy)

Money can give people security, and money is a tool to solve problems.

“Money can solve 99% problems” (Abandon)

Not all problems can be solved with money and money is not everything. However, everything in the world costs money. People should treat money wisely to get stability.

“Money is the source of one's stability. I treat money wisely” (Maevis)

To ensure the stability of money, people need to invest their money.

“I think money is very important, even people say it is not everything, but I still think it is very important. I heard someone say that money cannot buy happiness, but somehow it's more comfortable to cry in a Mercedes Benz than in a bus. I do a lot with my money, not only saving, but also trading, buying government bonds and buying gold bars. Sometime I also buy some rare toys or luxury bags and sell them out later when the price rises.” (Clea)

Money management, such as budgeting, is also needed to avoid bankruptcy.

“Spending on games is luxury and a choice, if i have the money or buying power, i have to consider many things. budget for the necessity, budget for the luxury. will it make a dent, will i have trouble paying for it now than paying for it later?” Sourtooth

However, people do not have to be too tied up with money. People need to spend enough money to get the happiness they deserve.

“Money runs the world, save it for it will save you in the future, but never cherish it, always remember to live a little. Spend it on stupid stuff that gives you happiness, but don't over do it or you will go broke. Hahaha”(Zenchaos)

In addition to self-happiness, money can be a means to share with others by doing charity.

“Money is just currency, however, everything in this world costs money. Very hard to get, thus i am very cautious in spending my money except charity.” (Bourne)

4.5 Degree of Agency

In this game, the players have a high degree of agency. They can choose how they want to play. They can choose whether to play casually or competitively.

The player can also choose among the activities to do. They can skip doing daily or even if they just want to play solo and do not join any guild.

Players also have full freedom to interact with who they want to interact with. They can apply to join any guild they want as long as they pass the guild requirements. Each player can also create their own economic opportunities by strategizing on the stamina allocation to gather the sellable materials.

Bourne’s character was a strong tanker Rune Knight (RK). At the beginning stage of the game, he had many opportunities to join the top guild. However, he remained to stay as a guild leader of a small and casual guild. Until the later stage when the guild was declined due to a high number of retired players, he moved to the top guild and played more competitively.

Timy was Bourne’s guildmate before. However, different from Bourne, he moved to semi competitive guild. Later he joined one of the top guilds but did not go competitive.

This degree of agency offer the freedom for the players to make financial decision making. They can manage their virtual income wisely and allocate it according to their own playing style.

4.6 Spending for In-Game Identity

The interesting part of MMORPG is avatar. It is a representation that marks the digital self-representation of a user in the virtual world. (Jenson et al., 2015). MMORPGs gives freedom for the players to choose their identity. Players can choose their appearance, costume, and even gender. ROX offers the ability to change gender, therefore players can alternate between male and female characters.

Clea is the only woman to participate in this research. She loves the costume very much. She does not play competitively, and her biggest enjoyment of playing is the avatar. She loves to take pictures of her characters.

“I play for costume.... we are happy to play with people, participate with them, enjoy the costume or even a small thing.... For me, costume is the power that drives me to play” (Clea)

She prioritize spending her virtual money on the costume than on the character growth. Sometimes she spends some real money to get the costume she wants.

“if not on my budget, which is around 2K-3K (THB) i do not hesitate to top up and buy BUT it is not for every costume because not every costume is nice in my opinion. ' (Clea)

Besides Clea, Maevis and Sourtooth were the other participants who pay more attention to costume. Although Maevis and Sourtooth are male players, they have female game characters for the sake of cuter costume. Zenchaos and Sheepy also spent to get some interesting event costume.

“i spent a few on events to get some costumes” (Maevis)

“....topup events if i like the costume... 500 php highest.” (Sheepy)

“if the costume is worth it, I’ll spend a necessary amount, especially limited ones, but if not so rare i just play the game and complete quest that is needed to obtain the costume.” (Zenchaos)



Figure 3. Avatar

Bourne and Abandon have different approach on the customization of avatar. They will prioritize character’s growth over costume. They will choose costume that has additional stats. Whenever there is event that give costume as rewards, they prioritize selling the events materials for crystals. The crystals can help them speed up their character’s growth. They will redeem costume, only when they don’t need anymore crystals for characters’ progression.

Players can also spend some crystals to change their name. Bourne and Maevis are the two players that change frequently. Maevis sometimes use his Korean idol to name his character such as Jiso, the member of blackpink. While Bourne use some masculine name such as Blade and Rogue.

4.7 Spending on Game Performance

Spending on game performance is the most common behavior among players. In addition to Clea, the primary purpose of the other players is to progress the game. They want to get stronger. They spent either to buy premium subscription (Kafra VIP) or to upgrade for equipment development.

‘I dont spend money on this game in costume, as my goal will be more the growth of the character.’ (Bourne)

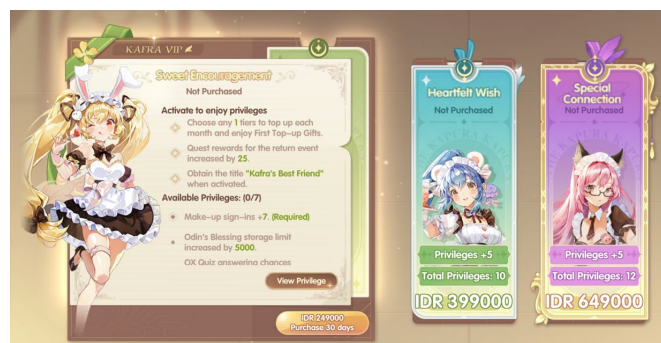


Figure 4. Premium Subscription

In related to the character progression, Bourne buy premium subscription in the game. On the other hand, Zenchaos spend either virtual or real world currency to speed up his progress. Moreover, Zenchaos sometimes take a break from playing. Therefore, whenever he returns to play he need to progress faster and keep up with the other players.

“If I am not in a rush, I just play the game and buy the materials needed, if not, I usually spend real money to make faster progress. Usually, I spend 50% of my salary if I want to rush my progress. If I am just chilling, I usually don't spend anything.” (Zenchaos)

4.8 Spending for Couple

In-game marriage tied two players to be husband and wife and activate the couple skills feature. This married status also gives some monthly rewards. Marriage in ROX is also give costume and mount. The costume is given for the couple from the wedding ceremony or their friends from the wedding feast. Some players have commercialized the wedding feast and sold the witness suit. Most of the participants do not pay for the marriage because they only get the wedding ceremony for the couple. They can collect and save the materials needed for the wedding quest. Real money is used in this feature to make the progress of wedding quest and wedding feast faster.



Figure 5. Couple Feature

Timy is the only player in the game who has never been married. The other participants have been married in the game. Some of them have even married more than once. The motivation to get married is mostly due to the costume. Abandon got married once and divorced later. Maevis got married once to get costume and mount. Clea and Sheepy are an in-game couple. Their marriage was the second marriage since their previous partner retired.

“I want to get the costume” (Clea)

“I just want the couple costume (Valeya)

But Sheepy has different additional motives.

“First marriage was with my friend, for convenience. We quit the game earlier and when we came back we needed to catch up with the levels. So we married for the additional experience. Second marriage, i married because i like the girl ’. (Sheepy)

The motivation of Zen, Sourtooth, and Bourne was for couple skills. Couple skills gives players additional base and job experiences as well as zeny when they are together. This feature also give teleport service to the partner and resurrection. This skills good for group activities such as Eternal Tower (ET), Player vs Player Battle, Guild War, and Boss Monster Hunt. It is also beneficial in dungeon raid.

'Costume and couple teleport and revive for efficient Boss Hunt.' (Zenchaos)

“Sarah and i decided to marry. for event and rox content like. ET (Eternal Tower), KVM (Player vs Player) and such. MVP hunt or whatnot” (Sourtooth)

“Marry your circle for you can help with activity. Especially ET.” (Bourne)

Most competitive players marry for the benefit that can help them fight. Therefore, it is common for players to divorce and remarry, especially when the partners are not in the same guild anymore.

“soo dior jokingly tells me to divorce sarah. because i don’t do boss hunt anymore, and they go boss hunt all the time together. soo he divorced me.” (Sourtooth)

This kind of fast divorce and remarry mostly need money to do because they need to build favor fast. Therefore, they will spend more virtual money and sometimes top up with real money for unilateral divorce or to send premium gift for building favor instantly.

The less competitive players tend to build the couple feature for friendship. Bourne and his longterm in-game partner stay together eventhough they are not in the same guild anymore. They use the couple skills for other activities that are restricted by guild.

“I am loyal. We can still play together and do couple quest eventhough we are not in the same guild anymore.” (Bourne)

Bourne and his partner have alternate characters. They also let their alternate characters to marry each other so that they can get additional crystals and witness costume from the wedding feast. Wedding feast is a wedding feature that cost a lot of crystals. Both of the alternate characters are merchant branch that are created for the convenience purpose of the main character. Since they don’t need to achieve character progress, they can collect more crystals. Unfortunately, crystals cant be transferred between players. Hence, they use wedding feast to get the main characters and some other friends crystals and witness costume.

4.9 Social Influence on Spending

As social games, the player consequently got influence from their peers. The influence can be related to the costume.

“Sometimes. Sometimes im jealous with other player costumes, and i want it” (Valeya)

'Yes, it has an effect because when i see other players wearing a nice costume i really want it and sometimes it is the way you can get it, only by paying the bill, which uses real money' (Clea)

Social influence can also be related to character growth.

'I enjoyed playing with my friend, which is mostly F2P, so if i spend a lot, I will not be in the same league as my friend. Will only spend a lot if I have close friends doing the same thing' (Bourne).

However, although they got affected by other players' progress, the participant in this research will still stick to their plan and budget.

“Yes, im pretty competitive and seeing that whales beat me like nothing makes me want to wiggle. Good thing i cannot afford or I have no budget for it.” (Sheepy)

5. Conclusion

In conclusion, there were three categories of financial activities in the game. Those financial activities were income generation, spending, and conversion of real to virtual money. All of the participants in this research have a view on how important money is to them, therefore they need to have good money management. Players can have great freedom to choose their playing style and the interaction they want. Social influence has little effect on financial decision making. They utilized strategies to optimize their in-game income. Their spending patterns were dominated by avatar customization and character progression. These findings contribute to understanding the intersection between the virtual world of gaming, financial decision-making, and the broader perspectives of individuals on money.

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FINANCIAL ATTITUDE, BEHAVIORAL CONTROL, SELF-EFFICACY, AND FINANCIAL BEHAVIOR TOWARDS PAY LATER SERVICE USERS

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ABSTRACT

The way a person manages their finances can have a huge impact on the level of financial well-being they experience. Financial attitudes, behavioral control, self-efficacy and financial behavior are four factors that can influence the use of pay later. This research explores the concept of pay later, a financial service that allows users to make purchases without cash payment on the spot, and get purchased items, by paying at a set time. The focus of this study was on the student population as a research sample, identifying the reasons why pay later became relevant in the context of their financial behavior. Through a behavioral approach, this study revealed that students often need pay later as a solution to meet their daily needs without having to spend money directly. A specially selected research sample from among students allowed for a more in-depth analysis of the impact of financial attitudes, behavioral control, self-efficacy, and financial behavior on the use of pay later services. The results showed that the behavior of using Paylater services by students was strongly influenced by their financial attitudes. Meanwhile, behavioral control and self-efficacy have no influence on financial behavior. These findings provide valuable insights for Paylater service providers and related parties in developing more effective strategies in responding to the needs and behavioral characteristics of students related to finance.

Keywords: Financial Attitude, Behavioral Control, Self-Efficacy, and Financial Behavior

1. Introduction

Financial behavior carried out by the younger generation has a great influence on their financial management. The younger generation is a student of generation Z or commonly called Gen-Z in the age range of 18-35 years. Every way a person manages finances can be seen from the point of view of psychology and the habits of each individual is an understanding of financial behavior (Sari and Anam, 2021). Today's students have feelings of FoMO (Fear of Missing Out) or fear of being left behind with others so that it encourages consumptive behavior faster. This is shown from an article that discusses further related to digitalization which has a negative impact due to the presence of social media. Its presence makes Gen-Z individuals insecure and tends to cover up their shortcomings in consumptive behavior (UGM.ac.id, 2023).

In addition, digitalization is also triggered by the rampant use of the internet in society. People are facilitated to access all information used to meet their needs without requiring more

effort. The use of technology in Indonesia is widely used for online shopping (Utamanyu and Darmastuti, 2022). Similarly, Gen-Z often buys their needs and wants through ecommerce platforms. This application is easily accessible through the use of a smartphone, making it easier to transact. This has caused Indonesia to experience an increase in ecommerce by 78% (Ministry of Communication and Information, 2019).

The increasing growth of e-commerce causes more and more challenges and has a strong sense of competition with each other. This is shown by the consumptive behavior of Gen-Z in buying clothes online from all aspects. all aspects, such as: brand, price, perfectionist, quality, hedonist, impulsiveness, and loyalty (Utamanyu and Darmastuti, 2022). In addition, Gen-Z will feel more comfortable in shopping in e-commerce because it is more practical and provides more benefits. This is due to the many promo offers offered, prices in e-commerce are much cheaper than in offline stores, ecommerce has a good reputation, can use all kinds of payment methods, and relatively faster delivery times for goods (Sazali, 2020). The advantages of online shopping in e-commerce greatly encourage them to consumptive behavior.

Consumptive behavior is marked by the presence of Financial Technology (Fintech), especially for those who offer loan services, thus further encouraging the interest of Indonesian consumers to shop online in ecommerce. This technology is an innovation from the financial services industry because it makes it easier for transactions to be done remotely and quickly (Saragih, 2022). One of the innovative products of this technology is Paylater. The mechanism used is to take advantage of technological sophistication by prioritizing electronic or non-cash payments quickly and easily so that consumers can buy the desired product without prior planning (Sufyati HS & Alvi Lestari, 2022). This is further strengthened by Paylater's presence in online shopping (Farhani et al and Prazadhe; Fitriyah, 2023). Based on this information, Gen-Z tends to be consumptive. This is further reinforced from Sari and Anam's (2021) question, consumptive behavior will cause an adverse impact on students' personal financial management habits where there is no consistency in spending planning, savings planning, or long-term needs planning.

The chaotic habits of managing students' personal finances are caused by their incomprehension regarding structured finances. Gen-Z, who tend to be impulsive with meeting current needs without consideration of the future, need mastery of understanding related to financial management behavior so that they are able to balance income and expenditure (Rindayani et al., 2022). Financial behavior is a behavioral involvement in an individual person which includes intellectual intelligence, sociology, finance, psychology, investment, and social interaction as the basis for decision making for a financial action (Rindayani et al., 2022). In addition, financial behavior is also related to the implementation of personal financial management which includes the process of planning, managing, and controlling finances (Herawati et al., 2018). Effective financial behavior is influenced by financial attitudes, behavioral control, and self-efficacy. Financial attitude is one of the factors that play an important role in determining personal financial management behavior. The attitude in managing effective personal finances is to apply financial principles to create and strengthen value in the process of making the right decisions related to finance and managing resource efficiency (Humaira and Sagori, 2018). If Gen-Z applies a good financial attitude, then they can manage their financial responsibilities more efficiently and dare to make better financial management decisions. So students who are able, make realistic budget planning and spend money not wastefully so that income can meet all their needs (Herdjiono and Damanik, 2016).

Meanwhile, behavioral control is an individual's point of view to control their actions so that they still provide motivational implications that can affect interest (Sari and Anam, 2021). If you have tried to be positive and others agree with it, but the individual still does not have complete information. Thus, the individual will not encourage the emergence of strong

motivation. So students are able to understand the level of ease of implementation of a certain behavior so that they will be more careful in making decisions related to financial behavior.

One other factor that plays an important role in determining Gen-Z's personal financial management behavior is self-efficacy. This is supported by the statement of Sari and Anam (2021), which is self-efficacy is a self-confidence in all internal abilities of individuals used to carry out behavior for the achievement of certain performance results. The existence of individual awareness by involving themselves in financial behavior is a positive action because it shows courage about financial responsibility in the future. This is shown by a person's ability to measure his personal value through a form of self-evaluation of the competencies he goes through to achieve goals (Puspitaningtyas, 2017). Based on the information above, this study aims to examine the influence of financial attitudes, behavioral control, self-efficacy, and financial behavior in using *Paylater*. It is expected that Gen-Z will be able to have the ability to make decisions and limit the behavior shown in the use of *Paylater* lending services. So that the formulation of the problem in this study is whether financial attitudes, behavioral control, and self-efficacy affect financial behavior.

2. Literature Review

2.1 Financial Attitude

Financial attitudes can be interpreted as a person's views, points of view, and assessments of their personal financial circumstances then reflected in their attitudes, which are maintained and managed through making the right decisions to maintain these values (Muhidia, 2019). On the other hand, Dwiantanti & Listiani (2017) financial attitudes have a significant influence on a financial behavior.

Someone who has a financial attitude has this will affect his behavior. This attitude is shown by good financial skills that allow someone to make smart decisions in choosing financial products that will affect their future financial planning. In addition, money can also affect the way a person thinks and acts according to his financial attitude. By adopting such financial attitudes, financial principles can be implemented, enabling one to make decisions and manage income appropriately (Humaira & Sagoro, 2018). This occurs along with the Theory of Planned Behavior (Ajzen, 1991), where a person's view of money affects his ability to manage finances. Thus, this creates differences in perception of certain physical objects or behaviors that eventually form differences in attitudes. It can be concluded that having good money management skills is one of the important factors, especially in managing financial aspects. Similar to financial behavior, *Paylater* users need a financial attitude that can control themselves in managing finances. This is supported by Rohmanto and Susanti (2021) who state that financial attitudes have an influence on financial behavior. H1: financial attitudes influence financial behavior

2.2 Behavioral Control

An assessment of behavior regulation reflects the extent to which a person can easily or difficult to carry out an action, while reflecting past experiences and obstacles faced. The individual's view believes that everything he happens and experiences is the direct result of the actions he takes (Pradiningtyas and Lukiastruti, 2019). A person who does not have the information or opportunity to perform a certain behavior, will not make a strong intention to do it, even though he has a positive attitude towards his behavior, and believes that others will approve if they do the behavior (Hidayati, 2013). Thus, behavioral control can provide an understanding to a person about whether or not it is easy to carry out a certain behavior. Serido et al. (2013) stated that behavioral control has a positive influence on financial behavior. Similarly, the context of a person's behavior in using *Paylater* requires behavioral control in

making their decision to use Paylater. This statement is supported by Putri, et al (2022), namely behavioral control affects financial behavior. H2: behavioral control affects financial behavior.

2.3 Self-efficacy

Self-efficacy is the knowledge of individuals in their capacity to determine actions that will get overall positive performance results (Ummah et al, 2021). Self-efficacy in finance is the ability to use available financial services to create a better life (Sari and Anam, 2021). Self-efficacy describes the influence on the way of thinking of individuals who are able to provide direction in action with the aim of achieving a positive result for the individual himself (Wulandari et al, 2020). This is shown through individual involvement in financial behavior will reflect a person's ability to manage finances, as well as having financial responsibility in preparing for the future (Sari and Anam, 2021). Student Financial Behavior is an individual ability whose financial behavior is related to the management and utilization of financial resources (Sufyati HS & Alvi Lestari, 2022). So students who have good self-efficacy can make financial decisions correctly (Hasanudin et al, 2022), (Mukharomah et al, 2023). H3: self-efficacy affects financial behavior.

Based on the above hypothesis, researchers designed a model from Sari and Anam (2021). The reason for choosing this model is because financial attitudes, behavioral control, and self-efficacy influence financial behavior.

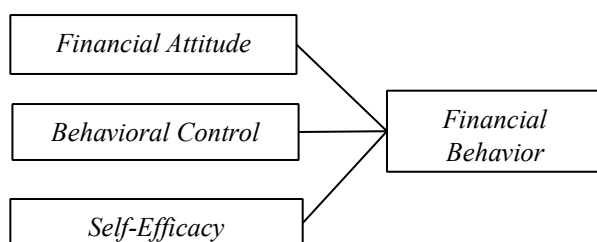


Figure 1: Research model adapted from Sari and Anam (2021).

3. Research Methods

This research is a quantitative research that aims to test financial attitudes, behavioral control, self-efficacy of financial behavior of Paylater users. The respondents of this study are students who are currently pursuing undergraduate and master's education who are classified as Gen-Z and use Paylater services in transactions. The data collection technique used in this study was the distribution of questionnaires through Google Form links with a likert scale of 1-5. The questionnaire was adapted from Sari and Anam (2021). This study used a sampling technique with snowball sampling and was processed with the SPSS version 25 application. This study used multiple linear regression data analysis to examine the effect of financial attitudes, behavioral control, self-efficacy on the financial behavior of Paylater users.

4. Research Findings and Discussion

The data collection period in this study was carried out by distributing research questionnaires through Google Form links, namely students at the undergraduate and master education levels. The results of the questionnaire distribution obtained data from respondents as many as 88 people. Data that can be processed and further analyzed is 43 respondents (49%) who use Paylater. The 43 respondents can be classified by study program, class, education level, age range and gender. The characteristics of research respondents will be explained as follows:

Table 1: Respondent Characteristics

Characteristics		Qty	Percentage
Course	Accounting	21	49%
	Architecture	1	2,33%
Characteristics		Qty	Percentage
Course	Economy	3	7%
	Farmacy	3	7%
	Law	1	2,33%
	English Study	1	2,33%
	Management	4	9,30%
	Accounting Study	1	2,33%
	Economy Study Program	1	2,33%
	History Education	1	2,33%
	Culinary Art	1	2,33%
	Electrical Engineering	3	7%
	Industrial Engineering	1	2,33%
	Chemical Engineering	1	2,33%
Year of Study	2019	4	9,30%
	2020	31	72%
	2021	5	11,63%
	2022	2	4,%
	2023	1	2,33%
Education Level	S1	42	98%
	S2	1	2,33%
Age Range	17-20	6	14%
	21-24	36	84%
	≥ 25	1	2,33%
Gender	Man	22	51,16%
	Woman	21	49%

Source: Data processed in 2023

From table 1 shows the majority of respondents' information in this respondent research is students having an S1 level of education with a percentage (97.67%) of the total number of respondents. Meanwhile, if viewed further in terms of age range, it can be seen that the majority of respondents aged 21-24 years with a percentage (13.95%) and the majority of men with a percentage (51.16%). The majority of students who were respondents in this study had an educational background in the Accounting Study Program, a total of 88 respondents (48.84%).

Furthermore, from the results of the analysis of the characteristics of the respondents above will be further analyzed related to hypothesis testing in this study using multiple linear regression analysis. It is used to determine the influence of the independent variable (X), namely financial attitude, behavioral control, and self-efficacy on the dependent variable (Y), namely financial behavior. Multiple linear regression results as follows:

Table 2: Multiple Linear Regression

Analysis Results

Model	B
(Constant)	1.621
Financial Attitude (X1)	.578
Behavioral Control (X2)	.179
Self-Efficacy (X3)	.092

From the results of the data processing above, a multiple regression formula can be used as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Therefore, the regression equation model generated based on the table above is

$$Y = 1,621 + 0,578X^1 + 0,179X^2 + 0,092X^3$$

Table 3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.709 ^a	.503	.464	2.37957

Based on the output above, it is known that the R Square value is 0.503, this means that the influence of variables X1, X2, and X3 simultaneously on variable Y is 50.3%

From the regression test equation and R Square results above, the results of the T test and F test can be further analyzed as follows:

The T test (partial test) aims to determine whether or not there is a partial influence (own) given by the independent variable (X) on the dependent variable (Y). The partial test (t-test) in this study used $\alpha = 0.05$ with one-tailed testing. Here are the results of the T test:

Table 4: Results of The T Test

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.621	2.839		.571	.571
Sikap Keuangan (X1)	.578	.163	.466	3.543	.001
Kontrol Perilaku (X2)	.179	.114	.209	1.578	.123
Efikasi Diri (X3)	.092	.046	.240	2.015	.051

a. Dependent Variable: Perilaku Keuangan (Y)

The T value of the table is obtained from the formula with a significance level of 5% as follows:

$$T \text{ table} = t(\alpha/2:(n-k-1)); \text{ Nilai } T \text{ tabel} = T(0,05/2;(43-3-1)) = T(0,025;(29)) = 2,04523$$

So that the value of T table, which is 2.04523. Thus from this result information, it can be concluded that financial attitudes have an influence on financial behavior because the significance value is below 0.05 and the calculated T test is above the T table. Meanwhile, the results of behavioral control and self-efficacy had no influence on financial behavior because the significance value was above 0.05 and the calculated T test was below the T table.

Furthermore, from the results of the T test above, researchers continued the F. Ghozali test (2013) explained that this test is used to measure the regression function of the sample in interpreting the goodness of fit (actual) value. This test aims to determine whether or not there is a simultaneous influence (together) given by the independent variable on the dependent variable. The results of the F value test are as follows:

$$F \text{ tabel} = F(k;n-k) ; \text{ Nilai } F \text{ tabel} = F(3;43-3) = F(3;40) = 2,84$$

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	223.214	3	74.405	13.140	.000 ^b
	Residual	220.832	39	5.662		
	Total	444.047	42			

a. Dependent Variable: Perilaku Keuangan (Y)

b. Predictors: (Constant), Efikasi Diri (X3), Sikap Keuangan (X1), Kontrol Perilaku (X2)

So that the F value of the table, which is 2.84. Thus from this result information, it can be concluded that financial attitude, behavioral control, and self-efficacy have a simultaneous influence on financial behavior because the significance value is below 0.000 and the F test count is above F table.

Based on the results of data analysis, each hypothesis of financial attitude variables has an effect on financial behavior because it obtained a significant value of < 0.05 with t calculate > t table. Furthermore, the variables of behavioral control and self-efficacy had no effect on financial behavior because they obtained a significant value of > 0.05 with t count < t table.

From these results will be further analyzed based on each hypothesis test.

First, the results of hypothesis testing on H1 obtained a beta coefficient value of beta of 0.466 and its significance of 0.001 is smaller than 0.05. So it can be concluded that H1 is supported, which means that financial attitudes have an influence on financial behavior. The results of this study are in line with the research of Landias and Wiyanto (2023), Sari and Anam (2021), Rohmanto and Susanti (2021). Students who have a financial attitude tend to have the courage to make effective and efficient decisions. Therefore, students often take realistic and practical financial management steps by using Paylater in transactions.

Second, the results of hypothesis testing on H2 get a beta coefficient value of 0.209 the significance value is 0.123 greater than 0.05. So it can be concluded that H2 rejects which means there is no influence on financial behavior. The results of this study are in line with research conducted by Gunawan and Nasution (2022), students who lack control over behavior will have a bad impact because they use Paylater to meet their needs and want to feel

less competitive with their friends. In this case, behavioral control can put students on a good financial understanding so that it will provide a more positive direction.

Third, the results of hypothesis testing on H3 get a beta coefficient value of 0.240 its significance value of 0.51 greater than 0.05. So it can be concluded that H3 rejects which means self-efficacy has no influence on financial behavior. This research is not in line with research conducted by Akbar and Armasyah (2023) which says self-efficacy has an influence on financial behavior, by explaining that the higher the level of self-efficacy, this will lead to higher ability to behave in finance. Students who do not have self-efficacy mean that they are unable to manage their finances so they depend on Paylater. This is shown because of the high level of consumptive behavior where this behavior is shown by the presence of perasaan FoMO (Fear of Missing Out) atau rasa takut tertinggal dengan yang lain sehingga lebih cepat mendorong perilaku konsumtif.

5. Conclusion

By considering the data analysis that has been carried out and the discussion of the results of this study, along with the results of data tests and discussions, it can be concluded that: Financial attitudes have a positive and significant effect on financial behavior in genZ. This means that Gen-Zers who have a better financial perspective are more likely to practice better financial behavior. Behavioral control does not have a significant impact on the interest in using the Paylater feature in Gen-Z. Interest in using the Paylater feature is more likely to be determined by other factors, and this finding is based on respondents' responses that show that the majority of individuals can form decisions using opportunities. Selfefficacy has no significant effect on financial behavior due to feelings of FoMO (Fear of Missing Out) or fear of being left behind with others so that Gen-Z generation is more likely to use Paylater.

The limitation in this study is realized that respondents are only obtained generally from various study programs. The results of our study are also limited by the lack of information related to the extent to which Paylater is used to meet user needs or desires, and this study has not included information about Gen-Z income and expenditure, so the level of Paylater usage cannot be measured optimally. Based on the conclusions and limitations of the research that has been described, suggestions can be given for future research, namely further research analyzing respondents who have more specific and further characteristics related to financial behavior in accounting study programs, and focused on Gen-Z to better reflect the conditions of Gen-Z.

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THE MAPPING OF IFRS S1 AND S2 WITH SEOJK-16-2021

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ABSTRACT

The new era of corporate reporting began with the publication of IFRS S1 and S2 as a guide for companies to disclose sustainability reports. Indonesia has not made rules that adopt S1 and S2. The Indonesian government has issued SE OJK 16 2021 as an addition to SE OJK 2016. This research was conducted by mapping between IFRS S1 and S2 and SE OJK 2021; conducting literature studies on the early application of IFRS S1 and S2 in various countries; and made recommendations on indicators for conformity assessment of IFRS S1 and S2 with SE OJK 2021. Based on the results of the research, a fairly high level of conformity was obtained between IFRS S1 and S2 and SE OJK 2021 and not many countries have implemented IFRS S1 and S2. This study also produced recommendations for IFRS S1 and S2 assessment indicators.

Keywords: IFRS S1; IFRS S2; SEOJK-16-2021; Sustainability; Risk Management

1. Introduction

As one of the determining factors for the economy and the environment, business is often in the spotlight, both as a supporting factor for the economy and as a factor that contributes to climate change. Therefore, there are three factors that are currently widely promoted by business, government and the general public (Lund and Pollman 2021; Reinstein, Weirich, and Akresh 2023), namely: Environmental, Social and Governance (ESG). Good corporate governance, as one of the factors of ESG, is a concept originating from shareholder theory, entity theory (Buckley 2022), agency theory (Ramachandran, Alam, and Goh 2020).

Corporate governance is considered the main mechanism for protecting shareholders (Ramachandran et al. 2020). One of the principles of good governance is transparency of company management to shareholders (Ramachandran et al. 2020). One form of company transparency to shareholders and other stakeholders, especially for companies that sell their shares to the public, is by publishing publications, in the form of financial reports, annual reports or company sustainability reports (Baditoui et al. 2023; Gangadharan and Padmakumari 2023; Herghiligi et al. 2023; Meiryani et al. 2023; Wang 2023).

In order to be able to make comparisons between reports published by companies, it is necessary to create a standard that can be accepted by the public or the general public. Company disclosure plays an important role in financial decision making because it can help investors and other stakeholders in making decisions regarding whether investors will invest in the company or not (Kaur and Singh 2019).

Investors use information disclosed by public companies to analyze the company's performance and make decisions regarding their investments (Haj-Salem, Damak Ayadi, and Hussainey 2020). Currently, both academics and practitioners admit that traditional financial reports are no longer adequate because they are unable to fully describe the company's values,

for example the value of intangible assets, which will indirectly increase information asymmetry (Ang et al. 2022).

In June 2023, the International Sustainability Standards Board (ISSB) published two IFRS Sustainability Disclosure Standards, namely IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (BDO International Limited 2023; CPA Australia 2023; Crowe Global 2023; Young 2023). The ISSB sits alongside the existing International Accounting Standards Board (IASB), with both standard-setting boards operating under the oversight of the IFRS Foundation (Mazars 2023; PricewaterhouseCoopers 2023). SASB has also created standards per industry (Financial Stability Board 2023; Grant Thornton 2023).

IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that can reasonably be expected to affect the entity's cash flows, its access to finance or the cost of capital in the short, medium or long term that is collectively referred to as sustainability-related risks and opportunities that are reasonably expected to affect the entity's prospects (Anders 2023; BDO International Limited 2023). The objective of IFRS S2 is to require entities to disclose information about climate-related risks and opportunities that is useful to users of general-purpose financial statements in making decisions relating to the provision of resources to the entity (Mazars 2023; Young 2023).

IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that are reasonably expected to affect the entity's cash flows, its access to finance or the cost of capital in the short, medium, or long term collectively referred to as risks and opportunities that are reasonably expected to affect entity prospects (Financial Stability Board 2023).

SE OJK 16 2021 concerning the Form and Content of Annual Reports for Issuers or Public Companies has anticipated the need for the obligation to prepare sustainability reports. SE OJK 16 2021 is a replacement for SEOJK Number 30/SEOJK.04/2016, with the main addition of a section related to sustainability reports (Otoritas Jasa Keuangan 2021).

One way to reduce the increasing problem of information asymmetry as explained in the previous section, companies should focus more on non-financial information in corporate disclosures (Baditoiu et al. 2023; Herghiligiu et al. 2023). Based on empirical studies, the non-financial areas include information about human resources, organizations, corporate social responsibility and the environment (Gangadharan and Padmakumari 2023; Meiryani et al. 2023; Wang 2023).

Based on the background that has been discussed, the research question in this study is: are the existing regulations in Indonesia adequate or appropriate to meet the disclosure demands in IFRS S1 and S2? This research aims to map existing regulations in Indonesia regarding disclosures made by public companies regarding IFRS S1 and IFRS S2. It is hoped that the results of this research can provide input for regulators in making regulatory adjustments to fulfill reporting obligations in accordance with IFRS S1 and S2.

2. Literature Review

IFRS S1 (Gaviria et al. 2023; Silva et al. 2023) establishes requirements for disclosing information about risks and opportunities related to an entity's sustainability. Specifically, entities are required to provide disclosures about: the governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities; the entity's strategy for managing sustainability-related risks and opportunities; the processes the entity uses to identify, assess, prioritize and monitor sustainability-related risks and opportunities; and the entity's performance in relation to sustainability-related risks and opportunities, including progress against any targets the entity has set or is required to meet under laws or regulations (Silva et al. 2023).

IFRS S2 (Gaviria et al. 2023; Silva et al. 2023) establishes requirements for disclosing information about an entity's climate-related risks and opportunities. Specifically, IFRS S2 requires entities to disclose information that enables users of general purpose financial statements to understand: the governance processes, controls and procedures the entity uses to monitor, manage and supervise climate-related risks and opportunities; the entity's strategy for managing climate-related risks and opportunities; the processes the entity uses to identify, assess, prioritize and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management processes; and the entity's performance in relation to climate-related risks and opportunities, including progress towards the climate-related targets it has set, and any targets required to be met by law or regulation

In Indonesia itself, regulations governing in detail the form and content of Annual Reports began to be issued in 2012 through the Decree of the Chairman of the Capital Markets and Financial Institutions Supervisory Agency Number: KEP-431/BL/2012 (Pratama, Jaenudin, and Anas 2022). The latest regulation, Circular Letter of the Financial Services Authority of the Republic of Indonesia Number 16/SEOJK.04/2021 concerning the Form and Content of Annual Reports of Issuers or Public Companies is the latest regulation that regulates the Form and Content of Annual Reports (Pratama et al. 2022). In the Republic of Indonesia Financial Services Authority Regulation Number, the contents of the annual report are regulated, which at least contains an overview of important financial data; stock information (if any); Directors' report; Board of Commissioners report; Issuer or Public Company profile; management analysis and discussion; governance of the Issuer or Public Company; social and environmental responsibility of the Issuer or Public Company; audited annual financial report; and a statement letter from members of the Board of Directors and members of the Board of Commissioners regarding responsibility for the Annual Report (Otoritas Jasa Keuangan 2021). Even though the content of SEOJK 2016 is not much different from SEOJK 2021, in SEOJK 2021 there is an emphasis on adjusting the regulatory concept regarding information disclosure in the Social and Environmental Responsibility (TJSL) section of the Issuer's or Public Company's Annual Report and improving the provisions regarding information disclosure in the Report (Otoritas Jasa Keuangan 2021). Annual Issuer or Public Company according to the Asian Corporate Governance Scorecards criteria (Otoritas Jasa Keuangan 2021).

Corporate governance according to Economic Cooperation and Development (OECD) is the distribution of rights and authority between various parties in a company such as the board of commissioners, management, shareholders, and other stakeholders related to rules and procedures in decision making (Gaviria et al. 2023). In this way, a structure will be formed for how the company's goals will be achieved and the tools for achieving those company goals as well as assessing performance in the company (Lund and Pollman 2021; Ramachandran et al. 2020; Thompson, Alleyne, and Charles-Soverall 2019).

Corporate governance is a process and structure as a basis for all company members to take action to protect the interests of stakeholders. Corporate governance can be viewed from two points of view, behavioral and normative (Yang, Tsui-Auch, and Wang 2023). Corporate governance from a behavioral perspective is related to the company's interactions with its stakeholders, while a normative perspective is related to regulations to regulate this relationship (Silva et al. 2023). Behavior related to corporate governance includes structures and processes or mechanisms (Silva et al. 2023; Yang et al. 2023).

3. Research Methods

This research was carried out by mapping the disclosure rules required in IFRS S1 and IFRS S2 with SE-OJK 16/2021 as the main document. Disclosure content required by IFRS S1 and IFRS S2 is the basis for mapping. SE-OJK 16/2021 is the main source for mapping IFRS

S1 and IFRS S2. Other relevant regulations are added if the reference sought is not contained in SE-OJK 16/2021.

Meanwhile, the documents that are the object of this research are as follows:

- a. IFRS S1 (IFRS Foundation 2023a; INDYK 2023; International Sustainability Standards Board 2023a; ISSB - International Sustainability Standards Board 2023a);
- b. IFRS S2 (IFRS Foundation 2023b, 2023c; International Sustainability Standards Board 2023b);
- c. IFRS Industry Standards (ISSB - International Sustainability Standards Board 2023b);
- d. SE-OJK 16/2021 (Otoritas Jasa Keuangan Republik Indonesia 2021);
- e. POJK 51/2017 (Otoritas Jasa Keuangan Republik Indonesia 2017b, 2017c, 2017a);
- f. Pedoman Umum Governansi Korporat Indonesia (Komite Nasional Kebijakan Governansi 2021).

4. Research Findings and Discussion

To be able to draw conclusions regarding the suitability of existing regulations in Indonesia with IFRS S1 and IFRS S2, a mapping was created for IFRS S1 in table 1. and IFRS S2 in table 2.

Tabel 1. Mapping of IFRS S1

Category	IFRS S1	Indonesian Regulation	Status
Governance	Governance body:	POJK 51/2017: 4 / 4	Suitable
	Policies and Procedures	SE-OJK 16/2021: Lamp II, p 25	Suitable
	Skill and competencies	SE-OJK 16/2021: Lamp II, p 26	Modified Add: detail
	Information	SE-OJK 16/2021: Lamp II, p 11	Suitable
	Accountability	SE-OJK 16/2021: Lamp II, p 19	Suitable
	Monitoring and remuneration	SE-OJK 16/2021: Lamp II, p 19	Add: remuneration
	Management Role	SE-OJK 16/2021: Lamp II, p 25	Suitable
	Specific level/position	SE-OJK 16/2021: Lamp II, p 25	Suitable
	Control and procedures	SE-OJK 16/2021: Lamp II, p 25	Suitable
Strategy	Sustainability-related risks and opportunities	SE-OJK 16/2021	Add: opportunities
	Description	SE-OJK 16/2021: Lamp II, p 11	Suitable
	Time Horizon	SE-OJK 16/2021: Lamp II, p 11	Add: medium
	Linkage	SE-OJK 16/2021: Lamp II, p 11	Suitable
	Business model and value chain	Not available	

	Current and anticipated effect	SE-OJK 16/2021: Lamp II, p 25	Modified
	Concern	SE-OJK 16/2021: Lamp II, p 25	Modified
	Strategy and decision-making	SE-OJK 16/2021: Lamp II, p 11	Suitable
	Respond	SE-OJK 16/2021: Lamp II, p 19, 23	Modified
	Progress report	Not available	
	Trade-offs	Not available	
	Financial position, financial performance, and cash flows	SE-OJK 16/2021: Lamp II, p 31	Modified
	Financial Effects	SE-OJK 16/2021: Lamp II, p 20	Modified
	Anticipated financial effects	Not available	
	Financial position changes	SE-OJK 16/2021: Lamp II, p 20	Modified
	Material adjustment of significant risk	SE-OJK 16/2021: Lamp II, p 20	Modified
	Time horizon changes	SE-OJK 16/2021: Lamp II, p 11	Add: medium
	Financial performance and cashflow changes	SE-OJK 16/2021: Lamp II, p 20	Modified
	Resilience	SE-OJK 16/2021: Lamp II, p 15	Suitable
	Adjust capabilities	Not available	
	Resilience information	SE-OJK 16/2021: Lamp II, p 15	Suitable
Risk Management	Sustainability-related risks	SE-OJK 16/2021: Lamp II, p 27	Suitable
	Inputs and parameters	Not available	
	Scenario analysis	Not available	
	Nature, likelihood, and magnitude	Not available	
	Prioritization	SE-OJK 16/2021: Lamp II, p 27	Modified
	Risk Monitoring	SE-OJK 16/2021: Lamp II, p 27	Suitable
	Processes changes	Not available	
	Sustainability-related opportunities	SE-OJK 16/2021: Lamp II, p 24	Suitable
	Sustainability-related risks and opportunities integration	Not available	
Metrics and Targets	Metrics required	SE-OJK 16/2021: Lamp II, p 14	Modified
	Metrics used	Not available	
	Measure and monitor	SE-OJK 16/2021: Lamp II, p 14	Modified
	Progress	Not available	

Sources of Guidance	Specific standards	Not available	
	Applicable metrics	Not available	

Tabel 2. Mapping of IFRS S2

Category	IFRS S2	Indonesian Regulation	Status
Governance: Climate-related financial disclosure on governance	Governance body:	POJK 51/2017: 4/4	Modified
	Policies and Procedures	SE-OJK 16/2021: Lamp II, p 25	Suitable
	Skill and competencies	SE-OJK 16/2021: Lamp II, p 26	Modified Add: detail
	Information	SE-OJK 16/2021: Lamp II, p 11	Suitable
	Accountability	SE-OJK 16/2021: Lamp II, p 19	Suitable
	Monitoring and remuneration	SE-OJK 16/2021: Lamp II, p 19	Add: remuneration
	Management Role	SE-OJK 16/2021: Lamp II, p 25	Suitable
	Specific level/position	SE-OJK 16/2021: Lamp II, p 25	Suitable
	Control and procedures	SE-OJK 16/2021: Lamp II, p 25	Suitable
Strategy	Climate-related risks and opportunities	SE-OJK 16/2021:	Add: opportunities
	Description	SE-OJK 16/2021: Lamp II, p 11	Suitable
	Physical or transition risk	Not available	Suitable
	Time Horizon	SE-OJK 16/2021: Lamp II, p 11	Suitable
	Linkage	SE-OJK 16/2021: Lamp II, p 11	Suitable
	Business model and value chain	Not available	
	Current and anticipated effect	SE-OJK 16/2021: Lamp II, p 23	Modified
	Concern	SE-OJK 16/2021: Lamp II, p 25	Modified
	Strategy and decision-making	SE-OJK 16/2021: Lamp II, p 11	Suitable
	Respond	SE-OJK 16/2021: Lamp II, p 19, 23	Modified
	Current and anticipated changes	SE-OJK 16/2021: Lamp II, p 19, 23	Modified
Current and anticipated direct mitigation	SE-OJK 16/2021: Lamp II, p 19, 23	Modified	

Category	IFRS S2	Indonesian Regulation	Status
	Current and anticipated indirect mitigation	SE-OJK 16/2021: Lamp II, p 19, 23	Modified
	Climate-related transition plan	SE-OJK 16/2021: Lamp II, p 19, 23	Modified
	Target achievement plan	SE-OJK 16/2021: Lamp II, p 18	Modified
	Progress report	Not available	
	Trade-offs	Not available	
	Financial position, financial performance, and cash flows	SE-OJK 16/2021: Lamp II, p 20	Modified
	Financial Effects	SE-OJK 16/2021: Lamp II, p 20	Modified
	Material adjustment of significant risk	SE-OJK 16/2021: Lamp II, p 20	Modified
	Financial position changes	SE-OJK 16/2021: Lamp II, p 20	Modified
	Investment and disposal plan	SE-OJK 16/2021: Lamp II, p 32	Add: disposal plan
	Sources of funding	SE-OJK 16/2021: Lamp II, p 12	Suitable
	Financial performance and cashflow changes	SE-OJK 16/2021: Lamp II, p 20	Modified
	Climate Resilience	SE-OJK 16/2021: Lamp II, p 15	Suitable
	Climate resilience assessment	SE-OJK 16/2021: Lamp II, p 15	Suitable
	Implication	Not available	
	Significant area	Not available	
	Adapt capabilities	Not available	
	Climate-related scenario	Not available	
	Inputs	Not available	
	Key assumption	Not available	
Reporting period	SE-OJK 16/2021: Lamp II, p 49	Suitable	
Risk Management	Climate-related risks	SE-OJK 16/2021: Lamp II, p 4	Modified
	Inputs and parameters	Not available	
	Scenario analysis	Not available	
	Nature, likelihood, and magnitude	Not available	
	Prioritization	SE-OJK 16/2021: Lamp II, p 25	Modified
	Risk Monitoring	SE-OJK 16/2021: Lamp II, p 27	Suitable
	Processes changes	Not available	
	Climate-related opportunities	SE-OJK 16/2021: Lamp II, p 24	Modified

Category	IFRS S2	Indonesian Regulation	Status
	Climate-related risks and opportunities integration	SE-OJK 16/2021: Lamp II, p 24	Modified Add: integration
Metrics and Targets	Climate-related metrics	SE-OJK 16/2021: Lamp II, p 40	Suitable
	Greenhouse gases	SE-OJK 16/2021: Lamp II, p 40	Suitable
	Climate-related transition risks	Not available	
	Climate-related physical risks	Not available	
	Climate-related opportunities	SE-OJK 16/2021: Lamp II, p 24	Modified
	Capital deployment	Not available	
	Internal carbon prices	SE-OJK 16/2021: Lamp II, p 22	Modified
	Remuneration	Not available	
	Climate-related targets	SE-OJK 16/2021: Lamp II, p 21	
	Metrics	SE-OJK 16/2021: Lamp II, p 14	Modified
	Objectives	SE-OJK 16/2021: Lamp II, p 11	Modified
	Targeted entity	SE-OJK 16/2021: Lamp II, p 11	Modified
	Period	SE-OJK 16/2021: Lamp II, p 49	Suitable
	Base period	Not available	
	Milestones	SE-OJK 16/2021: Lamp II, p 21	
	Absolute/intensity targets	Not available	
Latest international agreement	Not available		

Some points are still mentioned in general or norm form, not explicitly or in detail as required in IFRS S1 and S2. For example, targeted entities, in SE-OJK 16/2021, are only mentioned in examples, not in the disclosure rules. Therefore, for points like this, input or status is given: modified: explicit. This means that it is recommended that this point be made more explicit.

For financial position, climate-related (IFRS) needs to be stated clearly that what is requested is one that mentions climate-related. It needs to be made explicit that climate-related disclosure is part of the sustainability disclosure standard.

IFRS S2 has created detailed industry standards to regulate what disclosures must be made, meanwhile, SE-OJK 16/2021 generally regulates various aspects related to the environment. Recommendation: make groupings or make details for each industry or each aspect. For example, Industry-based Guidance 2023 regulates disclosures about raw materials in the Apparel, Accessories & Footwear industry. This has actually been regulated in SE-OJK 16/2021, namely in Appendix II page 35 which regulates material aspects, namely the use of environmentally friendly materials.

Currently there is not much research that specifically examines IFRS S1 and IFRS S2. There is one study in Poland that specifically assessed the readiness of Polish companies in fulfilling IFRS S1 and IFRS S2 disclosures (Silva et al., 2023), while research conducted in Aburra examined the accounting mechanism for implementing IFRS S1 and IFRS S2 (Gaviria et al., 2023) and research in South East Asia (Pratama et al., 2022). Meanwhile, professionals are also trying to analyze the implementation of these two new standards (Anders, 2023).

5. Conclusion

Based on the mapping that has been carried out, it can be concluded that SE-OJK 16/2021 has adequately regulated disclosures related to sustainability and climate. It even explicitly provides examples of disclosures that can be used as a reference by the Company.

The next research opportunity is to check the readiness of public companies in Indonesia to fulfill disclosure obligations in accordance with IFRS S1 and IFRS S2.

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INTENTION TO REPORT VIOLATIONS THAT ARE INFLUENCED BY PERSONAL COST, PROTECTION TO WHISTLEBLOWERS, AND THE MATERIALITY LEVEL OF VIOLATIONS

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ABSTRACT

This study aims to investigate the effect of personal cost, protection of whistleblowers, and materiality of violations on the intention to report violations. This study will be conducted at the Customs Office of North Sulawesi Province. The research method is quantitative research with a survey method by distributing questionnaires to 43 customs officers. The variables to be tested are Personal Cost, Protection to Whistleblowers, and Materiality of Violations as independent variables, and Intention to report violations as the dependent variable. The data analysis technique used is multiple regression analysis to test the effect of the independent variable on the dependent variable. The results of this study found that the three independent variables had an effect on employee intention to report violations. The results of this study support several previous studies in different places.

Keywords: *Intention; Violation; Whistleblower; Personal Cost; Protection.*

1. Introduction

The Whistle Blowing System (WBS) is a crucial aspect to be implemented in various entities, both in private companies and government agencies, including the Customs Office. This mechanism is important because WBS can be a solution and a means for parties who know of violations and want to report them.

The implementation of WBS in the Customs Office is quite important because Customs is the only government agency tasked with overseeing the flow of goods and international trade. This field is vulnerable to violations. The existence of a WBS mechanism can be one of the means that helps to identify and reduce the potential for violations.

There needs to be an adequate understanding of what factors affect the implementation of a good and efficient WBS mechanism. An adequate understanding of the whistleblower will encourage him to be more courageous and open in reporting the violations he knows. The first factor that is considered the most vital in reporting violations in this research is personal cost. Personal cost is the internal consideration of the whistleblower to decide whether he should report the violation or not related to the consideration of the risk that will be received if he reports the violation. This personal cost is based on the Theory of Reasoned Action (Fishbein & Ajzen, 1975).

The second important factor in this study is whistleblower protection. This factor is an external factor that is also considered before the whistleblower reports the violation. There is a consideration of what protection the whistleblower will receive if he reports the violation he knows about. Protection of the whistleblower is able to maintain the safety of the whistleblower

from the actions and risks that will be received by the whistleblower, this is in accordance with the Theory of Legal Protection (Seorjono Soekanto, 1984).

Meanwhile, the third factor that is considered to have a major influence in this study is the level of materiality of the violation. The materiality of the violation is a significant consideration from the reporter's side regarding the amount of material affected by the violation that occurred. This refers to Utilitarian Theory (Mill, 1861). The greater the level of materiality of the violation, the greater the intention of the reporting party in reporting the violation.

2. Literature Review

Theory of Reasoned Action (Fishbein & Ajzen, 1975) explains that humans tend to think about the impact of their actions. Humans are considered to be creatures who think logically so that they can consider strong reasons when intending to do something. A person's behavior is influenced by two basic determinants, namely attitudes and subjective norms. Attitude is a person's positive or negative assessment of an object, person, or situation. Subjective norms are a person's belief that the surrounding environment expects the subject to take an action. These two things can be a consideration for someone's intention to do something. This theory convinces the author to formulate hypothesis 1 that personal cost affects the intention to report violations.

Legal Protection (Seorjono Soekanto, 1984) is an effort to provide assistance and fulfillment of rights to create a sense of security for someone. With the implementation of the legal protection system, it will have an impact on increasing the courage of the reporter to disclose facts because of his belief that he will be legally protected and will not receive threats in any form. Through this theory, the author believes that hypothesis 2, namely, the protection of whistleblowers has a significant influence on the intention to report violations.

Utilitarian Theory (Mill, 1861) explains the rightness or wrongness of actions that are judged based on the degree of significant consequences. Actions are judged right if they tend to increase happiness and wrong if they tend to produce unhappiness. If the violation causes a large negative impact and reduces happiness or benefits for many people, then the level of materiality of the violation can be considered high from the perspective of utilitarianism. Based on this theory, it also strengthens that the level of materiality of the violation has a relationship with the intention to report violations in accordance with hypothesis 3.

Based on the research background, formulate the problem formulation as follows: Does the materiality level of the violation affect the intention to report violations at the North Sulawesi Customs Office? Does protection for the reporter affect the intention to report violations at the North Sulawesi Customs Office?, Does personal cost affect the intention to report violations at the North Sulawesi Customs Office?

The research material is to determine and analyze the relationship between personal costs, protection for whistleblowers, and the level of materiality of violations on the intensity of reporting violations.

3. Research Methods

The type of research used in this study is quantitative research. Quantitative research is research that takes a large amount of data to determine the relationship between the independent and dependent variables. This study aims to determine the effect and analyze the effect of personal cost, whistleblower protection, and materiality level on the intention to report violations.

3.1 Population and Sample

The population in this study were all employees who worked at the North Sulawesi Customs Office, totaling 43 employees. The sample in this study was determined using

Saturation Sampling. The sample who filled out the questionnaire amounted to 32 people, in other words, the research response rate was 72.42%. Description of the sample of male employees totaling 26 and female employees totaling 6 people. In addition, the education level of the majority of respondents is D1 with 20 people, the others are D3 with 6 people, S1 with 3 people, and S2 with 3 people. The majority of the average age of respondents is in the range of 20-25 years with a total of 21 others in the range above 35 with 5 people, the range 26-30 with 3 people, and the range 31-35 with 3 people.

3.2 Data Collection Technique

The data collection technique used in this research is an online questionnaire. After one of the sample employees at the North Sulawesi customs office filled out the questionnaire, the employee distributed the questionnaire online to other employees there.

3.3 Research Variables

The dependent variable in this study is the intention to report violations. There are three independent variables in this study, including personal cost, whistleblower protection, and materiality level.

3.4 Validity and Reliability Test

Validity test is used to measure whether the instrument used measures what should be measured. The validity test in this study uses the product moment technique and has a significance level of 5%. If the value of $R_{count} > R_{table}$ then the variable is valid.

Reliability test is used to measure the consistency of the instrument under study. The reliability test in this study uses the Cronbach alpha technique, where there is a value of 0.6 must be passed for the data to be reliable.

3.5 Data Analysis Technique

This study uses multiple regression analysis models to analyze the effect of personal cost, whistleblower protection, and materiality level on the intention to report with the following model.

$$Y = a + bX_1 + X_2 + X_3$$

3.6 Classical Assumption Test

Normality test is used to measure data distribution following or close to normal. If the value of $asympt. Sig. (2-tailed) > 0.05$ then the data is normally distributed and vice versa.

Multicollinearity test is used to measure the correlation between independent variables. If $VIF < 10$ and $tolerance > 0.1$, it is concluded that there is no multicollinearity.

Heteroscedasticity test is used to see if the regression model occurs variable inequality from residuals of one observation to another. If $sig > 0.05$ then there is no heteroscedasticity.

3.7 Hypothesis Test (F Test and t Test)

The F test is used to assess the effect of all independent variables on the dependent variable. If $f_{count} > f_{table}$ then it can be concluded that the variable is significant.

The t test is used to assess the ability of the independent variables separately. The hypothesis is accepted when the significance value is less than 0.05. In addition, regarding the positive and negative effects, the value obtained is also positive or negative.

4. Research Findings and Discussion

4.1 Research Instrument Test.

The results of instrument testing in this research show that all variables, both dependent and independent, are valid and reliable. Because this study uses multiple linear regression analysis, it is necessary to test classical assumptions.

4.1.1 Table Validity Test

Personal Cost (X1)				
Question	Test Results	Skor	R Tabel (Alpha 5%)	Decision
1	Pearson Correlation	0,607	0,3494	VALID
	sig.	0,000	0,05	VALID
2	Pearson Correlation	0,860	0,3494	VALID
	sig.	0,000	0,05	VALID
3	Pearson Correlation	0,782	0,3494	VALID
	sig.	0,000	0,05	VALID
4	Pearson Correlation	0,843	0,3494	VALID
	sig.	0,000	0,05	VALID
5	Pearson Correlation	0,766	0,3494	VALID
	sig.	0,000	0,05	VALID
6	Pearson Correlation	0,716	0,3494	VALID
	sig.	0,000	0,05	VALID
Protection to Whistleblower (X2)				
Question	Test Results	Skor	R Tabel (Alpha 5%)	Decision
1	Pearson Correlation	0,623	0,3494	VALID
	Sig.	0,000	0,05	VALID
2	Pearson Correlation	0,787	0,3494	VALID
	Sig.	0,000	0,05	VALID
3	Pearson Correlation	0,781	0,3494	VALID
	Sig.	0,000	0,05	VALID
4	Pearson Correlation	0,765	0,3494	VALID
	Sig.	0,000	0,05	VALID
5	Pearson Correlation	0,773	0,3494	VALID
	Sig.	0,000	0,05	VALID
6	Pearson Correlation	0,527	0,3494	VALID
	Sig.	0,002	0,05	VALID
Materiality Level (X3)				
Question	Test Results	Skor	R Tabel (Alpha 5%)	Decision
1	Pearson Correlation	0,904	0,3494	VALID
	Sig.	0,000	0,05	VALID
2	Pearson Correlation	0,901	0,3494	VALID
	Sig.	0,000	0,05	VALID
3	Pearson Correlation	0,875	0,3494	VALID
	Sig.	0,000	0,05	VALID
4	Pearson Correlation	0,765	0,3494	VALID
	Sig.	0,000	0,05	VALID
Intention to Report Violations (Y)				
Question	Test Results	Skor	R Tabel (Alpha 5%)	Decision
1	Pearson Correlation	0,871	0,3494	VALID
	Sig.	0,000	0,05	VALID
2	Pearson Correlation	0,829	0,3494	VALID
	Sig.	0,000	0,05	VALID
3	Pearson Correlation	0,905	0,3494	VALID
	Sig.	0,000	0,05	VALID
4	Pearson Correlation	0,890	0,3494	VALID
	Sig.	0,000	0,05	VALID

From Table 4.4.1, it can be seen that each question from all variables has a calculated R value greater than the R table so that all are valid.

4.1.2 Table Reliability Test

Cronbach's Alpha	
Variable	Cronbach's Alpha
INTENTION TO REPORT VIOLATIONS (Y)	0,897
PERSONAL COST (X1)	0,844
PROTECTION TO WHISTLEBLOWERS (X2)	0,753
MATERIALITY LEVEL OF VIOLATIONS (X3)	0,884

From Table 4.4.2, it can be seen that each variable is above 0.6 so that each variable can be said to be reliable.

4.2 Classical Assumption Test

The results of the classical assumption test, be it the normality test, Heteroscedasticity, and multicollinearity, show that all variables are not affected by these diseases.

4.2.1 Table Normality Test

		Unstandardized Residual	
N		32	
Normal Parameters ^{a,b}	Mean	.0000000	
	Std. Deviation	.91031455	
Most Extreme Differences	Absolute	.113	
	Positive	.113	
	Negative	-.081	
Test Statistic		.113	
Asymp. Sig. (2-tailed) ^c		.200 ^d	
Monte Carlo Sig. (2-tailed) ^e	Sig.	.361	
	99% Confidence Interval	Lower Bound	.348
		Upper Bound	.373

a. Test distribution is Normal.
 b. Calculated from data.
 c. Lilliefors Significance Correction.
 d. This is a lower bound of the true significance.
 e. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

From Table 4.2.1 it can be seen that the Asymp. Sig. (2-tailed) 0.200 > 0.05 so that the data is concluded to be normally distributed.

4.2.2 Table Multicollinearity Test

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	6.479	2.184		2.967	.006		
	X1	-.185	.061	-.374	-3.059	.005	.696	1.437
	X2	.301	.081	.419	3.741	<.001	.830	1.204
	X3	.259	.113	.297	2.287	.030	.617	1.620

a. Dependent Variable: Y

From table 4.2.2 it can be seen that the tolerance value X1 = 0.696; X2 = 0.830; X3 = 0.617. The three variables have values above 0.1 It can also be seen that the VIF value: X1 = 1.437; X2 = 1.204; X3 = 1.620. Therefore, the independent variables do not occur multicollinearity.

4.2.3 Table Heteroscedasticity Test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.901	1.129		.799	.431
	X1	.014	.031	.093	.458	.651
	X2	.063	.042	.279	1.510	.142
	X3	-.117	.059	-.429	-1.999	.055

a. Dependent Variable: RES2

From table 4.2.3, it can be seen that the sig value of the three variables is greater than 0.05 so it can be concluded that heteroscedasticity does not occur.

4.3 Model Testing (F-Test)

Hypothesis testing is done by testing the fit of the model through the F-test. Then, a T-test is also performed to test the relationship between each independent variable (X1, X2, X3) and the dependent variable (Y). The results of the F-test show that all independent variables simultaneously affect the dependent variable. With R of 84.1%, R-squared of 70.8%, and Adjusted R Square of 67.7%, it shows that the influence of variable (X) on variable (Y) is more than 50%.

4.3.1 Table F-test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841 ^a	0,708	0,677	0,958

a. Predictors: (Constant), Materiality Level, Protection to Whistleblowers, Personal Cost.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	62,280	3	20,760	22,628	<.001 ^b
	Residual	25,689	28	0,917		
	Total	87,969	31			

a. Dependent Variable: Intention to Report Violations
 b. Predictors: (Constant), Materiality Level, Protection to Whistleblowers, Personal Cost.

From table 4.6, it can be seen that the significance value for the three independent variables on the dependent variable is 0.01 <0.05 and f count 22.628> f table 2.95 which proves that there is a significant influence of the three independent variables on the dependent variable.

4.4 Hypothesis Testing (t Test)

H1: Personal Cost affects the Intention to Report Violations

Testing H1 shows that r count > r table so that personal cost affects the intention to report violations, but Table 4.4.1 shows that the value of r is negative so that it shows the opposite effect so that it is concluded that the higher the Personal Cost, the lower the intention to report violations and vice versa.

H2: Protection of whistleblowers on the intention to report violations.

Based on the results of the statistical test, H2 is supported because the significance value is <0.05 and t count> t table with a positive value, then the protection of the reporter has a positive effect on the intention to report violations.

H3: Materiality level on the intention to report violations.

The test results of H3 show that t count> t table with a positive value and a significance value <0.05, then the materiality level of the violation has a positive effect on the intention to report violations.

4.4.1 Table t-test

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Personal Cost	-0,318	0,069	-0,643	-4,601	0,0001
2	Protection to Whistleblower	0,456	0,101	0,635	4,504	0,0001
3	Materiality Level of Violations	0,588	0,117	0,676	5,020	0,00002

5. Conclusion

Based on the results of data analysis and discussion, it can be concluded that personal cost, protection of whistleblowers, and the level of materiality of violations affect the intention to report violations.

Personal cost has a negative effect on the intention to report violations due to the possibility that employees in reporting violations do not see the amount of personal costs incurred, it could be that the higher the personal cost, the lower the intention to report violations and vice versa.

Protection of whistleblowers as the second variable tested in this research shows a positive effect so that the higher the protection provided to whistleblowers, the higher the intention of Customs Office employees to report violations. Conversely, the lower the protection provided to whistleblowers, the lower their intention to report violations.

The level of materiality of violations has a positive effect on the intention to report violations. The higher the materiality level of the violation, the higher the intention of employees to report violations, and vice versa.

This research experienced several obstacles, among others, difficulties in reaching research respondents directly due to the limited distance between the researcher and the respondent so that the questionnaire was distributed via google form. Suggestions for future researchers to expand the scope of research to several customs offices in Indonesia to obtain more comprehensive data.

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FOSTERING SUSTAINABILITY AWARENESS AMONG SANATA DHARMA UNIVERSITY STUDENTS: THE ROLE OF PARTICIPATION, UNIVERSITY IMAGE, AND INSTITUTIONAL SUPPORT

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ABSTRACT

This study examines the interplay between student participation, university image, and institutional support as influential elements in promoting pro-environmental behaviour among students at Sanata Dharma University, in light of the increasing importance placed on sustainable practices. Utilizing a sample size of 210 students from diverse academic areas, this research applies a multiple regression analysis to elucidate the complex interconnections within this particular setting. The research findings shed light on a complex and intricate portrayal. The study demonstrates that there is a noteworthy correlation between university support and active student participation, both of which have a substantial and positive impact on the development of environmental awareness among students. On the other hand, the university's perceived image, although crucial to its overall reputation, does not appear to have a substantial influence on students' environmental awareness. In light of these findings, it becomes apparent that strategic interventions should target the enhancement of student participation and the strengthening of institutional support in order to effectively foster sustainability consciousness within the student population at Sanata Dharma University. This revised analysis, enhances our comprehension of the underlying mechanisms, highlighting the pivotal significance of student engagement and institutional support in cultivating a sustainable mentality.

Keywords: Sustainability Awareness, Participation, University Image, and Institutional Support

1. Introduction

In light of the increasing worldwide need for sustainable practices (Holison, 2023; Sun et al., 2022; Suriyankietkaew et al., 2022), this research endeavours to conduct a comprehensive analysis of the determinants that impact pro-environmental behaviour among students enrolled at Sanata Dharma University. The selected variables, namely student engagement, university image, and institutional support, were not chosen randomly but instead based on a well-thought-out logic.

The scope and objective of this study are to examine and analyse the specific parameters and goals that will be addressed in the research. The primary aim of this study is to comprehensively examine the multifaceted aspects associated with the level of sustainability consciousness within the context of higher education institutions (Filho et al., 2020). The ability of student engagement to effectively foster environmental consciousness through active participation is what drives its choice (Fridayani et al., 2022). The significance of university image lies in its ability to reflect the ideals of the institution, potentially influencing the attitudes and conduct of students. The provision of institutional support, which encompasses essential infrastructure and policies, is widely recognized as a critical factor in facilitating sustainability activities.

The justification for the process of selecting variables. The exploration of student participation is crucial to understanding its significance in terms of personal commitment and involvement in sustainability activities (Fridayani, et al., 2023). The university's image is widely acknowledged as a significant factor in influencing student views towards environmental issues (Harahap et al., 2020a; Hwang & Choi, 2019), since it is believed that the institution's perceived ideals and reputation play a crucial role in shaping these attitudes. Institutional support is selected based on its projected capacity to establish the essential structure for the implementation of sustainable practices (Alnaimi & Rjoub, 2021; Iqbal & Saeed Hashmi, 2015; Sya & Mangundjaya, 2020).

The purpose of this study is to identify and analyse the problem on hand. The fundamental focus of this study pertains to comprehending the intricate relationship between student participation, university image, and institutional support in fostering sustainability consciousness among university students. The selection of these variables is not arbitrary but rather based on their potential to provide complete insights into the factors that influence pro-environmental behaviours.

The chosen methodological approach for this study is described in this section. In order to thoroughly examine these dynamics, a statistical technique known as multiple regression analysis is utilized. This analysis involves the use of a sample consisting of 210 students with a division of 62.1% female and 37.9% male. In this case, this quantitative method was chosen because it can clearly show and analyse the unique contributions that each variable makes, making it easier to fully understand both their individual and combined effects.

The primary objective of this study is to enhance the depth and logical foundation of knowledge regarding the various elements that impact the level of sustainability consciousness among students in higher education institutions. The objective of this study is to generate meaningful insights that go beyond superficial correlations by carefully selecting variables based on sound reasoning and using a rigorous approach. The results are expected to serve as the foundation for strategic interventions, promoting a sustainable attitude within the distinctive academic environment of Sanata Dharma University.

2. Literature Review

The need to promote sustainability consciousness in higher education institutions has received growing scholarly interest, prompting an examination of the complex interactions among student participation, university reputation, and institutional backing. By incorporating pertinent scholarly sources and empirical studies, the objective of this review is to offer a thorough comprehension of the intricate dynamics between these variables.

2.1 *The topic of interest is the correlation between student participations and sustainability consciousness.*

The existing body of literature continually emphasizes the crucial significance of student engagement in cultivating awareness and understanding of sustainability. According to Yusliza et al., (2020) theoretical framework on involvement, students who engage in active participation in both academic and extracurricular activities are more inclined to cultivate a comprehensive understanding of their educational journey. According to research by Wamsler, (2020), there is a positive correlation between active involvement in environmental projects and the development of environmental knowledge as well as the adoption of pro-environmental behaviours. This is consistent with the notion that cultivating awareness of sustainability involves more than just academic instruction; it calls for active engagement in real endeavours. Additionally, Olsson et al., (2019) stated that academic research highlights the profound effects of active engagement and contends that participation in extracurricular activities promotes the development of a higher awareness of civic duty. This perspective holds significant relevance

in fostering a consciousness of sustainability, placing emphasis on the cruciality of inculcating a proactive sense of duty towards the environment.

2.2 The Impact of University Image on Student Attitudes Towards Sustainability

The perception of a university's image is a significant factor in influencing the attitudes and behaviours of students. According to a study by Žalėnienė and Pereira, (2021), there is evidence to suggest that a higher education institution's dedication to sustainability, as portrayed through its public image, has an impact on how students perceive their own level of environmental responsibility. The research suggests that the public position of an institution toward sustainability has a substantial influence on the environmental attitudes and behaviours of students. Nevertheless, it is important to acknowledge that the current body of literature lacks comprehensive investigation into the precise mechanisms by which university image influences practical outcomes in terms of sustainability awareness among students. Several previous studies regarding university image focused more on how to improve the university's image (Harahap et al., 2020b; Pratiwi et al., 2019; Setiaki & Sudrajat, 2023)

The study by Boca and Saraçlı, (2019) looks into the influence of university branding on the development of student attitudes toward sustainability. The authors' research highlights the significance of conducting a thorough analysis of both the symbolic and practical aspects of university image within the framework of sustainability. The aforementioned statement underscores a noticeable void in the existing body of scholarly work. The present study endeavours to fill this gap by closely examining the distinct impact of Sanata Dharma University's reputation on the level of sustainability awareness among its student population.

2.3 The topic of discussion pertains to the role of institutional support in facilitating and sustaining initiatives related to sustainability.

The scholarly discourse on institutional support for sustainability projects underscores its complex character, which includes policies, resources, and administrative dedication (Kusuma & Fridayani, 2022). According to Leal Filho et al., (2019), the provision of real support from the institution is crucial for the effectiveness of sustainability initiatives within a university. This encompasses the allocation of specific resources, the establishment of explicit policies, and the implementation of strategic planning in order to integrate sustainability into the core framework of the organization. The authors' research presents a theoretical framework that suggests that institutional support plays a crucial role in promoting a culture of sustainability.

Moreover, a study conducted by Kanda et al., (2020) indicates that an organization's dedication to sustainability extends beyond the mere allocation of resources and encompasses a profound and pervasive transformation of its organizational culture. This study highlights the necessity of adopting a comprehensive strategy for institutional support that goes beyond mere physical development and includes a wider cultural transformation towards sustainability. This viewpoint is consistent with the thorough examination aimed at in the present study, which aims to identify not only the concrete elements of institutional support but also the cultural and organizational factors that contribute to students' understanding of sustainability.

The present study aims to address a research gap in the existing literature and make a valuable contribution to the field.

The current body of research offers a fundamental comprehension of the distinct contributions of student participation, university image, and institutional support towards the cultivation of sustainability awareness. However, there exists a discernible void in empirical inquiries, specifically within the setting of Sanata Dharma University. The present study aims to fill this research vacuum by employing a multiple regression analysis on a sample of 210 students. The objective is to offer detailed insights into the individual contributions of each

variable and their combined influence on pro-environmental behaviour within this distinct academic context.

3. Research Methods

The study used a quantitative research methodology to thoroughly examine the dynamics of pro-environmental behaviours among students who are enrolled at Sanata Dharma University. The primary aim of this research is to investigate the influence of three key components, specifically student engagement, university reputation, and institutional support, on the formation of environmentally conscious attitudes and actions among students.

The study encompasses the entire population of students at Sanata Dharma University class 2020-2023. A non-probability selection method is utilized to select a sample size of 210 students, aiming to encompass a wide array of academic disciplines offered by the university. The non-probability approach is employed due to its pragmatic and efficient characteristics in gathering responses from a diverse and inclusive group of students (Sugiyono, 2021). There is a carefully planned survey that can be used to get detailed information about how involved students are in environmental projects, how they see the university's standing, how much support they think the university gives, and the ways they act and say are good for the environment. The implementation of electronic administration of the questionnaire aims to improve the efficiency and convenience of the data collection process.

Prior to formulating hypotheses, the study conducts a comprehensive review of the existing literature to establish the theoretical framework and contextualize the research within the current scholarly discourse. The hypotheses of this study are predicated upon three primary assertions: firstly, the contention that students' engagement in environmental matters exerts a negligible impact on their conduct; secondly, the proposition that the standing of the university exerts a certain degree of influence on environmental behaviour; and thirdly, the assertion that the provision of institutional support exerts a certain degree of influence on environmental behaviour. The analysis of the collected data in this study employs the method of multiple linear regression. The utilization of this statistical methodology allows for a thorough examination of the individual and collective effects of the independent variables on the dependent variable. Statistical software, such as SPSS, is utilized to conduct the analysis, aiming to get meaningful insights from the gathered data.

4. Research Findings and Discussion

4.1 The process of evaluating instrument data

4.1.1 Validity Assessment

The purpose of the validity assessment was to determine the questionnaire's efficacy in assessing the specific constructs of interest. The results obtained in Table 1, which indicate a significance level below 0.05, offer evidence supporting the dependability and accuracy of the data collected. The findings of this study align with previous research that emphasizes the importance of meticulously constructed surveys in accurately assessing the variables under investigation

Table 1. Validity Test Results

Items	r value	Sig.
X1.1	0,782	0,000
X1.2	0,825	0,000
X1.3	0,722	0,000
X1.4	0,764	0,000
X1.5	0,875	0,000

Items	r value	Sig.
X3.1	0,867	0,000
X3.2	0,851	0,000
X3.3	0,813	0,000
X3.4	0,874	0,000
X3.5	0,856	0,000
Y1	0,774	0,000
Y2	0,799	0,000
Y3	0,845	0,000
Y4	0,797	0,000
Y5	0,683	0,000
X2.1	0,832	0,000
X2.2	0,880	0,000
X2.3	0,894	0,000
X2.4	0,850	0,000
X2.5	0,846	0,000

4.1.2 Reliability Assessment

The evaluation of the consistency of the measurement device, known as the reliability assessment, plays a vital role in safeguarding the trustworthiness of the results. According to the findings of (Fridayani, et al., 2023), a Cronbach's alpha coefficient exceeding 0.60 is seen as an indication of data reliability. This is consistent with recognized procedures in survey research, where ensuring the reliability of outcomes across different questionnaire items is of utmost importance.

Expanding upon this, an analysis of Table 2 demonstrates that every variable examined in the study demonstrates a Cronbach's alpha coefficient beyond the established criterion of 0.60. The present discovery serves to strengthen the dependability of the gathered data, confirming that the measurement instrument utilized in this study exhibits internal consistency. The study's conclusions are bolstered by the reliability assessment, which demonstrates the robustness of the data and increases confidence in the research outputs, reinforcing the credibility of the study.

Table 2. Reliability Test Results

Variable	Number of Items	Cronbach Alpha
Student Participations (X1)		0,862
University Image (X2)		0,912
Institutional Support (X3)		0,905
Student Awareness in Sustainability (Y)		0,837

4.2 The topic of interest pertains to the practice of classical assumption testing.

The concept of classical assumption testing pertains to the evaluation of the assumptions that underlie statistical models or tests within the framework of classical statistics

4.2.1 Normality Test

The first step in analysing the data is to do a normality test. The initial stage in the analysis of the data involves doing a normalcy test. The normality test is a statistical technique employed to assess the degree to which a certain dataset conforms to a normal distribution. Based on the

outcomes of a one-sample Kolmogorov-Smirnov test, it may be concluded that the dataset exhibited a normal distribution. The statistical test yielded a p-value of 0.200, indicating that there is insufficient evidence to reject the null hypothesis at the predetermined significance level of 0.05. This observation indicates that the conditions for normalcy are satisfied, hence confirming the suitability of utilizing parametric tests.

4.2.2 Multicollinearity Test

Assessing multicollinearity in a statistical model is an important study that is done with the help of a multicollinearity test. Multicollinearity refers to the presence of high correlations among independent variables, posing challenges in the construction of regression models (Fridayani, et al., 2023). One part of this study looks at multicollinearity by looking at the variance inflation factor (VIF) and tolerance values, which can be seen in the coefficient table. To find out if there is multicollinearity, you can look at the variance inflation factor (VIF) value, which should be less than 10, and the tolerance value, which should be greater than 0.1. The examination of Table 3 reveals that the variance inflation factor (VIF) values for all variables fall below the threshold of 10, indicating the absence of multicollinearity. Furthermore, it can be shown that the tolerance values consistently surpass the minimal threshold of 0.1, suggesting a lack of significant association among the predictor variables. Therefore, based on the aforementioned criteria, the study concludes that there is no empirical evidence of multicollinearity within the dataset.

Table 3. Multicollinearity Test Results

Variable	Tolerance	VIF
Student Participation	0,857	1,167
University Image	0,295	3,389
Institutional Support	0,287	3,478

4.2.3 The heteroskedasticity test

The heteroskedasticity test is a vital statistical process used to assess the existence of heteroskedasticity in a dataset. Homoscedasticity, which is defined as the presence of consistent variability, plays a significant role in enhancing the reliability of regression models. (Fridayani, et al., 2023) Previous studies have underscored the importance of addressing heteroskedasticity in order to avoid inaccurate estimations and conclusions (Fridayani, 2022; Kustiara et al., 2020). Further elaborating on this point, a thorough analysis of Figure 1 demonstrates that the data points depicted on the scatterplot exhibit dispersion in both positive and negative directions relative to the origin (0). The present visual analysis indicates the absence of a visible trend in the variance, whether it be an increase or decrease, when the independent variable undergoes changes. Therefore, it may be deduced that the data in this study does not demonstrate heteroskedasticity. The above observation fits with the idea that homoscedasticity is important for making regression models more reliable. This proves that the dataset is strong enough for further research.

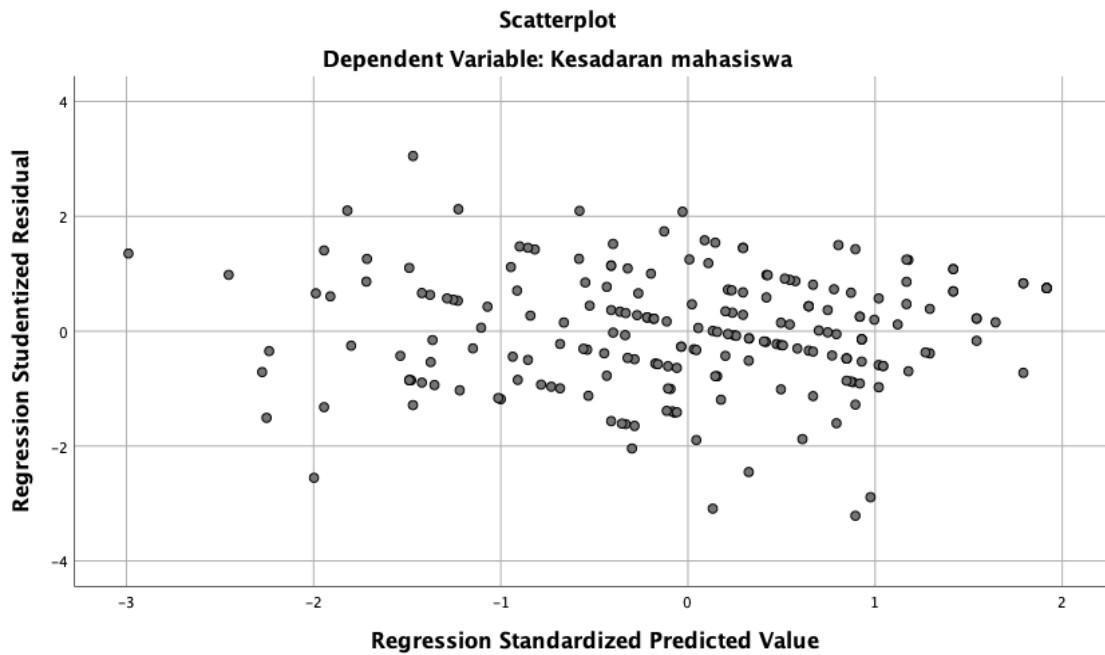


Figure 1. Scatterplot Graphic

4.3 Multiple linear regression analysis

The statistical method of multiple linear regression analysis is employed to investigate the association between a single dependent variable and two or more independent variables. The method permits the determination and measurement of the influence of individual factors on the outcome variable while accounting for the potential influence of other variables.

- a. The goodness-of-fit test is a statistical technique utilized to evaluate the extent to which actual data conforms to a particular theoretical distribution (Ferdinand, 2014)

The revised R-squared coefficient of determination, which stands at 0.327, indicates that the independent variables may explain approximately 30.1% of the variance observed in pro-environmental behaviour. The remaining 69.9% is attributed to supplementary variables that have not been comprehensively examined. This finding, which is supported by a statistically significant F-test ($p < 0.05$), is in line with other research that has stressed how important it is to use a properly calibrated model in regression analysis.

- b. Hypothesis testing is a fundamental statistical procedure employed to draw inferences about population parameters by analyzing sample data.

Table 4. Multiple linear regression analysis

Variable	B	t	Significance
Student Participation		4,540	0,000
University Image	0,117	1,103	0,271
Institutional Support		2,614	0,001

Hypothesis 1: The level of student participation has a partial influence on student awareness of sustainability.

Hypothesis 1 has been accepted at a significance level of 0.00, as seen in Table 4 for the participation variable, which is below the predetermined significance level of 0.05. The beta coefficient and t-statistic suggest a positive relationship, indicating that student

participation has a significant and favourable effect on student awareness of sustainability. This observation is consistent with prior scholarly investigations that underscore the proactive engagement of students in cultivating consciousness regarding sustainability (Vandaele, 2020). The presence of a substantial degree of participation may be construed as an indicator of the students' significant engagement in sustainability projects, hence exerting an influence on their level of consciousness.

Hypothesis 2 posits that the university's image has a partial influence on students' awareness of sustainability.

Hypothesis 2 is deemed invalid as the significance value of 0.50 for the university image variable surpasses the predetermined significance level of 0.05. This suggests that the perception of a university's image does not exert a substantial impact on students' level of awareness regarding sustainability. The findings of this study are consistent with earlier research by (Mian et al., 2020), which suggests that factors other than university image may have a greater influence on the development of sustainability awareness among students.

Hypothesis3: The level of institutional support has a partial influence on student awareness of sustainability.

Hypothesis 3 has been deemed statistically significant at a significance level of 0.00, as seen in Table 4, in relation to the variable of university support. This significance level is below the predetermined threshold of 0.05. The beta coefficient and t-score demonstrate a positive relationship, suggesting that the provision of support by universities has a statistically significant and favourable impact on students' understanding of sustainability. This discovery is consistent with prior studies that emphasize the influence of institutions on cultivating students' knowledge of sustainability (Wamsler, 2020b). The provision of robust backing from the institution has the potential to foster an atmosphere that nurtures and motivates students to exhibit heightened awareness towards matters pertaining to sustainability.

The aforementioned findings make a substantial contribution to the comprehension of the various aspects that influence students' awareness of sustainability within the university setting. Specifically, the enhancement of sustainability awareness in higher education can be achieved through the strengthening of student involvement and university support. Although the impact of university image was not shown to be statistically significant in this study, the findings can still be valuable for universities seeking to enhance their sustainability strategies. Specifically, these results suggest that universities should prioritize initiatives that empower students and provide greater institutional support in order to effectively address sustainability challenges.

- c. The study conducted a dominance test, which is a technique used to determine hierarchical relationships within a social structure (Ghozali, 2018)

The purpose of the test was to examine the relative influence of student institutional support (0.257) and student engagement (0.216) on pro-environmental behaviour. The findings suggest that the influence of student institutional support is more pronounced in comparison to student engagement. This discovery is consistent with the focus on encouraging students to actively participate in promoting sustainability initiatives. The high occurrence of student participation implies that strategic interventions should give priority to nurturing and encouraging student engagement in order to achieve more significant results in promoting environmental stewardship.

The results of the dominance test highlight the significant influence of university support on the development of pro-environmental behaviour among students, surpassing the impact of student engagement. This suggests that the university's support plays a crucial role in fostering sustainability awareness and promoting sustainable actions. Realizing that this is the case requires a shift in strategy, forcing institutions to put more effort into creating a good environment and encouraging students to get involved so that environmental accountability makes bigger steps forward. This observation carries importance for colleges that are aiming to implement successful strategies in order to foster a culture of sustainability among their student population.

5. Conclusions

In summary, this study examined the intricacies of sustainability consciousness within the context of university students, placing particular emphasis on the impacts of student participation, university image, and institutional support. The results of the study are as follows:

- a. **The Relationship between Student Engagement and Sustainability Awareness**
The study revealed a notable and favourable correlation between student involvement and the level of sustainability awareness exhibited by students. This highlights the crucial significance of active engagement in sustainability projects in moulding the awareness and accountability of students towards environmental concerns.
- b. **The Impact of University Image on Sustainability Awareness.**
In contrast to initial assumptions, the perception of universities did not prove to be a key determinant in shaping students' level of awareness regarding sustainability. This implies that there are other influential elements, other than the institution's perceived image, that have a greater impact on shaping students' views and behaviours towards sustainability.
- c. **The topic of institutional support and sustainability awareness is of great importance in academic discourse.**
The study highlighted the considerable importance of institutional support in raising awareness of sustainability, surpassing the impact of student participation. This underscores the pivotal role of the institution in cultivating an atmosphere that promotes and sustains students in their pursuit of heightened environmental conscientiousness.

The implications of the given information are as follows:

- a. **Strategic Interventions**
The prioritization of strategic interventions aimed at fostering and encouraging active student involvement suggests that universities should place importance on cultivating and promoting the positive effects of student participation. This may encompass the establishment of sustainability-oriented activities, projects, and campaigns aimed at motivating students to actively participate in promoting environmental stewardship.
- b. **Reassessment of Image Perception**
The lack of considerable influence exerted by university image necessitates institutions to reassess their approaches in terms of effectively communicating their dedication to sustainability. While acknowledging the value of a favourable image, it is imperative for institutions to acknowledge that actual support and efforts might potentially exert a more significant impact on students' awareness of sustainability.
- c. **The role of institutional support as a significant factor in driving success.**
The significance of institutional assistance is underscored by its pivotal role in fostering knowledge of sustainability. It is imperative for universities to allocate resources towards the development of comprehensive support systems, encompassing policies, resources, and a nurturing environment, with the aim of empowering students in their pursuit of

sustainability. This could entail the establishment of specialized sustainability departments, allocation of resources to support student-led endeavours, and incorporation of sustainability principles into the educational curriculum.

- d. Developing a Culture of Sustainability: The primary inference is the imperative for higher education institutions to foster a widespread culture centered around sustainability. This entails the incorporation of sustainability principles into diverse facets of university life, cultivating a feeling of accountability among students, and establishing the requisite support systems to facilitate enduring involvement.

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ANALYSIS OF EXTERNAL AND INTERNAL FACTORS AS DETERMINANTS OF INDONESIAN LOAN DISBURSEMENT IN COMERCIAL BANKS FROM 2017 TO 2022

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ABSTRACT

This study aimed to analyze factors affecting the loan disbursement in commercial banks in Indonesia from 2017 to 2022. The independent variables analyzed were Third-Party Funds (TPF), Non-Performing Loan (NPL) Capital Adequacy Ratio (CAR), BI Rate, Gross Domestic Product (GDP), and IDR/USD Exchange Rate. The study of factors affecting the loan disbursement in commercial banks used the quantitative approach with Error Correction Model (ECM). The results of the study were as follows. (1) TPF had a significant positive effect on the loan disbursement in the long term and the short term. (2) NPL had a significant negative effect on the loan disbursement in the long term and short term. (3) CAR had a significant negative effect on the loan disbursement in the long term and short term. (4) BI Rate did not have a significant effect on the loan disbursement in the long term and short term. (5) GDP in the long term had a significant positive effect on the loan disbursement, but it did not have a significant effect in the short term. (6) IDR/USD Exchange Rate had a significant positive effect on the loan disbursement in the long term and short term

Keywords: TPF; NPL; CAR; BI Rate; GDP; IDR/USD Exchange Rate; Error Correction Model

1. Introduction

According to Mulyono (1994), banks as financial institutions have a significant role in the economy. Banks as a financial institution play a role in collecting and distributing funds to various units. After collecting funds from the public in the form of current accounts, deposits and savings, the bank will redistribute these funds to various sectors in need. Bank activities in distributing these funds are known as credit. Credit is the ability to purchase a loan with an agreement to make deferred payments based on a time period agreed upon by the various parties involved.

The existence of credit is one of the keys to the previously unimaginable growth of the economic cake. Harari (2014) describes credit as a tool that allows us to stimulate productive activities in the present with the guarantee of a better future economically.

Based on research results, Syahfitri (2013) concluded that there is a positive and significant relationship between working capital credit, investment and consumption on economic growth in Indonesia. Similar research was also conducted by Dwiastuti (2020) who tried to draw conclusions regarding the influence of credit on economic growth and welfare of district/city communities in West Kalimantan province. The results of this research show a positive relationship between the three types of credit on economic growth in West Kalimantan with a significant influence between consumption and investment credit on the dependent variable.

Efforts to increase economic activity by increasing the amount of credit need to be accompanied by the principle of prudence. This is because the greater the amount of credit offered, the greater the risk of default faced.

There are many things that commercial banks consider when distributing credit. Apart from the factors mentioned above, there is one very crucial variable to consider, namely Third Party Funds (TPF). Third party funds are one of the largest sources of bank funds collected by banks.

In theory, Third Party Funds (TPF) are one of the factors in determining credit offers. The increase in funds collected from the public will of course also increase the amount of credit offered by a bank.

The entry of the Corona virus outbreak in Indonesia seems to have a big impact on business development which then affects the financial sector. Therefore, the government began to implement expansionary monetary policy by easing liquidity, reducing policy interest rates and also easing macroprudential instruments. Even though these various policies have been implemented, the hampered economy in the real sector due to the implementation of large-scale social restrictions (PSBB) is certainly one of the important factors that makes banks re-evaluate the credit offers they will provide.

Banks as intermediary institutions that play a role in providing economic stimulus in the form of credit consider several factors to determine the amount of credit that can be distributed. In general, these factors can be differentiated into internal factors and external factors. From an internal perspective, the bank not only looks at the third party funds (TPF) that have been collected, but also considers the Non-Performing Loan (NPL) ratio, as well as the availability of sufficient capital to handle risky assets resulting from lending.

It is very important to monitor the bank's health level regularly and detect potential risks caused by excessive or inappropriate loan disbursement. Bad credit that exceeds the maximum limit will cause banks to be reluctant to make offers because of the risks they can face. As a result, loan disbursement to the public is reduced, and banks choose to place their funds in less risky items such as bonds and securities. Therefore, bank capital is an important aspect for overcoming the risk of bad credit. The capital adequacy ratio (CAR) is a measurement used to assess the adequacy of capital owned by a bank for risky assets such as lending (Darmawan, 2017).

Apart from internal banking aspects, banks also take into account external factors in making credit offering decisions, such as monetary policy implemented by the government through the BI rate instrument as a reference interest rate. The BI rate is a reflection of Bank Indonesia's attitude in responding to economic conditions. Apart from paying attention to monetary decisions determined by Bank Indonesia, commercial banks also monitor domestic economic conditions. One important indicator for assessing the economic condition of a country at a certain time is Gross Domestic Product (GDP). Another economic condition that is also related to banking performance is the exchange rate. The exchange rate is the value of the domestic currency against foreign currency (dollars). During the 1997 economic crisis, which started with the fall of the Thai currency, it created a global domino effect which also affected domestic banking (Nopirin, 2000).

The factors above are several things that have an indication of influence on banking loan disbursement, and there are many other factors that influence credit performance in general banking. However, in this research, only six variables will be taken which represent internal and external factors in the form of Third Party Funds (TPF), Non Performing Loans (NPL), Capital Adequacy Ratio (CAR), BI rate, Gross Domestic Product (GDP) and the IDR/USD Exchange rate. This research was carried out because there are still several problems in the banking world, especially those related to banking credit performance in the early days of the Covid-19 pandemic which showed a significant decline compared to the amount of additional third party funds. So there needs to be an explanation that can rationalize this phenomenon. Thus, it is hoped that this research can provide an explanation that is appropriate to the context and contribution in the banking world regarding the credit performance of conventional banks

in Indonesia. Based on the background above, this research takes the title "Analysis of External and Internal Factors as Determinants of Indonesian Banking Loan disbursement in 2017-2022".

2. Literature Review

2.1 Theory of supply and demand of money

According to classical theory, the demand for money is seen as a tool for carrying out transactions. This is a theory put forward by Irving Fisher. Meanwhile, according to Keynes (1936), the demand for money is divided into several motives, namely transactional, precautionary and speculative. The demand for money will determine the quantity of money supplied. However, banks cannot easily fulfill this credit request, banks need to consider several factors both internally and externally, for example economic conditions and the monetary policy implemented (Febrianto and Dul, 2013)

Banks as intermediary institutions play a role in circulating money to the public in the form of credit. Credit offered by banks consider several aspects both internally and externally. According to Melitz and Pardue (1973), there are several factors that influence banks' decisions in providing loans or credit, including: the amount of credit offered, mandatory bank reserves, interest rates, and deposits. Meanwhile, external factors are central bank monetary policy or the subsequent effects of central bank policy. Loan disbursement can be directly caused by central bank policy. According to Stiglitz and Weiss (1981), what must be understood is that the amount of credit given is very dependent on the existing risks. Risk is reflected in the interest rate provided by the bank.

2.2 Credit Crunch Theory

The discussion regarding the significant decline in the amount of credit is a phenomenon termed "credit crunch". In general, a credit crunch is defined as a significant contraction that occurs in the availability of funds for credit (Bernanke and Friedman, 1992). This contraction can be caused by steps taken by the relevant government, which implements contractionary policies to reduce inflation or the circulation of money in circulation. These forms of policy include, for example, increasing reference interest rates or tightening credit supervision. Contractions can also be caused by internal banks themselves deciding to tighten credit in response to banking financial conditions or potential risks that may occur. The impact of this credit crunch will worsen a country's economic conditions, for example a decline in exports, and so on.

3. Research Methods

The type of research used in this research is quantitative research. Quantitative research itself is a research method used to examine certain populations or samples (Sugiyono, 2018). Specifically, this research seeks to determine the influence of the independent variable on the dependent variable. The subjects of this research are commercial banks operating in Indonesia and recorded in the Indonesian Banking Statistics (SPI). Meanwhile, the object studied is loan disbursement in the 2017-2022 period. This research used documentation method for collecting the data. The documentation method collects data from secondary records, books, minutes, magazines, etc. So this research obtained monthly data for several related variables from the period 2017 to 2022.

3.1 Error Correction Model

This research uses time series data. The form of time series data can be stationary or non-stationary. For stationary data, Ordinary Least Squares (OLS) method can be used, where the model will describe the long-term influence of the independent variable on the dependent variable. Meanwhile, non-stationary data, if the same method is used, will cause false

regression problems. According to Doddy Ariefianto (2012) spurious regression is a situation where a regression has good significance, even though it has no meaning at all. In this case, non-stationary data can use an error correction model (ECM). Error Correction Model (ECM) is one way that can be used to find relationships between non-stationary variables by correcting short-term imbalances towards long-term balance. This model can also provide an explanation of the independent variable with the dependent variable currently and in the past. To apply ECM modeling, cointegration conditions are required for the independent and dependent variables. Variables that have cointegration can be used well for modeling and knowing the effect of the independent variable on the dependent variable in the short term, and how quickly it can be adjusted to return to long-term equilibrium (Ariefianto 2012).

There is a significance value that can be used as a benchmark, where if the significance value is less than 0.05, then the alternative hypothesis is accepted. Conversely, if the significance value is more than 0.05, then the alternative hypothesis is rejected.

4. Research Findings and Discussion

4.1 Multiple linear Regression

Multiple linear analysis is an analysis that aims to build an equation that connects the independent variable (X) with the dependent variable (Y). Multiple linear regression analysis can be used to determine forecast or guess values. In testing the stationarity of the data which was carried out previously using the ADF unit root test at level or I(0), it was discovered that the data was non-stationary. After that, the Johansen Cointegration Test was carried out on the data, and it was concluded that there was a cointegration relationship. This indicates that there is a long-term relationship between the existing variables. The long-term regression results on the internal and external sides are stated as follows:

Table 1 Ordinary Least Square

Variabels	Long-term (OLS)	
	Coefficient	Probability
LN_TPF	0.941032	0.0000
LN_NPL	-0.279040	0.0000
LN_CAR	-0.742869	0.0000
C	6.448866	0.0000
R-squared	0.938276	
<i>Durbin-watson</i>	0.371386	
BI rate	11832.55	0.6670
GDP	0.697467	0.0000
Exrate	280.9805	0.0000
C	-1643272.	0.0020
R-squared	0.879606	
<i>Durbin-watson</i>	0.250856	

Source: Eviews 10 calculations

The table above can be expressed in the form of equation as follows:

$$\ln Kred = 6.44886 + 0.94103 \ln DPK - 0.27904 \ln NPL - 0.74287 \ln CAR \quad (1)$$

$$Kred = -1643272 + 11832.55 BIR + 0.697467 GDP + 280.981 Exrate \quad (2)$$

Information:

(1) = Multiple linear regression equation internal log-linear model

(2) = External side multiple linear regression equation

The long-term regression results on the internal side have a constant value of 6.44886, this number is the natural logarithm form of the log-linear equation used, so the number does not use the proper units (billions of Rupiah). The three independent variables, namely TPF, NPL, and CAR have a probability of 0.000. The long-term regression results on the external side have a constant value of -1643272. This shows that if the value of the external independent variables is zero, then the bank constantly needs funds of 1,643,272 billion Rupiah to be able to distribute credit back to the public. As for this equation, the independent variables in the form of GDP and the IDR/USD exchange rate have a probability value of 0.000, while the independent variable BI rate has a probability value of 0.6670.

The Error Correction Model (ECM) method is one way to overcome false regression tendencies. The application of long-term regression with non-stationary data is likely to experience imbalance in the short term, so that this requires short-term balance correction towards the long term. The ECM method is a technique that can carry out these corrections, with the prerequisite of a long-term cointegration relationship. The model popularized by Engle and Granger has two stages that need to be carried out. The first stage is to get the residual value from the long-term regression equation using the OLS method. The second stage is to enter the residuals into the equation, and perform a short-term regression again. The equation can be declared valid if the residual variable named Error Correction Term (ECT) shows a negative coefficient and a significant probability value. The regression results using the ECM method can be seen in the following table:

Table 2 Error Correction Model

Variabels	Short-term (ECM)	
	Coefficient	Probability
TPF	0.223362	0.0054
NPL	-0.186422	0.0000
CAR	-0.341437	0.0000
C	-2.12E-05	0.9843
ECT (-1)	-1.81E-08	0.0382
BI rate	11746.07	0.7383
GDP	0.217636	0.0976
Exrate	91.43443	0.0000
C	19452.55	0.0036
ECT (-1)	-0.105499	0.0061

Source: Eviews 10 calculations

The table above can be expressed in the form of equation as follows:

$$D2lnKred = -0.0002 + 0.22336D2(lnDPK) - 0.18642D2(lnNPL) - 0.34144D2(lnCAR) - 0.000000018(ECT) \quad (1)$$

$$DKred = 19452.55 + 11746.07D(BIR) + 0.217636D(GDP) + 91.43443D(Exrate) - 0.105499(ECT) \quad (2)$$

Information:

(1) = Multiple linear regression equation internal log-linear model

(2) = External side multiple linear regression equation

D = First difference form

D2 = Second difference form

ECT = Error Correction Term

The short-term regression results on the internal side have a constant value of -0.0002. The three independent variables, namely TPF, NPL, and CAR have a probability of 0.00. Meanwhile, the residual or ECT variable has a probability value of 0.038 and a negative coefficient value. Thus, the ECM model specifications are valid for use. The short-term regression results on the external side have a constant value of 19452. This shows that if the value of the independent variables on the external side is zero, then bank loan disbursement is constant at 19,452 billion Rupiah. As for this equation, the independent variables in the form of GDP and BI rate have a probability value of 0.738 and 0.098 respectively, while the independent variable IDR/USD exchange rate has a probability value of 0.000. Meanwhile, the residual or ECT variable has a probability value of 0.006 and a negative coefficient value. Therefore, modeling with ECM can be declared valid.

The independent variables in the research will be classified into internal independent variables and external independent variables. Independent variables from the internal side are things related to information regarding banking performance in running a company which consists of the variables Third Party Funds (TPF), Non Performing Loans (NPL), and Capital Adequacy Ratio (CAR). Meanwhile, independent variables from the external side are things related to domestic economic conditions consisting of the BI rate, Gross Domestic Product (GDP), and the exchange rate or exchange rate. The explanation regarding hypothesis testing is explained as follows.

Effect of Third Party Funds (X1) on Loan disbursement (Y)

The significance value of the Third Party Funds (TPF) variable using the OLS method is $0.000 < 0.05$. This shows that in the long term there is a significant influence of TPF on bank loan disbursement. The coefficient value of the TPF variable using the OLS method is 0.941. This can be interpreted as meaning that an increase in the TPF value of 1 percent will increase the amount of credit disbursement by 0.941 percent in the long term. Meanwhile, the significance value of the TPF variable using the ECM method is $0.005 < 0.05$. This shows that in the short term, there is a significant influence of the TPF variable on bank loan disbursement. The coefficient value from the regression results shows a positive number, namely 0.223. This can be interpreted as meaning that an increase in the TPF variable by 1 percent will have an impact on increasing the amount of credit disbursement by 0.223 percent in the short term.

The regression results of the TPF variable which has positive significance are in accordance with research conducted by Darmawan (2017) which states that TPF has a positive and significant influence on banking loan disbursement. This is related to the function of banks as institutions that have the main function of intermediation. In other words, banks absorb funds from the public and distribute them back according to proportion. Therefore, the more deposits a bank obtains, the higher the bank's capability to distribute credit to the public. According to Dendawijaya (2003) TPF is the biggest factor in determining the amount of loan disbursement. The TPF that is successfully collected from the public can range between 80 to 90 percent of the total funds owned by the bank, and around 80 percent of the TPF will be redistributed in the form of credit. The conclusions in this research also strengthen the results of research conducted by Dasih (2021), Murnisari (2020), and Gayo, et al (2022), which stated that there was a pattern of positive and significant relationship between the TPF variable and loan disbursement.

Effect of Non Performing Loans (X2) on Loan disbursement (Y)

The significance value of the Non Performing Loan (NPL) variable using the OLS method is $0.000 < 0.05$. This shows that in the long term there is a significant influence of the NPL variable on bank loan disbursement. The coefficient value of the NPL variable using the OLS method is -0.279040. This can be interpreted as meaning that an increase in the NPL value

of 1 percent will reduce the amount of credit disbursement by 0.279 percent in the long term. Meanwhile, the significance value of the NPL variable using the ECM method is $0.005 < 0.05$. This shows that in the short term, there is a significant influence of the NPL variable on bank loan disbursement. The coefficient value from the regression results shows a negative number, namely -0.186422. This can be interpreted as meaning that an increase in the NPL variable of 1 percent will have an impact on reducing the amount of credit disbursement by 0.186 percent in the short term.

This conclusion is in accordance with the findings of Rarasati (2022) and Arida (2021) which stated that the NPL variable has a negative and significant influence on bank loan disbursement. A bank that has a higher NPL value is a sign that the bank has declining financial health. NPL is the ratio of bad credit to total credit provided. Thus, the higher the NPL, it indicates that the number of bad loans is increasing relative to total credit. Banks in this case need to improve credit quality by increasing credit interest rates in order to reduce the amount of risk caused by customers who do not pay principal and interest bills on time or by tightening the policy for accepting credit applications by customers. This will of course have an impact on reducing the amount of credit disbursed by the public.

Apart from that, high NPLs also cause the number of bank risk assets to increase, this needs to be responded to by banks by increasing the amount of reserves at the bank to cover the losses experienced (Arif, 2017). This can have a negative effect on loan disbursement, considering that funds that could be used as capital to distribute credit are instead diverted to cover risks on bank assets. Thus, the amount of credit disbursement will decrease along with the increase in the NPL ratio at the bank. This conclusion strengthens the results of research conducted by Darmawan (2017) and Syahwildan (2023) which states that there is a significant and negative influence of the NPL variable on banking loan disbursement.

Effect of Capital Adequacy Ratio (X3) on Loan disbursement (Y)

The significance value of the Capital Adequacy Ratio (CAR) variable using the OLS method is $0.000 < 0.05$. This shows that in the long term there is a significant influence of the CAR variable on bank loan disbursement. The coefficient value of the CAR variable using the OLS method is -0.742869. This can be interpreted as meaning that an increase in the CAR value of 1 percent will reduce the amount of credit disbursement by 0.743 percent in the long term. Meanwhile, the significance value of the CAR variable using the ECM method is $0.000 < 0.05$. This shows that in the short term, there is a significant influence of the CAR variable on bank loan disbursement. The coefficient value from the regression results shows a negative number, namely -0.341437. This can be interpreted as meaning that an increase in the CAR variable of 1 percent will have an impact on reducing the amount of credit disbursement by 0.341 percent in the short term. Thus, the CAR variable, both long term and short term, has a negative and significant influence on bank loan disbursement. This is in accordance with research conducted by Khairiyah, et al (2022) which states that the CAR variable has a negative effect on loan disbursement. The initial assumption presented as a guess is that a higher CAR ratio will give the bank more capacity to distribute credit. However, this only applies in certain increasing conditions, where a low CAR ratio will reduce the bank's health. Apart from this case, an increase in CAR will actually reduce loan disbursement to banks. This is because a high CAR is a sign that there are idle resources. Idle resources are a lost opportunity for banks to utilize this capital to increase the number of credit offers (Billy, 2010).

Apart from that, the negative influence of CAR on loan disbursement can also be explained in terms of the risks that arise due to loan disbursement. As is known, CAR is a ratio that measures capital adequacy in dealing with risky assets arising from assets such as lending. Risk Weighted Assets (RWA) will thus increase along with the increase in the amount of credit disbursed. Thus, if the increase in risk is not accompanied by an increase in the amount of

capital, then of course the capital adequacy to RWA ratio (CAR) will decrease. So the relationship pattern between CAR and loan disbursement appears to be the opposite or negative. This conclusion strengthens research conducted by Khairiyah, et al (2022) and Melinda (2021) which states that there is a negative and significant influence of the CAR variable on bank loan disbursement.

Effect of BI rate (X4) on Loan disbursement (Y)

The significance value of the BI rate variable using the OLS method is $0.6679 > 0.05$. This shows that in the long term there is no significant influence of the BI rate variable on bank loan disbursement. Meanwhile, the significance value of the BI rate variable using the ECM method is $0.7383 > 0.05$. This shows that in the short term, there is no significant influence of the BI rate variable on bank loan disbursement.

The BI rate is a reference interest rate that is expected to become a benchmark for banks in determining credit and deposit interest rates. Therefore, the policy for determining the BI rate will certainly influence the determination of banking interest rates. However, the high and low bank interest rates also take into account internal banking factors such as Non-Performing Loans (NPL), Capital Adequacy Ratio (CAR), Operating Expenses to Operating Income (BOPO), and the composition of the bank's credit. Apart from that, banks did not immediately respond when the government issued a policy to determine the BI rate and needed time to consider other factors, at that time banks were still using the previous BI rate as a reference. Therefore, it is not certain that an increase in the BI rate will have a significant impact on loan disbursement in the long or short term. For example, the BI rate reached 6 percent from December 2018 to July 2019, which was the highest in the last six years, but the amount of credit disbursement in that period was consistently at 5000 - 5801 trillion Rupiah, which is not very visible. too significant an influence. Demand for credit remained high during this period. The business sector will continue to borrow credit as capital or investment and get more profits. This conclusion is in accordance with research conducted by Haryanto and Widyarti (2017) and Aristiyoga, et al (2018) which stated that there is no significant relationship between the BI rate and bank loan disbursement.

Effect of Gross Domestic Product (X5) on Loan disbursement (Y)

The significance value of the Gross Domestic Product (GDP) variable using the OLS method is $0.000 < 0.05$. This shows that in the long term there is a significant influence of the GDP variable on bank loan disbursement. The coefficient value of the GDP variable using the OLS method is 0.697467. This means that an increase in the CAR value of 1 percent will increase the amount of credit disbursement by 0.697 percent in the long term. Meanwhile, the significance value of the GDP variable using the ECM method is $0.0976 > 0.05$. This shows that in the short term, there is no significant influence of the GDP variable on bank loan disbursement. Gross Domestic Product (GDP) is an indicator used to measure the economic condition of a country in a certain period. GDP that is experiencing growth is a sign that there is an increase in the performance of economic actors who produce various goods and services. Good economic performance is a good signal for the business sector to maximize production output in order to increase company income. This was then responded well by the banking world with the availability of working capital and investment loan services. Vice versa, when economic conditions are sluggish, which is indicated by negative GDP figures, the business sector will postpone investment and wait until economic conditions improve. As a result of this, the number of requests for credit will of course also decrease (Irwan, 2010). This happened at the start of the pandemic, where the impact of social restrictions caused a decline in real sector productivity. This was then responded to by the business sector by postponing investment and credit loans, which ultimately reduced credit demand (Maulana, 2021). This

finding is in accordance with research conducted by Herdiyansah (2021) and Cahyaning (2015) which states that in the long term, there is a positive and significant relationship between the GDP variable and bank loan disbursement. Meanwhile, in the short term, there is no significant influence of the GDP variable on loan disbursement. This is because the data used in the GDP variable is quarterly data which is interpolated to obtain monthly data. Meanwhile, loan disbursement data is available in monthly form. Meanwhile, loan disbursement data is available in monthly form. GDP released quarterly will only have an effect on loan disbursement at the time the GDP data is obtained, so short-term relationships using monthly data cannot yet be seen.

Effect of the IDR/USD Exchange Rate (X6) on Loan disbursement (Y)

The significance value of the exchange rate variable using the OLS method is $0.000 < 0.05$. This shows that in the long term there is a significant influence of the exchange rate variable on bank loan disbursement. The coefficient value of the exchange rate variable using the OLS method is 280.9805. This means that an increase in the exchange rate of 1 Rupiah will increase the amount of credit disbursement by 280 billion Rupiah in the long term. Meanwhile, the significance value of the exchange rate variable using the ECM method is $0.005 < 0.05$. This shows that in the short term, there is a significant influence of the exchange rate variable on bank loan disbursement. The coefficient value from the regression results shows a positive number, namely 91.43443. This can be interpreted as meaning that an increase in the exchange rate variable of 1 Rupiah will have an impact on reducing the amount of credit disbursement by 91 billion Rupiah in the short term.

This finding is in accordance with research conducted by Cahyaning (2015) and Darmawan (2017) which concluded that the exchange rate variable or the exchange rate of the Rupiah against the Dollar has a significant positive influence on banking loan disbursement. This is related to the behavior of exporters who see opportunities in exporting domestic goods. When the domestic exchange rate experiences depreciation, the selling price of export goods will increase. This is used by the business sector to increase the production output of export goods, so that the profits obtained will increase. Likewise, if the value of the domestic currency appreciates, then the profits obtained from exports will decrease, considering that domestic production costs are in Rupiah while profits from exporting goods will be received in foreign currency. Therefore, exporters' demand for capital credit and investment will also decrease. From a banking perspective, the exchange rate or domestic currency that experiences appreciation will cause loans in foreign currency to become risky considering that the cost of repaying credit will increase, and vice versa. Apart from that, the value of bank assets in the form of foreign currency will also decrease along with currency appreciation. This causes the credit offers provided by banks to also decrease.

5. Conclusion

- a. Third Party Funds (TPF) have a positive and significant influence on banking loan disbursement, both in the long term and in the short term. This means that the higher the TPF collected by the bank, the higher the loan disbursement will be. Banks as intermediary institutions have one function, one of which is managing public savings funds and channeling them back in the form of credit. The majority of deposits held by banks are thus channeled back in the form of credit. So that the increasing TPF will be followed by an increase in the amount of loan disbursement.
- b. Non-Performing Loans (NPL) have a negative and significant influence on banking loan disbursement, both in the long term and in the short term. This means that the higher the NPL ratio, the less loan disbursement will be, and vice versa. Banks that have relatively high NPLs need to reduce the risk of bad credit by increasing interest

rates. Apart from that, banks also need to allocate funds that can be used for lending to reserves at the bank to cover losses.

- c. Capital Adequacy Ratio (CAR) has a negative and significant influence on banking loan disbursement, both in the long term and in the short term. This means that the higher the CAR value, the less loan disbursement will be, and vice versa. A high CAR is a sign that there are idle resources. Idle resources are a lost opportunity for banks to utilize this capital to increase the number of credit offers. In addition, as the amount of credit disbursement increases, risky assets will also increase so that the ratio of capital to risk-weighted assets (CAR) will become smaller.
- d. The BI rate has an insignificant influence on loan disbursement, both in the long term and in the short term. Although it is hoped that the determination of the BI rate can be used as a reference source for banks, there are internal bank factors that also serve as benchmarks in determining credit and deposit interest rates. Apart from that, banks did not immediately respond when the government issued a policy to determine the BI rate and needed time to consider other factors, at that time banks were still using the previous BI rate as a reference.
- e. Gross Domestic Product (GDP) has a positive and significant influence on banking loan disbursement in the long term, but in the short term there is no significant influence. This means that in the long term the higher GDP will be followed by the greater the amount of credit disbursement. GDP that is experiencing growth is a sign that there is an increase in the performance of economic actors. The business sector has responded to this by maximizing production output in order to increase company income, so that the amount of demand for capital credit and investment will increase.
- f. The exchange rate has a positive and significant influence on banking loan disbursement, both in the long term and in the short term. This means that the more the IDR/USD increases (depreciates), the more the amount of credit disbursement will increase. This is related to the behavior of exporters who see opportunities in exporting domestic goods. When the domestic exchange rate increases (depreciates), the selling price of export goods will increase. This is used by the business sector to increase the production output of export goods, so that the profits obtained will increase.

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THE INFLUENCE OF TRAINING AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE WITH SELF-EFFICACY AS A MEDIATION VARIABLE IN PDAM BANTUL

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ABSTRACT

The purpose of the paper to understand the influence of training and job satisfaction on employee performance and self efficacy as mediation This paper will give understanding in a deep factor what variable self efficacy direct or through mediation. This study used a quantitative approach. Primary data collection using survey methods. Data collection used sourced database from the Google Scholar publication using keyword "influence training, job satisfaction, self efficacy " obtained 20 articles that have been evaluated in study this. Implementation from the article about the influence of training and job satisfaction on employee performance and self-efficacy as mediation Literature will show various types, different influences, and different levels of self-efficacy. The result showed that role training employee and job satisfaction from several reviews literature proven to have no influence self efficacy, besides That commitment organization is also deep literature this is also affected by influence and job satisfaction and is not proven influence self efficacy. This thing becomes findings in study this and can become a conceptual research framework empirical

Keywords: *training, job satisfaction, on employee performance, self efficacy.*

1. Introduction

Human Resources (HR) is a valuable asset in an organization, government agency or company, because HR is a major driver of the organization. Human resources need to be managed optimally and continuously, so that human resources can improve their competence along with the times. Thus, human resources have an important role in determining the success of the company. To prepare human resources is not only seen in terms of quantity, because the availability of sufficient human resources does not necessarily illustrate a guarantee that the results achieved will be effective and efficient.

Organizations need to improve their performance effectively and efficiently in the current era of global development. Performance is the result of employee work both in quality and quantity measured by the company based on the company's operational provisions (Susanto, 2019). Employee performance is the result or work behavior of a person in a certain period of time, both qualitative and quantitative, both individually and in groups that make a good contribution to the organization (Jessie Steven & Partono Prasetyo, 2020). Problems that occur in the organization are the responsibility of management to maintain the performance of its employees. Training is the most important human resource technique in improving employee

work competence. Training is intended to equip employees with the right skills and ways to use work equipment (Sutrisno cite in Savitri, 2015).

Another factor that affects employee performance is job satisfaction. Job satisfaction is a common attitude of an individual towards job. Job satisfaction is a real behavior produced by several people as a result of work in quality and quantity obtained by employees in accordance with the responsibilities given to them (Jufrizen & Sitorus, 2021).

One of the reasons in this study is that there is a gap between previous studies, so it needs to be studied further to determine the effect of training and job satisfaction on employee performance. Previous research gaps are seen in the following research results: the results of research by Widiachandra (2021) and Daning et al., (2016) stated that training did not have a positive and significant effect on employee performance. the results of this study are different from the results of research from Khastelia Hartomo & Saleh Luturlean (2020) which shows the results that training has a significant effect on employee performance. Based on the results of research by Daning et al., (2016) and Purnamarini, (2021) shows that job satisfaction has a positive and significant effect on employee performance. research results Azhari et al., (2021) stated that satisfaction has a positive influence on employee performance but does not have a significant effect. However, the results of this study are different from Azhari et al., (2021) the results of the study show that job satisfaction does not have a positive and significant influence on employee performance.

2. Literature Review

2.1. Job performance

Previous literature Wastuti, (2018) highlights the importance of employee performance as one of the key variables affecting organizational success, so it is important for companies to always and study this topic regularly to assess the success of performance in organizations. The terms performance and employee performance have the same meaning, which comes from two words, namely achievement and work, where the term achievement has the meaning of what has been done (Herdiyanti & Assery, 2021). Performance is the result of an employee's work based on targets, standards and criteria according to mutual agreement and in a certain period (Rivai, 2020). Performance is the result of a person's work in the form of quantity and quality that has been achieved in accordance with organizational goals (Caissar et al., 2022). Performance definition describes the level of performance of an activity program or policy in achieving the goals, objectives, vision, and mission set out in the strategic plan (Nabawi, 2019).

2.2. Training

Training is the most important human resource technique in improving employee work competence. According to Sutrisno, (2009: 109) (in Savitri, 2015) suggests that training is intended to equip employees to use the right skills and ways to use work tools. According to Dessler (2018) in his book suggests that Training is giving or current employees the skills they need to do their jobs. Training consists of the organization of planned efforts to help employees acquire work-related knowledge, skills, abilities, and behaviors, with the aim of applying these to work (A. Noe et al., 2017).

2.3. Job Satisfaction

Job satisfaction refers to a person's satisfaction from factors related to his job (Seema et al., 2021). Job satisfaction is a person's attitude to their work that reflects both positive and negative experiences towards their work (Bahri & Nisa, 2017). So from the above understanding it can be concluded that job satisfaction is an attitude that a person has towards his job which is caused by the values embedded in a person. The higher the values that suit him, the employee will feel satisfied with his work.

2.4. *Self efficacy*

According to Bandura (2013) suggests that self-efficacy is an individual's subjective consideration of his ability to formulate actions that are expected to complete the specific tasks at hand. Self-efficacy is not related to personal use of skills possessed by individuals, but rather to self-evaluation of what can be done from what can be done, without being related to skills possessed. The basic concept of self-efficacy theory is the problem of the belief that each individual has the ability to control his thoughts, feelings and behavior. Using it thus self-efficacy is a matter of subjective perception. Self-efficacy does not necessarily describe actual abilities, but is related to using the beliefs of the individual.

Hypothesis

H1: Training has a significant effect on employee performance.

H2: Training has a significant effect on self-efficacy.

H3: Job satisfaction has a significant effect on employee performance.

H4: Job satisfaction has a significant effect on self-efficacy.

H5: Self-efficacy has a significant effect on performance.

3. Research Methods

This study used a quantitative approach. primary data collection using survey methods. This research begins with a hypothesis and involves procedures that are in accordance with certain data sources; therefore, this research includes confirmatory research that aims to test a theory or hypothesis in order to strengthen or even reject the theory or hypothesis of pre-existing research results.

The designed questionnaire was developed after referring to several previous studies that included selected construct measurement scales. The dependent variable is employee performance measured in twelve item scales developed by. According to Robins in (Nur Safitri & Kasmari, 2022). In addition, to measure training, this study used twelve items taken from (Tarigan et al., 2021). To measure satisfaction using ten items taken from article (Widodo cite in Nabawi, 2019) Finally, to measure self-efficacy, ten items were developed based on Bandura's research in (Khaerana, 2020). All selected measurement scales were reported to have acceptable reliability with Cronbach alpha values higher than 0.70.

4. Research Findings and Discussion

The results of the distribution of respondents based on the education of the most respondents, 45.8% have an S-1 academic education. Respondents with a diploma education as much as 16%, and those with a high school education as much as 33%. In addition, the distribution of respondents by age, most respondents, namely 41%, were aged between 31-39 years. The distribution of respondents based on the length of service of most respondents worked over 11 years.

4.1. *Test validity and reliability*

A validity test item is said to be valid if the value of r is calculated $> r$ table 0.284 (2 tails; $n=48-2$; $\alpha=0.05$). The test resulted in training (0.293 to 0.673), job satisfaction (0.418 to 0.762), performance (0.601 to 0.746) and *self efficacy* (0.617 to 0.722) > 0.284 meaning that all items are valid. Cronbach's Alpha training (0.838), job satisfaction (0.869), performance (0.926), and *self efficacy* (0.907) > 0.60 or a reliable instrument.

4.2. *Classical Assumption Test*

The results of the classical assumption test (Table 1) showed no heterokedasticity (Glejser test, $p>0.05$), and normality was also met (Kolmogrov-Sminorv test, Asymp. Sig. $>$

0.05). Multicolonicity did not occur in regression models with a tolerance of > 0.10 and a VIF of < 10.

Table 1

Ind.	Dep.	Multicollinearity		Glejser Test	Kolmogorov-Smirnov Test
		Toll.	VIF	Sig.	Asymp.sig
TR	ONE	.987	1.013	.206	.200*
JS		.987	1.013	.224	
TR	JP	.924	1.082	.206	.198*
JS		.926	1.080	.224	
ONE		.869	1.151	.134	

4.3. Test the Hypothesis

The results of the H1 test in Table 4 show that the value of t (1.750) has a significance of $0.087/2 < 0.05$, this means that H1 which states that training has a significant positive effect on self-efficacy is accepted.

Table 2

Ind.	Dep.	Unst. Coef		t	Sig.	Adj. R Square
		B	Std. Err.			
TR	ONE	.287	.164	1.750	.087	.093
JS		.261	.152	1.719	.092	
TR	JP	-.051	.104	-.487	.629	.770
JS		.049	.096	.511	.612	
ONE		1.076	.091	11.767	.000	

The result of the H2 test shows that the value of t (1.719) has a probability of $0.092 > 0.05$ which means that H2 is rejected. So it shows that training does not have a significant effect on self-efficacy. The results of this study are not supported by findings from Islam (2020) showing that there is a significant positive relationship between training and self-efficacy

The results of the H3 test show job satisfaction has a t value (-0.487) with a probability of $0.629 > 0.05$ which means H3 is rejected. So it shows that job satisfaction does not have a significant effect on employee performance.

The results of the H4 test show that the value of t (0.511) has a probability of $0.612 > 0.05$, so this result shows that job satisfaction does not have a significant effect on self-efficacy, so the hypothesis is rejected. It can be concluded that employee job satisfaction has not been able to make employees confident and confident in their ability to do their tasks. Good job satisfaction in the organization will make employees confident and believe in their abilities and in doing their goals employees will feel happy with the work they do because there are no obstacles both emotionally and physically

The results of H5 testing show that there is a positive and significant influence of self-efficacy on employee performance. The significant level for the self-efficacy variable on performance was 0.000 and t was calculated at 11,767 (positive) with a significance of $0.000 < 0.05$. The value indicates that the hypothesis is accepted. This proves that employees with high self-efficacy will make employee performance increase. Self-efficacy affects employees internally to improve employee performance, self-efficacy has a great influence on employee performance means that employee confidence in the ability to do work is quite high and it improves employee performance, so increasing self-efficacy in employees can also improve employee performance.

H6 testing shows that there is a significant effect of training and job satisfaction on employee performance through self-efficacy as a mediating variable in employees. From the

results of the calculation of the sobel test get a value of one tailed probability of 0.04171 with a significant level of 5% of the results it can be concluded that $0.04171 < 0.05$ so it can be said that Employee Performance is able to mediate Training on Performance in a partial mediation effect.

H7 test results From the results of the sobel test calculations get a value of one tailed probability of 0.04463 with a significant level of 5% of the results it can be concluded that $0.04463 < 0.05$ so it can be said that Self efficacy is able to mediate Job Satisfaction on employee performance in a partial mediation effect

The value of the coefficient of determination is shown in Adjusted R2 (Table 2). The effect of training and job satisfaction on self-efficacy was 9%, the rest was influenced by other factors that were not studied. Furthermore, the effect of training motivation, job satisfaction, and self-efficacy on employee performance by 77%. 23% was explained from other variables that were not reached in this study.

5. Conclusion

This study was conducted on PDAM Bantul employees, there was no significant positive effect of training on employee performance either directly but was able to mediate self-efficacy mediation. There is no significant positive effect of job satisfaction on good performance directly but can be mediated through self-efficacy mediation. Based on the path analysis, it can be seen that only self-efficacy has a positive and significant effect on performance. While training does not have a positive and significant influence on employee performance. Similarly, job satisfaction directly does not have a significant effect on employee performance.

There is a significant positive influence of self-efficacy variables on employee performance. Managerial parties need to respond by increasing training and satisfaction on items that are still undervalued because they can encourage improved employee performance. Improving training items also needs to be done because it can encourage improvements in employee performance. The adjusted r square results of the relationship between training, job satisfaction, and self-efficacy on employee performance showed 77% so that there are still other variables that can affect the level of employee performance.

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THE IMPACT OF INDIVIDUAL CHARACTER, JOB STRESS AND JOBINSECURITY, ON TURNOVER INTENTION: LITERATURE REVIEW

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ABSTRACT

The purpose of this study is to determine the specific effects of job stress and job insecurity on millennial employees' desire to quit their employment. This study is categorized as verification and descriptive research since it employs a quantitative methodology. The tool consists of a set of inquiries dispersed via Google Forms. The questionnaire employed in this study has a strongly agree to strongly disagree range so that respondents can select and give direct answers. An SLR, or systematic literature review, is used in this process. 25 studies were found using the keywords "namely individual characteristics, work stress, job insecurity and turnover intention" in a database that was sourced from Google Scholar publications. These articles were then assessed for this study. Application of studies on how work-related stress, employment instability, and personal traits affect the intention to quit. This body of research will demonstrate a variety of factors that affect turnover intentions. The results of this study show that personal traits, stress, and job insecurity findings that are corroborated by several academic studies have a favorable impact on the intention to quit.

Keywords: Individual Characteristics, Job stress, job Insecurity, Turnover Intention

1. Introduction

Regular management of the company's human resources (HR) is required. The way that HR's job has evolved has changed throughout time in response to changing demands. Human resources are the most crucial component of corporate operations (Dion et al., 2022). A company's ability to survive in the face of competition depends on its employees' abilities, credentials, knowledge, and moral fiber. Since HR is a production component that can affect other production elements, companies with strong management should prioritize HR (Sulistyawati et al., 2022).

The intention of employee turnover is one of the issues with human resources in businesses. By definition, turnover intention is the conscious decision to consider, wish to quit, and make plans to do so (RM & H Yogatama, 2021). According to (Rijasawitri & Suana, 2020), turnover intention can be understood as an employee's plan to quit the company by resignation or termination. Therefore, it is imperative to implement human resource management as soon as possible to maximize employee productivity and minimize the likelihood of them leaving the organization. In actuality, though, employees belonging to the millennial generation are prone to changing jobs frequently, a behavior known as turnover intention.

The millennial generation is the largest generation in the workforce in the age of globalization. According to the BPS (Central Statistics Agency) millennial generation profile book, the millennial generation is taking over the workforce. According to (Jayani, 2021)

report, the 2020 Population Census findings indicate that the millennial generation, with 69.38 million individuals or 25.87% of the total population, is the dominant demographic in Indonesia. Based on this data, it can be concluded that the millennial generation represents a very valuable human resource that is in high demand right now (Imelda, 2019)

Companies frequently deal with the issue of turnover intention, which is one that needs to be taken seriously since it may have an impact on the business's overall health. The corporation suffers significant losses as a result of turnover intention. In order to mitigate the effects of intentional turnover, businesses need to spend more money (Anggara & Nursanti, 2019).

A significant problem for businesses is the millennial generation's emergence, which differs from other generations in many ways. In (Madiistriyatno, 2019) The millennial generation's propensity to turn away is one trait that demands consideration. Comparatively speaking to earlier generations, millennials are less devoted to organizations and find it simpler to change careers (Madiistriyatno, 2019).

According to (Charles et al., 2023), the millennial generation also exhibits the following traits: they are open to change, fight for diversity and the rights of many people, and like the idea of flexible work schedules. This means that the millennial character is not overly rigid in their work because they are a generation that is open to change, which means that the boundaries of conventional work are broken down to the point where new innovations in the industrial world arise. If innovation does not occur, however, they will ultimately not be reluctant to leave their job if they feel it no longer fulfills their needs and motivation (Perdana, 2019).

Work stress is also one of the causes of turnover intention. (Rijasawitri & Suana, 2020) stated that increasing work stress will cause employees to want to leave. Job stress can occur when someone feels that work demands exceed their abilities and resources. A high workload, such as a large number of tasks that must be completed in a limited time, can also cause stress and make things worse. In addition to personal traits and job stress, job insecurity plays a significant role in predicting the degree of employee turnover intention. The negative impact of dysfunctional thinking is the aspect that leads to employees' intention to leave. Employees of the millennial age, who place a high value on their sense of security and mental health, are also influenced by job uncertainty when it comes to wanting to relocate. According to (Putri & Rivai, 2019), work insecurity is the result of employees' perceptions of threatening situations as well as their sense of powerlessness in their current position.

Employees from the millennial age leave their jobs because they perceive that their requirements are not being met, that their pay is inadequate, that the workplace is unfriendly, and that they are not given the support they require to do their task.

The background allows for the formulation of issues that will be examined in order to provide theories for additional study, specifically:

- a. Does a person's character affect their intention to turn over?
- b. Does the Intention to Turnover Affect Job Stress?
- c. Is the intention to leave influenced by employment insecurity?

2. Review of Literature

2.1 Personal Qualities

2.1.1 Appreciating Personal Qualities

A feature that might enhance one's quality of life is referred to as a characteristic in the Big Indonesian Dictionary (KBBI). Individuals are individuals; by an individual. Individual qualities include the fact that every person is unique in terms of their requirements, wants, abilities, and points of view. (Nur Hanifah, 2019).

2.1.2 Specific Qualitative Indices

(Nur Hanifah, 2019) identified four markers of individual characteristics, which are as follows:

- a. Capability a person with ability can demonstrate their work abilities and perform duties well.
- b. Worth One's value is determined by their interactions with others, their career, their intellectual growth, and their family time.
- c. Perception An attitude is a judgment that might be positive or negative on a thing, someone, or an occasion.
- d. Inquiry An attitude of interest is what makes people joyful about particular things, circumstances, or concepts.

2.2 *Stress at Work*

2.2.1 King's definition of work stress

In (Anggara & Nursanti, 2019) "Stress at work is a state of tension that leads to a physical and psychological imbalance, which impacts an employee's mood, state of mind, and physical health.

2.2.2 Indicators of Work Stress

(Samura & Sitompul, 2020) list a number of variables that may affect how stressed out you are at work, including:

- a. The age component. When age and workload are no longer balanced, people in the older age group (over 40) who suffer from significant stress may find that their physical health is deteriorating.
- b. Factor of work period. Longer-term employees typically experience more work-related issues than shorter-term employees.
- c. Underutilized aspect of labor ability. Underutilized worker potential might lead to stress in the worker. Situations such as this frequently arise when employees possess high levels of competence.
- d. Aspects of interpersonal relationships worker's social contacts with coworkers, superiors, and management are disrupted, which leads to interpersonal relationship disputes.
- e. The factor of job uncertainty. In the workplace, fear of losing one's job and the possibility that one's job may become obsolete are typical occurrences.
- f. The element of social support. Social support is the enjoyment, help, or knowledge that an individual gets from official and informal group relationships. People with social support are thought to be able to withstand the damaging effects of stressors.

2.3 *Job Insecurity*

2.3.1 What Is Employment Insecurity?

The inability to preserve intended continuity amid jeopardized working conditions is (Aji & Pratama, 2020) job instability. The concept of job insecurity pertains to the unpredictability and absence of control regarding an employee's employment status in the future.

Job insecurity, according to (Vika Audina, 2018), is the ambiguity that comes with a job that results in a feeling of anxiety or insecurity regarding the implications of the job, including uncertainty about opportunities to receive training or promotions as well as uncertainty about placement or income issues.

2.3.2 Indicators of Job Insecurity

(Vika Audina, 2018) states that the following signs can be used to gauge employment insecurity:

What the job means to the individual. It's a position that offers good potential for career advancement, making it crucial to the ongoing nature of employment. Responses from respondents regarding whether or not each employee finds great purpose in their work are used to measure this indicator.

- a. The degree of danger that could materialize and have an impact on the worker's total productivity. The potential for a work danger is what could have an impact on an employee's overall productivity. This indicator is based on the respondent's assessment of their level of threat in the event that this occurs and has an impact on their overall work output.
- b. The job's overall importance The degree to which a person values the many aspects of their work

2.4 Intention to Turnover Intention

2.4.1 What Is Employment Insecurity?

The degree to which an employee has the option to leave the company or voluntarily resign from his position is known as his turnover intention (Meriandayani, 2019). Conversely, turnover intention, as defined by (Novitasari, 2020) is the propensity for an employee to leave the organization, either willingly or unwillingly, because they find their current position unappealing or because there are other employment options available.

2.4.2 Indicator of Turnover Intention

Three indicators of turnover intention are identified by Mobley and Hollingsworth in (Hira Safira, 2019), and these are as follows: 1. Dissatisfaction with one's employment is the first step toward considering quitting or leaving. This leads one to consider leaving or staying in one's current position.

- a. Intention to search for alternatives, which is the desire of the worker to explore for different employment opportunities in order to obtain a better position.
- b. Intention to resign or quit: The worker intends to leave his current position because he has discovered a better one.

3. Conceptual Structure

The conceptual framework in this article is as follows, and it is based on the problem formulation, theoretical studies, and pertinent discussion of the influence between these factors stated above:

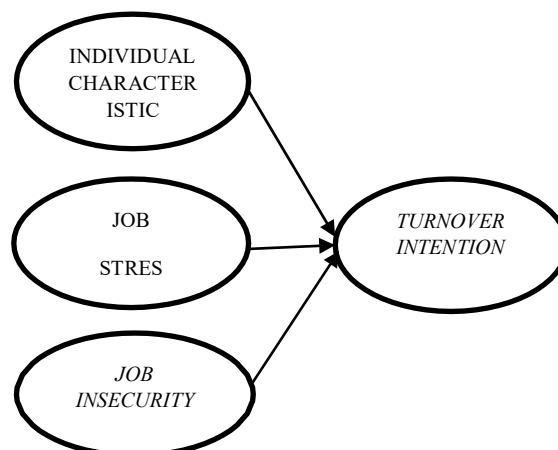


Figure 1: Conceptual Framework

According to the above conceptual framework's graphics, the distinct traits of job insecurity and work stress influence the intention of leaving one's job.

4. Hypotheses Development

4.1 Workplace Contentment Regarding turnover intention

Individual traits in humans differ from person to person. Performance is not the only factor that determines a person's destiny in an organization. Additionally, managers use judgmental, subjective metrics, with the appraiser's opinion of an employee's behavior or character impacting the evaluation. According to research by (Dedy Zulkarnain, 2020), employee turnover intention at the Perisai Husada Main Clinic is influenced by individual factors. According to (S. R. Dewi, 2021) research, turnover intention is favorably and strongly influenced by personal traits. In light of the foregoing explanation, the study's first hypothesis is:

H1: Individual character and a company's goal to turnover are related.

4.2 Workplace Contentment Regarding Absenteeism

Workplace pressure, such as requests for work that must be completed within a certain amount of time or from the organization, can lead to an emotional state known as work stress. Then, tension will prevent employees from completing their work as intended. Research findings from will lend credence to this assertion (Salama et al., 2022). Employee turnover intention is positively and significantly influenced by the work stress variable. Based on the earlier explanation, the following second hypothesis about this study can be made:

H2: Workplace stress and the intention to leave a company are related.

4.3 Intention to Turnover Due to Job Insecurity

Job insecurity is characterized by uneasiness, doubt, and uncertainty about one's capacity to get employment and what will happen to oneself after that. Employee performance and low engagement will be impacted by job uncertainty (Ezra et al., 2019). In contrast, a study by (Nurleni et al., 2020) found a positive relationship between organizational commitment and job instability. A third hypothesis about this research can be inferred from the previous description:

H3: Workplace insecurity and the intention to leave an organization are related.

5. Research Methods

This scientific study makes use of Mendeley and Google Scholar. Utilizing quantitative research methods and literature reviews, this scientific study was created by gathering multiple or alternative explanations for the variables influencing the variables under analysis. The initial phase in the methodology of this research piece is data collection.

This study attempts to elucidate the relationship between specific personality traits, work-related stress, job insecurity, and the intention to leave a job in the context of purposeful turnover. research that examine how one variable affects other variables or how multiple factors relate to one another (Anggara & Nursanti, 2019).

The following section is titled "Literature Review." This part gives a comprehensive overview of quantitative research techniques and lays the groundwork for creating hypotheses that will be compared with existing.

6. Research Findings and Discussion

6.1 Individual Characteristics' Impact on Turnover Intention

Previous research findings generally indicated a significant influence. For example, (Ratih Prameswari Wulan Asih, 2021) found that employee turnover intention at the Main

Perisai Husada Clinic was significantly influenced by individual characteristic variables in a positive relationship direction.

Individuals with diverse personalities undoubtedly engage with superiors, peers, and subordinates in different ways. Because these unique qualities can serve as a standard for someone to work by and use when making decisions. Someone with this kind of mentality, one who considers risks and adverse effects as well as opportunities, would undoubtedly make the greatest choices for both the organization and themselves.

6.2 The Impact of Workplace Stress on Intention to Leave

The intention of employees to leave is strongly impacted by work-related stress. Workplace stress affects how an individual interacts with their surroundings, or how stimuli and responses interact. Therefore, circumstances that impose mental and physical strain on people's bodies are known to induce stress. Job stress is a pattern of emotional, mental, and psychological reactions to unfavorable elements of a job, workplace, or organization. Work stress arises when there is an imbalance between an employee's capabilities and the demands of their job. Workplace stress is a dynamic state that arises from encountering possibilities, limitations, or personal expectations that are not constant but nonetheless substantial (Lestari, & Mujiati, 2018)

Workplace stress is impacted by organizational, personal, and environmental factors. Because of the demands of their jobs and the high caliber of work they must perform, employees may become stressed out. As a result, before starting employment, employees should be aware of the company's commitment (Lestari, & Mujiati, 2018) The relationship between job stress and job satisfaction and intention to quit indicates that work-related stress positively influences intention to leave. There is a link between workplace stress levels and employee turnover intention, suggesting that job stress has a major impact on employee turnover intention (A. P. Dewi & Agustina, 2020) (Medysar et al., 2019).

6.3 The Impact of Uncertainty in Employment on Intention to Leave

Employee intention to leave is significantly and favorably impacted by job instability (Medysar et al., 2019). Employees' intention to leave their jobs is positively correlated with work insecurity, meaning that as job insecurity increases, so does the intention to leave. Employee working circumstances are impacted by anxieties and emotions of insecurity regarding the company's work environment. so that workers won't be afraid to quit, transfer to another company, or even look for work elsewhere. According to Nungki (Nurhaliza et al., 2023), businesses need to be aware of employee turnover intentions, as nearly 25% of workers intend to leave the organization. Employees' heavy workloads and emotions of job insecurity are the causes of this. This causes some employees to intend to leave.

Conclusion

On the basis of current theory, pertinent articles, and conversations, the following research hypotheses can be developed:

- a. Employee turnover intention is significantly influenced by an individual's character.
- b. There is a notable correlation between job stress and employee turnover intention.
- c. Employee turnover intention is significantly impacted by job insecurity.

This study supports the idea that individuals' intentions to leave a firm or organization are significantly influenced by their personal characteristics, stress, and workplace insecurity. where human nature, work stress, and job uncertainty have a significant impact on company or organization turnover and productivity. A deeper understanding of their workforce enables managers and employees to perform at higher levels. The results of this study lend credence to the notion that stress at work, job instability, and personal characteristics all affect employee

turnover. As a result, businesses must also have a deeper understanding of a number of strategies to lessen the likelihood that employees may leave, such as maintaining efficient lines of communication between management and staff.

Workers who have open lines of communication and feel heard are typically happier and more devoted. To encourage staff members to keep contributing, offer career development options through training courses, development plans, and internal promotions. Make sure you provide a clear explanation of the work expectations and performance standards. Because workers must understand their responsibilities and the criteria used to evaluate them.

Limitation

It is intended that the research's findings would be a source of knowledge for managing businesses, capable of fostering a positive environment and giving management a general picture. Addressing problems with character influences, stress, and job instability that may have an impact on the intention of employee turnover.

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DETERMINANTS OF FINANCIAL LITERACY OF MSME OWNER IN INDONESIA

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ABSTRACT

MSME economic activity in Indonesia is rising after a pandemic. The non-cash payment system is more in demand by consumers as well as manufacturers. The non cash payment system of QRIS is increasingly used in business transactions. Therefore, this study aims to analyze the determining factors of financial behavior of UMKM owners of QRIS users. A total of 204 respondents were owners of small micro-enterprises using QRIS from Kota Medan, Makassar and Bali. The defining variables used are the age, age of enterprise, education and religion of the enterprise owner. Data analysis techniques use double linear regression with SPSS tools. Research results show that age and education have an impact on the financial literacy of UMKM users QRIS. The interesting thing about this finding is that the age of generation X UMKM owners has the greatest impact on financial literature.

Keywords: Financial Literacy; QRIS; MSME

1. Introduction

The business world is currently dominated by *Small Medium Enterprises*. The Rockefeller Foundation evaluated the state of the global economy due to the COVID-19 pandemic, saying, "Even developed countries are overwhelmed by the worldwide pandemic, which has infected nearly 20 percent of the global population and killed 8 million people in just seven months, most of them young, healthy adults. The economies of many countries, including the United States, Australia, Europe, and even Indonesia have been shaken by the COVID-19 pandemic. This is due to the fact that international mobility, both of people and goods, has come to a halt, weakening industries such as tourism and breaking global supply chains. (Ana, 2021). Micro, small and medium enterprises (MSMEs) managed to survive and help the economy during Indonesia's financial crisis in 1998. However, at the present time, even small and medium-sized enterprises (MSMEs) are facing challenges.

Micro, small and medium enterprises (MSMEs) are required to immediately innovate and adapt, including by implementing digital business models. Currently, there are more than 5 billion people around the world who use the internet. Financial technology, or fintech, businesses are trying to maximize this potential by offering various financial products that make it easier for their customers to access various financial services Govtech in Singapore. QRIS offers a more efficient cashless payment method in Indonesia. (Listiwati et al., 2022). Providers of goods and services (merchants) do not need to have various types of QR codes from various publishers because they use one standard QR code. Recently, the use of QRIS has become a profitable trend for businesses and consumers, the use of QRIS payment methods by MSMEs can improve their business performance, especially in the midst of recovering from a pandemic storm like today, given its benefits in helping the non-cash transaction process more efficiently. The use of QRIS has been widely socialized from Sumatra to Papua.

Medan City and its surroundings are also implementing QRIS as a digital payment tool. (Sihaloho et al., 2020).. The implementation of using Qris in micro businesses is influenced by the financial literacy of business owners. In the city of Surabaya, financial literacy is a driving

factor in making investment decisions. (Ariani et al., 2016). Financial literacy has a positive and significant effect on the financial performance of MSMEs. (Febriyan Rachmawati, S. Sudarno, 2023). Not only in urban areas, but also to regions such as Jember where the use of QRIS is considered effective because it has a good level of financial literacy. (Hanina, 2021). In the city of Bali, digital payments as an alternative tool for non-cash payments such as MSMEs in Padangsambian Village, Bali. Communication strategies to business owners will help MSMEs in Padangsambian village to increase sales and become more competitive in the digital era where financial literacy is an important factor in their learning process. (Trihanura Pranurti & Basmantra, 2023).. In Makasar city, the choice of payment through digital transactions because it provides convenience and has an impact on the performance of MSMEs. (Fiernaningsih et al., 2022).. This is the impact of the financial literacy of business owners making it easier to use QRIS. Other factors such as education and regional culture have a tendency to have an impact on the financial literacy of micro business owners (Graña-Alvarez et al., 2022). (Graña-Alvarez et al., 2022).

Because the use of digital payments is in great demand by business owners with varying levels of financial literacy. So researchers will conduct a study of the determinants of financial literacy of MSME owners who use QRIS in four major cities in Indonesia. Where the factors studied are age, religion, region, length of business and education of Qris user MSME owners. The differentiator in this study is that the respondent is a business owner who uses Qris in financial transactions.

2. Literature Review

2.1 Financial Literacy

Financial literacy is a life skill that everyone needs to have in order to improve their standard of living and survive in today's complex conditions. (Putri et al., 2023). The Financial Services Authority translates financial literacy as skills and beliefs that influence a person's attitudes and behavior so as to improve the quality of decision making and financial management in an effort to achieve prosperity. The Financial Services Authority translates financial literacy as skills and beliefs that influence a person's attitudes and behavior so as to improve the quality of decision making and financial management in an effort to achieve prosperity. OJK has an important role in financial literacy by providing direction or education in the field of finance for the people of Indonesia so that they can manage their finances intelligently. (Aulia et al., 2022).. This applies to all groups that can be educated from an early age. Financial literacy is a general understanding of financial management and attitudes. Financial literacy can be interpreted as financial knowledge with the aim of achieving prosperity.

From the above definitions, it can be concluded that financial literacy is the skill or level of knowledge of a person or community about how they manage their finances effectively according to the regulations of economic conditions and needs. It is important for MSME owners to have financial literacy because it will have an impact on their business financial management behavior. (Nugroho & Anisa, 2018). Even financial literacy affects the sustainability of MSMEs through the use of digital marketing to help the marketing and promotion process of MSME products. (Jayanti & Karnowati, 2023).. Indicators of financial literacy include general knowledge of personal finance, financial knowledge related to savings and loans, advanced financial knowledge and insurance and its risks.

2.2 Demographics of MSME Owners

Research conducted by Dewi (2021) revealed that age and income have a significant effect on financial literacy, but the variables of education level, gender, and distance from domicile have no effect on the level of financial literacy of MSME players in Genteng District.

According to research Amaliyah & Hetika, (2023) the factors that influence the level of financial literacy among MSMEs in Tegal City are gender and the level of education of MSME owners in Tegal city. The same thing was also revealed by Baiq Fitri Arianti; & Khoirunnisa Azzahra, (2020) that the level of education and work experience partially has a positive and significant effect on financial literacy. In other studies, differences in the level of education of MSME actors cannot strengthen or weaken the influence of the level of financial literacy of QRIS users. (Febriyan Rachmawati, S. Sudarno, 2023).

Another factor that affects financial literacy is the length of time a person runs a business. Research conducted by (Ariani et al., 2016) concluded that the length of time in business has a positive impact on financial literacy. Someone with longer work experience has better financial knowledge than those with less work experience.

2.3 Hypothesis

The hypotheses in this study include

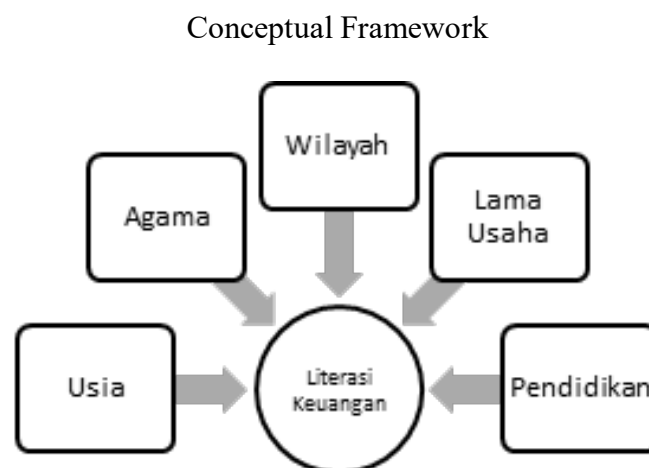
H1: Age affects the financial literacy of MSME owners

H2: Religion affects the financial literacy of MSME owners

H3: Region affects the financial literacy of MSME owners

H4: Length of business affects the financial literacy of MSME owners

H5: Education affects the financial literacy of MSME owners



3. Research Methods

This research is quantitative research. The data used is primary data. Research that examines the relationship of influence between the variables used. The independent variables are age, religion, region, length of business establishment and education of MSME owners. While the dependent variable is the financial literacy of MSME owners who use QRIS. The research population is all micro, small and medium business owners in Indonesia. The research object criteria are MSMEs that use QRIS in their business both selling goods and services.

The probability sampling data collection method uses *purposive sampling* where the sample determination is based on the objectives made by the researcher. The criteria for respondents in this study are MSME owners who have used QRIS in payment transactions. Therefore, the respondents of this study were represented by four cities ranging from Medan as many as 38 MSME owners, Surabaya as many as 53 MSME owners, Sulawesi 48 MSME owners and Bali as many as 44 MSME owners and Kalimantan there were 4 MSME owners. The financial literacy variable consists of five indicators which are translated into 19 statement items in a questionnaire distributed via g-form.

The data analysis technique uses multiple linear regression. The initial stage is to test validity and reliability. the second stage, classical assumption testing consisting of normality test, multicollinearity test, heteroscedasticity test and linearity test. The third stage, conducting hypothesis testing.

3.1 Validity and Reliability Test

The validity test according to is a technique of testing the accuracy of the item in measuring something. Items are in the form of statements or questions to respondents through a research questionnaire. Validity according to Priyatno (2014: 51) is a technique of testing the accuracy of items in measuring something. Items are in the form of statements or questions to respondents through a research questionnaire. An item is declared reliable if its value is ≥ 0.6 . Significance testing is carried out using the r table with a two-sided test using a significance level of 5% (0.05). If the value is positive and r count \geq r table then the item is valid. The item is invalid if r count $<$ r table.

3.2 Classical Assumption Test

The residual normality test is a test of the residual value of the regression whether it has a normal distribution of data distribution using the *one sample Kolmogorov-Smirnov* test method. The *one sample Kolmogorov-Smirnov* test method is an effort to determine whether the distribution of data is normal, poisson, uniform, or exponential. If the significance value is ≥ 0.05 , the residuals are declared normally distributed. The multicollinearity test is intended to test whether there is a close or perfect correlation between the independent variables. Multicollinearity occurs if the VIF value is more than 10 and the *tolerance is* less than 0.1. The linearity test is used to test whether there is a linear relationship between variables or not using the *Test for Linearity* at a significance level of 0.05. If two variables have a *Linearity* significance of less than 0.05 then the two variables have a linear relationship. The heteroscedasticity test is used to test the similarity of residual variances in observations in the regression model using the Spearman's rho correlation test method. This method states that heteroscedasticity problems do not occur if the significance value between the independent variable and the residual is greater than 0.05.

3.3 Hypothesis Test

The t test is a partial regression coefficient test in order to test the level of significance of the independent variable on the dependent. If the significance is below 0.05, then H0 is rejected and there is an influence of the independent variable on the dependent. The F test is a joint regression coefficient test in order to test the level of significance of several independent variables on the dependent. If the significance is below 0.05, then H0 is rejected and there is an influence of several independent variables on the dependent. The coefficient of determination is a calculation of the percentage contribution of the influence of the independent variable on the dependent related in the study, as well as other variables not discussed in the study.

3.4 Multiple Linear Regression Analysis

Multiple linear regression analysis is an analysis that aims to determine the effect or linear relationship of two or more independent variables on one dependent variable. The equation form in this study is:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$$

Description:

α = Constant

β = Regression coefficient

X1 = Age

X2 = religion

X3 = region

X4 = length of business

X5 = education

Y = financial literacy

e = Standard *error* or deviation

4. Research Findings and Discussion

4.1 Analysis Result

The results of this study show a description of respondents in terms of age, education, domicile and length of business. This description is shown in table 1 below.

Table 1

Characteristics	Category	Number of respondents
Age of MSME owner	<25 years	58 people
	25-34 years old	54 people
	35-45 years old	41 people
	>45 years	35 people
Last education	SD	4 people
	SMP	4 people
	SMA/SMK	89 people
	Diploma	8 people
	S1	76 people
	S2	6 people
Domicile	Medan Sumatra	42 people
	Kalimantan	4 people
	Java	58 people
	Sulawesi	55 people
	Bali	45 people
Business group	Agriculture, Fisheries, Livestock	1 person
	Processing Industry	17 people

Characteristics	Category	Number of respondents
	Trade, Hospitality, Restaurant	149 people
	Services	15 people
	Fashion	6 people
Length of business establishment	<1 year	15 people
	1-2 years	61 people
	3-4 years	32 people
	5-6 years	19 people
	>6 years	61 people

Source: SPSS, 2023

Table 1 shows that the age of most MSME owners is under 25 years old with the highest number of high school graduates, 89 people. Most respondents live in Java and its surroundings with 58 people. The largest number of business groups came from the trade sector, reaching 149 people. The length of business of most MSME owners is above 6 years, 61 people.

Table 2. Validity test

Financial Literacy Indicator	Pearson Correlation	Conclusion
X1_1	0.541	Valid
X1_2	0.438	Valid
X1_3	0.549	Valid
X1_4	0.544	Valid
X1_5	0.424	Valid
X1_6	0.524	Valid
X1_7	0.686	Valid
X1_8	0.600	Valid
X1_9	0.554	Valid
X1_10	0.714	Valid
X1_11	0.774	Valid
X1_12	0.676	Valid
X1_13	0.749	Valid
X1_14	0.625	Valid
X1_15	0.675	Valid

X1_16	0.500	Valid
X1_17	0.583	Valid
X1_18	0.615	Valid
X1_19	0.541	Valid

Source: SPSS, 2023

Based on table 2, it is found that the r-count value (*pearson correlation*) for each indicator on the financial literacy variable (X1) above the r-count value obtained in this study is greater than the r-table, so all indicators used in the financial literacy variable are valid.

Table 3. Reliability Test

Variable	Cronbach Alpha	Description
Financial Literacy Indicator	0.900	Reliable

Source: SPSS, 2023

Based on the reliability test conducted for the financial literacy variable, it is known that the resulting *Cronbach's Alpha* value is 0.90. Because this value is more than 0.7, this value falls into the acceptable category.

4.2 Classical Assumption Test

This section consists of 4 tests, namely normality test, heteroscedasticity test, multicollinearity test and linearity test.

Table 4. Normality Test

	Unstandardized Residual	Conclusion
Asymp. Sig. (2 tailed)	0.098	Normal

Source: SPSS, 2023

Based on table 4, the results of the normality test using the Kolmogorov Smirnov method show the significance results of the normality test of 0.098 where these results are greater than the 0.05 significance standard. So it can be concluded that the normality test in this study is normally distributed.

Table 5. Heteroscedasticity Test

Variables	Sig.(2-tailed)	Conclusion
Age	0.895	No symptoms of heteroscedasticity
Religion	0.460	No symptoms of heteroscedasticity
Region	0.584	No symptoms of heteroscedasticity
Length of business	0.611	No symptoms of heteroscedasticity

Education	0.025	No symptoms of heteroscedasticity
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Source: SPSS, 2023

Based on the findings of the tests carried out by researchers, it can be concluded that there is no heteroscedasticity in the regression model because the independent variables show results above the standard value of significance 0.05. It can be concluded that there are no symptoms of heteroscedasticity in this study.

Table 6. Multicollinearity Test

Variables	Collinearity Statistics		Conclusion
	Tolerance	VIF	
Age	0.886	1.129	No multicollinearity
Religion	0.854	1.172	No multicollinearity
Region	0.842	1.188	No multicollinearity
Length of business	0.926	1.080	No multicollinearity
Education	0.978	1.023	No multicollinearity

Source: SPSS, 2023

In table 6 above, it can be seen that in the regression model there is no multicollinearity between the independent variables, namely age, religion, region, length of business and education because they have tolerance values > 0.1 and VIF values < 10.

Table 7. Linearity Test

Independent variable	Bound variable	Sig.Linearity	Conclusion
Age	Financial Literacy	0.886	Linearly related
Religion		0.854	Linearly related
Region		0.842	Linearly related
Length of business		0.926	Linearly related
Education		0.978	Linearly related

Source: SPSS, 2023

The results of the Linearity Test in this study show the sig. value obtained by the age variable is 0.886, religion is 0.854, region is 0.842, length of business is 0.926 and education is 0.978, where the value is more than 0.05. So it can be concluded that there is a significant linear relationship between one variable and another.

4.3 Hypothesis Test

Table 8. Results of the t-test

Variables	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
Constant	67.143	4.664	14.395	0.000
Age	-193	0.079	-2.446	0.015
Religion	1.281	0.780	1.641	0.102
Region	0.214	0.863	0.256	0.798
Length of business	-0.299	0.642	-0.466	0.641
Education	2.544	0.777	3.274	0.001

Source: SPSS, 2023

Based on table 8 above, the t test results are obtained as be

1. Age Variable

The significance value (sig) of the age variable is 0.015 then (sig) <0.05, meaning that partially age has an effect on the level of financial literacy of MSMEs.

2. Education Variables

The significance value (sig) of the education variable is 0.001 then (sig) <0.05, meaning that education partially affects the level of financial literacy of MSMEs.

3. Variables of Religion, Region and Length of Business

The significance value (sig) of the variables of religion, region and length of business is 0.102, 0.798, 0.641 then (sig) <0.05, meaning that partially religion, region and length of business have no effect on the level of financial literacy of MSMEs.

It can be concluded that H1 and H5 are accepted and H2, H3, H4 are rejected because the sig value is <0.05.

Table 9. F Test Results

Model	Sum of Squares	DF	F	Sig.
Regression	3934.354	5	5.159	0.000
Residuals	30200.293	198		
Total	34134.647	203		

Source: SPSS, 2023

The test results show that the Sig value is 0.003 <0.05. So it can be concluded that simultaneously age, religion, region, length of business and education affect the level of financial literacy of MSMEs.

4.3 Discussion

The relationship between education and financial literacy of MSME owners. The results of this study reveal that there is an influence between age and the financial literacy of MSME owners. This is in line with research (Thomas & Subhashree, 2020) where the level of education of students majoring in engineering has an impact on individual financial literacy. Similar research (Kumar et al., 2023) revealed that the level of education has an impact on a person's financial literacy so that it also has an impact on economic decisions in business. Factors that influence the level of financial literacy among MSMEs in Tegal City are gender and the level of education of MSME owners. The same thing was also revealed by Baiq Fitri Arianti; & Khoirunnisa Azzahra, (2020) that the level of education and work experience partially has a positive and significant effect on financial literacy.

The relationship between age and financial literacy of MSME owners. The results of this study reveal that there is an influence between age and the financial literacy of MSME owners. This is in line with research (Sures Kumar, 2017) which reveals an indirect relationship between age and financial expertise in managing a business. Therefore, it is very important from an early age to provide financial knowledge to school children and students.

5. Conclusion

Based on the results of this study revealed that

- a. Age affects the level of financial literacy of MSME owners
- b. A person's education affects the level of financial literacy of MSME owners.

An interesting thing that needs to be studied more deeply is the age of MSME owners who use QRIS. Classification in age needs to be specified again in order to see which generation is the more dominant contributor to the impact of financial literacy.

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THE PHENOMENON OF THE CONSUMPTIVE CULTURE OF GENERATION Z IN CILANDAK SUB DISTRICT IN THE PERSPECTIVE OF BEHAVIORAL ECONOMICS IN THE NEW NORMAL ORDER

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ABSTRACT

This study explores how different societal contexts shape decision-making in consumption behaviors pre-pandemic, post-pandemic, and in revised social norms. Data from Badan Pusat Statistik (2020) demonstrates varied spending during the pandemic: 56% reported increased spending, 17% decreased, and others remained steady. The shift to the new normal amidst COVID-19 in 2022 altered consumer behavior, notably among Generation Z in Cilandak, South Jakarta, known for their digital savvy. The study delves into economic behavior theories, including Thorstein Veblen's idea of Conspicuous Consumption, shedding light on specific purchase rationales. It investigates five economic behavior classifications: Loss Aversion, Endowment Effect, Confirmation Bias, Herd Behavior, and Survivorship Bias. Employing qualitative phenomenological methods with in-depth interviews, it analyzes 13 informants focused on Generation Z in Cilandak. Analysis reveals the Endowment Effect's impact (23.1%) and Confirmation Bias (76.9%) on consumption, highlighting the need for Generation Z's self-awareness and financial literacy. Ultimately, this research offers insights into decision-making and financial skills, guiding Generation Z toward more discerning and responsible consumption habits.
Keywords: Consumption behavior, Generation Z, Behavioral Economics.

1. Introduction

Individuals' decisions are influenced by circumstances, facilitating subjective or objective choices, particularly concerning expenditures. These circumstances encompass pre-pandemic covid 19, post-pandemic covid 19 and new-normal periods. The pandemic heightened health consciousness, resulting in increased expenditure on health-related products. The shift to the 'new normal' reinstated public activities, notably emphasizing online shopping. Following the pandemic, economic recovery varied—some saved while others increased public spending. Generation Z in the Cilandak district exhibits conspicuous consumption tendencies, favoring technology and online shopping due to their digital inclinations. Despite their status as digital natives, their distinct consumption patterns have emerged, reshaping priorities amidst the pandemic and reliance on smartphones.

This transformation indicates evolving needs, although, at times, materialism supersedes morality, leading to fraudulent activities. This phenomenon of consumption behavior of Generation Z underscores the nexus between economics and psychology in consumer decision-making. Thorstein Veblen's Conspicuous Consumption theory aligns with behavioral economics, delving into five classifications: loss aversion, endowment effect, confirmation bias, herd behavior, and survival bias.

This study focuses on determining whether Generation Z in Cilandak district exhibits a culture of consumption, assessing the impact of new normal conditions on their consumption

habits, and examining whether these habits align with indications in behavioral economics.

2. Literature Review

Economic theory assumes rationality in resource use, but human decisions often veer from rationality. Behavioral Economics merges psychology and economics, acknowledging diverse factors influencing choices. Adam Smith's Theory of Moral Sentiments underscores morality's role in decisions, aligning with the irrationality acknowledged in economic theories like Animal Spirits by John Maynard Keynes. Examining Generation Z is overconsumption behavior in Cilandak within the new normal's context will shed light on their consumption patterns, employing insights from behavioral economics. 2.1 Consumer Culture Theory Consumptive culture involves buying without sound reasoning or necessity, often acquiring unnecessary items. Thorstein Veblen highlighted conspicuous consumption differences between urban and rural lifestyles (1997). The Ministry of Finance acknowledges this behavior as impulsive spending lacking thoughtful consideration. Consumptive habits captivate society's attention, especially among the youth and e-commerce transactions. 2.2 Consumer Culture Theory The study examines the phenomenon of consumptive culture, focusing on Generation Z and their behavior shaped by birth year influences. Each generation exhibits distinct traits influenced by the circumstances of their time.

Table 2.1 Generation Gap

Year of Birth	Generation
1925 - 1946	<i>Traditional Generation</i>
1946 - 1960	<i>Baby Boom Generation</i>
1960 - 1980	<i>X Generation</i>
1980 - 1995	<i>Y Generation</i>
1995 - 2010	<i>Z Generation</i>
2010+	<i>Alfa Generation</i>

Source: Putra (2016)

Generation Z, often termed the digital generation, thrives in a tech-driven era, heavily reliant on technology and the internet (Noordiono, 2016). In Indonesia, over 50% of the population has internet access, with 49% comprising both Millennials and Generation Z, often known as Generation Y. This tech-savvy the population has internet access, with 49% comprising both Millennials and Generation Z, group utilizes the internet beyond communication, engaging in transactions (Ully, 2022). Generation Z is excessive online transactions exemplify their consumptive behavior, driven by today's evolving technology.

2.1 Aspects of Consumptive Behavior

Based on Lina and Rosyid's 1997 study on consumptive behavior concerning adolescent locus of control, Generation Z exhibits three significant aspects:

- a. Impulsive Buying: Defined as emotionally driven purchases based on desire rather than necessity, lacking thorough consideration.
- b. Overconsumption Buying: Involves purchasing excessive quantities or high-value items, often conflicting with religious values emphasizing social harmony and aiding those in need.
- c. Non-rational Buying: Rooted in psychological needs for confidence and comfort, typically driven by trendy items defining Generation Z is standards for self-assurance.

2.2 *Cilandak District, South Jakarta*

Cilandak, in South Jakarta, comprises two villages—Cipete Selatan and Gandaria Selatan. Its strategic location near city centers, educational facilities, and accessible transportation attracts young individuals, despite its comparatively moderate population, according to BPS. Yet, many pass through or reside in the area for work and education.

2.3 *New Normal Order*

Reflecting on COVID-19's current status in 2023, Achmad Yurianto, the government spokesperson for COVID-19, emphasized the significance of adapting to a new regular order—a shift towards healthier and cleaner lifestyle habits. As per the Ministry of Health, this new standard involves altered daily routines and work patterns crucial to reducing COVID-19 transmission risks.

2.4 *Ideas from the perspectives of Psychology and Economics*

2.4.1 Point of View Economics of Consumptive Behavior

Economic perspectives on consumptive culture, as discussed by economist Thorstein Veblen in "The Theory of the Leisure Class" Chapter 4, highlight Conspicuous Consumption—a behavior driven by the need for validation and recognition through possessions and displays of wealth. This culture often leads to social discrimination based on material possessions and perceived social status.

2.4.2 Point of View Psychology of Consumptive Behavior

Consumptive behavior in psychology is termed Compulsive Buying Disorder (CBD). CBD, classified as a mental disorder, was initially identified by Bleuler and Kraepelin. Their research suggests CBD typically affects individuals in their late teens or early twenties, leading to excessive shopping driven by anxiety. Studies outlined by PubMed Central define four stages: anticipation, preparation, shopping, and spending. This behavior is often associated with negative emotions like depression, anxiety, boredom, and anger.

2.4.3 Behavioral Economics Theory

The behavioral economics theory can simplify the complex phenomenon of consumptive behavior. Frank Knight, a Professor at the University of Chicago, categorized and simplified this branch of economics. Behavioral Economics emphasizes human decision-making's psychological, social, and emotional aspects, acknowledging that decisions aren't always rational. For instance, products that rapidly become popular create a sense of scarcity, drawing public attention. This phenomenon, termed "framing scarcity" in behavioral economics, artificially presents a product as rare and desirable, often escalating its price. Frank Knight's theory emphasizes that human decisions aren't solely by satisfaction or profit but also by other values. The theory encompasses five decision-making classifications applicable to Generation Z in consumptive culture in Cilandak:

- a. Herd Instinct: People are inclined to follow the majority to avoid standing out, often influencing financial markets.
- b. Loss Aversion: Individuals prefer safer, more guaranteed options over risky choices to avoid loss, even if it means missing potential benefits.
- c. Endowment Effect: People ascribe higher value to items they own, leading to reluctance to part with them, often selling them at inflated prices.
- d. Confirmation Bias: This bias involves seeking and valuing information that confirms existing beliefs, ignoring contradictory evidence.
- e. Survivorship Bias: This bias focuses on successes while overlooking failures, often

leading to risk-taking without considering potential drawbacks.

2.5 Study Literature

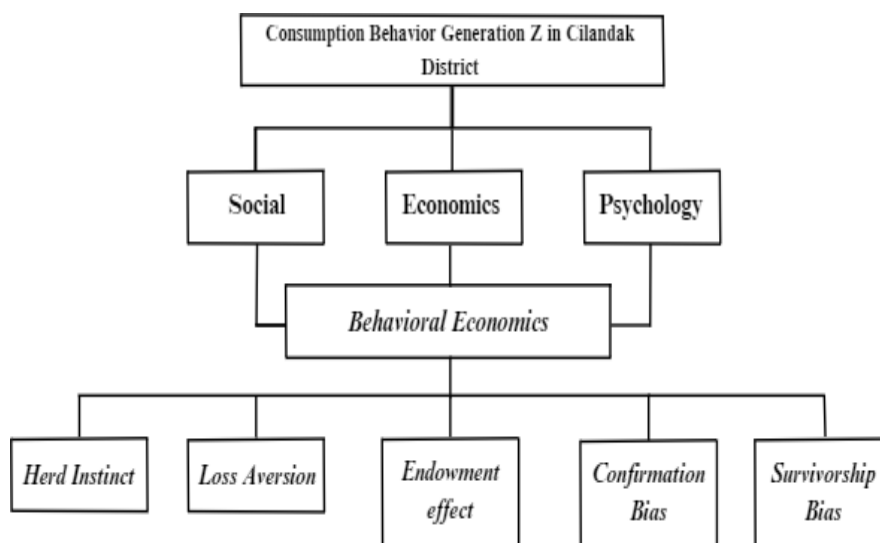
The research used 3 main empirical study reviews as recommendations in the research, which consisted of:

- a. Applied Behavioral Economics and Consumer Choice (Diane F. DiClemente, 2003).
The Applied Behavioral Economics and Consumer Choice study shows that psychological factors influence economic behavior in decision-making. Research indicates that when making purchasing decisions, individuals consider a product's appearance and familiarity with society. This suggests that products hold both utilitarian and social value, affecting consumer choices, as supported by previous studies on the psychological aspects of consumption decisions.
- b. Value-Based Segmentation of Luxury Consumption Behavior (Klaus Peter Wiedmann, dkk., 2009)
The study explores how branded goods drive consumptive behavior, reflecting three psychological classifications: self-identity, hedonic, and worldly values. Findings suggest branded items bolster user confidence by signaling wealth and status. They also serve as financial investments or meet superior quality standards for some, while others use luxury brands to express individuality.
- c. Behavioral Economics and the Analysis of Consumption and Choice (Steven R. Hursh and Peter G. Roma, 2015).
The study examines the link between economic behavior and purchasing decisions, highlighting the impact on decision-making based on commodity price sensitivity.

2.6 Theoretical Framework

Generation Z is consumptive behavior that results from diverse influences: technology, environment, and internal factors like psychological tendencies. Behavioral Economics is a theoretical framework that merges these elements, encompassing social, economic, and psychological aspects.

Picture 2.1 Theoretical Framework



The theoretical framework of Behavioral Economics focuses on Generation Z's Consumptive Culture in Cilandak amidst the New Normal. Social, economic, and psychological aspects, integral to Behavioral Economics, influence their behavior.

Characteristics such as herd instinct, loss aversion, endowment effect, confirmation bias, and survivorship bias align with this research.

3. Research Methods

3.1 Qualitative Phenomenology

Qualitative research, especially using phenomenology, delves deep into understanding Generation Z is consumptive culture in Cilandak District. Researchers opt for the underutilized phenomenological approach in qualitative research to provide a naturalistic impression and a comprehensive understanding of observed behaviors. The phenomenological approach aims to interpret and explain personal experiences within various interactions and environments. Qualitative research perceives phenomena as conscious, emphasizing their intrinsic characteristics in understanding and describing them comprehensively. (Eko Sugianto, 2015:13).

3.2 Object Research

The object of this research is a primary focus entity in a study involving issues studied for resolution and new findings. According to Husein Umar (2013:18), it relates to what and who the research focuses on, including the research location and time. In this study, the object is Generation Z regarding consumption activities in Cilandak District, South Jakarta. The research covers areas where Generation Z gathers, like malls or cafes they frequent. It examines Generation Z's reality regarding consumptive culture in South Jakarta's Cilandak District, explored deeply through in- depth interviews.

3.3 Subject Research

The study focuses on Generation Z in Cilandak district, born between 1995 and 2010. Informants were chosen using purposive sampling based on criteria relevant to the "Consumptive Culture of Generation Z in Cilandak." Criteria like education level and gender were considered to meet the required data. Researchers categorized informants by education level to accommodate age differences and maintained a gender ratio of at least 1:4 per education group.

3.4 Primary Data

3.4.1 Observation

This research observes the reality by being present in the research location, mainly where Generation Z gathers in Cilandak, South Jakarta. This method involves relaxed situational monitoring, inviting observations through various senses, and performance evaluation.

3.4.2 In-depth Interview

Interview with interactive dialogue between researchers and informants aims to extract relevant knowledge and experiences. These interviews provide insights into daily life, events, feelings, motivations, acknowledgments, anxieties, and strong determinations felt by the interviewees. Selecting suitable informants ensures accurate descriptions of the studied phenomena, supporting valid research outcomes.

3.5 Secondary Data

Secondary data is supported by documentation and internet research. Documentation, such as photos or videos, validates the research process and observes Generation Z in consumptive activities. This added data offers insights into behaviors like dressing culture and social media displays. Internet searches swiftly access vital information essential to understanding the researched phenomenon. These searches compensate for limited field data,

bolstering study findings and creating a thorough bibliography.

4. Research Findings and Discussion

4.1 General Overview Cilandak District

The study took place in Cilandak, South Jakarta, comprising 5 sub-districts. Data covered all areas to capture the essence of the sub-district. Initial fieldwork helped pinpoint Generation Z's common spots. Interviewees were chosen based on similar educational backgrounds.

Cipete Selatan (one of 5 sub-districts) is Generation Z's hub, known for its accessibility and contemporary meeting spots. Towering structures, including malls and modern areas, encircle Cilandak. Observations at Cipete Raya Station revealed Generation Z is trendy and tech-savvy nature, evident from their smartphones. Generation Z is actively engaged on their phones in malls and cafes, drawn to modern, photogenic spaces. Their habit of documenting these moments on social media reflects their digital connectedness and adherence to fashion trends.

4.2 Characteristics Informant

4.2.1 Characteristics of Informant

Table 4.1
Identity Informants and Classification

No.	Name	Identity	Classification of Behavioral Economics
1	Monica	Junior High School Students	Confirmation Bias
2	Gabriella	Junior High School Students	Endowment Effect
3	Muhammad Faizal	Junior High School Students	Confirmation Bias
4	Cornelia	Senior High School Students	Endowment Effect
5	Amarachi	Senior High School Students	Confirmation Bias
6	Khusnul	Students	Confirmation Bias
7	Monica Tesalonika	Students	Confirmation Bias
8	Octavina	Employee	Confirmation Bias
9	Sefrianus	Employee	Confirmation Bias
10	Yoshua	Employee	Endowment Effect
11	Dwi Hapsari	Employee	Confirmation Bias
12	Barnes Jordan	Employee	Confirmation Bias
13	Kenny Gilbert	Employee	Confirmation Bias

Source: research results (proceed), 2023

Informant Characteristics Based on Identity To classify Generation Z, researchers considered their educational status and activities, categorizing them into four groups: junior high, high school, university students, and working individuals. This classification helps understand their mindset and behavior regarding consumption activities in Cilandak, South Jakarta. The researcher obtained 13 informants, comprising 23.1% junior high school students, 15.4% high school students, 23.1% university students, and 38.5% working individuals.

4.2.2 Informants Characteristics by Gender

This research divided the participants into two groups: males and females. Out of all the informants, there were 8 women and 5 men. The goal is to get different viewpoints by considering gender. This helps to include diverse life experiences, opinions, and judgments, making the research more reliable by involving both genders.

4.2.3 Informant Characteristics Based on Behavioral Economics Classification

To understand Generation Z is overconsumption culture through the lens of Behavioral Economics, we categorized informants based on specific research questions. We gathered insights from informant interviews using Behavioral Economics classifications like herd instinct, loss aversion, endowment effect, confirmation bias, and survivorship bias. Two specific classifications that align with Generation Z are consumption patterns. These classifications include the endowment effect at 23.1% and confirmation bias at 76.9%. These groupings stem from interview outcomes and are subsequently organized through coding and data collection processes.

4.3 *Consumptive Culture in Urban Areas*

In behavioral economics, 2 of 5 classifications define how Generation Z decides on consumption activities. This reflects the consumptive culture in metropolitan cities, shaped by technology, infrastructure, and factors encouraging instant gratification. For Generation Z, purchasing is swift; smartphones offer round-the-clock transaction access, providing numerous buying options.

4.4 *Modern Lifestyle Generation Z*

The contemporary lifestyle embraced by Generation Z involves staying updated with current trends. This lifestyle encourages openness to information, fostering creativity. For Generation Z, this modern lifestyle embodies up-to-date behaviors, fashion, language, and trendy living styles. It's a standard way of life, notably in Cilandak, South Jakarta. In Cilandak, Generation Z expects and maintains regularity in following trends. In this district, their modern lifestyle reveals several intriguing phenomena observed during field research.

4.4.1 Generation Z Lifestyle

The response from a Generation Z informant acknowledges the perceptions of previous generations toward Generation Z. They note that older generations often hold judgments about Generation Z, tarnishing their reputation in the eyes of some. Yet, upon deeper exploration, differences in character and mindset emerge.

While some from Generation Z and Y prioritize experiences for personal growth, others within Generation Z show tremendous enthusiasm for consumption activities. Technological attachment and access to infrastructure distinguish Generation Z's consumptive behavior. Unlike previous generations, Generation X and Y experienced less rapid technological advancements and infrastructure accessibility, resulting in a slower adaptation to change. As a result, Generation Z embraces change and swiftly adopts new trends, given their exposure to rapid technological advancements and lifestyle transitions.

4.4.2 Materialism Generation Z

The Gen Z informant acknowledges older generations' judgment of their cohort, recognizing a value difference. Some prioritize personal growth, while others emphasize consumption. Gen Z's tech reliance defines their spending habits, setting them apart from less tech-savvy previous generations. This district mirrors Maslow's theory, showing Gen Z's inclination toward self-fulfillment through branded goods, often leading to spending

surpassing income.

Branded items are vital for Gen Z's identity, symbolizing success. While some seek exclusivity, many follow trends, buying non-essential items. Despite some being mindful, materialism is prevalent in Cilandak, where branded goods signify success for most.

4.4.3 Digital Natives

Generation Z, often termed digital natives, rely on technology as an essential part of their lives, even for income generation. Many in Cilandak Sub-district explore avenues like content creation, influencer marketing, and online selling for livelihood. Engaging with platforms like Instagram, YouTube, TikTok, and Twitter, they strive to build a substantial follower base, aspiring to become influencers or celebrities.

4.4.4 Social Media is the Heart of Generation Z

Generation Z, called digital natives, heavily engages with social media. While it serves as a source of income, it also poses challenges related to character development, particularly with the practice of flexing. Flexing involves flaunting luxury and success on social platforms. These actions instinctively relate to Maslow's self-actualization theory, where likes, comments, and followers fulfill these needs. Receiving praise or responses on posted content becomes a form of self-actualization.

Interestingly, users who practice flexing on social media curate posts to create a fancy impression for their audience. When used wisely, social media can positively impact users. For instance, Generation Z utilizes these platforms for self-branding, showcasing their skills, and seeking learning opportunities. Consequently, social media plays a dual role, providing both positive and negative impacts depending on how Generation Z utilizes it.

4.5 Age = Mindset

Age serves as a significant factor influencing mindset. As people grow older, their diverse life experiences shape their cognitive abilities and understanding of life. Emotional maturity often increases with age, enabling better emotional management and a deeper comprehension of life's complexities.

While it's not exclusive to older individuals, emotional maturity can also be found in Generation Z. An employee informant described them as "jumping fleas" in the workforce, moving between jobs seeking new challenges or better-aligned environments. This job-hopping strategy helps them broaden their skills and gain diverse experiences, although it might portray a lack of commitment.

The term "jumping fleas" also correlates with emotional maturity in decision-making, notably seen in Generation Z is consumptive culture. They often make impulsive consumption choices without considering long-term consequences. Emotional instability might lead them to use consumption as a means of emotional relief. This behavior underscores how age influences emotional maturity and consequently affects decision-making in consumption activities.

4.6 Consumption Behavior Generation Z and Behavioral Economics

The consumptive habits of Generation Z, prevalent in Cilandak District, are influenced by social media, technology, modern environments, and more. While consumption connects with personal psychology, this link isn't always evident. Behavioral economics delves into how Generation Z's consumption is shaped by social acceptance, self-satisfaction, and perceived status tied to specific goods.

Behavioral Economics view on Generation Z is Consumptive Culture Behavioral economics examines Generation Z's consumption activities, highlighting their decision-making

processes influenced by emotions. Through data collection, behavioral economics classifies consumptive behaviors, grouping them based on reality. Generation Z purchases are based on emotional satisfaction, not just functionality or rationality. Their consumption decisions prioritize instant gratification, influencing how they consume goods or services. While behavioral economics offers five classifications, two significantly relate to Generation Z's consumption patterns.

4.6.1 Social Media as Confirmation Bias Tool

Many believe consumption activities aren't significantly influenced by ads or attractive promotions, as emphasized by 76.9% of informants. Generation Z tends to know what interests them before purchasing, often through product reviews on social media and e-commerce platforms.

4.6.2 Survivorship Bias Principle in Generation Z

Among Generation Z informants in Cilandak, about 23.1% follow the survivorship bias principle. In a culture of excessive spending, this indicates a high value placed on owned items, often capable of fetching a high resale price. This perspective is viewed through behavioral economics. When Generation Z treasures their belongings, they tend to maintain them well, focusing on functionality and less on external reviews. Having preferences helps in controlling consumption.

However, when these valued items lose their usefulness, Generation Z may consider selling them. Yet, they struggle with emotional attachment, finding it challenging to let go, even if the item is no longer beneficial. This behavior illustrates the influence of the endowment effect. Some informants hesitate to sell expensive items they no longer use due to a perceived loss of value. This demonstrates the negative impact of survivorship bias. Despite feeling 'satisfied' with their belongings, this doesn't necessarily reduce their interest in ads or discounts on social media.

4.6.3 Consumerism in the New Normal Order

The 2020 COVID-19 pandemic impacted both health and the economy. In Cilandak, Generation Z adapted by reducing visits to public spaces and shifting towards online shopping, particularly during sales and with free shipping offers. This online shift not only offered convenience but also varied price options. The pandemic prompted businesses to introduce appealing promotions, increasing Generation Z spending during the "new normal." As they regain the freedom to socialize and engage in activities, their expenditure has risen compared to the pandemic period.

5. Conclusion

The research shows that Generation Z in Cilandak District, South Jakarta, exhibits a penchant for a wasteful culture in their pursuits. This inclination is observable in their tendency to buy items as symbols of success and recognition. Moreover, the extravagant behavior of Generation Z in this area is notably influenced by emotional decision-making in their consumption habits, favoring items that satisfy them emotionally rather than fulfilling actual needs.

The phenomenon of this consumptive culture within Generation Z in Cilandak District is analyzed through behavioral economics, offering insights into their wasteful tendencies rooted in economic psychology. Among the five types of Behavioral Economics, the confirmation bias classification emerges as the most prominent in shaping Generation Z's consumptive activities. This bias significantly influences their behavior and decision-making within the context of this wasteful culture.

This consumptive culture appears to be further bolstered by the "new normal" conditions

emerging post-COVID-19. With improvements gradually observed in health and the economy, there's a notable surge in consumption activities among Generation Z in the Cilandak District within this new paradigm.

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THE EFFECT OF SALES PROMOTION AND HEDONIC SHOPPING VALUE ON IMPULSE BUYING WITH POSITIVE EMOTION AS A MEDIATION VARIABLE ON VINCT STUFF PRODUCTS

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ABSTRACT

This study aims to determine: (1) the effect of sales promotion on impulsive purchases on Vinct Stuff products, (2) the effect of hedonic shopping value on impulsive purchases on Vinct Stuff products, (3) sales promotion on positive emotions on Vinct Stuff products, (4) the effect of hedonic shopping on positive emotions on Vinct Stuff products, (5) the effect of positive emotions on impulsive purchases on Vinct Stuff products, (6) the effect of sales promotions on impulsive purchases with positive emotions as mediation on Vinct Stuff products, (7) the effect hedonic shopping value on impulse buying with positive emotion as mediation on Vinct Stuff products. The sampling technique in this study used is a non probability sampling with purposive sampling method. Data was obtained by distributing questionnaires online and filled in by 116 respondents. Data analysis used Partial Least Square (PLS) which was processed using SmartPLS 3.0. The results of this study indicates that: (1) Sales promotion has an effect on impulse buying on Vinct Stuff products, (2) Hedonic shopping value has no effect on impulse buying on Vinct Stuff products, (3) Sales promotion has an effect on positive emotion on Vinct Stuff products, (4) The value of hedonic shopping has an effect on positive emotions on Vinct Stuff products, (5) Positive emotions has an effect on impulsive purchases on Vinct Stuff products, (6) Sales promotions has an effect on impulsive purchases with positive emotions mediating some of the Vinct Stuff products, (7) Hedonic shopping value has an effect on impulsive buying with positive emotions fully mediating Vinct Stuff products.

Keywords: Sales Promotion, Hedonic Shopping Value, Impulsive Buying, Positive Emotions.

1. Introduction

In the rapidly evolving landscape of e-commerce, Vinct Stuff, a nascent online business established in August 2021, has swiftly garnered attention with an impressive average of 5,000 monthly product sales. This success is primarily attributed to consumers' inclination towards making purchases through promotional links on TikTok, a platform that has become a pivotal driver of Vinct Stuff's sales. However, intriguingly, significant disparities exist in the number of orders across various e-commerce platforms, notably TikTok Shop, Shopee, and Tokopedia.

As of October 2022, data reveals a substantial contrast in sales figures: 5,390 products on TikTok Shop, 750 on Shopee, and merely 50 on Tokopedia. This notable variance has ignited an investigative interest in understanding the underlying factors influencing consumer behavior, particularly with regard to sales promotion and hedonic shopping value on TikTok. The suspicion arises that these variables play a pivotal role in triggering impulse purchases of Vinct Stuff products, driven by positive emotions.

This research aims to delve into the nexus between sales promotion, hedonic shopping value, and consumer behavior on TikTok, unraveling the dynamics that contribute to the impressive sales figures of Vinct Stuff. If substantiated, the findings of this study hold the

potential to guide both researchers and Vinct Stuff owners in strategically enhancing these variables, fostering further business development in the competitive online marketplace.

2. Literature Review

2.1 Definition of Hedonic Shopping Value

Hedonic shopping value is the act of purchasing products or services driven by emotions, sensory perceptions, and fantasies to obtain material pleasure (Arnold and Reynolds, 2003). According to Utami (2017:59), hedonic motivation is a consumer motivation that seeks self-pleasure while shopping, disregarding the benefits of the purchased products. From the above definition, it can be concluded that hedonic shopping value is a consumer purchasing activity based on fulfilling momentary pleasures without considering the consequences. Consumers with hedonic behavior will assess a product by seeking reasons for purchase based on their heart's desires and imagination without thinking logically to gather information about the product (Dewi & Ang, 2020).

2.2 Definition of Impulse Buying

According to Utami (2006), impulse buying is a consumer behavior in purchasing at a store, where the purchase differs from what they initially planned when entering the store. Impulse buying can be defined as the act of buying a product that was consciously accepted, knowing that the action is the result of considerations or intentions formed before entering the store. From the above definition, it can be concluded that impulse buying is an internal urge to make unplanned, spontaneous purchases without organization and without careful consideration.

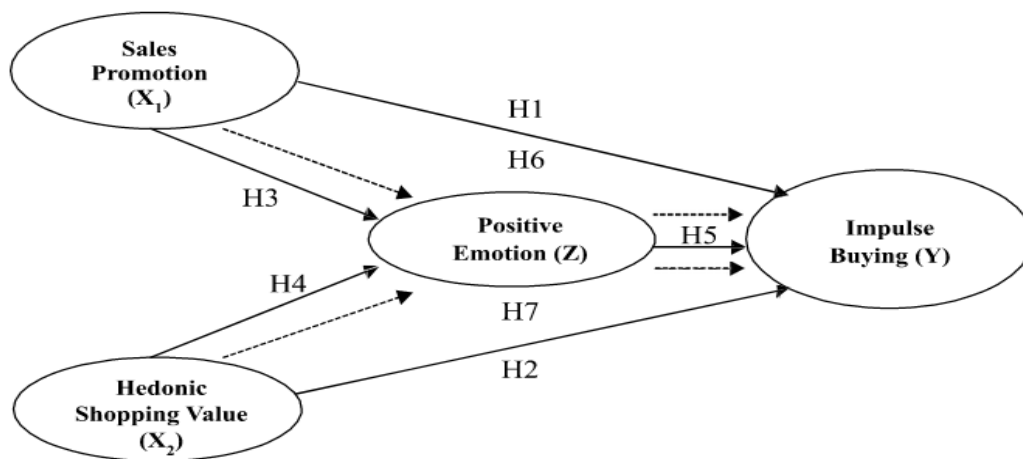
2.3 Definition of Positive Emotion

Emotion or the psychological state of an individual during a purchasing activity can have a significant impact on the products or services to be bought (Solomon, 2009). Emotion becomes a factor when consumers plan to make a purchase influenced by their mood (Park, Kim, and Forney, 2006). There is a possibility that positive emotions depend on stimuli created by the company, thus affecting the emotions and feelings of consumers (Soodan & Chandra, 2016). From the above definition, it can be concluded that a positive response in emotional aspects results in a sense of happiness and can evoke the desire to purchase a product, both from a psychological perspective and in terms of sudden or impulsive desires.

Researchers use similar previous research as reference and comparison material. Researchers compare several previous studies with research that will be conducted by the author regarding the Influence of Sales Promotion and Hedonic Shopping Value on Impulse Buying with Positive Emotion as a Mediating Variable in Vinct Stuff Products. The following are the results of previous research related to future research:

Devi & Jatra. 2020. "Positive Emotion Mediates Sales Promotion and Store Environment Against Impulse Buying". This research aims to determine the effect of sales promotion and store environment on impulse buying with positive emotion as a mediating variable. This type of research uses casual research with quantitative analysis techniques. The population of this research is Alfamart consumers in Denpasar City who have previously purchased products sold at Alfamart with 112 respondents. The sample selection method used in this research is non-probability sampling using purposive sampling technique. The data analysis techniques used are validity tests, reliability tests, normality tests, multicollinearity tests, and heteroscedasticity tests. The results of this research state that sales promotion has an effect on impulse buying. Store environment influences impulse buying. The sales promotion variable influences positive emotion. Store environment variables influence positive emotions. Positive emotion has an influence on impulse buying. Positive emotion succeeded in mediating the influence of sales

promotion on impulse buying. Positive emotion is able to mediate the influence of the store environment on impulse buying. Ulul Fauzi, Welsa, & Susanto. 2019. "The Influence of Hedonic Shopping Value and Shopping Lifestyle on Impulse Buying with Positive Emotion as an Intervening Variable". This research aims to determine the influence of hedonic shopping value and shopping lifestyle on impulse buying with positive emotion as an intervening variable. The research method used is survey research with quantitative methods. The method for completing this research is a questionnaire. The sample selection method used in this research was accidental purposive sampling. The population used in this research were students at the Faculty of Economics, Bachelorwiyata Tamansiswa University, Yogyakarta, who made purchases in amounts unknown to others. The number of samples used was 115 customers who had made purchases at the Matahari Department Store. The data analysis techniques used are normality test, multicollinearity test, heteroscedasticity test, and sobel test. The results of this study state that hedonic shopping value influences positive emotions. Shopping Lifestyle influences positive emotions. Positive emotion has an influence on impulse buying. Hedonic shopping value influences impulse buying. Shopping lifestyle influences impulse buying. Hedonic shopping value influences impulse buying through positive emotion as an intervening variable. Shopping lifestyle influences impulse buying through positive emotion as an intervening variable.



Bagan II. 1
Kerangka Konseptual Penelitian

3. Research Methods

The type of research used in this research is quantitative research. According to Sugiyono (2017:23) quantitative research is a research method based on positive philosophy with the aim of researching populations or samples and using research instruments in data collection. The research method used in this research is the online survey/questionnaire method. According to Sugiyono (2017:47) survey research is research carried out on large or small populations, the data that can be studied is data from samples taken from that population, therefore relative events, distributions and relationships between variables whether sociological or psychological.

3.1 Area Study

This research was conducted in January 2023 until March 2023. The research location will involve the use of an online questionnaire distributed on the island of Java.

3.2 Research Approach

The research method employed in this study is quantitative research. According to Sugiyono (2017:23), quantitative research is a method grounded in positive philosophy with the aim of examining a population or sample and using research instruments in data collection. Quantitative research emphasizes testing theories through the measurement of variables using numerical values and conducting data analysis through statistics (Sugiyono, 2017:14). The research method used in this study is the online survey/questionnaire method. According to Sugiyono (2017:47), a survey is conducted on a large or small population, and the data studied are from samples taken from that population. Therefore, it can reveal relative occurrences, distributions, and relationships between variables, both sociological and psychological.

3.3 Population of the Study

3.3.1 Population

Population is a generalization area consisting of objects or subjects with their respective quantities and characteristics, applied by the researcher with the aim of study and subsequent conclusions (Sugiyono, 2017:136). The population in this study is all consumers of Vinct Stuff on the island of Java.

3.3.2 Sample

According to Sugiyono (2017:137), a sample is a part of the quantity and characteristics possessed by the population. In this study, the sample to be used consists of consumers of Vinct Stuff who have watched marketing videos, made at least one purchase of Vinct Stuff products, and used the ongoing promotions. In this research, the exact number of the Vinct Stuff consumer population is unknown to the researcher. Therefore, in determining the sample size, the researcher uses the Cochran formula (in Sugiyono, 2017:148).

$$n = \frac{z^2 pq}{e^2}$$

$$n = \frac{(1,96)^2 (0,5)(0,5)}{(0,10)^2}$$

$$n = \frac{(3,8416)(0,05)}{(0,01)}$$

$$n = 96,04$$

Figure.1

n= sample size

z= price in the normal curve for a 5% deviation with a value of 1.96

p= probability of being correct 50% = 0.5

q= probability of being incorrect 50% = 0.5

e= margin of error 10%

Based on the formula above, the minimum sample size is determined to be 96 people. In this study, 116 samples are used, which exceeds the minimum sample size limit.

3.4 Type and sources of data

The research data used by the researcher is primary data. Primary data is information obtained directly from the original source, whether from individuals or entities. Examples include interview results or responses to questionnaires conducted by the researcher (Sugiarto, 2017:178). In this study, primary data consists of respondents' answers to the questionnaires distributed to them.

3.5 Data Collection

The data collection technique for this research involves using a questionnaire that was distributed online through social media. The questionnaire is in the form of a Google Form and was shared with respondents who have previously purchased Vinct Stuff products. According to Sugiyono (2017:142), a questionnaire is a data collection technique in which the researcher presents written questions to respondents for them to answer.

3.6 Variables

According to Sugiyono (2017:68), variables in research are values of objects in a scientific or activity field that have certain variations defined by the researcher for study, and conclusions are drawn to obtain research results. The variables related to this study are:

3.6.1 Independent Variables (Explanatory Variables)

Independent variables are variables that influence or cause changes in the dependent variables (Sugiyono, 2017:39). The independent variables in this study are sales promotion and hedonic shopping value.

3.6.2 Dependent Variables (Response Variables)

Dependent variables are variables that are influenced or result from the presence of independent variables (Sugiyono, 2017:68). The dependent variable in this study is impulse buying.

3.6.3 Mediating Variable

A mediating variable is a variable that influences the relationship between independent and dependent variables (Sugiyono, 2017:70). The mediating variable in this study is positive emotion.

4. Research Findings and Discussion

4.1 Validity Test

According to Hartono (2008, as cited in Abdillah & Hartono 2015:194-195), one example of internal validity is construct validity. Construct validity is divided into two types:

4.1.1 Convergent Validity Test

There is a rule of thumb for convergent validity, which states that the loading indicator should be > 0.70 . High outer loadings indicate that the indicator can be explained by the measured construct (Solihin & Ratmono 2020:13).

Table 1. Loading Factor Values Before Deletion

No	Statement	Value of Loading Factor	Status
1.	X1.1	0.860	Valid
2.	X1.2	0.841	Valid
3.	X1.3	0.654	Invalid
4.	X1.4	0.831	Valid
5.	X1.5	0.828	Valid

No	Statement	Value of Loading Factor	Status
6.	X2.1	0.795	Valid
7.	X2.2	0.875	Valid
8.	X2.3	0.822	Valid
9.	X2.4	0.665	Invalid
10.	X2.5	0.759	Valid
11.	X2.6	0.744	Valid
12.	Y1	0.724	Valid
13.	Y2	0.823	Valid
14.	Y3	0.853	Valid
15.	Y4	0.618	Invalid
16.	Z1	0.829	Valid
17.	Z2	0.889	Valid
18.	Z3	0.845	Valid

Source: Data processed using SmartPLS 3.0

From Table 1, it can be observed that the loading factor values for X1.3, X2.4, and Y4 are 0.654, 0.645, and 0.618, respectively. These statements are deemed invalid as they have loading factors < 0.7. Therefore, deletion is necessary for the invalid statements. The following are the loading factor values after deletion:

Table 2. Loading Factor Values After Deletion

No	Statement	Value of Loading Factor	Status
1.	X1.1	0.864	Valid
2.	X1.2	0.864	Valid
3.	X1.4	0.837	Valid
4.	X1.5	0.849	Valid
5.	X2.1	0.821	Valid
6.	X2.2	0.884	Valid
7.	X2.3	0.818	Valid
8.	X2.5	0.778	Valid
9.	X2.6	0.743	Valid
10.	Y1	0.780	Valid
11.	Y2	0.835	Valid
12.	Y3	0.849	Valid
13.	Z1	0.827	Valid
14.	Z2	0.889	Valid
15.	Z3	0.848	Valid

Source: Data processed using SmartPLS 3.0

Based on Table V.2, after going through the deletion stage for items with invalid statements, it can be observed that the loading factor values for all statements are above 0.7, indicating that they can be considered valid. In addition to examining loading factor values, in the measurement of convergent validity, there is another parameter, namely the threshold for Average Variance Extracted (AVE) values. According to Sholihin & Ratmono (2020:86), the threshold for Average Variance Extracted (AVE) is 0.5. The following are the AVE values:

Table V.3 Average Variance Extracted (AVE)

No	Statement	Value of AVE	Status
1.	Sales Promotion	0.729	Valid
2.	Hedonic Shopping Value	0.656	Valid

3.	Impulse Buying	0.676	Valid
4.	Positive Emotion	0.731	Valid

Based on Table V.3, it can be seen that the Average Variance Extracted (AVE) values for all variables are greater than 0.5, indicating that all variables can be considered valid.

4.1.2 Discriminant Validity Test

According to Sohilin & Ratmono (2020:46), two approaches are used to assess discriminant validity: cross loadings and the Fornell-Larcker criterion, which compares Average Variance Extracted (AVE) to the correlations between constructs. Additionally, the loading of indicators on the measured construct should be greater than the loading on other constructs. The following are the results of the discriminant validity test in the table:

Table V. 4 Square Root of AVE Values and Latent Variable Correlations

	X1	X2	Y	Z
X1	(0,854)	0,672	0,693	0,620
X2	0,672	(0,810)	0,711	0,770
Y	0,693	0,711	(0,822)	0,735
Z	0,620	0,770	0,735	(0,855)

Based on Table V.4, it can be observed that the square root of AVE values is greater than the correlations between latent variables. Therefore, it can be concluded that all variables are considered valid, indicating that the discriminant validity test is valid.

4.2 Reliability Test

Reliability testing in PLS can use two methods: Cronbach's Alpha and Composite Reliability. Cronbach's Alpha measures the lower limit of the reliability value of a construct, while Composite Reliability measures the actual value of the reliability of a construct. The rule of thumb for Cronbach's Alpha or Composite Reliability is that it should be greater than 0.7 (Hair et al., 2008, as cited in Abdillah and Hartono, 2015:196).

Table V. 5 Cronbach's Alpha and Composite Reliability

No	Variable	Cronbach's Alpha	Composite Reliability	Status
1	<i>Sales Promotion</i>	0,876	0,915	Reliable
2	<i>Hedonic Shopping Value</i>	0,868	0,905	Reliable
3	<i>Impulse Buying</i>	0,759	0,862	Reliable
4	<i>Positive Emotion</i>	0,817	0,891	Reliable

Based on Table V.5, it can be stated that the values of Cronbach's Alpha and Composite Reliability for all variables are reliable as they have values greater than 0.7. The highest Cronbach's Alpha value is 0.876 for the sales promotion variable, and the lowest Cronbach's Alpha value is 0.759 for the impulse buying variable. The highest Composite Reliability value is 0.915 for the sales promotion variable, and the lowest Composite Reliability value is 0.862 for the impulse buying variable.

4.3 Description of Respondents' Perception

The measurement scale used in this research is the Likert scale. The Likert scale employs a 5-point scale to gauge subjects' responses. The following is the Likert scale rating table:

Table V.6 Table PeValue of an Scale Likert

Kode	Note	Score
SS	Totally agree	5
S	Agree	4
N	Neutral	3
TS	Disagree	2
STS	Totally disagree	1

Table V.7 Categories of research variables

Scale	Score	Sales Promotion	Hedonic Shopping Value	Impulse Buying	Positive Emotion
5	4,20-5,00	Very interesting	Very High	Very Sering	Very High
4	3,40-4,19	Interesting	High	Sering	High
3	2,60-3,39	Quite interesting	Quite High	Quite often	Quite High
2	1,80-2,59	less interesting	Low	infrequently	Low
1	1,00-1,79	Very Unattractive	Very Low	Very infrequently	Very Low

Source : Primary Data Processed (2023)

4.3.1 Sales Promotion

Table V. 8 Respondents' Perception Score on Sales Promotion Variables

No	Item Statement	Average Score	Kategori
1	I think Vinct Stuff often promotes on social media.	4,56	Very interesting
2	I think Vinct Stuff has an interesting way of promotion.	4,54	Very interesting
3	In my opinion, Vinct Stuff promotes according to the target market with the video content presented	4,52	Very interesting
4	I think Vinct Stuff does promotions on big days, for example twin date campaigns (1.1; 2.2; etc.) and pay day sales (25-27th)	4,53	Very interesting
Average Score Total		4,53	Very interesting

Source: Primary Data Processed (2023)

Based on the data in Table V.8, it can be observed that the variable 'sales promotion' has an average score of 4.53, indicating that it falls into the category of 'very attractive' according to the predetermined variable scores. It can be concluded that sales promotion at Vinct Stuff is very appealing.

4.3.2 Hedonic Shopping Value

Table V. 9 Score Respondents' Perception of Hedonic Shopping Value Variables

No	Item Statement	Average Score	Category
1	I feel good while shopping.	4,20	Very high
2	When I shop for Vinct Stuff products I feel happier.	4,24	Very high
3	I bought Vinct Stuff products because I want to get the best product.	4,41	Very high
4	I bought Vinct Stuff products so I could interact with others.	4,19	High
5	I made a purchase of Vinct Stuff products because I wanted to follow the trend.	3,53	High
Average Score Total		4,11	High

Source: Primary Data Processed (2023)

Based on the data in Table V.9, it can be observed that the variable 'hedonic shopping value' has an average score of 4.11, indicating that it falls into the 'high' category. It can be concluded that the hedonic shopping value among Vinct Stuff consumers is high.

4.3.3 Structural Model Testing (Inner Model)

According to Abdillah and Hartono (2015:197), the structural model in Partial Least Squares (PLS) is evaluated using R² for dependent constructs, path coefficient values, or t-values for each path to test the significance between constructs in the structural model. The following are the R² values processed using Smart PLS:

Table V. 10 Value R²

No	Variable	Value of R ²
1	<i>Impulse Buying</i>	0,646
2	<i>Positive Emotion</i>	0,612

Based on Table V.10, it can be observed that the R² value for the impulse buying variable is 0.646. This indicates that 64.6% of the variance in impulse buying can be explained by the variables sales promotion and hedonic shopping value, while the remaining 35.4% is explained by other variables outside the research model. The R² value for the positive emotion variable is 0.612, suggesting that 61.2% of the variance in positive emotion can be explained by the variables sales promotion and hedonic shopping value, with the remaining 38.8% explained by other variables outside the research model.

4.4 Mediation Effect Test

The mediation effect test examines the relationship between an exogenous variable and an endogenous variable through a mediating variable. The path coefficient scores or inner model, presented by the t-statistic, should be greater than 1.96 for two-tailed hypotheses or greater than 1.64 for one-tailed hypotheses for hypothesis testing at a 5% alpha level with 80% power (Abdillah and Hartono 2016:62). The bootstrapping procedure used involves a subsample of 500.

In summary, this test assesses the significance of the mediating effect, determining whether the mediating variable plays a significant role in the relationship between the exogenous and endogenous variables.

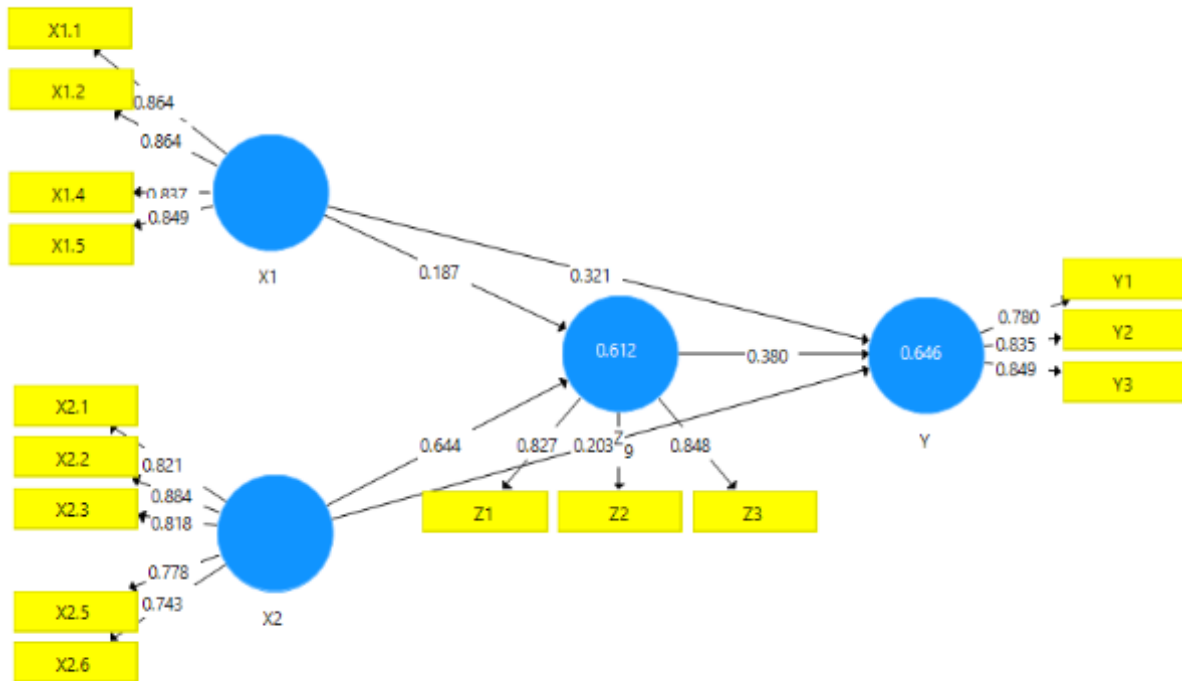


Figure. 2

4.5 Direct Effect Estimation

Direct effect estimation is conducted to determine the direct influence between the variables sales promotion and hedonic shopping value on impulse buying.

Table V. 11 Direct Effect Estimation Results

No	Hypothesis	Original Sample	T-Statistic	P-Values	Note
1	X1 - Y	0,321	3,428	0,001	Significant
2	X2 - Y	0,203	1,798	0,073	Insignificant
3	X1 - Z	0,187	2,227	0,026	Significant
4	X2 - Z	0,644	8,096	0,000	Significant
5	Z - Y	0,380	3,871	0,000	Significant

Source: Primary Data Processed by SmartPLS3.0

Note :

X1 = Sales Promotion

X2 = Hedonic Shopping Value

Y = Impulse Buying

Z = Positive Emotion

4.5 Estimasi Indirect Effect

Indirect Effect Estimation is conducted to understand how the variable positive emotion mediates the influence of the variables sales promotion and hedonic shopping value on impulse buying.

Table V. 12 Results of Indirect Effect Estimation

No	Hypothesis	Original Sample	T-Statistic	P-Values	Note
1	X1 - Z - Y	0,071	2,027	0,043	Significant
2	X2 - Z - Y	0,245	3,389	0,001	Significant

Source : Primary Data Processed by SmartPLS3.0

Note :

X1 = Sales Promotion

X2 = Hedonic Shopping Value

Y = Impulse Buying

Z = Positive Emotion

4.6 Hypothesis Testing

4.6.1 Hypothesis Testing of Sales Promotion on Impulse Buying for Vinct Stuff Products.

Hypotheses:

H01: Sales promotion has no effect on impulse buying for Vinct Stuff products.

Ha1: Sales promotion has an effect on impulse buying for Vinct Stuff products.

Decision Criteria:

If p-values ≤ 0.05 ($\alpha = 5\%$), then H0 is rejected, and Ha is accepted.

If p-values > 0.05 ($\alpha = 5\%$), then H0 is accepted, and Ha is rejected.

Decision:

Based on Table V.11, the t-statistic value for sales promotion on impulse buying is 3.428, indicating that the t-statistic is greater than 1.96, meaning the direction of the relationship between sales promotion and impulse buying is significant. The p-value for sales promotion to impulse buying is 0.001, which is less than 0.05. Therefore, H0 is rejected, and Ha is accepted, implying that sales promotion has a significant effect on impulse buying for Vinct Stuff products. This suggests that higher sales promotion efforts will increase impulse buying behavior for Vinct Stuff products. This finding aligns with Devi & Jatra (2020), indicating that sales promotion influences impulse buying.

4.6.2 Testing the Hypothesis of Hedonic Shopping Value on Impulse Buying for Vinct Stuff Products.

Hypotheses:

H02: Hedonic shopping value has no effect on impulse buying for Vinct Stuff products.

Ha2: Hedonic shopping value has an effect on impulse buying for Vinct Stuff products.

Decision Criteria:

If p-values ≤ 0.05 ($\alpha = 5\%$), then H0 is rejected, and Ha is accepted.

If p-values > 0.05 ($\alpha = 5\%$), then H0 is accepted, and Ha is rejected.

Decision:

Based on Table V.11, the t-statistic value for hedonic shopping value on impulse buying is 1.798, indicating that the t-statistic is less than 1.96, meaning the direction of the relationship between hedonic shopping value and impulse buying is not significant. The p-value for hedonic shopping value to impulse buying is 0.073, which is greater than 0.05. Therefore, H0 is accepted, and Ha is rejected, indicating that the level of hedonic shopping value among Vinct

Stuff consumers does not significantly influence impulse buying behavior for Vinct Stuff products. This result contradicts Ulul Fauzi, Welsa, & Susanto (2019) but aligns with Sari & Hermawati (2020), suggesting that hedonic shopping value does not affect impulse buying.

4.6.3 Testing the Hypothesis of Sales Promotion on Positive Emotion for Vinct Stuff Products.

Hypotheses:

H03: Sales promotion has no effect on positive emotion for Vinct Stuff products.

Ha3: Sales promotion has an effect on positive emotion for Vinct Stuff products.

Decision Criteria:

If p-values ≤ 0.05 ($\alpha = 5\%$), then H0 is rejected, and Ha is accepted.

If p-values > 0.05 ($\alpha = 5\%$), then H0 is accepted, and Ha is rejected.

Decision:

Based on Table V. 11, the t-statistic value for sales promotion on positive emotion is 2.227, indicating that the t-statistic is greater than 1.96, meaning the direction of the relationship between sales promotion and positive emotion is significant. The p-value for sales promotion to positive emotion is 0.026, which is less than 0.05. Therefore, H0 is rejected, and Ha is accepted, suggesting that sales promotion significantly influences positive emotion among Vinct Stuff consumers. This implies that higher sales promotion efforts by Vinct Stuff will increase positive emotion among consumers for their products. This finding is consistent with Devi & Jatra (2020), indicating that sales promotion affects positive emotion.

4.6.4 Testing the Hypothesis of Hedonic Shopping Value on Positive Emotion for Vinct Stuff Products.

Hypotheses:

H04: Hedonic shopping value has no effect on positive emotion for Vinct Stuff products.

Ha4: Hedonic shopping value has an effect on positive emotion for Vinct Stuff products.

Decision Criteria:

If p-values ≤ 0.05 ($\alpha = 5\%$), then H0 is rejected, and Ha is accepted.

If p-values > 0.05 ($\alpha = 5\%$), then H0 is accepted, and Ha is rejected.

Decision:

Based on Table V.11, the t-statistic value for hedonic shopping value on positive emotion is 8.096, indicating that the t-statistic is greater than 1.96, meaning the direction of the relationship between hedonic shopping value and positive emotion is significant. The p-value for hedonic shopping value to positive emotion is 0.000, which is less than 0.05. Therefore, H0 is rejected, and Ha is accepted, suggesting that the level of hedonic shopping value among Vinct Stuff consumers significantly influences positive emotion. This means that higher levels of hedonic shopping value among consumers will increase positive emotion for Vinct Stuff products. This result is consistent with Ulul Fauzi, Welsa, & Susanto (2019), stating that hedonic shopping value influences positive emotion.

4.6.5 Testing the Hypothesis of Positive Emotion on Impulse Buying for Vinct Stuff Products.

Hypotheses:

H05: Positive emotion has no effect on impulse buying for Vinct Stuff products.

Ha5: Positive emotion has an effect on impulse buying for Vinct Stuff products.

Decision Criteria:

If p-values ≤ 0.05 ($\alpha = 5\%$), then H₀ is rejected, and H_a is accepted.

If p-values > 0.05 ($\alpha = 5\%$), then H₀ is accepted, and H_a is rejected.

Decision:

Based on Table V. 11, the t-statistic value for positive emotion on impulse buying is 3.871, indicating that the t-statistic is greater than 1.96, meaning the direction of the relationship between positive emotion and impulse buying is significant. The p-value for positive emotion to impulse buying is 0.000, which is less than 0.05. Therefore, H₀ is rejected, and H_a is accepted, suggesting that positive emotion significantly influences impulse buying among Vinct Stuff consumers. This implies that higher positive emotion levels among consumers will increase impulse buying for Vinct Stuff products. This finding aligns with Kwan (2016), stating that positive emotion affects impulse buying.

4.6.6 Testing the Hypothesis of Sales Promotion Affecting Impulse Buying with Positive Emotion as Mediation for Vinct Stuff Products.

Hypotheses:

H₀₆: Sales promotion has no effect on impulse buying with positive emotion as mediation for Vinct Stuff products.

H_{a6}: Sales promotion has an effect on impulse buying with positive emotion as mediation for Vinct Stuff products.

Decision Criteria:

If p-values in the indirect effect show non-significance, and p-values in the direct effect show significance or non-significance, then H₀ is accepted, and H_a is rejected (no mediation).

If p-values in the indirect effect show significance, and p-values in the direct effect show significance, then H₀ is rejected, and H_a is accepted with partial mediation.

If p-values in the indirect effect show significance, and p-values in the direct effect show non-significance, then H₀ is rejected, and H_a is accepted with full mediation.

5. Conclusion

The research conducted and outlined above aimed to investigate the influence of sales promotion and hedonic shopping value on impulse buying, with positive emotion as a mediating variable for Vinct Stuff products. The author obtained results from respondents through a Google Form, and the data were processed using SmartPLS 3.0 software. The conclusions drawn from this research are as follows:

- a. Sales promotion has a significant influence on impulse buying for Vinct Stuff products.
- b. Hedonic shopping value does not have a significant influence on impulse buying for Vinct Stuff products.
- c. Sales promotion has a significant influence on positive emotion for Vinct Stuff products.
- d. Hedonic shopping value has a significant influence on positive emotion for Vinct Stuff products.
- e. Positive emotion has a significant influence on impulse buying for Vinct Stuff products.
- f. Sales promotion has a partial mediating effect on impulse buying with positive emotion for Vinct Stuff products.
- g. Hedonic shopping value has a full mediating effect on impulse buying with positive emotion for Vinct Stuff products.

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THE IMPLEMENTATION OF GOOD CORPORATE GOVERNANCE PRINCIPLES IN BANK NTT

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ABSTRACT

Bank NTT is the sole financial institution operating within the NTT region, hence holding a monopoly over the regional banking sector. The application of GCG (Good Corporate Governance) is necessary to enhance banks' performance. Hence, the primary objective of this study is to examine the execution of effective corporate governance practices inside Bank NTT. This study aims to examine the fundamental tenets of effective corporate governance, encompassing transparency, accountability, responsibility, independence, and fairness. The research methodology employed in this study involves using documents, specifically secondary data sourced from the Bank NTT website. This dataset is anticipated to enable scholars to conduct an analysis of the five principles. The findings indicate that Bank NTT has successfully applied the principles of Good Corporate Governance (GCG). This is supported by the acquisition of the prestigious title of Top Bank in KBMI 1 Category 2022.

Keywords: Bank; Good Corporate Governance; Implementation

1. Introduction

A regional development bank operating in Indonesia, especially in the province of East Nusa Tenggara, is Bank NTT. The implementation of Organizational Governance in the banking sector aims to create stronger internal conditions for banks, improve bank operations, and also improve the ability of banks to effectively manage risks found.

Bank NTT consistently improves and enhances the implementation of GCG in accordance with its vision to become a healthy, strong, and trusted bank, as well as its four missions, namely as Pioneer of driving the people's economy, exploring potential sources of the region to be cultivated productively for the welfare of the people of NTT, increase Local Original Revenue Sources and optimizing the bank intermediation function through the collection and distribution of funds to the public in the form of credit to seek employment opportunities and business opportunities to increase the income of the people of NTT. The Bank has established a clear growth strategy that is accountable to shareholders. The Bank has also developed clear structures and responsibilities within the company to ensure effective and efficient management. Job descriptions are provided to all employees, and the functions of each department are clearly defined.

In terms of risk management, Bank NTT applies the principles of prudence and compliance with applicable regulations, both internally and externally. The bank is also committed to social responsibility and has implemented it well in its operational activities. Furthermore, the bank provides tolerable interest rates for loans and funds to the public, and provides opportunities for customers to provide feedback and opinions for the benefit of the bank.

The implementation of GCG in the banking sector is important to maintain the confidence of stakeholders, more specifically customers, and to ensure the stability and

competitiveness of the banking industry. Bank Indonesia has issued special regulations governing the implementation of GCG in commercial banks, which include various principles.

The problem formulations used based on the background of this research are as follows:

- a. How is the Implementation of the Principles of Good Corporate Governance at Bank NTT?
- b. Has Bank NTT implemented GCG thoroughly and effectively?

The theories used in the implementation of this research are the principles of GCG and the GCG implementation report at Bank NTT.

2. Literature Review

2.1 Good Corporate Governance

Good Corporate Governance (GCG) is a framework of principles adopted by a company to achieve its main goal, namely maximizing company value. More than just a set of guidelines, GCG reflects a company's commitment to improve its operational performance and enhance its contribution to its business environment. By integrating GCG principles into the structure and culture of the organization, the company aims to create an effective, transparent and accountable decision-making system.

The implementation of GCG is not only about achieving financial benefits, but also creating long-term value and maintaining the sustainability of the company amidst changing market dynamics. GCG principles include aspects such as responsibility, transparency and fiduciary duty to all stakeholders. Therefore, GCG is not just a regulation, but a commitment to run the company's operations with integrity and prioritize the interests of all parties.

By implementing GCG, the company not only creates a healthy and ethical internal environment, but also strengthens its position as an entity that makes a positive contribution to society and the environment. GCG principles provide a solid foundation for sustainable strategic decision-making and provide confidence to shareholders and other stakeholders.

There are several principles of GCG commonly referred to as TARIF (Transparency, Accountability, Responsibility, Independency, and Fairness). Transparency, to ensure the objectivity of doing business, companies must present important and relevant information in a way that is easily accessible and understandable to stakeholders. Companies must not only proactively disclose matters required by laws and regulations, but also proactively disclose all matters that are important to the decision-making process of shareholders, creditors, and other stakeholders.

In implementing the principle of transparency, there are several implementation guidelines that need to be considered. First, companies must provide information in a timely, adequate, clear, accurate and comparable manner and easily accessible to stakeholders in accordance with their rights. Second, information that must be disclosed includes but is not limited to the company's vision, mission, objectives and business strategy, financial status, management, composition and remuneration of controlling shareholders, the ratio of share ownership of board members and shareholders, the company's supervisory board and their families; other companies' risk management systems, internal supervision and control systems, GCG systems and their level of implementation and compliance, as well as important events that may affect the company's status. Third, the principle of openness adopted by the company does not reduce the obligation to comply with the company's confidentiality regulations in accordance with legal regulations, official secrecy and personal rights. Fourth, company policies must be made in writing and communicated proportionally to stakeholders (KNKG 2006).

Accountability in the context of Good Corporate Governance (GCG) is a crucial foundation in running company operations with integrity and responsibility. By strengthening accountability, companies can assure stakeholders that every step taken is based on a solid

foundation and will provide long-term benefits. In this regard, the company's board of directors and management play a key role in maintaining an optimal level of accountability. Decision-making processes should be transparent and open, ensuring that the interests of all parties are fairly covered. By building a strong foundation in terms of Good Corporate Governance, a company not only creates trust among stakeholders, but also maintains its reputation and credibility in the eyes of society. Thus, the implementation of GCG in a company is not only a regulatory requirement, but also a long-term investment to achieve sustainable performance.

Responsibility, the company complies with applicable laws and regulations and is responsible for its duties and roles to society. In this case, the company ensures that all parties comply with applicable regulations, is responsible for social activities, and maintains the sustainability of the company for the long term. The company carries out the implementation of social responsibility such as paying attention to the and the company's environment by determining sufficient preparation and implementation.

Independency, the company is able to make decisions objectively without being influenced by external interests and conflicts of interest. In addition, in carrying out its duties and functions, the company is expected to always comply with the articles of association and applicable laws and regulations. The importance of compliance with these regulations is not only to maintain credibility, but also to prevent domination and responsibility shifting between parties within the company. Thus, integrity and transparency in corporate decision-making can be well maintained.

Fairness, the company must pay attention to the interests of shareholders and other stakeholders based on the principle of fairness or fairness and equality to carry out the company's activities properly. In carrying out its duties, the company must not only prioritize profits for shareholders, but must also consider social impacts, the environment, and community welfare fairly. The company should also provide opportunities for stakeholders to express opinions for the benefit of the company and provide access to information on the principle of transparency. In addition, the Company should provide opportunities to accept employees, have a career, and implement tasks professionally without regard to differences in religion, ethnicity, race, gender, class, or physical condition of employees.

2.2 History of Bank NTT

Bank NTT was established in Kupang, East Nusa Tenggara in 1662 by WJ Lalamentik, Frans Seda, D. Paikun and J.L. Indradewa. Based on the Decree of the Minister of Finance and the Central Bank No. BUM 9-13// on 5 December 2012: BUM 9-13// dated February 5, 1962 concerning the Granting of Business License to PT Bank Pembangunan Daerah Nusa Tenggara Timur Bank NTT conducts its business activities with its domicile in Kupang, East Nusa Tenggara. In order to adjust to the provisions of Law No. 13 of 1962, Bank NTT changed its legal status to a Regional Company from a Limited Liability Company.

On February 4, 1998, Bank NTT again switched to a Limited Liability Company from a regional company based on the regulation of the Minister of Home Affairs No.1 of 1998. This change is stipulated in the Regional Regulation of the Province of East Nusa Tenggara Level I No.3 of 1990. Based on the data obtained, Bank NTT has implemented good corporate governance since 2010 as outlined in the 2011 annual report. In 2022 Bank NTT received the Top Bank in KBMI 1 Category 2022 award.

3. Research Methods

In this study, descriptive research with qualitative research methods was used. According to Satori and Komariah (2009) qualitative research is a method of revealing certain social situations through a true picture of reality, consisting of texts based on relevant data collection and analysis techniques obtained from natural situations. According to Creswell (2012),

qualitative research is a useful medium for exploring and understanding the meaning given by individuals or groups to a social or human issue.

Based on these two theories, there is compatibility with the content of the research, where this research seeks to understand the application of the principles of good corporate governance by exploring various appropriate data sources and consists of texts obtained from relevant sources. The data sources used come from secondary data in the form of journals, the NTT Bank website, and the General Guidelines for Good Corporate Governance in Indonesia issued by the National Committee on Governance Policy (KNKG) in 2006.

The technique of analyzing data in qualitative research methods aims to provide a description or explanation of a collection of relevant data that has been selected and will then be presented through written data. After the data is selected and presented, conclusions will be drawn. This conclusion is expected to summarize well all the explanations presented in this study.

4. Research Findings and Discussion

Bank NTT is a regional development bank operating in East Nusa Tenggara Province. Bank NTT has spread in every region in East Nusa Tenggara and is used by all NTT people, especially employees who work in East Nusa Tenggara. This bank has been established since 1662. People in NTT are of course familiar with this bank.

In its operation, Bank NTT uses Good Corporate Governance as a guideline in carrying out the duties and responsibilities of each party in the bank. Everyone has carried out and implemented the TARIF principles (Transparency, Accountability, Responsibility, Independency, and Fairness) in carrying out their respective responsibilities and duties. This is evidenced by the award received by Bank NTT as Top Bank in KBMI 1 Category 2022. with the implementation of GCG at Bank NTT, it is hoped that there will be good organizational management from Bank NTT.

4.1 Transparency

This principle relates to the financial reporting of an organization openly to the public so that the public can assess and supervise the performance of the parties in the organization. This principle also relates to the delivery of relevant information that can be useful to other parties such as stakeholders, creditors, and other parties. This information is expected to be presented in a timely manner so that it can be used in the decision-making process by interested parties.

In implementing the principle of transparency, Bank NTT refers to Financial Services Authority Regulation Number: 32/POJK.03/2016 dated August 08, 2016 concerning Amendments to Financial Services Authority Regulation Number: 06/POJK.03/2015 dated March 31, 2015 concerning Transparency and Publication of Bank Reports and also Financial Services Authority Circular Letter Number 43/SEOJK.03/2016 dated September 28, 2016 concerning Transparency and Publication of Conventional Commercial Bank Reports. These provisions help Bank NTT to maximize the implementation of the transparency principle.

Bank NTT uses three media as a means of disseminating company data and information, namely print media, television, and radio. Bank NTT disseminates information to the public through print media in the form of news and publication of financial reports. The dissemination of messages includes all Bank activities that need to be known by the public. In addition, Bank NTT also disseminates company data and information through printed documents in the form of annual reports, company profiles and brochures. At the same time, Bank NTT disseminates corporate data and information through television and radio in the form of broadcast spots/advertisements, local print media, online media, and Bank NTT information. This collaboration is a form of corporate accountability and transparency to stakeholders.

Regarding the principle of transparency, Bank NTT has implemented and carried out the principle of transparency well. Bank NTT always reports their financial information openly to the public. This financial information can be easily accessed by the public through the website of Bank NTT. Not only information related to financial statements, but other information that is material and also relevant. Bank NTT has also presented the financial statement information in a timely and complete manner. Through this timely information, interested parties can certainly use this information to make decisions on certain matters. This principle of transparency still pays attention to the provisions of Bank secrets, official secrets, and the personal rights of each party in accordance with applicable regulations. In addition to transparency relating to the presentation of financial statement information presented to the public, Bank NTT also implements transparency on the board of commissioners. Based on the 2022 Annual Report, it is submitted that members of the Bank's Board of Commissioners do not have shares in Bank NTT, other Banks, Non-Bank Financial Institutions, and in other companies that conduct business inside or outside the East Nusa Tenggara Province area.

4.2 Accountability

The principle of accountability relates to the principle of a company that must be able to account for its performance fairly and transparently. The management of the company must be carried out carefully, measured, and in line with the interests of the company itself, while taking into account the interests of shareholders and other parties who have related interests. The sustainability of this performance certainly cannot be separated from the concept of accountability, which is the main prerequisite in maintaining integrity and ensuring that every action and decision of the company can be accounted for clearly and comprehensively. Thus, a company that applies these principles can be expected to achieve long-term success, create added value, and maintain harmonious relationships with all parties involved in the company's ecosystem.

Bank NTT has implemented this accountability principle well. This success is reflected in the strategy adopted by Bank NTT regarding the growth of the financial institution. This strategy not only provides significant growth, but is also able to be clearly accounted for to shareholders. Effective management is one of the tangible proofs of the application of the principle of accountability in this company. The importance of accountability is also reflected in the clarity of the organizational structure and accountability system at Bank NTT. The existence of a well-structured framework provides a foundation for the efficient implementation of company functions. Thus, each element in the organization has clearly defined responsibilities, thus creating a transparent and organized environment.

Furthermore, Bank NTT demonstrates a strong commitment to accountability through the implementation of detailed job descriptions for all employees. This helps to ensure that each team member understands their roles and responsibilities thoroughly. The creation of clear and detailed job descriptions provides a strong basis for objective performance evaluations based on standards approved by management. Not only that, Bank NTT also conducts regular performance appraisals of all officers and employees. This appraisal process is conducted with reference to the criteria set by management, thus providing an accurate picture of each individual's contribution to the company's objectives. Thus, Bank NTT not only runs its operations responsibly but also measures and evaluates the contribution of each member of its team on a regular basis. This overall approach creates an environment where accountability is at the heart of every aspect of Bank NTT's operations, ensuring sustainable growth and the long term success of the company.

4.3 Responsibility

The principle of responsibility relates to the principle of companies that must be responsible to the community and the environment around the company with the aim of maintaining the balance of the company. In this case, the company is required to be responsible and comply with the regulations that apply in the company. The regulations that apply in the company include the company's own regulations, laws and regulations that apply in the country where the company is established, and regulations regarding the articles of association. All company activities must preserve the environment and society.

Bank NTT has implemented the principle of responsibility well. The implementation of this principle is evident when the audit committee is responsible for implementing the rules for drafting, always evaluating company policies, as a coordinator in conducting meetings, conducting meetings regularly, attending meetings, and contributing to meetings and within the company. The credit committee also carries out its responsibilities to conduct meetings and discussions on credit proposals, collect information on credit, and make decisions on credit proposals.

The risk management committee carries out its responsibilities in drafting risk management regulations, improving the processes implemented by risk management, setting regulations and also business decisions for the company. There is also an information technology steering committee that carries out its responsibilities to supervise IT activities, develop IT regulations and standards, recommend IT planning, analyze IT effectiveness and efficiency, oversee IT performance, resolve IT problems that occur, and make suggestions regarding regulations and ways to improve IT.

4.4 Independency

The 2006 GCG Guidelines emphasize corporate independence to avoid domination and conflicts of interest. Bank NTT, in its 2022 annual report, committed to avoiding domination and remaining objective in decision-making. Bank NTT's Board of Commissioners, consisting of three people, has met the GCG requirements with more than 50% independent commissioners, including Samuel Djoh Despantsianus and Frans Gana. Bank NTT complies with OJK's definition of corporate governance, and the board of commissioners is free from financial, management, shareholding and family relationships with other members. The independence statements of independent commissioners, such as Juvenile Jodjana, Semual Djoh Despantsianus, and Frans Gana, indicate fulfillment of six aspects of independence, including having no affiliation with other members of the Board of Directors and/or Board of Commissioners of Bank NTT. Based on the Decree of the Board of Directors of PT Bank Pembangunan Daerah Nusa Tenggara Timur Number 67 of 2022, dated June 3, 2022, regarding the extension of the term of office of the members of the Board of Commissioners Committee of PT Bank Pembangunan Daerah Nusa Tenggara Timur, the composition of the Board of Commissioners Committee consisting of the audit, risk monitoring, and re-appointment committees was determined.

Bank NTT's audit committee, led by Samuel Djoh Despantsianus, DR. Markus Yohanis Hage, SH, MH, and Yohana Victoria Lerik Rebo, SE, MM, has met the requirements of independence, expertise, integrity, and morals in accordance with Bank NTT's Good Corporate Governance Guidelines. The audit committee members have also fulfilled the five aspects of independence, including not having management, share ownership, family relationships with the Board of Commissioners, Board of Directors, or fellow Audit Committee members, and not serving as political party administrators or local government officials.

The risk monitoring committee consists of an Independent Commissioner, an Independent Party financial expert, and an Independent Party risk management expert, in accordance with the provisions of the Financial Services Authority Regulation Number

55/POJK.03/2016 and the Decree of the Board of Directors of PT Pembangunan Daerah Nusa Tenggara Timur Number 89 of 2022. All members have met the criteria of independence, expertise, integrity, and good morals, including not having financial relationships, management in Bank NTT, share ownership in Bank NTT, family relationships with the Board of Commissioners, Board of Directors, or fellow Audit Committee members, and not serving as political party administrators or local government officials. The Remuneration and Nomination Committee consists of an Independent Commissioner, a Commissioner, and an Executive Officer who oversees human resources or employee representatives. This committee has complied with the five aspects of independence, including not having financial, management, share ownership in Bank NTT, family relationships with the Board of Commissioners, Board of Directors, or fellow members of the Audit Committee, and not serving as political party administrators or local government officials.

4.5 Fairness

The principle of fairness and equality means that the company must oversee the interests of shareholders and company stakeholders. In this case, stakeholders have the opportunity to express their opinions for the benefit of the company. Stakeholders also have the same rights to contribute to the running of a company. Company employees also get the opportunity from the company to carry out their role in the company without regard to differences in race, religion, ethnicity, gender, class, and physical condition.

In the implementation of the principles of fairness and equality, NTT bank implements reasonable work practices or does not coerce the implementation of obligations and performance in all operating NTT banks, NTT bank carries out certain reasonable transactions, NTT bank also has a commitment to be consistent in the implementation of corporate governance, all stakeholder needs will be considered by NTT bank in accordance with applicable principles, and stakeholders also have the opportunity to express their opinions for the sustainability of a company.

5. Conclusion

From the review of the 2022 financial statements regarding good corporate governance. It can be concluded that Bank NTT has implemented the five principles of good corporate governance. Transparency, where Bank NTT has presented material and relevant information to the public through the three media used. This information is needed by stakeholders to make decisions. Accountability, where Bank NTT has implemented strategies and rules that can be accounted for by all interested parties in the company. Responsibilities, where Bank NTT has carried out its responsibilities to society and also the environment around the company to maintain compliance with regulations. Independence, Bank NTT in the implementation of the board of commissioners and committees has fulfilled the independence aspect in accordance with the Financial Services Authority Regulations and the Standards set by the company and Fairness, where the company oversees every interest of shareholders and also company stakeholders. This proves that Bank NTT has implemented the principles of governance very well by Bank NTT, this is supported by in 2022 Bank NTT received the Top Bank in KBMI 1 Category 2022 award.

The limitation of this research is that researchers only obtain data and analyze the contents of the Annual Report data, especially in 2022, which is presented on the official website of Bank NTT due to distance and time that do not allow researchers to conduct research directly. Researchers hope that the contents of this study can be of benefit to readers and hope that this research can continue to be developed by other parties. In addition, researchers hope that further research can be carried out through direct research by interviewing parties from Bank NTT and also making observations of corporate governance implemented at Bank NTT.

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THE EFFECT OF DISTINCTIVE CAPABILITY AND CONSUMER REQUIREMENT ON VALUE CREATION

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ABSTRACT

This study aims to investigate the direct influence of distinctive capability and consumer requirements on value creation in private universities in the LLDIKTI Region II area. The method used is Partial Least Squares Structural Equation Modeling (PLS-SEM) to analyze the relationship between these variables. The results showed that distinctive capability and understanding of consumer needs play an important role in improving value creation in higher education. The college's distinctive capability has a positive impact on the institution's image and attractiveness in the eyes of prospective students and stakeholders. In addition, by meeting consumer demands, universities can create higher value through innovation, superior services, and unique benefits. The findings provide a strong foundation for universities to focus on developing special capabilities and meeting consumer needs to improve marketing performance. This research makes a valuable contribution to understanding the factors that influence college marketing and provides guidance for strategic decision-making in educational institutions.

Keywords: university; distinctive capability; consumer requirement; value creation

1. Introduction

The quality of human resources plays a crucial role in the development of a nation, and efforts to improve it through education are key to progress (Hariyadi, 2015). Investment in education is increasingly in demand, especially by business people, who see it as a profitable industry both financially and socially. Education provides an opportunity that is enough to attract the attention of business people to invest their capital in education, which is characterized by the emergence of new private educational institutions. Educational institutions are institutions engaged in noble industries that carry out dual missions, namely profit and social (Yildiz and Kara, 2017). Furthermore, Durkin et al. (2016) state that some practitioners in the world of education argue that education has become a good service business and does not recognize the term crisis. In fact, some countries make efforts to organize education to attract students from outside to increase the country's income.

Along with globalization, trade in the education service sector has also become increasingly important, driving intense competition on an international scale (Lovelock and Wright, 1999). Indonesia has responded to this global competition by regulating the national education system and the higher education system into legislation on the National Education System (Sisdiknas) Number 20 of 2003 which emphasizes equitable access, quality, relevance, and governance of education (Aisyah, 2017). Specifically for the implementation of higher education, it is based on Law No. 12/2012 which regulates the higher education system in Indonesia, including the order of higher education. Higher education is currently managed professionally with a focus on education quality and internal and external stakeholder satisfaction (Ginting and Haryati, 2012; Yeo, 2016).

Quality human resources are the main capital in the development of a nation, and efforts to improve them through education are the key to progress (Ningsih et al., 2022). The importance of the quality of human resources in nation building is closely related to students as the main stakeholders in the world of higher education. Students are the most interested in achieving the goals of higher education, and their satisfaction in the learning process is very important (Setiawan and Ayuningtyas, 2023). Student satisfaction includes aspects such as teaching quality, access to educational resources, and self-development opportunities (Elliott and Shin, 2002). Universities that are able to fulfill students' consumer requirements, such as the provision of a relevant curriculum, good academic support, and adequate facilities, will create a satisfying educational experience and increase the value provided to students.

Meanwhile, investment in education is increasingly in demand by businesses who understand that universities are places where quality human resources can be formed (Tomlinson, 2018). Universities that have distinctive capabilities in producing graduates who are ready to work and meet the needs of the labor market are the destination of business investment. Businesses also engage in partnership efforts with universities to develop programs that are in line with industry needs. This creates a win-win situation where universities get financial support and access to resources, while businesses get access to quality talent produced by universities (Ankrah and AL-Tabbaa, 2015).

Thus, in the context of higher education, professional management with a focus on educational quality, student satisfaction, and collaboration with businesses are key elements in achieving sustainable value creation. Universities that are able to integrate their distinctive capabilities with the needs of students and the demands of the job market will have an important role in creating quality human resources that contribute to nation building.

The importance of distinctive capability and consumer requirements in the world of higher education, which is currently very competitive, makes this research interested in further examining this relationship. Therefore, this research was conducted with the aim of knowing the direct effect of distinctive capability and consumer requirements on value creation in private universities in the context of LLDIKTI Region II. The results of this study are expected to provide valuable insights for universities in developing more effective marketing strategies, increasing student satisfaction, and strengthening their reputation in the competitive higher education market.

2. Literature Review

The main focus today is on the quality of education and stakeholder satisfaction, both internal and external. Quality human resources are the main capital in the development of a nation, and education is considered the main key to achieving progress (Obi, 2015). Businesses are also increasingly understanding the importance of investing in education (Baihaqqy et al., 2020), seeing it as a financially and socially beneficial industry.

In higher education, students are the main stakeholders. The success of higher education in achieving its goals is highly dependent on student satisfaction. According to Marthalina (2018) improving the quality of higher education must be carried out by educational institutions and all related stakeholders, whether organized by the government or private institutions (Langrafe et al., 2020). This success includes the quality of teaching, access to educational resources, self-development opportunities, and various other aspects that affect students' educational experience. Universities that are able to meet students' demands and needs, such as relevant curricula, adequate academic support, and adequate facilities, will create a satisfying educational experience and increase the value provided to students.

In an effort to win the competition in the world of education, the main key is the ability of universities to provide superior value and understand the needs and conditions of students. Value creation should be based on the consumer's point of view, with efforts to create additional

benefits, improve consumer assessments of benefits, and influence consumer decisions in terms of payment and decision making (Mahajan, 2020). Therefore, value creation in education involves not only the process of value creation, but also intensive communication and the resulting positive quality image. Furthermore, Kotler and Keller (2016) explains that "value creation" is part of the concept of "Holistic Marketing", where "value creation" (creating new value offerings) is integrated with "value exploration" (identifying new value) and "value delivery" (utilizing capabilities and infrastructure to provide new value offerings).

The concept of value creation in education can be described in two key dimensions: customer focus and business domain. Customer focus refers to universities' efforts to increase the value of benefits provided to students (Setiawan and Ayuningtyas, 2023), such as relevant curriculum development and optimization of educational services. On the other hand, the business domain relates to the ability of universities to position themselves in competencies that create value for students and in improving the quality of their core capabilities (Darling-Hammond et al., 2020). This value creation is also strongly influenced by distinctive capabilities and consumer requirements (Lemon and Verhoef, 2016).

Business investment in education is increasing due to the understanding that universities have distinctive capabilities in producing graduates who are ready to work and meet the needs of the labor market. In the view of resource-based theory presented by Barney and Clark (2016), it is explained that distinctive capabilities are attributes of an organization that allow it to pursue strategies that are more effective and efficient than other organizations. The prevailing view of resource-based strategies is that resources and organizational capabilities are an important part of strategy formulation (Lubis, 2022). Or it can be said that Distinctive capability is a combination of resources and unique capabilities owned by the college, creating a competitive advantage and unique value for students. This includes special capabilities that identify organizational advantages and expand the creation of new benefits (Ciptagustia and Kusnendi, 2019).

On the other hand, consumer requirements refer to the expectations, wants, and needs of students that must be met by universities. Consumer requirements can cover various aspects, including product or service quality, price, availability, convenience, customer support, reliability, safety, innovation, and many other factors (Munawaroh and Simon, 2023). This reflects what consumers consider important in choosing or using a particular product or service, as well as how they expect the experience to be. Success in meeting students' demands will create positive value in their perception of higher education (Gray and Diloreto, 2016). According to, IFAC (2020) an in-depth understanding of the internal and external factors that influence consumer demands is essential in successful value creation. Thus, managing value creation performance is key to the survival and competitive advantage of universities in education.

This research develops a number of indicators to measure value creation on both dimensions, customer focus and business domain (Sjödin et al., 2020), which are in accordance with existing theories. These include management's efforts in enhancing value benefits, value optimization, curriculum renewal, as well as the college's position in competencies and business networks (Rowland et al., 2020). This study aims to examine the effect of the relationship between distinctive capability and consumer requirements in increasing value creation in private universities in LLDIKTI Region II. Furthermore, based on the explanation of the literature review above, a hypothesis can be formulated in this study, namely distinctive capability and consumer requirements have a significant effect on value creation.

3. Research Methods

This research focuses on testing the variables of distinctive capabilities, customer requirements and value creation in the context of private universities in the Higher Education

Service Institution Region II in 2023. Data for this study were obtained from secondary sources, such as the Forlap Dikti website and scientific publications, as well as primary data collected through questionnaire instruments. The dimensions that become indicators in this research variable include special capabilities considering the dimensions of tangible resources, intangible resources and organizational capabilities. Consumer requirement variables are based on the fulfillment of demands for higher education quality, demands for employment opportunities and demands for campus location. Finally, the constructs that will be used as a measuring tool for value creation are based on customer focus and business domain. Primary data collection was conducted through surveys and questionnaires distributed directly to respondents, including rectorate officials, public relations officials, and students at private universities in the region. This study took a sample of 95 active universities in the region, taking into account that most of the universities are located in the provincial capitals of Bandar Lampung City and Palembang City, which are the main research objects. This data will be used to analyze the influence of various factors on the value creation of universities in the face of intense competition in higher education.

To identify the correlation between distinctive capabilities and consumer requirements on value creation, a quantitative approach is needed. Specifically, Partial Least Squares (PLS) method is used as an analytical tool. The use of PLS-SEM allows this research to measure and analyze the relationship between complex variables in the conceptual framework that has been described. This study also combines confirmatory factor analysis (CFA) and structural equation modeling (SEM). CFA aims to statistically test the ability of the factorial model to reproduce the data obtained and the reliability and validity of the measurement scale. SEM analyzes the correlations proposed in the theoretical model, identifies the significance and degree of relationship between variables and the significance of the overall model. Based on the objectives to be achieved in this study and the use of information obtained in the form of Likert scales, the technique applied is appropriate. SEM can be shown as a combination of factor analysis, regression analysis, and path analysis (Gunarto, 2013; Hair, et.al, 2014). In this study, a two-step technique was used to analyze the data. The first step was to check construct validity, reliability, convergent validity, and discriminant validity. In the second step, a structural model was developed to test the hypotheses. The SEM equation model built in this study based on the formulation of the problem and theoretical and empirical studies is shown in equation 1.

$$VC = \beta_0 + \beta_1 DC + \beta_2 CR + e \quad (1)$$

Where VC is value creation as the dependent variable. As well as independent variables consisting of DC or distinctive capabilities and CR, namely consumer requirements. Meanwhile, $\beta_{0,1,2}$ shows the coefficient of the independent variable constant. Finally, “e” is the standard error in the research model.

4. Research Findings and Discussion

Based on the data processing steps with the PLS-SEM method which consists of two main steps, this study presents the results of the measurement model evaluation which is very relevant and important to understand the validity and reliability of the constructs used as a critical step by ensuring that the measuring instrument used is appropriate and reliable. The first step that has been done is to check the internal consistency of the construct and convergent validity. This was followed by testing discriminant validity using cross loading and Fornell Lacker Criteria.

The results of this evaluation show that all constructs have strong internal consistency, with Cronbach's alpha and CR values exceeding the recommended thresholds of $\alpha > 0.60$ and $CR > 0.70$, the results of which are shown in Table 1. In addition, we also evaluated the

convergent validity of our construct measures. Convergent validity is examined through Outer Loading (OL) and Average Variance Extracted (AVE). The evaluation results in Table 1 show that all constructs have good convergent validity, with OL values exceeding 0.50 and AVE greater than 0.50. Then the measurement model evaluation results obtained are very satisfactory outer loading, AVE, CR, and Cronbach's Alpha values for the SEM-PLS model. In other words, the criteria for internal consistency and convergent validity are met.

Table 3 Convergent Validity and Construct Reliability

Item Description	Outer Loading	AVE	CR	Cronbach's Alpha
DC11	0.722	0.553	0.917	0.898
DC12	0.775			
DC13	0.810			
DC21	0.688			
DC22	0.778			
DC23	0.787			
DC31	0.657			
DC32	0.696			
DC33	0.762			
CR11	0.822			
CR12	0.815			
CR13	0.810			
CR21	0.850			
CR22	0.852			
CR23	0.798			
CR31	0.845			
CR32	0.744			
CR33	0.684			
VC11	0.802	0.626	0.909	0.88
VC12	0.792			
VC13	0.821			
VC21	0.826			
VC22	0.779			
VC23	0.724			

Source: SEM-PLS estimation output (2023)

Furthermore, Discriminant validity testing is measured by the value of cross loading and Fornell Lacker Criteria ($\sqrt{AVE Y_i} > \text{Correlation } Y_i, Y_j$). In Table 4, it can be seen that each row of the matrix produced construct \sqrt{AVE} values that have a value greater than the correlation values of two different constructs. It is also concluded that the discriminant validity of the SEM-PLS model is met.

Table 4 Cross Loading and Furnell Lacker Criteria Results

Cross Loading			
Item Description	DC	CR	VC
DC11	(0.722)	-0.032	-0.098
DC12	(0.775)	-0.046	-0.272
DC13	(0.810)	0.020	-0.046
DC21	(0.688)	-0.043	-0.013

DC22	(0.778)	-0.072	-0.020
DC23	(0.787)	0.078	-0.077
DC31	(0.657)	0.001	0.205
DC32	(0.696)	-0.050	0.222
DC33	(0.762)	0.133	0.149
CR11	0.108	(0.822)	-0.109
CR12	-0.025	(0.815)	0.000
CR13	0.092	(0.810)	-0.144
CR21	-0.111	(0.850)	0.085
CR22	-0.055	(0.852)	0.076
CR23	0.045	(0.798)	-0.046
CR31	0.065	(0.845)	-0.077
CR32	-0.043	(0.744)	0.148
CR33	-0.089	(0.684)	0.088
VC11	0.246	-0.039	(0.802)
VC12	0.376	0.047	(0.792)
VC13	-0.198	-0.017	(0.821)
VC21	-0.047	-0.051	(0.826)
VC22	-0.229	0.041	(0.779)
VC23	-0.161	0.025	(0.724)
Fornell Lacker Criteria			
DC	(0.743)	0.145	0.725
CR	0.145	(0.804)	0.218
VC	0.725	0.218	(0.791)

Source: SEM-PLS estimation output (2023)

The second step in data processing with the SEM PLS method is the evaluation of the structural model consisting of the coefficient of determination analysis and path diagram analysis or path equation. The results of the path diagram measurement model formulation obtained from processing with the SEM PLS method are shown in Figure 1 and summarized in Table 3 and Equation 2.

Table 5 Analysis of the Effect of Exogenous Constructs on Endogenous Constructs Based on Path Diagram

Hypothesis Path	Estimation	P-value	Result
H ₁ : DC -> VC	0.716	<0.001*	Significant
H ₂ : CR -> VC	0.118	0.047*	Significant

Note: * denotes the two-tail statistical significance at 5%.

Source: SEM-PLS estimation output (2023)

From the results of processing the path diagram, the research model can be formulated into an equation, which in this case is presented in equation 2.

$$VC = 0.716 DC + 0.118 CR + e , \quad R^2 = 0.550 \quad (2)$$

The results of the coefficient of determination (R-Square, R²) of the first model obtained 0.550, means that the diversity of endogenous constructs of value creation that can be explained by the exogenous constructs of distinctive capabilities and consumer requirements

simultaneously is 55.0% and the remaining 45.0% is explained by other constructs that are not included in which is represented by structural error.

The hypothesis results shown in Table 3 show the results of hypothesis testing in the direct relationship of several constructs. From the formulated hypotheses, all hypotheses are significant with p-value <0.05. In the structural equation, the test found that there is a direct effect of distinctive capabilities as shown by the positive coefficient value of 0.176 which is significant. In addition, the results also show that there is a positive and significant direct influence of consumer requirements on value creation with a coefficient of 0.118.

5. Discussion

Based on the presentation of the research results above, there are several important findings in this study. It was found that distinctive capabilities have a significant direct effect on value creation. This result indicates that the higher the distinctive capabilities of an entity or organization, the greater the contribution in creating added value or value creation. Distinctive capabilities include unique capabilities that differentiate an organization from its competitors (Arraya, 2022). In this context, when an organization is able to optimize its distinctive capabilities, this can have a positive impact on its ability to create innovative and competitive added value. Based on these results, universities need to focus more efforts on developing and promoting the aspects that make them unique and more attractive to prospective students and stakeholders. The results found are in line with the results of research Lemon & Verhoef (2016) and Rajapathirana & Hui (2018) which state that value creation is also strongly influenced by distinctive capabilities and consumer requirements. It is also intended that special capabilities identify organizational strengths and expand the creation of new benefits (Ciptagustia and Kusnendi, 2019).

Other findings show that consumer requirements have a positive and significant direct influence on value creation. The positive coefficient indicates that a good understanding of consumer demands and needs enables an entity or organization to create added value. This result illustrates that when an organization effectively understands consumer demands, it tends to be able to create added value that is better and relevant to consumer expectations (Porter, 2011; Grundy, 2012). Thus, it is important for universities to continuously monitor and respond to market needs by offering programs, services, or additional benefits that match stakeholder expectations. These findings support the assertion that success in meeting students' demands will create positive value in their perception of the college (Gray and Diloreto, 2016).

These results noted the importance of paying attention to distinctive capabilities and understanding consumer demands in the context of creating added value. Distinctive capabilities help organizations differentiate themselves from competitors, while a deep understanding of consumer demands ensures that the value created is relevant and meets market needs. In developing a business or marketing strategy, organizations should consider these factors in order to create strong and sustainable added value. This can also help organizations to maintain a competitive advantage and increase competitiveness in the market.

6. Conclusion

The result of this study is that distinctive capabilities and understanding of consumer needs play an important role in achieving good marketing performance in the context of higher education. This indicates that the distinctive capabilities possessed by universities have a positive impact on marketing performance, strengthening the image and attractiveness of the institution in the eyes of prospective students and stakeholders. In addition, by meeting consumer demands, universities can generate higher value through innovation, superior services, and unique benefits. These results provide a strong foundation for universities to focus on developing specialized capabilities and meeting consumer needs in an effort to improve

their marketing performance. As such, this study makes a valuable contribution to understanding the factors that influence higher education marketing and provides guidance for strategic decision-making in educational institutions. This research was funded by a competitive research grant from the fundamental research scheme funded by the Ministry of Education and Culture

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THE ROLE OF SOCIAL MEDIA MARKETING AND PRIVACY CONCERN ON PERCEIVED RISK AND ONLINE PURCHASE BEHAVIOR IN FRESH MEAT PRODUCTS

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ABSTRACT

Many micro and medium businesses have gone bankrupt due to not keeping up with the times, especially regarding digitalization, at this time technological advances are developing very rapidly and are very influential in the economic sector. Fresh meat is a business that can be said to have kept up with the times in the aspect of digitization in sales. This research investigates the dynamics of consumer behavior in online marketplaces that sell fresh meat. By exploring the relationship between social media marketing strategies and consumer concerns regarding privacy, this study aims to explain the factors that influence risk perceptions associated with online transactions for fresh meat products. This study recognizes the sensitivity of fresh meat quality, where trust and assurance are crucial in consumer decision-making. This research utilizes quantitative methods, using surveys and data analysis to gain a holistic picture of consumer responses. By examining the interactions between variables, this study contributes valuable insights to academic literature and practical marketing strategies in the fresh meat sales industry. Understanding how social media and privacy considerations jointly influence consumer perceptions and behavior, provides a foundation for designing effective marketing with online platforms, which promotes increased trust and confidence in online fresh meat purchases.

Keywords: Social Media Marketing Strategy, Privacy Concern, Perceived Risk, Online Purchase Behavior

1. Introduction

The number of companies around 30 million micro and medium enterprises has gone bankrupt due to not digitizing. They feel they don't need to follow the times because they feel enough, even though times will continue to develop and make updates (Lardón-López et al., 2022). A rapidly developing era can be marked by technological progress. Technological advances are able to have an influence in various sectors, including the economic sector (Lardón-López et al., 2022). This is proven by the ease of carrying out online transactions which can increase production which can be profitable for the company. Transaction activities can be carried out by utilizing social media as a media marketing strategy. Social media is believed to be able to provide significant benefits and influence public decisions (Hamid et al., 2022). Using social media involves personal data information registered on the account. So, privacy concerns become one of the important things for users to be comfortable in using social media. Cases of misuse of personal data raise privacy concerns (Kronemann et al., 2023).

The ease of making online transactions means customers accept the perceived risk that might occur. Shopping online requires managing the consumer experience to form positive buyer perceptions (Marikyan et al., 2023). So that it can increase the possibility of people making purchases online. Especially the younger generation has a tendency to carry out online transactions or online purchase behavior (Adeola et al., 2021)

Fresh Meat is a brand that was founded in 1980 and operates in the field of processed meat products. Fresh Meat was founded because it saw the opportunity that during this

pandemic more and more people were doing their activities online and tended to minimize outdoor activities, so the company saw this as an opportunity to meet the needs of people who like snacks. With the company's target market aged 10-40 years, both men and women in the cities of Surabaya, Denpasar, Cepu and Tuban. This company sells various kinds of typical Indonesian snacks such as glass chips, basreng, macaroni and fried onions. The variables studied certainly have useful indicators to help measure the changes that occur. Each variable studied is social media marketing strategy, privacy concern, perceived risk, online purchase behavior. With the following research instrument:

Table 1. Confirmation of Factor Analysis

Variable	Code	Items	Source
<i>Social Media Marketing Strategy</i>	X 1.1	<i>social media</i> makes everything easier.	(Manzoor et al., 2020)
	X 1.2	Enthusiasm for seeking information on social media	
	X 1.3	Wider social media information	
	X 1.4		
	X 1.5	Social media is effective in helping find products	
<i>Privacy Concern</i>		Use of social media is preferred	
	X 2.1	Data collection	(Pawestri, 2021)
	X 2.2	awareness	
	X 2.3	Awareness of information use	
<i>Perceived Risk</i>		Familiar with the entity	
	Z.1.1	<i>Financial Risk.</i>	(Haryani, 2019)
	Z 1.2	<i>Performance Risk</i>	
	Z 1.3	<i>Time and Convenience Risk.</i>	
<i>Online Purchase Behaviour</i>	Z 1.4	<i>Physical Risk.</i>	
	Y 1.1	Shopping online saves time	(Manzoor et al., 2020)
	Y 1.2	Shopping online is profitable	
	Y 1.3	Shopping online is easier	
	Y 1.4	Shopping online is cheaper	
	Y 1.5	Transactions are safe	

Y 1.6	when done online
	You can get more complete product information online

Source: Processed by researchers, 2023

2. Literature Review

2.1 Social Media Marketing Strategy

Social media marketing strategy as a modern marketing technique and is used by the majority of companies in online networks with the aim of reaching a wider range of potential customers (Manzoor et al., 2020). Social media marketing strategy explains that social media marketing strategy is used to determine decisions related to marketing budgets, marketing mix, marketing allocations related to desired environmental conditions, as well as competitive conditions for long-term planning which includes supporting activities in the process of achieving goals. (Juandi, 2021). (PUSPANINGRUM, 2020) explained that social media marketing strategy is a tool that helps companies communicate with consumers in building brand loyalty outside of traditional methods.

2.2 Privacy Concern

Privacy concerns or a sense of concern for information privacy, as users are able to have full control over the extent to which information privacy can be exercised or the extent to which users give permission for information that may be shared, as well as information that needs to be kept confidential (Pawestri, 2021). Every individual certainly has different privacy concerns, considering that privacy concerns are influenced by various external factors, individual characteristics and experiences. In addition, persuasion knowledge is significantly related to privacy concerns (Pawestri, 2021).

2.3 Perceived Risk

Perceived risk is one of the main problems in online shopping, considering that it has a direct influence on attitudes and purchasing interest (Prabowo, 2019). As a result, brand image will influence intentions to purchase a product/service. A person is encouraged to purchase a product if the product has a good brand image, which creates a desire to try or buy.

2.4 Online Purchase Behavior

Online purchasing behavior (OPB) as behavior that represents whether the consumer has purchased a product online or chosen another available alternative. In this way, this behavior is known as purchase behavior: if a consumer still chooses to purchase a product that he really wants to buy (Rahman & Hossain, 2022). Intention is one of the motivational factors that can influence behavior, among other things, indicating a person's planned effort to carry out an attitude (Choedon et al., 2020).

2.5 Relationship Between Variables

This research was based on the Theory of Planned Behavior (TPB). The theoretical basis is used because the Theory of Planned Behavior (TPB) explains individual behavior based on the existence of an intention to behave. In this case, perceived risk is a consumer behavior that occurs due to intention so that this behavior can be predicted using the Theory of Planned Behavior (TPB), besides that it has been tested by (Cristofaro et al., 2022) and (Miguel et al., 2022) concluded that the TPB is a good research model and is a strong theoretical basis. The theory of planned behavior (TPB) is the result of the development of the theory of reasoned

action (TRA) once put forward by Fishbein and Ajzen in 1975. Ajzen's stated that TPB can be accepted as a medium for analyzing the differences between attitudes and intentions and both intentions and behavior. This research was also made by referring to previous research using the same grand theory, namely the Theory of Planned Behavior (TPB)

Study Daroch (2021) with the title "A Study On Factors Limiting Online Shopping Behavior Of Consumers." using the grand theory Theory of Planned Behavior (TPB). Aims to investigate consumer behavior towards online shopping with several factors that can limit consumers from carrying out online shopping activities. This research used quantitative methods with a total of 170 respondents. The research results show that there is a relationship between the indicators of perceived risk, privacy concern, social media marketing and Online Purchase Behavior (OPB). The relevance of the research topic is that there is an influence between perceived risk, privacy concerns, social media marketing on Online Purchase Behavior (OPB). This research is important to carry out because it remembers the large influence of social media marketing as a way to increase online sales both during the Covid-19 pandemic and after the Covid-19 pandemic. Apart from that, this research is based on emerging problems of Fresh Meat companies so that the research results are able to provide solutions for Fresh Meat companies and companies from similar sectors.

Wiandana & Suryani (2021) explained that sales carried out online are able to provide information about marketing strategies that can reduce the perception of risk regarding purchases. Tran & Nguyen (2022) explains that the majority of online shoppers express concerns about the risk of threats to privacy. The perceived risk accepted by consumers in online purchase behavior includes several risks, one of which is time (Haryani, 2019). Social media marketing strategy influences Online Purchase Behavior (OPB) (Satriyo, 2021). Based on research (Sanjaya, 2022) stated that privacy concerns have an influence on Online Purchase Behavior (OPB). So the hypothesis below can be designed:

H1: Social Media Marketing Strategy influences Perceived Risk in Online Purchase Behavior (OPB)

H2: Privacy Concern influences Perceived Risk in Online Purchase Behavior (OPB)

H3: Perceived Risk influences Online Purchase Behavior (OPB)

H4: Social Media Marketing Strategy influences Online Purchase Behavior (OPB)

H5: Privacy Concern influences Online Purchase Behavior (OPB)

3. Methods

This research is quantitative as a method based on positivistic (concrete data), which includes quantitative data analysis and collection and using statistical test methods is called quantitative methods (Prabowo, 2019). The population studied was Fresh Meat consumers in electronic trading media, namely Shopee, with a total of 98 consumers who made transactions in 2021-2022. Researchers used saturated sampling techniques. This technique uses all known members of the population (Sugiyono, 2019). The reason for choosing a saturated sampling technique is because the population is relatively small, less than 100 people, besides that it also aims to generalize with small errors. The respondent criteria are consumers who have previously purchased Fresh Meat products, consumers domiciled in Surabaya, consumers who made transactions in 2021-2022, consumers who made purchases through electronic commerce media.

Obtaining data was carried out by distributing surveys using criteria determined by the researcher. In the research carried out, in processing data the data analysis technique used PLS (Partial Least Squares). This is carried out using several processes starting from outer model evaluation, inner model evaluation, blindfolding, and testing the effects of mediating variables. PLS is an analysis technique from Structural Equation Modeling (SEM) with calculations supported by the SmartPLS program (Ghozali, 2019).

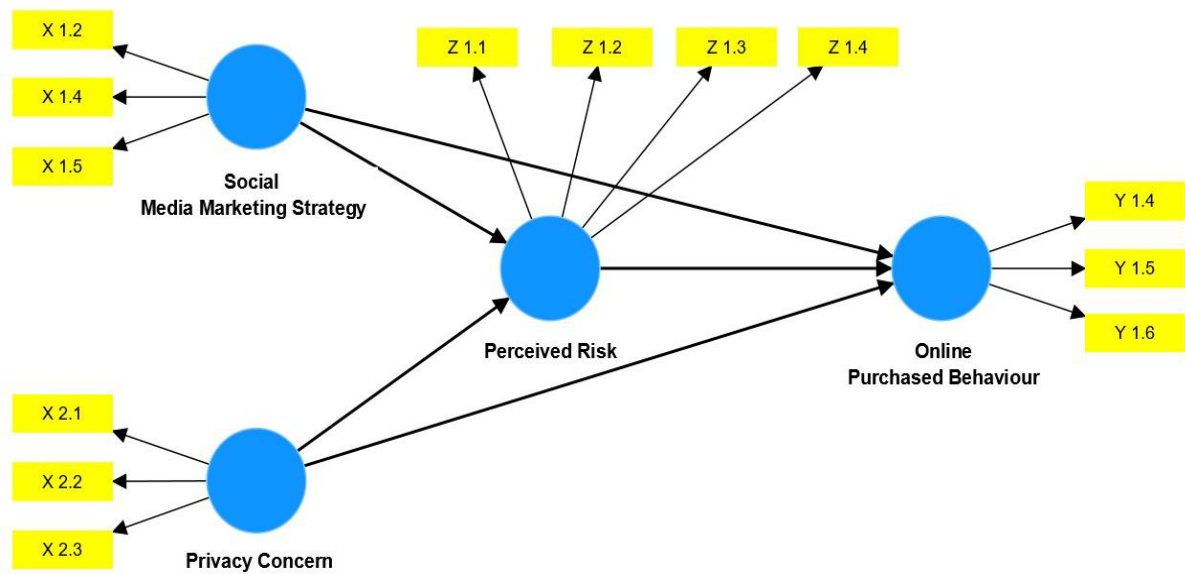


Figure 1. Structural Model

Table 1. Demographic Profile

<i>Respondent Profile</i>	<i>Total</i>	<i>Percentage</i>
Gender		
<i>Woman</i>		57.1%
<i>Man</i>	56	42.9%
	42	
Age		
<i>15-25</i>	87	88.8%
<i>26-35</i>	9	9.2%
<i>36-45</i>	2	2%
Domicile		
<i>Surabaya</i>	98	100%

Source: Data processed by researchers, 2023

4. Results and Discussion

The perception of risk and modern progress that can be used to increase transactions or demand from consumers has led to many studies identifying several factors that can influence consumer behavior. The results of the research that has been carried out show that there are many variables that influence other variables. Such as the relationship between perceived risk and perceived technology on online purchase intention at Shopee with online trust as a mediating variable in the city of Magelang (Prabowo, 2019). Other researchers also revealed that privacy concerns can have an influence on online purchase behavior in Indonesia (Wardhani, 2019). So that in this research the results of the research attached are the test results as follows:

Table 1. Confirmation of Factor Analysis

Variable	Indicator	Description of Factor Analysis
<i>Social Media Marketing Strategy</i>	X 1.1	0.772
	X 1.2	0.810
	X 1.3	0.743
	X 1.4	0.790
<i>Privacy Concern</i>	X 2.1	0.891
	X 2.2	0.807
	X 2.3	0.806
<i>Perceived Risk</i>	Z 1.1	0.775
	Z 1.2	0.750
	Z 1.3	0.839
	Z 1.4	0.807
<i>Online Purchase Behavior</i>	Y 1.4	0.761
	Y 1.5	0.740
	Y 1.6	0.737

Source: Processed by researchers, 2023

Table 1. Reliability and Validity Model

Variable	Cronbach's Alpha	Average Variance Extracted	Composite Reliability	R-Square
<i>Social Media Marketing Strategy</i>	0.732	0.652	0.849	
<i>Privacy Concern</i>	0.805	0.630	0.872	
<i>Perceived Risk</i>	0.786	0.698	0.874	0.270
<i>Online Purchase Behavior</i>	0.785	0.607	0.861	0.554

Source: Processed by researchers, 2023

Table 1. Hypothesis Testing

Hypothesis	Description	P-Value	T-Statistics	Information
<i>H1</i>	Perceived Risk → Online Purchase Behavior	0,000	4,128	Supported
<i>H2</i>	Privacy Concern → Online Purchase	0,000	2,332	Supported

Behavior					
H3	Privacy Concern → Perceived Risk	0.542		0.609	NOT Supported
H4	Social Media Marketing Strategy → Online Purchase Behavior	0,000		3,596	Supported
H5	Social Media Marketing Strategy → Perceived Risk	0,000		5,416	Supported

Source: Processed by researchers, 2023

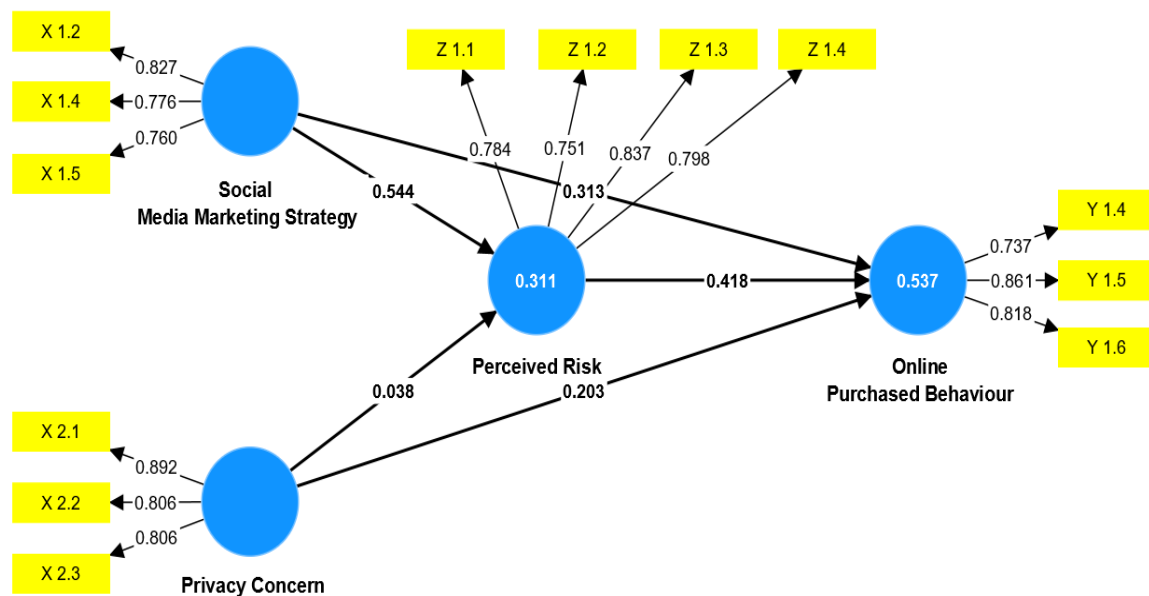


Figure 1. Partial Least Square Model

Source: Processed by researchers, 2023

The significance of the research hypothesis can be determined through the hypothesis test carried out. The results of hypothesis testing can be carried out using analysis of t-statistics values and p-values. In testing the Social Media Marketing Strategy hypothesis on Perceived Risk, the p-value was obtained according to the criteria, so that the first hypothesis (H1) passed and had an effect. So, it can be said that Social Media Marketing Strategy has a positive effect on Perceived Risk.

In testing the Privacy Concern hypothesis on Perceived Risk, it was found that the p-value was more than the standard criteria limit, so it could be said that the second hypothesis (H2) was not successful and was rejected. It can be concluded that Privacy Concern has a negative effect on Perceived Risk. In testing the Perceived Risk hypothesis on Online Purchase Behavior which was carried out, the p-value was obtained in accordance with the criteria, so that the third hypothesis (H3) was accepted so that perceived risk had a positive effect on Online Purchase Behavior. The fourth hypothesis (H4) that was tested, namely Social Media Marketing Strategy on Online Purchase Behavior, obtained a p-value value that was in

accordance with these criteria, passed and had an effect. It can be concluded that Social Media Marketing Strategy has a positive influence on Online Purchase Behavior. In testing the fifth hypothesis (H5) Privacy Concern on Online Purchase Behavior which was carried out, the p-value was found to be in accordance with the criteria. So, it can be said that Privacy Concern has a positive influence on Online Purchase Behavior.

5. Conclusions

Processed meat products circulating in Indonesia are one of the things that have the most consistent demand from the public. Because this equatorial country (Indonesia) is a country with a high level of processed meat consumption (Dwijayanti et al., 2021). In this study, the variable with the highest value was found, namely Perceived risk. So, it can be said that company success can be achieved by making perceived risk the main focus. All variables have an influence on other variables. However, the privacy concern variable was rejected and had no effect on perceived risk. This happens because consumers have low awareness without thinking about the risks involved due to privacy concerns. Apart from that, it occurs because of social norms, the quantity of society that underestimates privacy concerns so that it has the effect of other individuals not feeling that it is full of risks. Lack of control also makes privacy concerns unable to influence perceived risk.

In the research process, several limitations were found in the research, the survey was conducted online due to limited distance, the process of collecting respondents took a long time because it required company data regarding consumers, and the researcher only conducted research on Fresh Meat companies. So that improvements for the next research can be carried out research with the same case but the areas studied are different, the next researcher can add samples and a longer period to maximize the data results to make it more relevant and conduct research on other company sectors.

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EFFECTS OF SUSTAINABLE AWARENESS TOWARDS SUSTAINABLE PRODUCT PURCHASE DECISION

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ABSTRACT

Purchasing and using goods for daily necessities produce large amounts of waste. “Reduce, Reuse, Recycle” has become a well-known consumer waste management philosophy. Consumers are increasingly crucial in environmental protection efforts, and sustainable consumption is the epitome of environmental protection behavior. Sustainable awareness plays an important role in sustainable product purchase decisions. This research aims to determine the effects of sustainable awareness, such as reduce, reuse, and recycle, on sustainable product purchase decisions. This research uses quantitative methods to process the data associated with a phenomenon. The unit of analysis used is the individual, with a total of 487 valid responses. The Indonesian citizen population includes Baby Boomers, Gen X, Y, and Z. Primary data was obtained by filling out questionnaires. The sampling technique used was purposive sampling. Data analysis techniques in this study use multiple linear regression, the classic assumption test, the T-test and F-test, and the coefficient of determination using the SPSS software program. The results of this research states that there is significant positive effects of sustainable awareness, including reduce, reuse, and recycle, on sustainable product purchase decisions.

Keywords: Reduce; Reuse; Recycle; Sustainable Awareness; Sustainable Product Purchase Decision

1. Introduction

Our world is facing a lot of serious issues, such as climate change, the greenhouse effect, carbon emissions, natural resource depletion, energy resource limitations, and especially waste which has been a problem from time to time. Purchasing and using goods for daily necessities can produce large amounts of waste. These activities result in a tremendous number of products to fulfill human needs and a huge amount of waste within the environment as a result of used things being disposed of following human activities. In Indonesia itself, waste is also a crucial problem. According to the Indonesian Ministry of Environment and Forestry, the amount of waste produced in Indonesia is about 36.218.012,28 million tons per year, making Indonesia the 5th largest waste producer in the world. Most of the waste generated has not been managed properly, around 13.035.197,78 million tons per year. That is why we voiced sustainability so we can manage waste that is not managed properly.

More than 55% of Indonesians now reside in cities. By 2030, more than 73% of Indonesians will be living in cities, based on current rates of urbanization (UNDP, 2017). Indonesia has been confronted with severe issues with the management of municipal solid waste (MSW). MSW is commonly described as waste collected by municipalities or other local agencies. SWM is often used to both the official and informal sectors. In Indonesia, the formal sector comprises of municipal authorities and formal enterprises, whereas the informal sector consists of people, organizations, and small businesses participating in unregistered and unregulated activities. The informal sector in solid waste activities refers to recycling

operations carried out by scavengers (itinerant garbage pickers) and waste purchasers (Sembiring & Nitivattananon, 2010)

Sustainability is one of the most talked-about topics today. Sustainability is defined as a type of multigenerational ethics in which current environmental and economic behaviors do not reduce future generations' opportunity to enjoy equivalent levels of wealth, value, or welfare (Meadowcroft, 2023). Sustainability can emerge from consumers' conscious or unconscious activities connected to sustainable goods to balance consumption and reduce waste, minimizing their environmental impact and contributing to socially responsible choices in the local economy. People may be unwilling to do something sustainable if they lack knowledge about being green, despite concerns about sustainability and positive views toward the environment. When it comes to taking action, people may experience a range of opposing emotions, resulting in a lack of commitment to the green movement (Gravelines et al., 2022)

Some people assumed garbage could be buried or burned and done. Those methods threaten our environment. Societies worldwide now promote the three Rs: reduce, reuse, and recycle. These 3Rs are very important to reduce the impact of the amount of waste that is not managed properly. The “Three Rs” (Reduce, Reuse, and Recycle) is an easy way and also a better method to manage waste.

2. Literature Review

2.1 Sustainable Awareness

Sustainability is a term that is currently being voiced massively and on a global scale. Having awareness of this makes us understand more about sustainability and can be applied in our daily lives. Sustainability is addressing current demands without jeopardizing future generations' ability to meet their own needs. Sustainability awareness is the realization of using knowledge and facts that can be used to measure the worth of sustainability consciousness. This value includes several methods for determining how, why, and to what extent stakeholders comprehend the notion of sustainability and its dimensions. In this case, we conclude reduce, reuse, and recycle as a part of sustainability awareness.

Reduce, reuse, and recycle are a part of waste management, often known as 3Rs. This waste management attempts to decrease trash at the source, reduce excess waste production, reduce environmental damage, provide community benefits, and transform people's attitudes toward waste (Mahartin, 2023). The 3R concept for community-based waste management determines community participation. The community must shift from "throwing away" waste to "managing" waste (Sabihi et al., 2020).

Reducing the amount you buy is the most significant of all the options to manage waste. The key is to only purchase goods that we need and in the right amount. The process of reusing starts with the assumption that the used materials that flow through our lives can be a resource rather than a refuse. If we really look at things we are throwing away, we can learn to see them as materials that can be reused to solve everyday problems and satisfy everyday needs.

First, the reduction principle aims to reduce the amount of waste produced. This can be achieved by eliminating unnecessary items such as single-use plastic bags, drinking water bottles, and single-use food packaging. Instead, you can use reusable shopping bags, refillable water bottles, and reusable food packaging. By reducing the amount of waste, we can also reduce the negative impact on the environment. Second, the principle of reuse means we have to reuse what can still be used. For example, used glass and plastic bottles that can be reused to store drinks and food. You can also reuse waste paper as notes and notes. By reusing these items, you can reduce the amount of waste and also save money. Third, the principle of recycling means that you must use waste that can be recycled. Waste that can be recycled includes paper, plastic, metal, and glass. Recycling is the process of reprocessing waste into new raw materials that can be used to make new products. Recycling waste also reduces the

amount of waste sent to landfills and saves limited natural resources. Fourth, everyone can apply the 3R principles in everyday life. Start by paying attention to the type of waste produced and choosing the right disposal method. Separating organic and valuable waste makes waste disposal easier, for example. By applying the 3R principles, you can keep the environment clean and healthy.

In terms of recycling, people's existing stagnant practices need to be improved. Despite aggressive efforts, many materials still wind up in the garbage can and never receive a second chance to be reused. General material scraps and plastics are sources of surplus supply and waste. One of the biggest reasons people do not take the time to offer their materials a second life is a lack of convenience; nevertheless, if the opportunity to invest supplies to another was simple and close by, it would happen far more frequently. Therefore, the preservation and improvement of the environment can still attitudes toward or concern for the elements of the environment that improve the quality of life.

Sustainable Product Purchase Decision

According to (Kotler et al., 2016:198) the purchasing decision is the final stage or what could be called the evaluation stage for consumers after considering various factors. Sustainable products are defined as products that include positive social, environmental, and ethical (Luchs et al., 2010). Sustainable product is a product that is manufactured using non-toxic ingredients and environmentally friendly processes (Gurău & Ranchhod, 2005). Green products are those products that can add long-term benefits, and reduce and relieve consumers from their environmental responsibility, without reducing products' qualities (de Medeiros & Ribeiro, 2017). Greening of a product occurs throughout the product complete life-cycle from planning to manufacturing, storage, transportation, usage, and post-usage activities (Kumar & Ghodeswar, 2015).

Discoveries of the studies reveal that Indian citizens are willing to support environmental protection, activity environmental responsibilities, and seek information related to green products.(Kumar & Ghodeswar, 2015). Other studies reveal that sustainable purchase decisions of the consumers of the Dutch food industry depend on age, sustainable behavior, and perception of the usefulness of plastic (Núñez-Cacho et al., 2020).

Conceptual Framework

This research focuses on analyzing the effect of sustainable awareness (reduce, reuse, recycle) towards sustainable product purchase decisions in Indonesian citizens including Baby Boomers, Gen X, Y, and Z. The research used in this study is descriptive quantitative with a causal approach. This causal approach is used to determine the causal relationship from one variable to another.

The research and hypothesis conceptual model (figure 1) was constructed as follows.

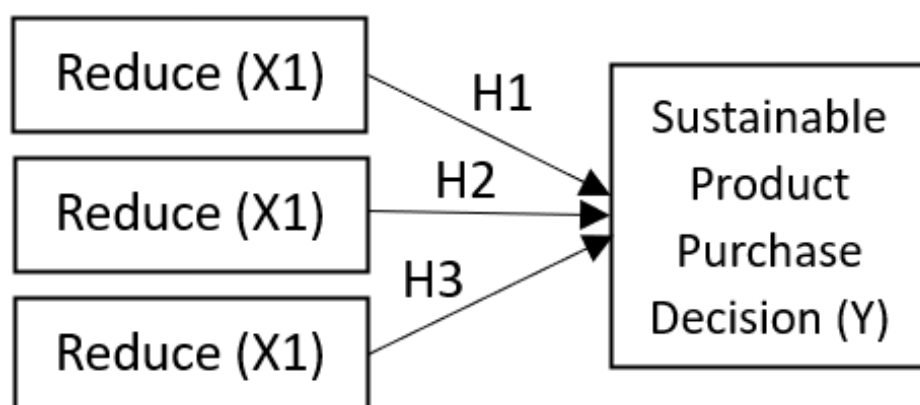


Figure 1 Conceptual Framework

Figure 1 shows that in this research we choose reduce, reuse, and recycle (3Rs) as a part of sustainable awareness. Eliminating single-use goods can reduce the amount of waste and also reduce the negative impact on the environment. The used goods can be another material resource to fulfill our needs. Reusing goods can reduce waste. On the other hand, you can also save money. Recycling means using waste that can be recycled by reprocessing waste into new raw materials to make new products. As a part of sustainable awareness, the 3Rs might influence sustainable product purchase decisions. People who do the 3Rs tend to have several preferences in purchase decisions, they prefer using sustainable products. The model tested in this study is “reduce has a positive and significant effect towards sustainable product purchase decision (H₁)”, “reuse has a positive and significant effect towards sustainable product purchase decision (H₂)”, and “recycle has a positive and significant effect towards sustainable product purchase decision (H₃)”.

3. Research Methods

3.1 Population, Sample, and Procedure

This research was conducted by collecting and processing primary data sourced from respondents' answers through distributing questionnaires which were then interpreted in the research results. The population used in this research is all Indonesian people born in the baby boomer generation, generation X, generation Y, and generation Z. Meanwhile, the sample used was 487 respondents from Indonesian people who were born in the baby boomer, generation X, generation Y, and generation Z. Purposive sampling is used to determine a focus on relatively small samples and carried out based on certain considerations tailored to the research objectives (Sugiyono, 2021:133).

3.2 Data Collection Instruments (Measures)

Reduce (Rd): reducing goods that can cause waste. Three-item questionnaire was used for the Reduce. Reuse: reusing waste that still can be used. Three-item questionnaire was used for the Reuse variable. Recycle: recycling waste into raw material. Three-item questionnaire was used for the recycle. Sustainable product purchase decision: final stage for consumers after considering various factors in terms of sustainable products. Three-item questionnaire was used for the sustainable product purchase decision. These measures used a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree).

3.3 Data Analysis

Data analysis using IBM SPSS Statistics Version 25. Results of all variables in this research were established with validity and reliability tests, descriptive and correlation tests, multiple linear regression, the classic assumption test, the T-test and F-test, and the coefficient of determination.

4. Research Findings and Discussion

4.1 Validity & Reliability Analysis

First, we provide a validity and reliability test of sustainable awareness and sustainable product purchase decisions. Validity and reliability tests of sustainable awareness and sustainable product purchase decisions showed that each item of the questionnaire is valid and

reliable, as shown in the table below.

Table 1. Validity Test

Variable	Item	Sig (2 tailed)	Sig	Description
Reduce	X1.1	0,00	0,05	Valid
	X1.2	0,00	0,05	Valid
	X1.3	0,00	0,05	Valid
Reuse	X2.1	0,00	0,05	Valid
	X2.2	0,00	0,05	Valid
	X.2.3	0,00	0,05	Valid
Recycle	X3.1	0,00	0,05	Valid
	X3.2	0,00	0,05	Valid
	X3.3	0,00	0,05	Valid
Purchase Decision	Y1	0,00	0,05	Valid
	Y2	0,00	0,05	Valid
	Y3	0,00	0,05	Valid

Based on the output results in the table 1 it can be seen that the variables reduce, reuse, and recycle making have $r_{count} > r_{table}$, so it can be concluded that all statements used in the questionnaire are valid and can be used to continue research and test hypotheses.

Reliability testing is a tool for measuring a questionnaire as an indicator of a variable. A questionnaire can be said to be reliable if someone answers the statements consistently or stably. Reliability is measured using Cronbach Alpha. A variable can be said to be reliable if each item provides a Cronbach Alpha value > 0.60 .

Table 2 Reliability Test

Variable	Cronbach's Alpha	r-Table	Description
Reduce	0,798	0,600	Reliable
Reuse	0,824	0,600	Reliable
Recycle	0,850	0,600	Reliable
Purchase Decision	0,801	0,600	Reliable

Based on the Table 2 you can see all the statements from the variables of reduce, reuse, recycle and sustainable products purchase decision can be said to be reliable because they have a Cronbach's Alpha value greater than > 0.60 . It can be concluded that all items in this variable show a Cronbach's Alpha number > 0.60 so that the variables used in this research are reliable. questionnaire is valid and reliable.

4.2 Descriptive Statistics and Correlation

The respondents of this research are Indonesian citizens from the Baby Boomer, gen X, gen Y, and gen z. The total number of respondents was 487 respondents with different characteristics in the categories of gender, income, expense and domicile.

Table 3 Descriptive Analytics

Category	Frequency	Percentage
Gender		
Female	181	37,17%
Male	306	62,83%
Year of birth		
before 1965	30	6,16%
1966-1980	20	4,22%
1981-1996	29	5,85%
1997-2012	408	83,78%
Income		
< 1.000.000	193	39,93%
1.000.000-2.500.000	172	35,32%
2.500.000-4.000.000	62	12,73%
4.000.000-5.500.000	31	6,37%
5.500.000-7.000.000	7	1,44%
7.000.000-8.500.000	7	1,44%
8.500.000-10.000.000	4	0,81%
> 10.000.000	11	2,26%
Expense		
< 1.000.000	217	44,56%
1.000.000-2.500.000	203	41,68%
2.500.000-4.000.000	41	8,42%
4.000.000-5.500.000	9	1,85%
5.500.000-7.000.000	6	1,23%
7.000.000-8.500.000	2	0,42%
8.500.000-10.000.000	3	0,62%
> 10.000.000	6	1,23%
Domicile		
Bali	27	5,54%
Jawa	414	85,01%

Category	Frequency	Percentage
Kalimantan	10	2,05%
Maluku dan Papua	3	0,62%
Nusa Tenggara	13	2,67%
Sulawesi	4	0,82%
Sumatera	16	3,29%

Based on the Table 3 it can be seen that from the total 487 respondents, the majority were male, born in 1997-2012 with income < Rp 1,000,000, and expenses < Rp 1,000,000 and domiciled in Java Island.

4.3 Classic Assumption Test

4.3.1 Normality Test

The normality test is carried out to test whether in a regression model, an independent variable and a dependent variable or both have a normal or abnormal distribution.

Table 4 Normality Test

Monte Carlo Sig. (2-tailed)	0.224
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Data is normally distributed because the Monte Carlo Significance (2-tailed) value is 0,224 greater than 0.05.

4.3.2 Multicollinearity Test

The multicollinearity test is carried out to identify whether there is a correlation between the independent variables in the regression model. In the multicollinearity test, it can be seen whether there is a high correlation between the independent indicators. In this research, a model can be said to be good if the tolerance value is > 0.10 and the Variance Inflation Factors (VIF) value is < 10.00. In the table 5, the tolerance value for each variable is > 0.10 and the VIF value is < 10.00. It can be concluded that multicollinearity does not occur. The following is a table of results from the multicollinearity test:

Table 5 Multicollinearity Test

Variable Independent	Tolerance	VIF	Description
Reduce	0,481	2,078	multicollinearity does not occur
Reuse	0,443	2,267	
Recycle	0,490	2,039	

4.3.3 Heteroscedasticity Test

The heteroscedasticity test in this study uses a Scatter Plot to test whether heteroscedasticity occurs or not. If the distribution pattern of residual points shows a wide pattern or spreads unevenly throughout the range of predictor values, then heteroscedasticity occurs. The following is a picture of the heteroscedasticity test:

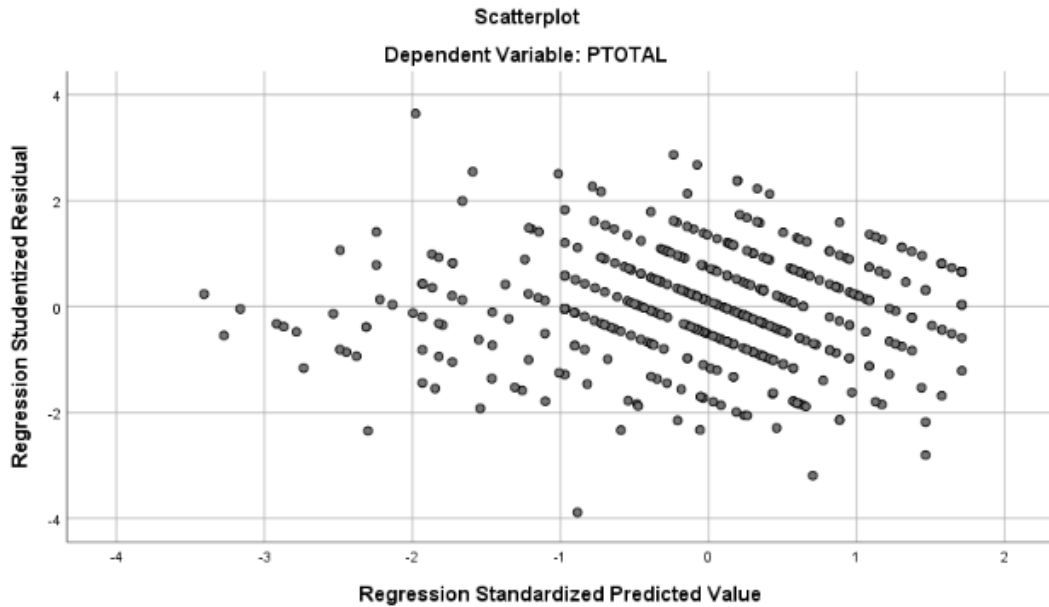


Figure 2 Heteroscedasticity Test

From the output of the heteroscedasticity test, it can be concluded that the dots on the output do not form a certain pattern so that this study does not occur heteroscedasticity.

4.4 Regression Analysis and Results Explanation

Multiple linear regression analysis is an analysis carried out to determine the value of independent variables whose number is more than one can affect the dependent variable. In other words, it shows the importance of an independent variable in the dependent variable. (Sekaran & Bougie, 2017:139) .

4.4.1 Coefficient of Determination

The coefficient of determination in linear regression is often interpreted as how great all independent variables in explaining the variance of the dependent variable. The results of the regression test are shown in the table below.

Table 6 Coefficient of Determination

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.750	0.562	0.559	1,612

Based on the results of the table above, the adjusted R coefficient of determination value is 0.559 or (55.9%). This shows that by using the regression model it is found that the sustainable product purchase decision are explained by the reduce, reuse and recycle. Meanwhile, 44.1% is explained by other variables.

4.4.2 F-Test

The F test is one of the statistical tests used in analysis of variance (ANOVA) to compare variances between two or more groups. The F test tests whether there is a significant difference between the group means. Following are the results of the F test:

Table 7 F-Test

Sig.	0,000
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From the Table 7 the calculated F value is 206.689 with a significant value of $0.000 < 0.05(\alpha)$, so reduce, reuse, and recycle together have an influence on sustainable product purchase decision.

4.4.3 T-Test

The T-test aims to find out whether the independent variable (X) partially (individually) has an effect on the dependent variable (Y). If the significance value (Sig.) < 0.05 then there is an influence of the independent variable (X) on the dependent variable (Y). If the significance value (Sig.) > 0.05 then there is no influence of the independent variable (X) on dependent variable (Y). Following are the results of the T test:

Table 8 T-Test

Variabel Independen	Sig.
Reduce	0.000
Reuse	0.000
Recycle	0.001

Based on the Table 8 Sig. value of the reduce variable is $0,000 < 0,05$, it means there is an effect of reduce towards sustainable product purchase decision. Sig. value of the reuse variable is $0,000 < 0,05$, it means there is an effect of reuse towards sustainable product purchase decision. Sig. value of the recycle variable is $0,001 < 0,05$, it means there is an effect of recycle towards sustainable product purchase decision.

4.4.4 Multiple Linear Regression Equation

Table 9 Multiple Linear Regression Equation

(Constant)	1.737
Reduce (X1)	0,446
Reuse (X2)	0,244
Recycle (X3)	0,124

$$Y = 1,737 + 0,446x_1 + 0,244x_2 + 0,124x_3$$

There is a positive influence on the reduce, reuse, recycle. The reduce shows a unidirectional relationship with the sustainable product purchase decision. The regression coefficient value of 0.446 means that for each additional variable of one unit, the dependent variable will increase by 0.446. The reuse shows a unidirectional relationship with the sustainable product purchase decision. The regression coefficient value of 0.244 means that for each additional variable of one unit, the dependent variable will increase by 0.244. The recycle shows a unidirectional relationship with the sustainable product purchase decision. The

regression coefficient value of 0.124 means that for each additional variable of one unit, the dependent variable will increase by 0.124.

5. Conclusion

This article studied what motivates people to buy sustainable products. All three proposed hypotheses were accepted. Reduce, reuse, and recycle all played a role in influencing people's decisions. They had a large positive direct effect on purchasing sustainable products, which is consistent with earlier studies (Núñez-Cacho et al., 2020). The data clearly demonstrated that sustainable awareness, specifically reduce, reuse, and recycle, is likely to affect individuals and have a key impact on the manifestation of purchase decisions.

This research can be a reference for marketers of sustainable products in developing their marketing strategies in Indonesia. The findings of this research indicate that sustainable awareness will lead to decisions to purchase sustainable products. Marketers must know consumer needs. In addition, marketers of sustainable products must offer consumers facts regarding the product's environmental performance or function, and its relevance to their sustainable lifestyle.

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INSURANCE COMPANY PERFORMANCE ANALYSIS BEFORE AND DURING THE COVID-19 PANDEMIC (STUDY OF GENERAL INSURANCE COMPANIES LISTED ON THE IDX IN 2018-2022)

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ABSTRACT

The Covid-19 pandemic has slowed Indonesia's economic growth. The insurance sector directly affected by the Covid-19 pandemic. In the insurance industry, policyholders tend to decline due to economic pressure on people's purchasing power which causes premiums to rise, but claims actually increase during the Covid-19 pandemic. To see the financial performance of the insurance industry before and during the pandemic, the authors conducted an analysis of the performance of insurance companies which can be reflected in an early warning system which consists of several ratios, including cost loss ratio, equity ratio and overgrowth ratio. The purpose of this research is to find out how these three ratios affect the solvency of insurance companies before and during the Covid-19 pandemic. The solvency level of an insurance company is represented by Risk Based Capital (RBC). The base set used in this study is insurance companies registered in Indonesia for 2018-2022. As a research hypothesis, panel data analysis was tested using the Eviews program. The results of this study indicate that the Claim Expense Ratio, the Premium Growth Ratio and the Self-Retention Ratio affects the Solvency Level during the Covid-19 pandemic.

Keywords: Covid-19; Company Performance Analysis; Early Warning System; Insurance Industry

1. Introduction

The Covid-19 pandemic became a global epidemic after being declared by the World Health Organization (WHO). The spread of Covid-19 from person to person makes the spread of Covid-19 very fast in various parts of the world. It is known that Covid-19 first appeared in the city of Wuhan in the People's Republic of China in December 2019. Based on WHO data published on March 31st, 2022, on one of the government's web portals related to Covid-19, it is known that the number of people, there were 6,012,818 people confirmed positive for Covid-19 and 155,089 deaths, or 2.52% of all confirmed cases die.

The impact is that the world economy becomes stagnant and negative. The International Monetary Fund (IMF) report states that the Covid-19 pandemic has caused a world recession which is marked by an increase in unemployment and poverty rates in every country in the world. Furthermore, the Covid-19 pandemic has also caused unemployment and increased poverty levels in every country in the world.

The insurance industry is known as one of the industries affected by the Covid-19 pandemic. Even though the government has taken several steps to prevent the spread of Covid-19, Covid-19 has had an indirect negative impact, namely decreasing Indonesia's economic growth, because it reduces the effectiveness of fiscal and monetary stimulus measures.

The Covid-19 pandemic has slowed economic growth so that demand for insurance automatically decreases and ultimately the insurance industry experiences losses and even bankruptcy. Payments have decreased during the pandemic in almost all areas of insurance activity, both non-life insurance (general insurance) and life insurance. This is due to economic

pressure due to the pandemic which disrupts people's purchasing power, thus affecting insurance purchasing power. Therefore, during this pandemic, insurance interest tends to decrease, while insurance claims increase.

Based on the description of the background to the problem, it makes sense that insurance companies in Indonesia are being questioned about their performance during the Covid-19 pandemic, so this motivates this research. Assessing the financial performance of a company usually uses various methods or analytical tools. In Indonesia, the government has established a method used to assess the financial performance of insurance companies, the Risk Based Capital (RBC) method.

The Risk Based Capital (RBC) method is a measurement of The Solvency achievement ratio or risk-based minimum capital (MMBR) which is based on Minister of Finance Regulation Number 53/PMK.010/2012 concerning the Financial Health of Insurance Companies and Reinsurance Companies. RBC is the ratio of capital adequacy to the risks covered and is one of the main indicators in assessing the health of an insurance company.

Meanwhile, in many countries measuring The Financial Performance of insurance companies uses the Early Warning System (EWS) method, which is a calculation benchmark from The National Association of Insurance Commissioners (NAIC) or the United States insurance business supervisory agency in measuring financial performance and assessing the level of company health. The Risk Based Capital (RBC) method applied in Indonesia only reflects the level of solvency, even though a company's financial performance can also be seen from other aspects such as profitability, liquidity, and so on. The aim of this system is to provide early warning of financial conditions so that it can be used to analyze the financial performance of insurance companies.

Since the Covid-19 pandemic occurred, the OJK has issued a Counter Countercyclical Policy with the aim of maintaining financial system stability and mitigating systemic risks, one of which is for the Indonesian insurance industry as outlined in POJK no. 14, which regulates changes to the maturity date for insurance premium payments. In order to provide a respite to customers. In the Early Warning System ratio which is a benchmark for assessing the financial performance of insurance companies, the ratios related to premium payments are the Claim Expense Ratio, Premium Growth Ratio and Self Retention Ratio, so in this research the author chose these three ratios as independent variables related to the issued regulation on relaxing the Countercyclical Policy by The Financial Services Authority (OJK).

Considering that Covid-19 is a new phenomenon that has had an international impact, the influence of the Covid-19 Pandemic on the performance of insurance companies requires an empirical study to conduct a comparative analysis of Financial Performance before and during the Covid-19 pandemic using ratios from the Early Warning System method.

2. Literature Review

2.1 Corona Virus Disease 2019 (Covid-19)

Corona Virus (Corona Virus Disease) is a virus that causes mild to severe illness. This virus originated in Wuhan, China and has now spread to various corners of the world, especially Indonesia. This virus causes a respiratory tract infection with various mild symptoms such as a runny nose, sore throat, cough and fever. In the current conditions, the corona virus is not an epidemic that can be simply ignored. If you look at the symptoms, lay people would think it was just ordinary influenza, but for medical analysis this virus is quite dangerous and deadly.

As mentioned, this disease was first discovered in December 2019 in Wuhan, the capital of China's Hubei Province, and has since spread globally, resulting in the 2019-2020 coronavirus pandemic. The World Health Organization (WHO) declared the 2019-2020 coronavirus outbreak an International Public Health Emergency (PHEIC) on January 30 2020, and a pandemic on March 11 2020. Covid-19 was first reported in Indonesia on March 2 2020

with two cases. Data for March 31 2020 shows that there were 1,528 confirmed cases and 136 deaths. The Covid-19 mortality rate in Indonesia is 8.9%, this figure is the highest in Southeast Asia.

Until the end of 2022, the corona virus case has spread widely and infected many victims in various countries. The government has implemented strict restrictions to break the chain of spread of the virus. A number of countries are isolated with a lockdown system and infected patients are closely monitored. The system that is implemented certainly influences the running of a country's economy. Since the outbreak of Covid-19, the government has always been vocal about Social Distancing, which also means not touching other people, including shaking hands. Physical touch is the most likely way a person is exposed to SARS-CoV2 (the new coronavirus) and the easiest way to spread it. Remember, keep a distance of 2 meters and do not touch. Social distancing will not prevent 100 percent of transmission, but by following these simple rules, individuals can play an important role in slowing the spread of the virus. With the increasing spread of people affected by Covid-19, social distancing has been replaced by physical distancing, meaning maintaining physical distance is very important in helping to prevent the spread of Covid-19. If people do not heed this and continue to defy orders from the government, it will have a devastating effect on Indonesian society. and currently the Government through the Ministry of Health has issued Minister of Health Regulation no. 9 of 2020 concerning Guidelines for Large-Scale Social Restrictions in order to simplify and speed up the handling of Covid-19. These restrictions include closing schools, campuses, workplaces, restrictions on religious activities, restrictions on public places or facilities, socio-cultural restrictions, restrictions on modes of transportation, and restrictions on other activities that can cause crowds or gatherings. This was done solely not to limit the movement of various interested parties, but rather to be an effective method for breaking the chain of spread of Covid-19.

2.2 *Countercyclical Policy POJK RI No. 14/POJK.05/2020*

The Covid-19 pandemic has threatened Indonesia's economic condition with a crisis. However, the government has quite swiftly issued several policies by providing stimulus to the business world and society to minimize the risks caused by the ongoing Covid-19 pandemic. However, the economic problems currently facing Indonesia are different from previous crises. Firstly, because the key to economic problems is the epidemic, so the conditions must be to be able to control the epidemic itself and economic experts have agreed that saving lives must take priority over the economy, because if you cannot control the epidemic then all theories that rely on economic policy will be invalid.

The Financial Services Authority (OJK) has issued a regulation on relaxing the Countercyclical Policy as a strategy implemented by the regulator to reduce the impact of the economic cycle on the financial sector, both bank and non-bank financial institutions. This policy aims to slow credit growth and assets when the economy is experiencing expansion and increasing credit growth when the economy is experiencing contraction. In the context of Non-Bank Financial Institutions, Countercyclical policies are implemented to maintain financial system stability and prevent financial crises. This policy includes steps such as adjusting the solvency ratio calculation, easing investment, and adjusting capital requirements. In the Countercyclical Policy issued by OJK, the relaxation provided for insurance companies is stated in POJK RI No. 14/POJK.05/2020 which is explained as follows:

- a. Assets permitted in the form of investment in the form of debt securities can be valued based on amortized cost, previously valued based on market value.
- b. Restrictions on assets permitted in non-investment form in direct closing premium claims are extended from 2 (two) months to 4 (four) months from the due date of payment as long as:

- Insurance/reinsurance companies (including sharia) provide policyholders/participants/customers with an extension of the time limit for 4 (four) months.
 - Only valid for premium bills or contributions that came into effect in February 2020.
- c. Assets arising from a finance lease contract can be recognized as assets that are allowed to be up to a maximum of the liabilities arising from the finance lease contract.

2.3 *Insurance*

According to the Criminal Code article 246: “Insurance or coverage is an agreement in the name of an insurer binding himself to the insured, by accepting a premium, to provide compensation to him for a loss, damage or loss of expected profits, which he may suffer due to an unexpected event. "Of course, the insured is free from losses due to losses, losses or lack of expected profits which may be suffered due to an uncertain event.”

Insurance as finance in a business sector that collects funds from the community and public funds actually has no different from other financial institutions. It's just that insurance companies are required to report their company's performance to the public. The main function of insurance is to overcome the risks faced by members of society. Other definitions of insurance can be found in various literature put forward by experts.

Based on the definition above, it can be concluded that insurance has an important role in economic life and is a way of transferring risk to certain parties, namely insurance companies, where all insurance participants pay premiums periodically to certain insurance companies.

In insurance companies, the monitoring and guidance system for the financial reports issued mostly uses the Early Warning System, which uses a series of test ratios which are applied to the insurance company's financial reports to measure the company's financial capabilities and performance.

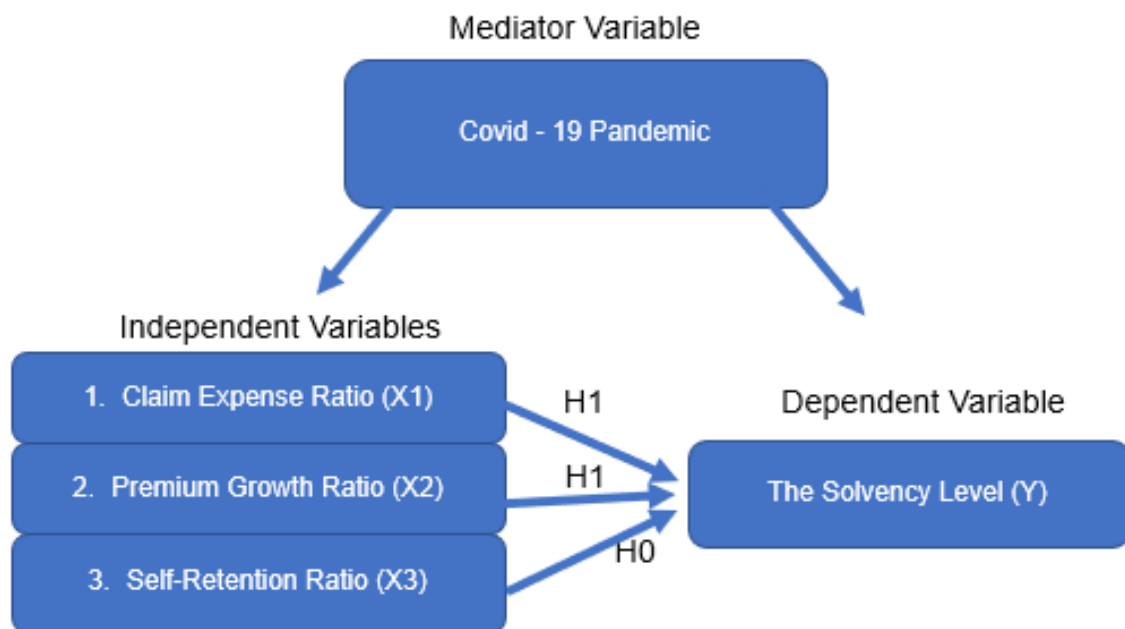
2.4 *Solvency Level*

Solvency is a company's ability to measure the extent to which company assets are financed using debt. The low level of solvency of a company illustrates that the company is funded more by internal funds than external funds (low debt). This shows that the lower the company's solvency level, the lower the risk of the company's failure to repay its debts and the company's profitability will increase, because the debt burden that must be borne will be lower. Solvency describes a company's debt to capital or assets. Solvency can describe the extent to which the industry is financed by debt or external parties with the company's expertise interpreted by capital. Risk Based Capital is one way to measure the Solvency level limit in measuring the level of financial health of an insurance company. Minister of Finance Decree No. 424/KMK.06/2003 dated 30 September 2003 states that insurance companies are required to maintain a solvency ratio calculated using the Risk Based Capital approach. Understanding Risk Based Capital According to Government Regulation (PP) no. 63 of 2004 states that the RBC health ratio is a measure that informs the level of financial security or health of an insurance company which must be met by loss insurance companies at 120%. The greater the RBC health ratio of an insurance company, the healthier the company's financial condition. In accordance with Minister of Finance Decree No.424/KMK/2003 concerning the Financial Health of Insurance Companies and Reinsurance Companies, the government has determined that insurance companies in Indonesia are currently required to have a Solvency Level Limit (RBC) of at least 120%.

The solvency ratio shows the ability of a company's own capital to fulfill all its obligations. If this ratio is more than one, it shows that the owners' rights to the company's assets are greater than the claims held by creditors. Availability of own capital in the company is a must. Every company operating in any field requires its own capital to ensure the continuity, smoothness and safety of the company. Adequate capital conditions will ensure that the company can continue to run well as long as the company continues to increase profits. "Where the use of own capital and long-term debt in increasing its assets will have an influence on the state of a company's solvency level. Each additional capital will always increase its solvency level."

Risk Based Capital according to Government Regulation (PP) Number 63 of 2004 states that: "The Risk Based Capital health ratio is a measure that informs the level of financial security or health of an insurance company which must be met by the insurance company at 120%. The greater the health ratio of an insurance company's Risk Based Capital, the healthier the company's financial condition.

2.5 The Conceptual Framework



3. Research Methods

3.1 Data and Data Sources

In this research, the author uses secondary data, namely data obtained from published sources and can be used for research. The subject of this research focuses on insurance companies in Indonesia, with a sample of general insurance companies in Indonesia for the 2018-2022 period, whose financial reports were obtained from the IDX website. Sugiono (2015) states that population is a generalization area consisting of: objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn. Meanwhile, Sunyoto (2016) states that population is the total of all values produced based on quantitative and qualitative calculations or measurements of certain characteristics regarding an object that are complete and clear. In this research, the population is all insurance companies listed on the IDX in 2018 - 2022.

According to Sugiyono (2015), the sample is part of the number and characteristics of the population. Meanwhile, according to Sunyoto (2016) a sample is a portion of data which is an object taken from the population. A study has limitations in terms of funds, energy and time,

so when research involves a large population, it is impossible for researchers to study all existing populations. The sample used is a sample that truly represents the population.

3.2 Research Model Specifications

The model used to analyze the performance of insurance companies before and during the Covid-19 pandemic uses Panel Data with the following equation specifications:

$$Y_{it} = \alpha + \beta_1 X1_{it} + \beta_2 X2_{it} + \beta_3 X3_{it} + \beta_4 D1 + \beta_5 X1D1 + \beta_6 X2D1 + \beta_7 X3D1 + \epsilon_{it}$$

i : Number of General Insurance Companies

t : Time Period

α : Constant

$\beta_1 - \beta_3$: Regression Coefficient

Y : Solvency Level

X1 : Claim Expense Ratio

X2 : Premium Growth Ratio

X3 : Self Retention Ratio

D1 : Covid-19 pandemic

ϵ_{it} : Regression Error

3.3 Data Analysis Methods

In this research, researchers used several methods to analyze the performance of insurance companies before and during the Covid-19 pandemic (study of general insurance companies listed on the IDX in 2018 - 2022), Panel Data Regression, Estimation Models in Panel Data, Statistical Analysis

4. Research Findings and Discussion

4.1 Discussion

After carrying out the Chow test and Hausman test, it can be seen that the best model in this research is the Fixed Effect Model (FEM), so that the next analysis that will be carried out is based on the results obtained from the Fixed Effect Model (FEM). Hypothesis testing was carried out to test the relationship between the Claim Expense Variable, Premium Growth Variable and Personal Retention Variable on the level of solvency. Analysis is carried out by comparing the probability value with the level of significance value. If the probability value is 0.1, it means that the variable has a significant effect and has an influence on the dependent variable.

Table 4.1 *Fix Effect Model Regression Result*

Variable	Coefficient	Prob.
C	3650.421	0.0000
BEBANKLAIM?	-1445.536	0.2432
BEBANKLAIM?*DUMMY?	-1410.488	0.0000
PERTUMBUHANPREMI?	1001.259	0.0088
PERTUMBUHANPREMI?*DUMMY?	-1385.086	0.0218
RETENSIDIRI?	813.2822	0.3246
RETENSIDIRI?*DUMMY?	1549.897	0.0000
R-SQUARED	0.9077	
ADJUSTED R-SQUARED	0.8670	
PROB	0.0000	

4.2 Adjusted R Square

The Fixed Effect Model is used in this research because it is the best model for calculating the percentage of variance in the independent and dependent variables. The Adjusted R Square regression results show 0.086 when presented (%) meaning that 86% of the variation in the dependent variable can explain the independent variable claim burden, premium growth and Personal Retention and the remaining 14% is explained by other factors not included in the model.

4.3 T Test

The T test is known as a partial test, which is to test how each independent variable individually influences the dependent variable. The following are the results of the t-statistical test from this research:

- a. Claim Expense Ratio Variable Before the Covid-19 Pandemic
Based on the regression results above, it is clear that claim expenses before the Covid-19 pandemic had a coefficient value of -1445,536 and a probability of 0.2432. The probability value shows that $\alpha > 0.01$, meaning that before the Covid-19 pandemic, the claims expense variable had no effect on the solvency level.
- b. Claim Expense Ratio Variable After the Covid-19 Pandemic
Based on the regression results above, it is clear that the claim expense ratio after the Covid-19 pandemic has a coefficient value of -1410,488 and a probability of 0.0000. The probability value shows that $\alpha < 0.01$, meaning that the Claim Expense Ratio variable after the Covid-19 pandemic experienced a significant (negative) decrease in the solvency level.
- c. Premium Growth Ratio Variable Before the Covid-19 Pandemic
Based on the regression results above, it is clear that the Premium Growth Ratio before the Covid-19 pandemic had a coefficient value of 1001,259 and a probability of 0.088. The probability value shows that $\alpha < 0.1$, meaning that before the Covid-19 Pandemic the Premium Growth variable had a positive and significant effect on the solvency level.
- d. Premium Growth Ratio Variable After the Covid-19 Pandemic
Based on the regression results above, it explains that premium growth after the Covid-19 pandemic has a coefficient value of -1385,086 and a probability of 0.0218. The probability value shows that $\alpha < 0.1$, meaning that the Premium Growth variable after the Covid-19 pandemic experienced a significant (negative) decrease in the solvency level.
- e. Self-Retention Ratio Variable Before the Covid-19 Pandemic
Based on the regression results above, it is clear that the Self Retention Ratio before the Covid-19 pandemic had a coefficient value of 813,282 and a probability of 0.3246. The probability value shows that $\alpha > 0.1$, meaning that before the Covid-19 Pandemic the Self Retention variable had no effect on the level of solvency.
- f. Self-Retention Ratio Variables After the Covid-19 Pandemic
Based on the regression results above, it is clear that the Self Retention Ratio after the Covid-19 pandemic has a coefficient value of 1549,897 and a probability of 0.000. The probability value shows that $\alpha < 0.1$, meaning that the Self Retention variable after the Covid-19 pandemic experienced a significant (positive) increase in the level of solvency.

4.4 F Test

The F test is a test of the regression coefficients simultaneously. This test was carried out to determine the influence of the independent variables contained in the model together on the dependent variable.

Table 4.2 F-Statistic Test Result

F-statistic	Prob(F-statistic)
22.299	0.000

Based on the results of the F-Statistics test, it shows that Prob (F-Statistics) is $0.000 < 0.1$, meaning that H_0 is rejected, meaning that the independent variables claim burden, premium growth, self-retention together have a significant effect on the dependent variable, namely the level of solvency.

5. Conclusions

Based on the results of research examining the performance of general insurance companies before and during Covid-19 using the panel data method, it can be concluded as follows:

- a. The Claim Expense Ratio variable during the Covid-19 Pandemic influenced the Solvency Level of general insurance companies significantly and negatively. This means that when claim expenses increase, it will reduce the solvency level of general insurance companies. The Claim Expense Ratio is also the variable that most influences the Solvency Level.
- b. The Premium Growth Ratio variable during the Covid-19 Pandemic influenced the Solvency Level of general insurance companies significantly and negatively. This means that when claim expenses increase, it will reduce the solvency level of general insurance companies.
- c. The Self Retention Ratio variable during the Covid-19 Pandemic influenced the Solvency Level of general insurance companies significantly and positively. When the Self-Retention Ratio increases, the Solvency Level will increase due to an increase in total income and total public expenditure.
- d. The Covid-19 pandemic significantly affected the solvency level of general insurance companies, both negatively and positively. During the Covid-19 pandemic, this occurred due to several factors such as changes in economic policy, economic penetration and economic instability.
- e. Future researchers are advised to increase the research period from the beginning of the pandemic until the pandemic is still ongoing and use samples of companies in other sectors. For example mining, manufacturing, or banking. For further research, if the insurance industry can be tested using other Early Warning System indicators in full and can extend the research period so that the research results will be much more accurate.

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INSTITUTIONAL CHANGE AND SUSTAINABLE TOURISM DESTINATION: THE STUDY OF LEDOK SAMBI TOURISM VILLAGE, PAKEMBINANGUN, SLEMAN, YOGYAKARTA

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ABSTRACT

This study examines the institutional changes that have influenced long-term structural shifts in the local economy, specifically focusing on tourism transformation. The article aims to assess the institutional changes in tourism destinations and explain how these changes impact sustainable tourism destination performance. Through Robert K. Yin-style case studies (2009), the study findings reveal that the Ledok Sambu Tourism Destination has experienced institutional changes that have altered the destination's governance structure from convergent and collaborative to divergent and separate. Additionally, the shift in institutional character from inclusive to extractive institutions has led to tourism performance that is less conducive to sustainability. The relationship between institutional change and performance, this research also finds that institutions can trap destinations that worsen tourism performance, resembling a paradoxical trap box between sustainable tourism objectives. The study suggests the importance of orchestration and alignment of formal institutions, bureaucracy that serves and empowering the community to get out of the paradoxical box

Keywords: *Institutional Change, Destination, Sustainable Tourism Performance*

1. Introduction

This study examines the institutional change and performance of Ledok Sambu Tourism Village (LSTV) as the tourist destination (Figur 1). LSTV is one of the tourist villages located on the slopes of Merapi Mountain, and local tourism development has been ongoing since 2002 through democratic initiatives and local civil society. The emergence of LSTV predates the introduction of Law No. 10/2009 on Tourism and Regulation No. 50/2011 on the Government on the National Tourism Development Master Plan. The village's development as a tourist destination aligns more with the previous regulation, Law No. 9 of 1990 concerning Tourism. This study highlights the significance of local power and democratic approaches in the development of LSTV and sheds light on the importance of earlier regulations in shaping tourism destinations.

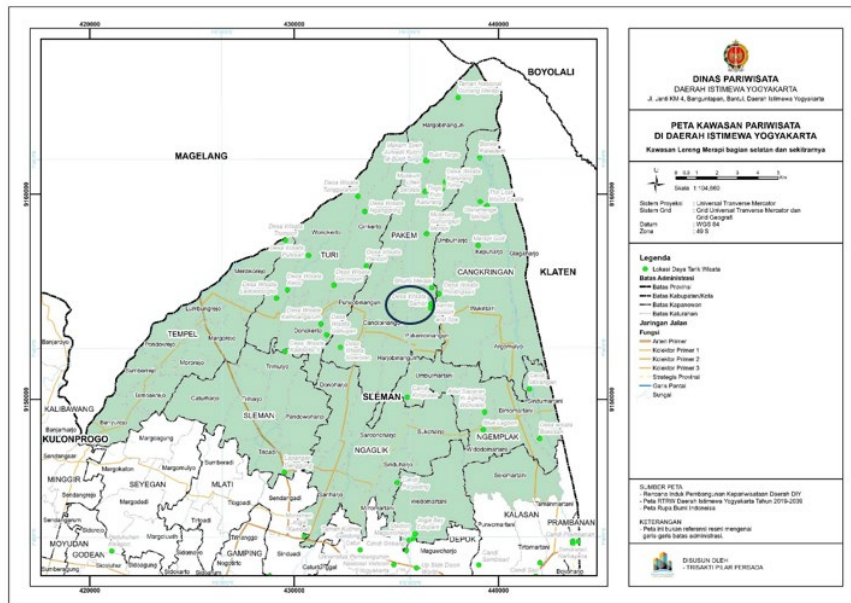


Figure 1. Ledok Sambi Tourism Village (LSTV) as the tourist destination

Ledok Sambi Tourism Village (LSTV) had been developed as a tourism destination before the provincial and district governments officially recognized tourism as regional leading sector. This means that LSTV's development did not directly align with the regional regulations established for long-term development plans or tourism master plans. Despite this, LSTV had managed to grow and become a popular destination. The development of LSTV took place before the vision was set for the Yogyakarta province to become a leading tourist destination by 2025. It also grew before the establishment of the regional tourism and development master plans for both the Yogyakarta Special Region Province and the Sleman Regency. Despite not aligning with these regulations, LSTV has managed to thrive as a tourism village.

The tourism industry is influenced by continuous changes and transformations in the institutional environment, particularly in government institutions. Reforms in the government system and regional bureaucracies result in institutional complexity. This reform spirit has led to the repeal of various laws, such as Law No. 22 of 1999, replaced by Law No. 32 of 2004, and ultimately replaced again with Law No. 23 of 2014 concerning Regional Government. These changes also bring about legal regulations related to regional institutions, including Law No. 13/2012 on the Privileges of Yogyakarta Special Region and Law No. 6/2014 on Villages. The introduction of formal institutions and legal regulations has impacted the development dynamics at the local level, especially for actors in the local tourism economy. Institutional change creates uncertainty and complexity in tourism governance, as well as challenges for communities to adapt to these changes.

2. Literature Review

2.1 Institutions and Institutional Change

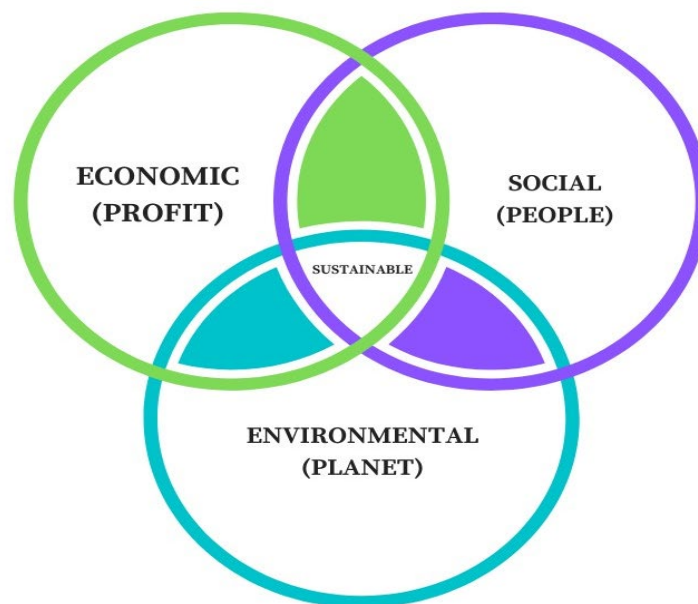
Institutional economics suggests that institutional change has a significant impact on economic, social, and environmental performance. Institutions can either reinforce or constrain progress. Formal institutional change refers to changes in the collective choices and actions that actors design to determine formal institutional change, such as agreements, regulations, strategies, plans and policies. On the other hand, institutional change in the sense of informal institutions is evolutive, especially regarding aspects of informal institutions such as norms, culture, values, and beliefs. Institutional change is shaped by the interplay between formal and informal institutions, which determine the pace of change. The analysis of institutional change is a process that involves the creation of new institutions while eliminating old ones.

2.2 Government/Bureaucratic Reform

Bureaucratic reform is a priority in any development that leads to and aims at substantial democracy. The text discusses the shift or change in bureaucratic reform from old public administration (OPA), New Public Management (NPM), to New Public Service (NPS). Performance measures in democratic governance should be more comprehensive. This means that accountability should not only be measured in terms of productivity, but the process of achieving this should consider and rely on collaboration and leadership that rewards and respects everyone. Governance refers to the system for controlling and operating a tourist destination, as well as the mechanisms or procedures for holding the destination management, managers and the communities involved accountable.

2.3 Sustainable Destination Performance

Sustainable Tourism Destination performance is different from the management of private companies in general, performance should be more comprehensive and holistic.



Source : Slapper, 2019

Figure 2 Triple Bottom Line Model

Even other success factors geared towards destinations are expanding to further ensure sustainability.

2.4 Previous research in LSTV area

LSTV has gained popularity and has received widespread acceptance from visitors and at the same time encouraged researchers to conduct studies in the area. The focus of the researchers' studies included substantial issues in the local context. First, the importance of strengthening ecotourism in DWLS based on culture, local wisdom, and the environment (Haryono, 2010).

2.5 Conceptual Framework at local level

This text emphasizes the importance of studying institutional change at the level of formal government institutions. The rapid dynamics of bureaucratic or governmental institutional change since reformasi.

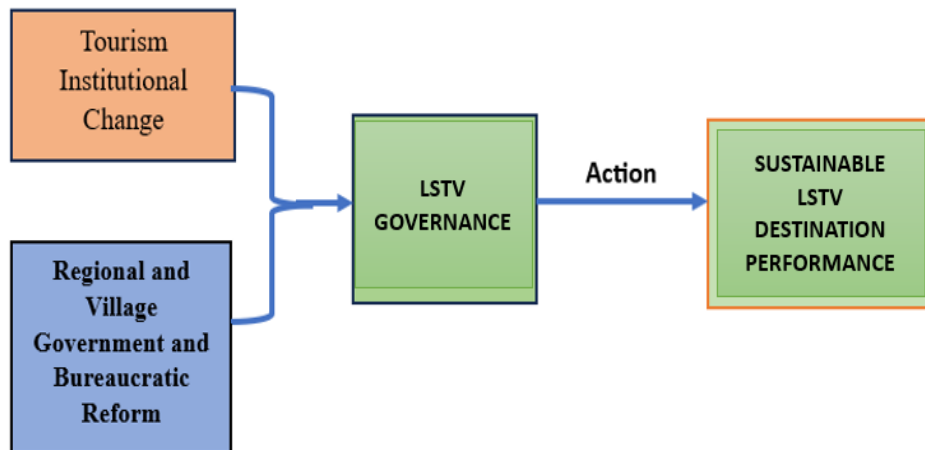


Figure 3. Conceptual Framework at local

Sectoral departmentalization simultaneously also often changes rules or institutions continuously. At the level of governance of LSTV tourist destinations, they often face the powerlessness to adapt to institutional changes and face the dynamics of the competitive behavior of tourism economic actors who are oriented only towards the economy.

3. Research Methods

The research method used is the case study method, which involves a detailed analysis of one or several special cases (entities or situations). The case study chose the SLTV area as the main case. This was chosen because of the phenomenon of the development of SLTV which is in the conservation area of the slopes of Mount Merapi. This tourist area utilizes the valley and river area as a tourist attraction with various tourist services such as camping ground, river tracing, outbound and culinary. In other words, the use of shared resources (common property rights) has the potential for tragedy and resource curse characterized by disputes and conflicts between actors that tend to appear and have been explained by previous researchers (Djulianto, 2022).



Figure 4. LSTV Tourist Attractions

4. Research Findings and Discussion

4.1 Institutional Changes in Yogyakarta Special Regional Government (Yogyakarta SRG)

Changes in regional government institutions are known as decentralization, regional and village autonomy. The focus on the choice of tourism as a regional economic leading sector is greatly influenced by the forces of ongoing government institutional and bureaucratic change. Changes in Regional government institutions based on Law No. 22 of 1999 and became Law No. 32 of 2004 is based on the principles of government. Changes in the regional government's

inaction with Law no. 32 of 2004 and Law no. 10 of 2009 concerning tourism is sufficient to provide institutional corrections that lead to strengthening local communities. Changes in tourism development strategies are carried out in conjunction with the commitment and implementation of additional specialties of DIY with Law no. 13 of 2012 and its derivatives, new government institutions with Law no. 23 of 2014 and the village government through Law no. 6 of 2014 have not found the right formulation. The integration and orchestration of changes in tourism institutions, regional government, specialties, and villages still experience institutional divergence.

4.2 Changes in LSTV Governance

The dynamics of the participatory tourism institutional environment, accompanied by the institutional divergence of regional and village governments, create changes in destination institutions that lead to liberalistic destination governance. Initially, was a form of community-based tourism managed by the community at the hamlet level. The institutional structure of Ledok Sambi Tourism Village is an empowerment organization/group at the hamlet level. Employees/members trust in the management decreased due to low transparency and accountability, prompting the formation of the Sambi Tourism Village Supervisory Board (STVSB) which lasted for four years. Tourist service businesses are increasingly fragmented, and each small group even serves tourist visits independently. The shock of the disaster and the eruption of Mount Merapi caused tourism development to stop in 2010-2011, which resulted in BPDWS activities going out of business and the institution of the Tourism Awareness Group (Pokdarwis) emerging to restore tourism. The PNPM-Tourism program has succeeded in restoring tourism, but at the same time the Pokdarwis institution is not a permanent institution, so the presence of Pokdarwis strengthens tourism actors who operate individually. Tourism actors grow and increase in number and create a scarcity of local resources and competition between tourism actors increases.

4.3 Behavior Change: “Unfair Competition Between Actors”

Changes in local institutions that are increasingly liberalistic form unhealthy competition. This is characterized by the service offerings of tourist operators competing for visitors, accompanied by the absence of standard service prices for river crossings, enjoying tent rental services and scenic views, as well as playing with family on the Kalikuning River.

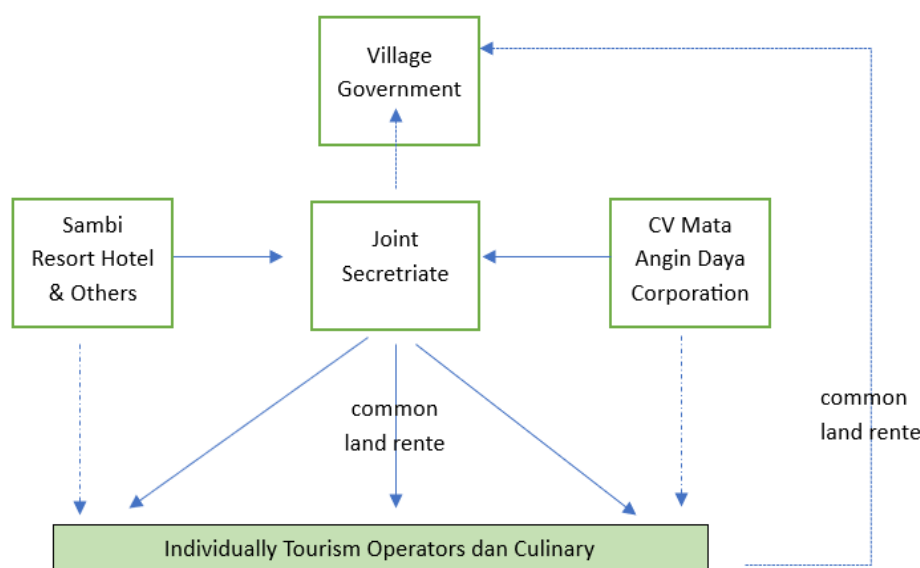


Figure 5. Unfair Competition Between Actors" and Common Land Rente

In a situation of unhealthy competition, the government forms a joint secretariat with individual tourism actors to provide certainty of tourism services, agreement on prices for tourism services and good service to tourists. The government's inability to control the liberalistic behavior of tourism actors, creating a joint secretariat is simply an extension of the government's role in seeking rents on jointly owned land.

4.4 LSTV Performance: Economic Performance of Mass Tourism

As a form of mass tourism, the number of tourist visits is a measure of the success of tourism development. The trend of LSTV tourist visits over time has experienced a sharp increase.

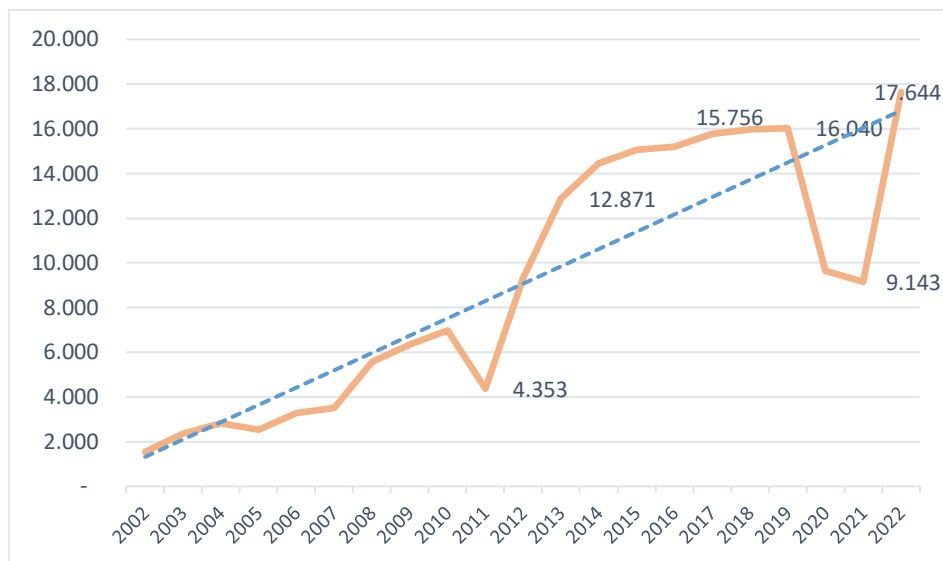


Figure 6. LSTV Economic Performance: Tourist Visits (Person) 2002-2022

4.5 Socio-Cultural Performance

The increasing achievements of the tourist economy, accompanied by “obvious sacrifices and social degradation. The culture of economic pragmatism increasingly strengthens the desire to obtain economic rents quickly and instantly and weakens social ties. At its inception, LSTV also had a local performing arts association which became a cultural attraction, but over time traditional arts were no longer activated. There is inequality between local tourism actors.

4.6 Socio-Cultural Performance

LSTV is a tourist destination intended to develop ecotourism to strengthen conservation of the Mount Merapi Slopes area, but a liberalistic economy does not need ecology. The LSTV tourist area is also an affected and disaster-prone area, but the tourist destination does not have a disaster mitigation management strategy.

4.7 LSTV Performance: Economic Performance of Mass Tourism

Based on the description above, the relationship between government institutions, tourism, destination governance and sustainable tourism performance can be explained through the LSTV Institutional Change Cube Trap (Figure 7). This illustrates the mechanism of institutional change. First, at the beginning of the initiation, changes in the government institutional environment that were convergent or in line with participatory tourism institutions created inclusive Community Based Tourism (CBT) destination governance, marked by the growth of tourism development cooperation carried out by local residents. The economic performance of tourism during the growth period increased, accompanied by high social,

cultural and environmental performance. At least a balance between economic, socio-cultural and environmental goals occurs.

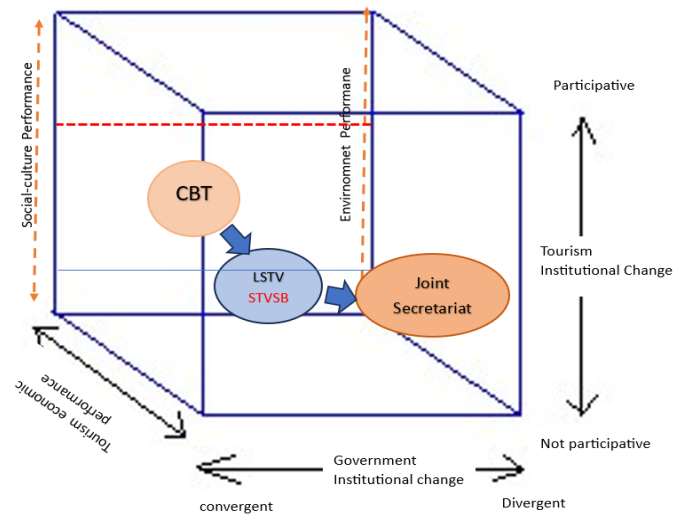


Figure 7. Cube Trap of Institutional Change and Tourist Destination Performance

Second, changes in government institutions which are initially divergent and are starting to be inconsistent with participatory tourism practices create divergence in destination governance, characterized by low transparency and accountability and the need for institutional supervision as a result of which economic performance continues to grow, but social and environmental problems arise in management practices. destination.

Third, changes in government institutions create real divergence and tourism institutions are increasingly participatory, but the dominance of local tourism actors makes the governance of tourist destinations extractive and produces an imbalance in sustainable development. The economic performance of tourism has increased sharply, but social and environmental degradation is increasing. In fact, government institutions are increasingly ineffective at enforcing regulations, competition is increasingly unhealthy and it is more worrying that the government is oriented towards "seeking rents" from natural resources for tourism. The relationship between institutional change and performance, this research finds that institutions can trap destinations that worsen tourism performance, resembling a paradoxical trap box between sustainable tourism objectives.

5. Conclusion

The LSTV has experienced local institutional dynamics and changes in adapting to the institutional environment. At least three local institutional changes were found which compiled five main things to pay attention to tourism sustainability.

First, sustainable development performance can be realized when government institutions are convergent, accompanied by participatory tourism institutions and inclusive destination governance. Changes in governmental institutions are divergent, although tourism institutions remain participatory and empower the community, destination governance is more influenced by government institutions, so that sustainable tourism performance is not achieved. Extractive destination management encourages socio-cultural and environmental degradation, even though economic performance shows high tourist visits.

Second, changes in government institutions that serve more as a solution to finding appropriate local institutions and empowering communities to adapt to institutional changes and achieve inclusive destination governance and realize sustainable development.

Third, divergent institutional changes create uncertainty and difficulty in enforcing regulations, creating unhealthy daylight hours for tourism actors, leading to domination of tourism actors and producing social inequality in the community. In fact, the government's behavior tends to seek rents from the natural resources it controls rather than increasing local institutional capacity and community empowerment.

Fourth, divergent institutional changes create an institutional cube trap for determination that creates paradoxical sustainable development objectives.

This study suggests the importance of orchestration and alignment of formal institutions, bureaucracy that serves and empowering the community to get out of the paradoxical box.

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THE INFLUENCE OF FASHION INVOLVEMENT, POSITIVE EMOTIONS AND AFFILIATE MARKETING ON IMPULSE BUYING GENERATION Z

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ABSTRACT

This research aims to determine: (1) the joint influence of fashion involvement, positive emotions and affiliate marketing to impulse buying on generation Z users of the Shopee application in Yogyakarta City, (2) influence fashion involvement to impulse buying among generation Z users of the Shopee application in Yogyakarta City. (3) the influence of positive emotions on impulse buying on generation Z users of the Shopee application in Yogyakarta City, (4) influence of affiliate marketing to impulse buying among generation Z users of the Shopee application in Yogyakarta City. The sampling technique used is purposive sampling. Data was obtained by distributing questionnaires about fashion involvement, positive emotions, affiliate marketing and impulse buying to 100 respondents. Data analysis using multiple linear regression and using SPSS 22. The research results showed that: (1) fashion involvement, positive emotions, affiliate marketing together have a significant effect on impulse buying, (2) fashion involvement positive and significant effect on impulse buying, (3) positive emotions have a positive and significant effect on impulse buying, (4) affiliate marketing positive and significant effect on impulse buying.

Keywords: Fashion Involvement, Positive Emotions, Affiliate Marketing, Impulse Buying

1. Introduction

This research aims to determine the joint influence of fashion involvement, positive emotions and affiliate marketing on impulse buying among generation Z users of the Shopee application in Yogyakarta City. The research uses the variables fashion involvement, positive emotions, affiliate marketing, and impulse buying. The research subjects were generation Z who had made purchases on the Shopee application in Yogyakarta City.

To determine the influence of fashion involvement on impulse buying among generation Z users of the Shopee application in the city of Yogyakarta. To determine the influence of positive emotions on impulse buying among generation Z users of the Shopee application in Yogyakarta City. Also, to find out the influence of affiliate marketing on impulse buying among generation Z users of the Shopee application in the city of Yogyakarta.

The e-commerce industry has great potential in Indonesia which is not only underestimated, this is reflected in the increase in income from this online business from year to year which will continue to increase, along with the increasing use of the internet nowadays. Indonesia is a country with quite a lot of internet users from various age groups. According to a survey conducted by Hootsuite in early 2020, it was revealed that approximately 175.4 million internet users and approximately 338.2 million Indonesians use handheld cellphones, as shown in the following image (Riyanto, 2020).

Even though the Indonesian economy is experiencing a slowdown, the e-commerce industry continues to grow rapidly. However, with this growth comes the issue of how the

industry can support a slowing economy as a whole. Widespread internet use among all ages in Indonesia has increased online sales significantly. However, this growth also gives rise to impulse buying behavior, which can have a negative impact on consumer finances. Generation Z, with its propensity to use social media and shop online, has a unique pattern of impulsive shopping behavior. Understanding the variables that influence impulse buying behavior, especially in generation Z, can provide valuable insight for e-commerce marketing strategies.

One of the online shop systems that has emerged recently is affiliate marketing at Shopee which is currently trending in Indonesia. Shopee comes in the form of an application that makes it easier for users to carry out online shopping activities without having to use a computer. Just by using a smartphone, Shopee offers a variety of products, from fashion products, electronics to products for daily needs. At Shopee there are 26 categories of goods, ranging from clothing, smartphones, bags, accessories, makeup, baby equipment, sports equipment, home equipment, food, drinks, vehicles, credit, or travel tickets are also available. So, it is not surprising, in the second quarter of 2022 Shopee had 131.3 million website visitors per month based on iPrice data. So Shopee can be said to be the largest e-commerce in Indonesia, beating Tokopedia, Lazada, Bukalapak and other e-commerce.

Consumer involvement in fashion products has the potential to influence impulse buying behavior. How consumers' involvement with fashion products influences their decision to impulse buy needs to be better understood. The use of affiliate marketing as a marketing strategy in e-commerce, especially in the Shopee context, is an interesting phenomenon. However, how affiliate marketing influences impulse buying behavior among consumers, especially generation Z, is still a relatively new research area and has not been studied in depth.

Various studies have been developed related to impulse buying. Research by Padmasari & Widyastuti (2022) found that impulse buying has become a mediation between social network marketing and customer relationships. Meanwhile, research by Parakh et al., (2016) marketing stimuli and hedonic shopping value have an effect on impulse buying. This research uses the variables fashion involvement, positive emotions, affiliate marketing, and impulse buying. The contribution of this research is on the affiliate marketing variable as an independent variable.

The role of positive emotions in influencing impulse buying decisions is also an important aspect that needs to be studied further. How consumers' positive emotions influence their perceptions of products or services, as well as how these emotions influence their willingness to shop impulsively, is an interesting research question.

2. Literature Review

2.1 Impulse Buying

Impulse buying is a purchasing activity carried out by potential consumers who are already in the store, and when exposed to external stimulus, an urgent desire arises in them to immediately buy the product (Salsabila & Suyanto, 2022).

2.2 Fashion Involvement

Japariato & Suhiharto (2011) define fashion involvement as consumer involvement in a clothing product because of the need, interest, interest and value of the product. When consumers feel that the fashion they see is attractive, consumers will make purchases. Fashion involvement prefers to do impulse buying (Maryadi et al, 2021). In line with this statement, Pramestya & Widagda (2020) state that fashion involvement has a positive influence on impulse buying.

2.3 Positive Emotion

According to Hermanto (2016) positive emotions are emotions that can give rise to positive feelings for someone who experiences them. Positive emotions are reactions or attitudes that state that someone feels happy, happy and satisfied with certain circumstances or objects. The creation of positive emotions in consumers on a product or store can increase consumers' motives to make impulse purchases (Amiri et al, 2012). Emotions such as falling in love, excitement, desire, attraction, and enthusiasm can have a positive influence on the tendency to make impulse buying (Sopiyan & Kusumadewi, 2020). The theory expressed by Rook and Gardner (Sudarsono, 2017) emphasizes that compared to negative emotions, consumers with positive emotions are more likely to make impulse purchases due to feelings of being unconstrained, the desire to reward themselves, and higher energy levels. Brabo et al, (2021) added, that using an online platform can provide a sense of happiness or pleasure, and the possibility of impulse buying increases.

2.4 Affiliate Marketing

Marketing which means marketing. Affiliate marketing can be interpreted as affiliate marketing, which means that we will market other people's products, then if we succeed in selling the product, we will get a commission from the owner of the goods (Hidayat, 2018).

3. Research Methods

3.1 Method of Research

The type of research used in this research is quantitative research. Sugiyono, (2017:17) said that quantitative research is a research method used to research certain populations or samples, collect data using research tools, analyze quantitative data or numbers for the purpose of testing predetermined hypotheses. This type of research is causal research, where causal research is research that aims to determine the cause-and-effect relationship between the independent variable and the dependent variable (Sugiyono, 2017:37). This research aims to analyze the influence of fashion involvement, positive emotions and affiliate marketing on generation Z's impulse buying on the Shopee application.

3.2 Subject of Research

The research was conducted in May-June 2023. The research location was Yogyakarta City.

3.3 Instrument and Data Collecting

The measurement scale used is the Likert scale. According to Sugiyono (2017) the Likert scale is used to measure the attitudes, opinions, perceptions of a person or group of people about a symptom or social phenomenon. The data collected through a questionnaire is then processed in quantitative form, namely by determining the answer scores for the questions that have been answered by the respondents. Where the scoring is based on the provisions. Using a measurement scale, the researcher chose a scale of 1 to 5. Where, if the respondent has a score of 5 for the statement Strongly Agree (SS), score 4 for the statement Agree (S), score 3 for neutral, score 2 for the statement Disagree (TS), and a score of 1 for the Strongly Disagree (STS) statement.

3.4 Population and Sample

The population in this research is generation Z who have made purchases on the Shopee application in the last 3 months in Yogyakarta City. The number of Generation Z who have made purchases on the Shopee application in the last 3 months in Yogyakarta City is not known with certainty.

3.5 Sampling Technique

Determining the sample size in this study using the Lemeshow formula, the number of generation Z population who have purchased products on the Shopee application in the last 3 months in Yogyakarta City is not known with certainty. The following is the Lemeshow formula (Sugiyono, 2017:36).

3.6 Data Analysis

Researchers use SPSS to calculate research results with formulas for data analysis called normality tests, multicollinearity, heteroscedasticity, multiple linear regression equations and coefficient of determination tests.

4. Research Findings and Discussion

Data description analysis of research variables is an analysis that provides interpretation of the results of data collection based on mean values and categorization is carried out as determined in the table.

4.1 Normality Test

Table 4.1 Normality Test

	Unstandardized Residual
Asymp. Sig. (2-tailed)	0,883

Source: Primary Data Processing (2023)

Based on Table 4.1, the asymp.Sig (2-tailed) value is 0.883. The asymp.Sig (2-tailed) value is greater than the alpha value of 0.05, meaning that the research data, namely the variable data for fashion involvement, positive emotions, affiliate marketing, and impulse buying, is normally distributed. So, the assumption of normality has been met.

4.2 Multicollinearity Test

Table 4.2 Uji Multikolinearitas

Variable	Collinearity Statistics		Keputusan
	Tolerance	VIF	
<i>Fashion Involvement</i>	0,356	2,810	Multicollinearity Free
Positive Emotion	0,321	3,112	Multicollinearity Free
<i>Affiliate Marketing</i>	0,232	4,302	Multicollinearity Free

Source: Primary Data Processing (2023)

Based on table 4.2, it shows that the tolerance value for the fashion involvement, positive emotions and affiliate marketing variables is greater than 0.10 (tolerance > 0.10). The VIF value of the fashion involvement, positive emotions and affiliate marketing variables is less than 10 (VIF < 10). The conclusion that can be drawn is that the variables fashion involvement, positive emotions, and affiliate marketing do not have symptoms of multicollinearity. So, the assumption of free multicollinearity for the variables fashion involvement, positive emotions, and affiliate marketing has been fulfilled.

4.4 Heteroscedasticity Test

Table 4.3 Uji Heteroskedastisitas

Variable	Sig.	Keputusan
<i>Fashion Involvement</i>	0,840	Heteroscedasticity Free
Positive Emotion	0,890	Heteroscedasticity Free
<i>Affiliate Marketing</i>	0,909	Heteroscedasticity Free

Source: Primary Data Processing (2023)

Based on table 4.3, the results of the heteroscedasticity test using the Glejser method show that the probability value (sig) of the fashion involvement, positive emotions and affiliate marketing variables is greater than 0.05 (sig. > 0.05). The significant value is > 0.05, providing the conclusion that the data used in this study is free of heteroscedasticity. So, the heteroscedasticity assumption has been met.

4.4 Multiple Linear Regression Equation

Table 4.4 Results of Multiple Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
(Constant)	-2,093	1,997	
<i>Fashion Involvement</i>	0,192	0,092	0,179
Positif Emotion	0,588	0,104	0,514
<i>Affiliate Marketing</i>	0,288	0,130	0,236

Source: Primary Data Processing (2023)

Based on the results of multiple linear regression analysis, the following regression equation model can be obtained: $Y = -2,093 + 0,192 X_1 + 0,588 X_2 + 0,288 X_3$

4.5 F-test

Tabel 4.5 Result of F-Test

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	1678,249	3	559,416	94,307	0,000
1 Residual	569,461	96	5,932		
Total	2247,710	99			

Source: Primary Data Processing (2023)

Based on table 4.5, the probability value (sig) is obtained at 0.000, where this value is smaller than 0.05 and the calculated F value is 94.307 which is greater than the F table of 2.70 (94.307 > 2.70). So, the decision is that H0 is rejected and HA is accepted, meaning that fashion involvement, positive emotions and affiliate marketing together have a significant effect on impulse buying.

4.6 T-Test

Table 4.6 Result of T-Test

	Model	t	Sig.
1	(Constant)	-1,049	0,297
	<i>Fashion Involvement</i>	2,078	0,040
	Positif Emotion	5,667	0,000
	<i>Affiliate Marketing</i>	2,213	0,029

Source: Primary Data Processing (2023)

Based on the results above, fashion involvement has a positive and significant effect on impulse buying. Positive emotions have a positive and significant effect on impulse buying. Affiliate marketing has a positive and significant effect on impulse buying.

4.7 Coefficient of Determination Test

Table 4.7 Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,864	0,747	0,739	2,43555

Source: Primary Data Processing (2023)

Based on table 4.7, the coefficient of determination value which is symbolized by the Adjusted R Square value is 0.739 or if the percentage is 73.9%. This means that the variables fashion involvement, positive emotions and affiliate marketing are able to explain impulse buying by 73.9%. The remaining 26.1% is explained by variables outside the model.

5. Discussion

The results of the t-test test concluded that fashion involvement has a positive and positive effect on impulse buying. A positive influence means that if fashion involvement is high, this means that impulse buying will be high. Conversely, if fashion involvement is low, this means that impulse buying will also be low. This shows that high and low fashion involvement will affect the high and low impulse buying of a person.

Fashion involvement shows that the respondents of this study have high fashion involvement. Someone who has high fashion involvement will have more knowledge and clothing products compared to people who have low fashion involvement (Febriani & Purwanto, 2019). So the stronger someone wants to improve their physical appearance and lifestyle, the higher the fashion involvement.

Higher fashion involvement will lead someone to impulsive buying, this is because when someone has an interest and knowledge in fashion, he will buy the product even though he did not plan it (Wijaya et al, 2016). Consumers with fashion involvement prefer to buy clothes (Wijaya et al, 2016). More in Andani & Wahyono (2018) state that someone who has high fashion involvement is able to create high impulsive buying decisions, especially clothing fashion products.

The results of this study are in line with research conducted by Alimudin et al, (2020), Tirtayasa et al, (2020), and Pramestya & Widagda (2020) found that fashion involvement has a positive and significant effect on impulse buying. This means that the higher the fashion involvement, the higher the impulse buying.

The coefficient results and t test testing concluded that positive emotions have a positive and significant effect on impulse buying. A positive influence means that if positive emotions are high, this means that impulse buying will also be high. Conversely, if positive emotions are low, this means that impulse buying will also be low. This shows that the high and low positive emotions will affect the high and low impulse buying of a person.

The results showed that the level of positive emotions possessed by respondents was a high level of positive emotions. The higher the positive emotions felt by a person, the positive impact on impulse buying (Muhyidin et al, 2019). Positive emotions are reactions or attitudes that state that a person feels happy, happy and satisfied with certain circumstances or objects (Indri & Siagian, 2018). Positive emotions described as emotions such as falling in love, excitement, desire, attraction, and enthusiasm are positively and significantly correlated with the tendency to impulse buying (Sopiyan & Kusumadewi, 2020).

Positive emotions when shopping, will result in an impact on impulse buying behavior. In line with the opinion of Imbayani & Novarini (2018), research respondents said they agreed that they felt comfortable, relaxed, excited and passionate about making purchases on the Shopee application. Consumers practically make unnecessary purchases because of the pleasure they get when shopping (Putri, 2023). Consumers who have a positive mood are more conducive to impulse buying than someone who has negative emotions (Permatasari et al, 2017).

The results of this study are in line with research conducted by Setiawan & Ardani (2022), Listriyani & Wahyono (2019), Brabo et al, (2021) and Sohn & Lee (2017) which show that positive emotions have a positive influence on impulse buying. This means that the stronger the buyer's positive emotions, the stronger the decision in impulse buying.

The result of t-test concluded that that affiliate marketing has a positive and significant effect on impulse buying. A positive influence means that if affiliate marketing is effective, this means that impulse buying will be high. Conversely, if affiliate marketing is less effective, this means that impulse buying will be low. This shows that the high and low effectiveness of affiliate marketing will affect the high and low impulse buying of a person. Affiliate marketing perceived trust respondents agree that respondents trust the information provided by affiliates Rossa & Ashfath (2022).

6. Conclusions and Implications

Based on the presentation of research data and discussion, the conclusions that can be drawn in this research are as follows:

- a. Fashion involvement, positive emotions, affiliate marketing together have a significant effect on impulse buying.
- b. Fashion Involvement has a positive and significant effect on impulse buying.
- c. Positive emotions have a positive and significant effect on impulse buying.
- d. Affiliate marketing has a positive and significant effect on impulse buying.

Based on the research results, the average of the eight questions of the fashion involvement variable is 4.18, where the average value is in the high category. This shows that the level of fashion involvement owned by research respondents is included in high fashion involvement. The question item that has the lowest average value of 3.77 is "I try on clothing products first before buying them". Researchers suggest displaying reviews and testimonials of customers who use similar products. Positive reviews from other customers can give confidence to potential buyers. Show interesting product videos and photos. The use of videos to show the product in more detail can increase buyer confidence. This will increase the impulse buying of buyers.

Based on the results of the study, it shows that positive emotions have an average value of 4.18, which is in the high category. The positive emotion question item which has the lowest

average value of 3.02 is "I cannot be controlled if I shop at the Shopee App". This shows that respondents can still control themselves not to make purchases on the Shopee App. Researchers suggest that Shopee make limited offers with limited time or flash sales that only last a few hours. This sense of urgency can motivate consumers to buy immediately before the offer ends. This sense of urgency can cause consumers to be less controlled to make purchases, thus leading to impulse buying.

Based on the research results, affiliate marketing has an average value of 4.30 or falls into a very high category. However, of the seven affiliate marketing question items, there is one question item that has the lowest average value of 4.17, namely "I feel confident in the information provided by Shopee affiliates". This means that research respondents agree that they believe in the information provided by Shopee affiliates. Suggestions that Shopee can do provide training and support to affiliates regarding Shopee products, services, and brand values. The more affiliates understand about Shopee products, the better they can promote them accurately, and ultimately consumer trust in affiliates will be higher.

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THE INFLUENCE OF CHANGES IN TECHNOLOGY AND ORGANIZATIONAL CULTURE ON INNOVATION PERFORMANCE THROUGH ORGANIZATIONAL

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ABSTRACT

The purpose of this paper is to understanding the role change technology, culture organization enhance performance innovation and commitment organization as mediation. This paper will give understanding in a deep factor what variable increase performance innovation direct or trough mediation. This study used a quantitative approach. Primary data collection using survey methods. Survey is a measurement process used to collect data using questionnaires. The result show that role Change Technology and culture resulting organization _from several reviews literature proven own influence positive to performance innovation, besides That commitment organization is also deep literature this is also affected by Change Technology and culture organization and also proven influence performance innovation. This thing becomes findings in study this and can become a conceptual research framework empirical.

Keywords: *change technology, culture organization, commitment organization, performance innovation.*

1. Introduction

A systematic literature search is recognized as an important component of the systematic review process. This involves a systematic search for studies and aims to produce transparent study identification reports, so that stakeholders can clearly know what has been done to identify the study, and how the findings of the review are placed on relevant evidence.

Companies in achieving a goal need the role of human resources. However, along with the development of the era of human resources, it is also very synonymous with technological updates and community culture that continues to develop very rapidly. The spread of technology continues to grow and gain progress everywhere. This growth is not only technological but also in several aspects. One of the most noticeable developments is the development of a culture. rapid technological advances certainly affect the social and cultural conditions of the nation. We know that currently in our environment must be very much influenced by the characteristics of cultural development Stoermer (2022). Human resources at this time are very dependent on technology. It is also undeniable that there is a cultural development that is used as opportunities to make business for entrepreneurs

Therefore, overall work innovation will grow in an organization with the development of technology, organizational culture, and organizational commitment from employees. This theoretical relationship is also supported by several empirical studies by Saether, (2019) which also found that technological developments, organizational culture, and organizational commitment have an influence on innovation performance.

2. Literature Review

2.1 The Effect of Technological Development on Innovation Performance

According to Chandra, Srivastava, (2020) the era of digital transformation will continue to usher in technology and information (ICT) that will develop everywhere and allow all organizations to use it. It is very important for an organization to keep abreast of technological developments because it is very influential with the innovation performance of employees. In this research, the implementation of good technological developments will be able to grow employee innovation performance.

H1: Technology Development has a positive effect on Innovation Performance.

2.2 The Influence of Organizational Culture on Innovation Performance

According to Muhamad Ekhsan & Septian (2021) diversity in people's lives, which is usually called culture, will cause several positive impacts in a company environment. In a company, of course, there are many religious employee cultures that must be used as a blend in order to form an Innovation Performance.

H2: Organizational Culture positively affects Innovation Performance

2.3 The effect of organizational commitment on innovation performance

Robbins and (Frimayasa & Lawu, 2020) define an employee's organizational commitment to identify an organization, its goals and expectations to remain a member of the organization where he works. The theoretical model states that employees who are committed to their work will always be involved in the innovation performance of the company.

H3: Organizational Commitment positively affects Innovation Performance

2.4 Effects of Technological Change to Organizational Commitment

According to Gustika Yolanda Putri (2013) stated that Technology Change at this time is very influential on organizational commitment because if someone in an organization can continue to develop and follow technological changes, employees must also have a commitment to continue to be involved in the organization.

H4: Technology Change positively affects Organizational Commitment

2.5 The Influence of Organizational Culture on Organizational Commitment

Organizational Culture is a belief and ethical principles of organizational members who play an important role in the organization's management system. Employee organizational commitment cannot be separated from the organizational culture applied, organizational culture is a guideline or basic assumption applied by employees in behaving in an organization (Ramezan, 2016).

H5: Organizational Culture positively affects Organizational Commitment.

3. Research Methods

This study used a quantitative approach. Primary data collection using survey methods. Survey is a measurement process used to collect data using questionnaires Jain (2013). This research starts with a hypothesis and involves appropriate procedures with specific data sources, therefore this research is included in confirmatory research research that aims to test a theory or hypothesis in order to strengthen or even reject the theory or hypothesis of pre-existing research results. Judging from the time dimension, this study is classified as a cross sectional study because it was carried out only once at a time (Cooper and Schindler in (Jain et al., 2013).

This study was conducted to examine the influence of technological change, organizational culture, and organizational commitment on innovation performance in giriloyo

batik employees. To collect data, a saturated sampling method is used by distributing questionnaires to respondents. In all, 50 responden were given to respondents. This quantitative method is suitable for examining the relationship between various factors and understanding how those factors can influence each other. The designed questionnaire was developed after referring to several previous studies that included selected construct measurement scales. The dependent variables are organizational commitment and innovation performance.

4. Research Findings and Discussion

4.1 Validity and Reliability Test

A validity test item is said to be valid if the value of r is calculated $> r$ table 0.2876. Testing results in technology change (0.353 to 0.625), organizational culture (0.721 to . . 908), Innovation Performance (0.930 to 0.696), and organizational commitment (0.791 to 0.843) or all instruments can be said to be reliable.

4.2 Uji Hipotesis

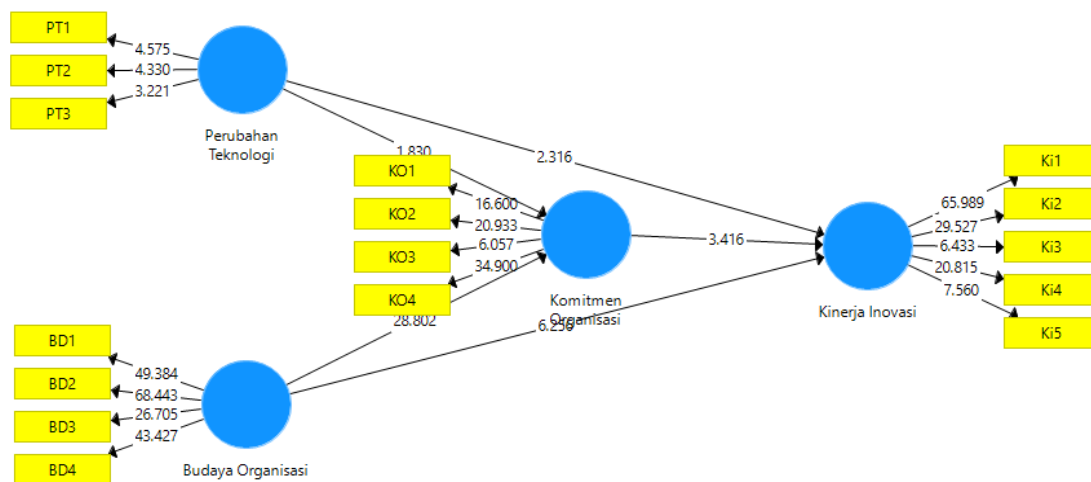


Figure 1

4.3 Organizational Culture influences Innovation Performance

Based on the table shows that the relationship between the independent variable and the dependent variable is as follows: the magnitude of the cophysical parameters of the Organizational Culture (BO) variable to Innovation Performance (KI) of 0.620, Sample Mean 0.15, Standard Dev 0.099, T Statistics 6.256 and P Values $0.000 < 0.05$, showing that Organizational Culture has a significant effect on Innovation Performance

4.4 Organizational Culture influences Organizational Commitment

Based on the table shows that the relationship between the independent variable and the dependent variable is as follows: The magnitude of the coefficient of the parameter of the Organizational Culture (BO) variable to Organizational Commitment (KO) is 0.878, Sample mean is 0.885, Standard Dev 0.30, T stastic 28.802 and P Values $0.000 < 0.05$, shows that Organizational Culture has a significant effect on Organizational Commitment.

4.5 Organizational Commitment Affects Innovation Performance

Based on the table shows that the relationship between the independent variable and the dependent variable is as follows: The magnitude of the coefficient of the Organizational

Commitment parameter (KO) to innovation performance (IP) of 0.348, sample mean 0.357, Standard Devian 0.102, T statistic 3.416, and P Values $0.0001 < 0.05$ shows that Organizational Commitment has a significant effect on Innovation Performance.

4.6 Technological Change affects Innovation Performance

Based on the table shows that the relationship between the independent variable and the dependent variable is as follows: The magnitude of the Technology Change (PK) parameter coefficient on innovation performance (IP) is 0.105, Sample Mean 0.094, Standard Dev 0.045, T statistic 2.316 and P Values $0.021 < 0.05$ shows that Technology Change affects Innovation Performance.

4.7 Organizational Change has no effect on Organizational Commitment

Based on the table shows that the relationship between independent variables and dependent variables is as follows: The magnitude of the coefficient of the parameters of the Organizational Change (PO) variable to Innovation Performance (IP) is 0.129, Sample Mean 0.125, Standard Devian 0.070, T statistic 1.830 and P Values $0.068 > 0.05$, shows that technological changes to organizational commitment, are not significant.

5. Conclusion

This research was conducted on employees of Batik Giloyo MSMEs, with the results of organizational culture affecting innovation performance, organizational culture affecting organizational commitment work commitment affecting innovation performance, technological change affecting innovation performance, while there is no influence on technology change variables on organizational commitment.

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THE IMPACT OF THE COVID-19 PANDEMIC ON THE LABOR SECTOR IN INDONESIA: A MULTIVARIATE ANALYSIS OF VARIANCE APPROACH

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ABSTRACT

The COVID-19 pandemic has affected the development of the labor sector. The economic impact of restrictions and lockdowns during the pandemic has resulted in job declines, mass layoffs, and financial uncertainty for many workers. This study aims to conduct a comparative analysis of the development of the labor sector in Indonesia before and during the COVID-19 pandemic. The data analysis tool used in this study is Multivariate Analysis of Variance (MANOVA). One of the uses of this analysis is to perform comparison or difference tests. This analysis is carried out through the stages of multivariate normality tests, homogeneity tests, simultaneous comparison tests (multivariate) and comparison tests separately (univariate). The results of the study concluded that multivariately there were significant differences in labor development in Indonesia between before and during the COVID-19 pandemic.

Keywords: labor sector development, comparative analysis, manova, covid-19 pandemic.

1. Introduction

The emergence of the COVID-19 pandemic around 2019-2021 resulted in an extraordinary crisis for the international community. COVID-19 is the largest pandemic in a century, measured by areas affected, human lives lost, and economic activities damaged (Huang et al., 2021). The COVID-19 pandemic caused serious disruptions in human society and unprecedented health and economic crises (Nascimento, Erick Giovanni Sperandio, Badaro, 2020). The COVID-19 pandemic caused enormous socioeconomic turmoil in the spring of 2020 as it threatened health as well as the suspension of many business activities (Witteveen & Velthorst, 2020). The recent COVID-19 pandemic affected society as a whole (Stalmachova & Strenitzerova, 2021), and became a significant factor influencing change in all sectors of the world (Stalmachova & Strenitzerova, 2021).

The extraordinary crisis caused by the COVID-19 pandemic has been felt in various sectors of the economy. The global economy is experiencing unprecedented disruption due to the COVID-19 pandemic (Dang & Viet Nguyen, 2021). The spread of the coronavirus and the imposition of stay-at-home rules have increased uncertainty and reduced economic activity in various economic sectors globally, resulting in the closure of financial markets, businesses, corporate offices, and other social activities (Mulyono, 2023). Major challenges for developed and developing countries due to the spread of COVID-19 include global supply chain problems that have been disrupted and economies that have entered recession (Al-Youbi et al., 2020; Queiroz et al., 2022).

In connection with the crisis caused by the COVID-19 pandemic, this paper tries to analyze the influence of the COVID-19 pandemic on the workforce aspect. In particular, this paper aims to compare the development of the workforce before and during the COVID-19 pandemic. The development of the workforce in question is the development of the macro

workforce in Indonesia. Macro labor development is compared using several relevant indicators such as open unemployment rate, proportion of informal employment, percentage of children aged 10-17 years employed, percentage of formal labor, underemployment rate, and proportion of informal employment in the non-agricultural sector in Indonesia.

2. Literature Review

The labor market has also been adversely affected by the COVID-19 pandemic. Labor markets around the world are experiencing major shocks due to the COVID-19 pandemic (Kikuchi et al., 2021). The COVID-19 pandemic has dramatically affected employment, with many workers being asked to work from home, many being asked to leave, or even many being laid off as unemployed (Petts et al., 2021). Government policies in implementing social restrictions during the COVID-19 pandemic such as self-quarantine, mobility restrictions, and business closures make it difficult for the labor market to adapt so that sooner or later many employed workers face greatly reduced workloads, temporary inactivity, or even job loss (Witteveen & Velthorst, 2020). Many people have lost their jobs, and on the other hand, employers have also found it difficult to hire their employees due to the business difficulties they face due to the COVID-19 pandemic (Hakovirta & Denuwara, 2020). Since the World Health Organization declared COVID-19 a pandemic on March 11, 2020, working life has changed dramatically as many workplaces have been forced to close, more work is done online, and also many workers have struggled to continue working while caring for their children in the family (Qian & Fuller, 2020).

The COVID-19 pandemic has even caused health problems for employees. The COVID-19 pandemic has had a substantial adverse impact on workers both regarding their physical and mental health (Singh et al., 2021). The COVID-19 pandemic has had a major impact on the mental and physical well-being of workers who have mentally decreased due to anxiety, fear, stress, and new working conditions, and on the other hand physically decreased also due to decreased physical activity, increased consumption of unhealthy foods, and lack of communication with colleagues (Olariu et al., 2022). The COVID-19 pandemic, which requires some workers to work from home, has caused physical effects such as reduced physical activity, increased consumption of junk food, weight gain, poor sleep quality, and musculoskeletal pain, in addition to mental effects such as increased levels of anxiety, depression, stress, headaches, fatigue, and lower job satisfaction (Chirico et al., 2021). The decline in physical and mental well-being of a number of workers while working from home during the COVID-19 pandemic is related to problems with physical exercise, food intake, communication with colleagues, children at home, interruptions at work, adjusted working hours, workstation settings and satisfaction with environmental factors in the workspace room (Xiao et al., 2021).

The government, companies, and related organizations together need to make anticipatory and recovery efforts for workers negatively affected by the COVID-19 pandemic. Due to the COVID-19 pandemic, the government needs to make various efforts in order to help workers who have lost their jobs to get them back, minimizing the gap between the skills possessed by workers and the skills needed by the company (Mayhew & Anand, 2020). Given the severity of the COVID-19 pandemic, organizations must become more flexible and quick in overcoming its negative impacts (Al-Youbi et al., 2020). Company leaders can keep their employees safe and promote well-being during the COVID-19 pandemic by providing employees with alternative work flexibility regarding working hours and workload resolution given changes in work patterns, conducting social interactions virtually or online with their employees, establishing effective collaboration online with their employees by utilizing various appropriate communication equipment, and build a positive attitude to its employees

with a number of facilities or adequate attention for its employees (Caligiuri, Paula, and De Cieri, 2020).

Looking at the various extraordinary impacts due to the COVID-19 pandemic, some consider that the COVID-19 pandemic crisis has a greater impact than previous crises. The COVID-19 pandemic had an unprecedented impact on labor markets and consumer markets, exhibiting more severe economic activity than the global financial crisis experienced, and the effects of economic & monetary policies carried out were similar to or outweighed in nature than previous major crises such as the global crisis of 2008, the Crash of 1978, and the depression of 1929 (Li et al., 2022). The comparison of the crisis during the Great Lockdown of 2020 with the Great Recession of 2009 is that the shocks associated with the Great Recession arise from pressures throughout the economy, especially high-income countries, while conversely, the Great Lockdown during the COVID-19 Pandemic is borne outside the global economic system, and is likely to leave most countries severely affected, both high- and low-income countries (Schmidhuber, J. and Qiao, 2020).

3. Research Methods

This study belongs to the type of comparative research. Comparative research is research that compares the presence of one or more variables in two or more different samples, or at different times (Sugiyono, 2016). The reason researchers use comparative research is because according to the problem of this study, namely the problem of comparison or difference between two samples, namely the development of the Indonesian workforce before and during the Covid-19 pandemic.

The main variable in this study is the development of employment in Indonesia. This main variable is then represented by 6 indicators. The six indicators used in this study are as follows: open unemployment rate, proportion of informal employment, percentage of children aged 10-17 years employed, percentage of formal employment, underemployment, and proportion of informal employment in the non-agricultural sector. This study used secondary data mainly from publication reports Badan Pusat Statistik (BPS).

The data analysis methods used in this study are quantitative descriptive analysis and comparative analysis, especially difference tests. The data analysis tool used in this study is Multivariate Analysis of Variance (MANOVA). One of the uses of this analysis is to perform comparison or difference tests. This analysis was carried out through the stages of multivariate normality tests, homogeneity tests, simultaneous comparison tests (multivariate) and comparison tests separately (univariate) with the help of SPSS Version 26 software.

4. Research Findings and Discussion

4.1 Descriptive Statistics

To provide an overview and information about research variable data, descriptive tables are used. Descriptive data in this study include the number of research samples, mean value, standard deviation, minimum value, and maximum value. The results of descriptive statistical analysis are described as follows. The 2019 open unemployment rate (before the pandemic) with a total of 34 data (n) had an average value (mean) of 4.5644, a standard deviation of 1.58825, with a minimum value of 1.39 and a maximum of 7.91. The 2020 open unemployment rate (during the pandemic) with a total of 34 data (n) had an average value (mean) of 5.2432, a standard deviation of 1.68127, with a minimum value of 2.85 and a maximum of 9.31. The proportion of informal employment in 2019 (before the pandemic) with a total of 34 data (n) had an average value (mean) of 56.5826, a standard deviation of 10.76891, with a minimum value of 29.57 and a maximum of 79.29. The proportion of informal employment in 2020 (during the pandemic) with a total of 34 data (n) had an average value (mean) of 61.0088, a standard deviation of 9.62044, with a minimum value of 35.41 and a maximum of 79.92.

The percentage of children aged 10 to 17 years working in 2019 (before the pandemic) with a total of 34 data (n) had an average value (mean) of 2.6829 standard deviations of 1.07890, with a minimum value of 0.98 and a maximum of 5.26. The percentage of children aged 10 to 17 years working in 2020 (during the pandemic) with a total of 34 data (n) had an average value (mean) of 3.9115, a standard deviation of 1.65301, with a minimum value of 1.19 and a maximum of 8.05. The percentage of formal workers in 2019 (before the pandemic) with a total of 34 data (n) had an average value (mean) of 43.4174 standard deviations of 10.76891, with a minimum value of 20.71 and a maximum of 70.43. The percentage of formal workers in 2020 (during the pandemic) with a total of 34 data (n) had an average value (mean) of 38.9912, a standard deviation of 9.62044, with a minimum value of 20.08 and a maximum of 64.59.

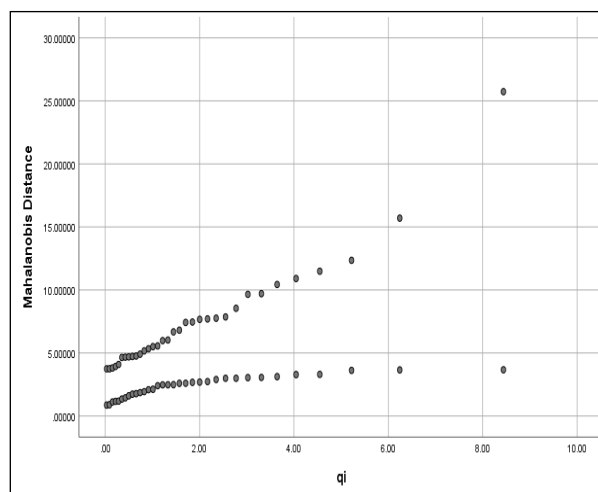
The 2019 underemployment rate (before the pandemic) with a total of 34 data (n) had an average value (mean) of 7.3935 standard deviations of 2.79529, with a minimum value of 1.89 and a maximum of 13.97. The 2020 underemployment rate (during the pandemic) with a total of 34 data (n) had a mean value of 10.6953, a standard deviation of 2.66102, with a minimum value of 5.75 and a maximum of 16.83. The proportion of informal employment in the non-agricultural sector in 2019 (before the pandemic) with a total of 34 data (n) had an average value (mean) of 42.4109 standard deviations of 6.68219, with a minimum value of 25.33 and a maximum of 59.96. The proportion of informal employment in the non-agricultural sector in 2020 (during the pandemic) with a total of 34 data (n) had an average value (mean) of 47.1962, a standard deviation of 5.76839, with a minimum value of 30.87 and a maximum of 60.31.

4.2 Multivariate Normality Test

A normality test is performed to determine whether the research data is normally distributed or not. In this study, the normality test used was *Mahalanobis Distance*. The multivariate normality test was carried out by creating a *scatter-plot* between *the expensive distance* and *Chi Square*. If these *scatter-plots* tend to form straight lines and more than 50% of the mahalanobis distance value is less than or equal to *Chi Square*, then H_0 is accepted meaning multivariate normally distributed data.

Based on the results of the normality test in table 1, it can be explained that the data are multivariate normal distribution because these *scatter-plots* tend to form straight lines and more than 50% of the mahalanobis distance value is less or equal to the q_i value. In addition to paying attention to scatter-plots, we can also draw conclusions from the correlation value.

Table 1. Normality Test



Source: Analysis Results

When viewed in the output of the table above, *Mahalanobis distance* correlates with *qi* of 0.604 which indicates that the correlation coefficient is very high. The magnitude of the correlation coefficient between -1 to +1. If the correlation coefficient > r table or sig value. < 0.05 there is a significant correlation. In scatter-plots this means the data comes from a multivariate normally distributed sample.

Table 2. Correlation Test

		Mahalanobis Distance	qi
Mahalanobis Distance	Pearson Correlation	1	.604**
	Sig. (2-tailed)		.000
	N	68	68
qi	Pearson Correlation	.604**	1
	Sig. (2-tailed)	.000	
	N	68	68

** . Correlation is significant at the 0.01 level (2-tailed).

Source: Analysis Results

4.3 Simultaneous Variance/Covariance Matrix Homogeneity Test Results

The results obtained from the multivariate normality test and correlation test can be used to conduct the next test, namely the homogeneity test. The homogeneity test is used to determine whether there are similarities between several existing populations. The criterion on homogeneity testing is if the sig value. < 0.05, it can be concluded that the data variance is not homogeneous. So, the further test used is *Gamess Howell* and if the value of sig. > 0.05 then it can be concluded that the data variance is homogeneous. So, the next test used is *Bonferroni*. The results of the homogeneity test showed that of the six variables had a significance value of > 0.05. So it can be concluded that the data variance is homogeneous.

4.4 Simultaneous Comparison Test (Multivariate)

The Manova test or *Multivariate Analysis of Variance* is used to measure the influence of independent variables on a categorical scale on several dependent variables at once on a quantitative data scale (Imam Ghozali, 2009: 79). The criteria in the Manova test itself is if the value of sig. < 0.05 then it can be interpreted that there is a significant influence and j if the value of sig. > 0.05 then it can be interpreted that there is no significant influence. In the Multivariate Test table above e can find out the SPSS output results for the Manova Test. It is known that the significance value is 0.000, the value is < 0.05, so it is concluded that there is an influence on the Covid-19 pandemic on the six variables.

Table 3. Simultaneous Comparison Test (Multivariate)

Multivariate Tests^a

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.994	2008.786 ^b	5.000	62.000	.000
	Wilks' Lambda	.006	2008.786 ^b	5.000	62.000	.000
	Hotelling's Trace	161.999	2008.786 ^b	5.000	62.000	.000
	Roy's Largest Root	161.999	2008.786 ^b	5.000	62.000	.000
Covid19	Pillai's Trace	.448	10.083 ^b	5.000	62.000	.000

Wilks' Lambda	.552	10.083 ^b	5.000	62.000	.000
Hotelling's Trace	.813	10.083 ^b	5.000	62.000	.000
Roy's Largest Root	.813	10.083 ^b	5.000	62.000	.000

Source: Analysis Results

4.5 Separate Comparison Test (Univariate)

This univariate test was conducted to see if there were significant differences in the six dependent variables separately before the COVID-19 pandemic and during the COVID-19 pandemic. The results of the univariate test with the *Test of Between-Subject Effect* indicate that the level of open unemployment there was no significant difference in the period before the Covid-19 pandemic and during the Covid-19 pandemic, informal employment there was no significant difference in the period before the Covid-19 pandemic and during the Covid-19 pandemic, the percentage of children after 10 to 17 years working there was a significant difference in the period before the Covid-19 pandemic and during the Covid-19 pandemic Covid-19 pandemic, the percentage of formal labor there was no significant difference in the period before the Covid-19 pandemic and during the Covid-19 pandemic, the underemployment rate there was a significant difference in the period before the Covid-19 pandemic and during the Covid-19 pandemic, and the proportion of informal employment in the non-agricultural sector there was a significant difference in the period before the Covid-19 pandemic and during the Covid-19 pandemic.

5. Conclusion

Multivariately, it is concluded that there are significant differences in labor development in Indonesia between before and during the COVID-19 pandemic. Univariately it is concluded as follows. There was no significant difference in the development of the open unemployment rate between before and during the COVID-19 pandemic. There was no significant difference in the development of the proportion of informal employment between before and during the COVID-19 pandemic. There is a significant difference in the percentage of children aged 10-17 years working between before and during the COVID-19 pandemic. There was no significant difference in the percentage development of the formal workforce between before and during the COVID-19 pandemic. There was no significant difference in the development of the underemployment rate between before and during the COVID-19 pandemic. There are significant differences in the development of the proportion of informal employment in the non-agricultural sector between before and during the COVID-19 pandemic.

Based on the results of the study, a number of suggestions were given as follows. Entrepreneurs and organizations need to comply with authority guidelines, evaluate business risks, and design business continuity plans to improve business resilience in an effort to anticipate similar conditions as during the pandemic. Workers and organizations should be active in the implementation of preventive measures in the workplace, adhere to hygiene practices, and support solidarity with sick workers and individuals. This study acknowledges limitations and recommends future research to supplement research variables with broader indicators of workforce development. It is also recommended to use different labor development variables, extend the study period, and expand the sample in order to obtain a higher degree of generalization. Further research is expected to provide broader and more complete information about workforce development in Indonesia.

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DIGITAL ANALYSIS OF TRENDS IN SUSTAINABLE DEVELOPMENT ISSUES

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ABSTRACT

The issue of sustainable development is an interesting international issue because it is related to the development process implemented in various countries in the world. The concept of sustainable development emerged in response to the negative impacts of conventional development that tend to ignore environmental, social, and economic sustainability. The issue of sustainable development came to the fore for the first time since the Stockholm Conference organized by the United Nations (UN) in 1972 as the first attempt to discuss global environmental issues and sustainable development. This paper aims to conduct a digital analysis of sustainable development issues. This research tends to be qualitative because it uses text data that appears on many digital social media and then analyzes these data so that certain image / graphic patterns and certain numbers are easier to understand in general. The analysis was conducted using the social media monitor platform Brand24. The results of digital analysis show interesting trends in sustainable development issues in terms of volume of mentions, sentiment analysis, social media reach, non-social media reach, the context of discussion, public profiles, influential sites, and trending hashtags.

Keywords: Digital Analysis, Sustainable Development, Brand24 platform

1. Introduction

The concept of sustainable development has been of international concern for a long time. The United Nations Organization officially began to establish a vision of sustainable development in 1972 when the Stockholm Conference was held in Sweden. Several definitions of sustainable development have been put forth, including the following common one: “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Dincer, n.d.; Keeble, 1988). Achieving solutions to environmental problems that we face today requires long-term potential actions for sustainable development (Dincer, n.d.). In recent years, the concepts of inclusion and sustainability have become central to socio-economic development (Ospina-Forero et al., 2022).

But in reality, the development process carried out by many countries in the world has still not succeeded in fully implementing the principles of sustainable development. An increasing number of researchers and practitioners advocate for a systemic understanding of the Sustainable Development Goals (SDGs) through interdependency networks (Ospina-Forero et al., 2022). The exploitation of renewable energy resources and technologies is a key component of sustainable development (Keeble, 1988). Public awareness, information, environmental education and training, innovative energy strategies, promoting renewable energy resources, financing, and monitoring & evaluation tools are various essential parameters that can help in achieving successful sustainable development in society (Dincer, n.d.).

Increasing the world population requires the definition and successful implementation of sustainable development (Dincer, n.d.).

The issue of sustainable development issues continues to be the subject of discussion internationally. Perhaps, the best example is the Sustainable Development Goals (SDGs), the leading international agenda for national and regional development strategies (Ospina-Forero et al., 2022). As the 2030 Agenda has progressed, it has been recognized that to truly achieve sustainable development, it is necessary to understand how its multiple dimensions interact with each other (Nilsson et al., 2016; Ospina-Forero et al., 2022).

This paper aims to analyze trends in international sustainable development issues that have occurred until now. This research has a major question, namely the extent to which the concept of sustainable development is of public concern on social media. Digital analysis was conducted to collect and analyze research data from many popular social media. Digital analysis is done with the help of the Brand24 platform.

2. Review Literature

Sustainable development is a movement to prevent environmental damage in the development process. Environmental degradation has attracted the attention of many parties including policymakers, government agencies, the United Nations, and researchers (Khan et al., 2021). At the national level, an environmental dimension that does not receive enough attention will promote more carbon-intensive growth and damage the environment which ultimately weakens economic competitiveness and also increases environmental damage (O'Mahony, 2021). Air pollution from burning fossil fuels and the resulting greenhouse gas effects have permanent, long-term effects on well-being and the economy, including climate change and biodiversity loss (O'Mahony, 2021). Sustainable development goals remain unattainable without improving environmental quality so therefore sustainable development practices need to be considered to minimize damage to planet Earth (Khan et al., 2021).

Sustainable development contains principles that guide all parties. To minimize damage to the planet, policymakers need to reconsider green practices that inevitably contain principles of sustainable development (Khan et al., 2021). The application of sustainable practices in daily life needs to be improved to offer maximum efficiency and minimal damage to the environment in commercial and domestic activities (Khan et al., 2021). The principle of sustainable development contains three main principles, namely the principles of holistic, futurity, and equity (Sharpley, 2000). Here's an explanation for each of the holistic, futurity, and equity concepts as shown in Table 1. The principle of a holistic approach explains that development and environmental issues are integrated into the global social sphere. The principle of futurity leads to a focus on the long-term capacity for the sustainability of the global ecosystem. The principle of equity explains that development must be fair and equitable and provide opportunities for access and use of resources for all current and future members of society.

Table 1. A Model of Sustainable Development: Principles and Objectives

Fundamental principles	<p><i>Holistic approach:</i> development and environmental issues integrated within a global social</p> <p><i>Futurity:</i> focus on long-term capacity for continuance of the global ecosystem</p> <p><i>Equity:</i> development that is fair and equitable and which provides opportunities for access to and use of resources for all members of all societies, both in the present and future</p>
Development objectives	<p>Improvement of the quality of life for all people: education, life expectancy, opportunities to fulfil potential</p> <p>Satisfaction of basic needs; concentration on the nature of what is provided rather than income</p> <p>Self-reliance: political freedom and local decision making for local needs</p> <p>Endogenous development</p>
Sustainability objectives	<p>Sustainable population levels</p> <p>Minimal depletion of non-renewable natural resources</p> <p>Sustainable use of renewable resources</p> <p>Pollution emissions within the assimilative capacity of the environment</p>
Requirements for sustainable development	<p>Adoption of a new social paradigm relevant to sustainable living</p> <p>International and national political and economic systems dedicated to equitable development and resource use</p> <p>Technological systems that can search continuously for new solutions to environmental problems</p> <p>Global alliance facilitating integrated development policies at local, national and international levels</p>

Sources: (Sharpley, 2000)

Many countries have made efforts to apply the principles of sustainable development in their development programs. Several countries have agreed to the 2015 Paris Agreement (COP21) which emphasizes the need for progress toward using low-carbon energy technologies that produce little or no greenhouse gases including renewable energy sources such as solar, wind, and geothermal, as well as cleaner energy technologies such as nuclear power and carbon capture and storage to meet the global challenge of reducing temperature rise very large earth to below 2 °C (Anser et al., 2021). A total of 193 countries endorsed the 2030 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) in 2015 which reaffirmed their commitment to Sustainable Development in five important dimensions: people, prosperity, planet, partnership, and peace (Stephens & Couzens, 2016).

In practice, there are many obstacles to implementing the principles of sustainable development correctly and consistently. The Nexus Bonn conference in 2011 stressed that increased pressure on water, energy, and food results in irreparable environmental damage that can pose a serious threat to sustainable development (Radmehr et al., 2021). Significant conflicts between economic benefits and environmental damage actually result in environmental exploitation such as excessive use of groundwater resources which causes the impact of groundwater subsidence, land subsidence, and soil & water salinization (Radmehr et al., 2021). The increased economic benefits of environmental resources make environmental damage increase dramatically. This has happened for example in the case of increasing groundwater use, there is an increase in groundwater extraction which causes environmental degradation (Radmehr et al., 2021).

3. Research Methods

Brand24 is a social media analytics platform that tracks keywords across various social media platforms, including Facebook, Instagram, Twitter, TikTok, YouTube, and Twitch, and further performs analysis by calculating social media reach, voice share, and monitoring hashtag performance (Hutagalung et al., 2023). The Brand24 platform can be found at <https://brand24.com> website address and from this platform are written keywords that are the

focus of research attention to then be analyzed with some available features. Analysis using Brand24's social media monitor platform involves monitoring and evaluating data from multiple platforms such as Twitter, Facebook, Instagram, and others. Brand24 provides in-depth analytical tools to monitor public sentiment towards a particular topic, enabling an in-depth understanding of people's perceptions and responses. The platform facilitates topic-related keyword tracking, enabling the identification of emerging trends and issues. Sentiment analysis of comments and posts can provide insight into positive, negative, or neutral views on a topic. Metrics such as the number of interactions, likes, and retweets give you an idea of how much impact a piece of content or campaign has on social media.

In addition, the platform can provide easy-to-understand analytics reports, including graphs and statistics that visualize data from social media. Through real-time monitoring, Brand24 enables quick response to changing trends or crisis situations. By synthesizing data from multiple sources, Brand24 facilitates informed decision-making.

4. Research Findings and Discussion

We get a summary of mentions based on our previous analysis using the Brand24 tool. Five main points of the study are shown in the summary of mentions. Initially, the volume of mentions, social media reach, non-social media reach, positive sentiment, and negative sentiment were all graphically displayed. It displays the numbers that have increased and decreased over the past 30 days on the internet. It has 1.0 million non-social media reaches, 99,000 social media reach, and 217 mentions volume overall. There are 23 positive sentences and 10 negative sentences out of 217 volume mentions; Other mentions are neutral.

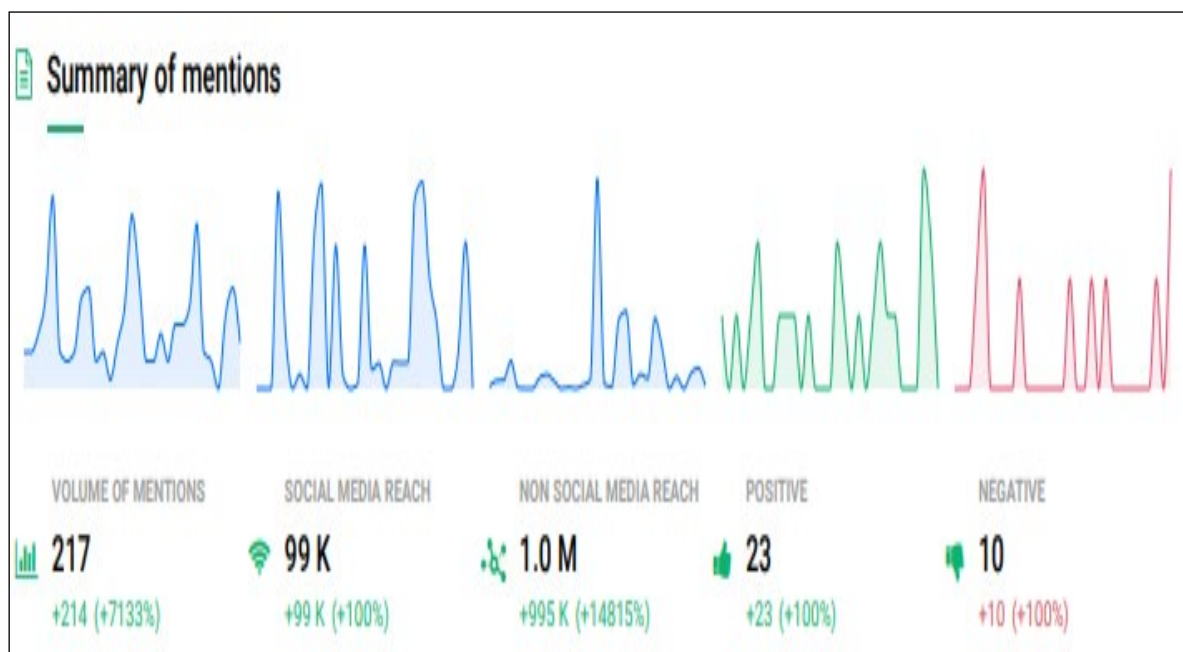


Figure 1. Summary of Mentions

In detail, the Volume of Mentions Graph explains that on October 20, 2023, the internet reached its highest volume. The maximum volume of the current period is 21, which is up from the previous period, which had only 3. The lowest volume of mentions occurred on November 12, when it reached the zero line of the chart. And the average quantity of Volume Mentions is 7. The dashed line describes the previous period, and the clear line describes the current period.

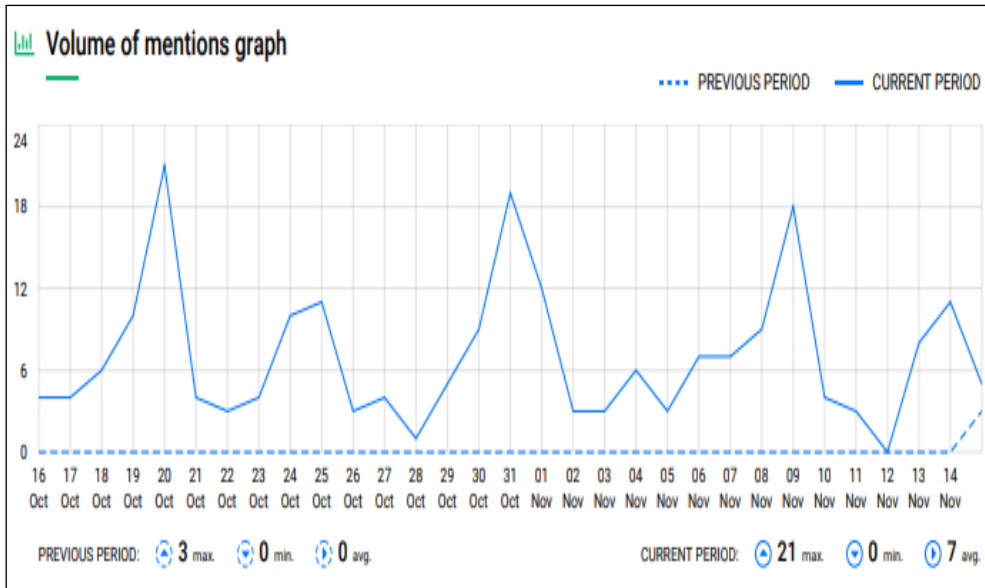


Figure 2. Volume of Mentions

Next, the data shows a graph of social media reach (figure 3). This shows that as of November 8, 2023, the number of mentions found on social media platforms has reached the maximum number, according to the chart. The maximum amount of social media reach is 11,300. And the lowest number occurred on several days, such as October 16, 17, 21, 23, 26, 29, and November 3, 11, and 12, 2023. The graph also shows that the average social media reach is 3198. The dashed line describes the previous period, and the clear line describes the current period.

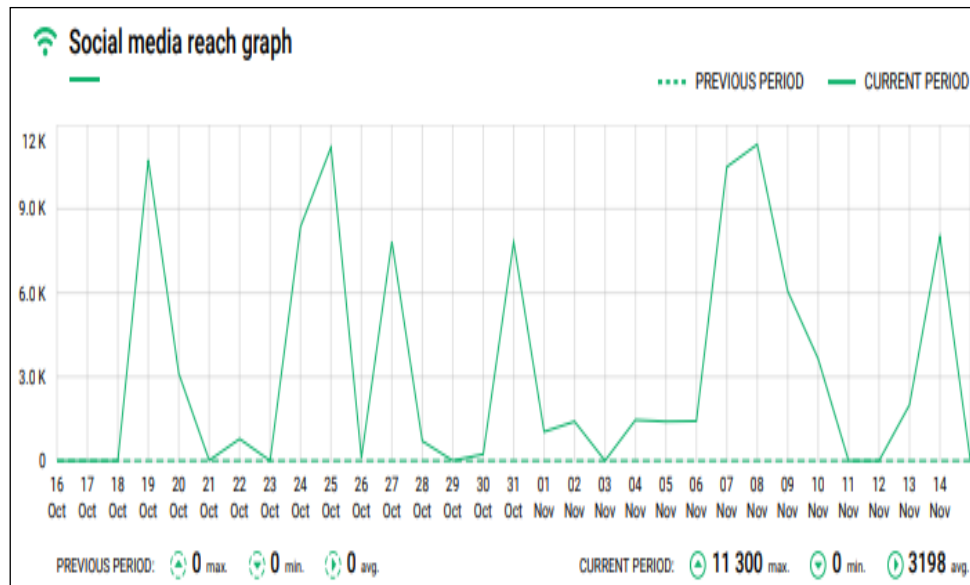


Figure 3. Social Media Reach Graph

The Non-Social Media Reach Graph describes the number of mentions/threads found outside of social media platforms (eg. on forums, news websites, etc.). The highest peak occurs on October 31, 2023. And for the rest days of the month, it explains not much activity happens in Non-Social Media Reach. The average Non-Social Media Reach in a month is 32313. The dashed line describes the previous period, and the clear line describes the current period.

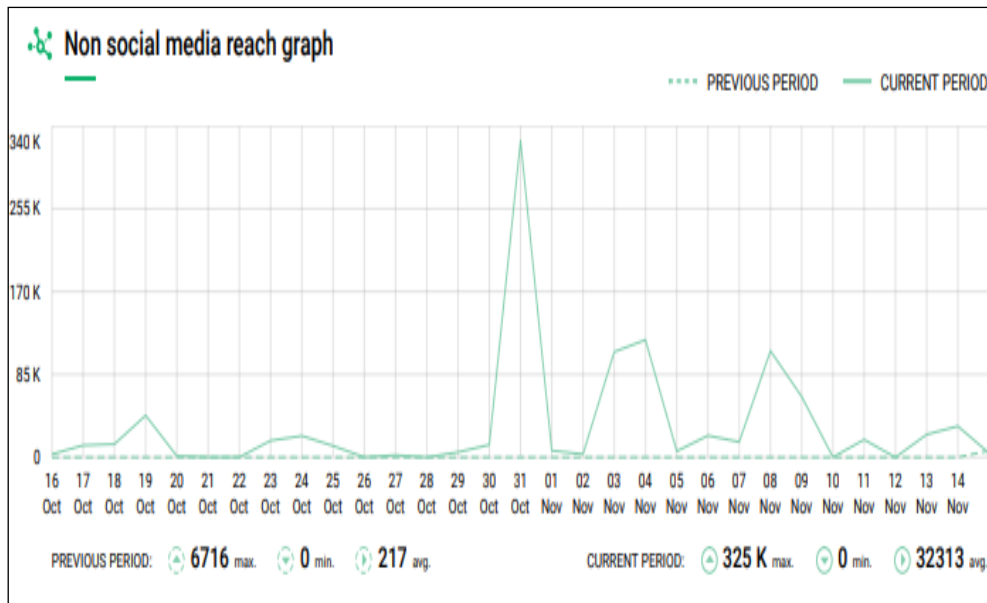


Figure 4. Non-Social Media Reach Graph

We have a breakdown of the number of mentions per category, and the green number shows the percentage increase from the previous period. On Twitter, there were 71 mentions of sustainable development; Perception has improved by 100% during this period. On Instagram, Facebook, TikTok, and Podcasts, according to the data, there were no activities on sustainable development during this period. On the video platform, we have 19 mentions that show a 100% increase in volume from the previous period. In the news, there were 71 mentions, indicating an increase of 7000%. The number of forums in this period shows 2 mentions, which means a 100% increase. From the blog, there were 35 mentions of activities an increase of 3400% from the previous period. Finally, from the web, we have 19 mentioned data points showing an increase from the previous period of 1800%.

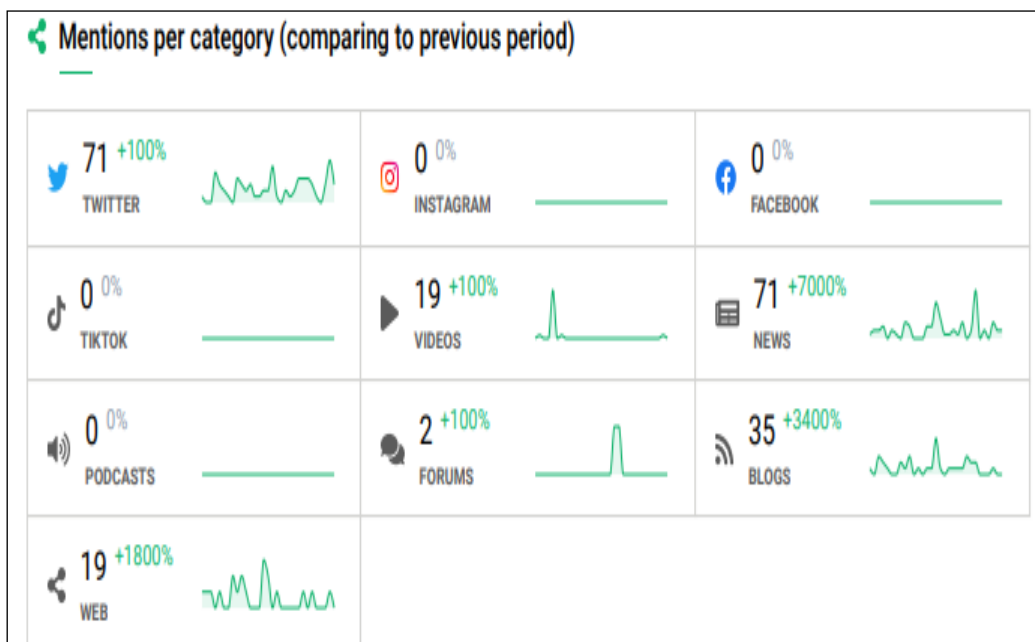


Figure 5. Mentions per Category

The numerical summary describes the summary of the data presented. We explain the meaning of each number. A designation is the total number of mentions or threads found. The study showed that there were 217 mentions. Social media mentions are the number of mentions or threads found on a social media platform. The study showed that there were 90 mentions. Non-social media mentions are the number of mentions or threads found outside of social media platforms. In this study, there were 127 mentions. Social media reach is an estimate of the number of people who can come into contact with social media mentions containing the monitored phrase. The estimated reach of social media is based on the number of authors who talk about the phrases monitored on social media, the number of their followers, subscribers, and friends, and the typical viewability percentage for the chosen social network (this percentage describes how many of your friends and followers see your posts on average). The study shows that there are 99,133 social media reach numbers.

Non-social media reach is an estimate of the number of contacts (impressions with relevant mentions contained in monitored keywords) outside of social media. Non-social reach is based on: 1. Number of domains that mention the phrase you're tracking, 2. Average monthly number of visits on a given domain, and 3. Viewability level *for mentions.*: This percentage describes how much exposure the monitored keyword has on a particular domain (title, URL, content, comments, etc.). The study shows that the total reach of non-social media is 1.0 million. User-generated content is the number of mentions generated by users of social media platforms, forums, blogs, etc. The study shows that the number of user-generated content is 127. Likes are the number of likes from mentions or threads found on social media. The study showed that the number of likes was 188. A positive mention is the number of mentions or threads with potentially positive sentiments. In this case, it indicates that there are 23 positive mentions. A negative mention is the number of mentions or threads with potentially negative sentiments. In this case, it indicates that there are 10 negative mentions. AVE stands for Advertising Value Tools. It is an additional metric that helps estimate the value of collected articles and mentions. This is an estimate of the amount of money that would have to be spent on paid advertising to achieve a similar exposition. In this case, it shows that the amount of AVR is 82,229 in dollars. Mentions from Twitter are the number of mentions that occur on the Twitter platform. It shows that there are 71 mentions of sustainable development.

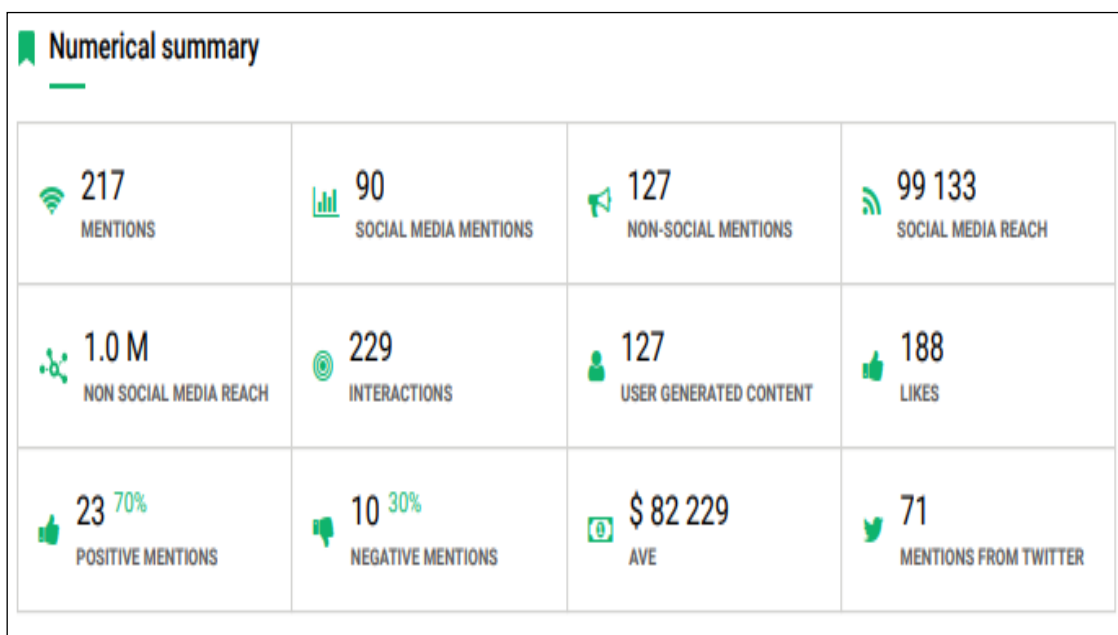


Figure 6. Numerical Summary

There are many words in the context of discussions about sustainable development on the internet. There are 100 words that have been captured in this study, consisting of major and minor contexts. The more discussed context is represented with larger fonts (Figure 7). For example, the words "United Nations," "supplier description" and "company" are the main context on the internet.



Figure 7. Context of Discussion

In Figure 8, we can see that there are 10 Most Popular Designations on the Internet. 10 of them happened on the Twitter platform. Figure 9, shows us the most active profiles. There are 20 most active profiles on the internet that occur in our analysis. 20% of profiles that occur are sourced from the YouTube platform. And the other 80% happens through Twitter. In this case, this analysis presents the top 20 public profiles (Figure 10). The highest share of votes was shared by ZephyrioT (Twitter account), with 12.71% of the votes and 12,600 influences on the audience. The table of the most influential sites (figure 11) shows us that YouTube is in first place with around 34 billion visits and has a ten out of ten influence score from Brand24's assessment. A hashtag is a word or phrase preceded by a hash symbol (#), which is used on social media platforms to identify and categorize content related to a particular topic. The use of hashtags helps users discover content and participate in discussions about specific subjects. When you click or search for a hashtag, you can see a feed of public posts that include a specific hashtag. This makes it easy for users to find and engage with content related to interests, events, or trending topics. Hashtags are commonly used on platforms like Twitter, Instagram, Facebook, and more. In Figure 12, 20 hashtags occur in this analysis. "#sustainability" is the most trending hashtag, with 6 mentions in 30 days.

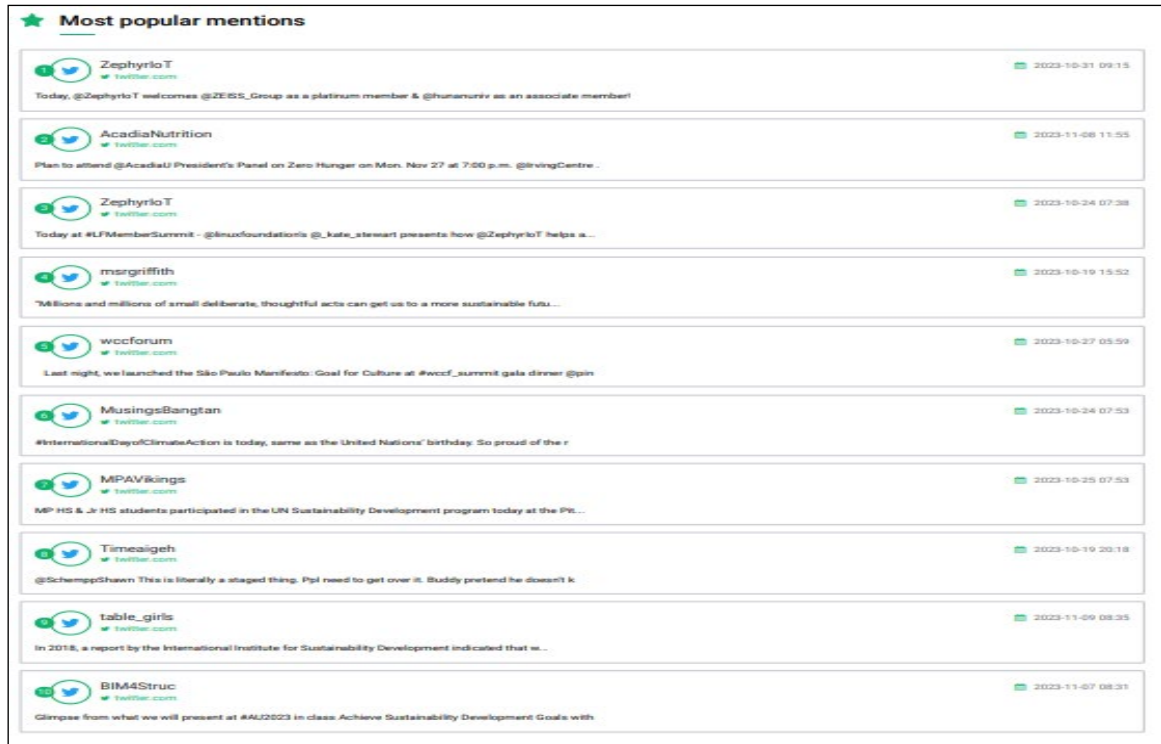


Figure 8. Most Popular Mentions

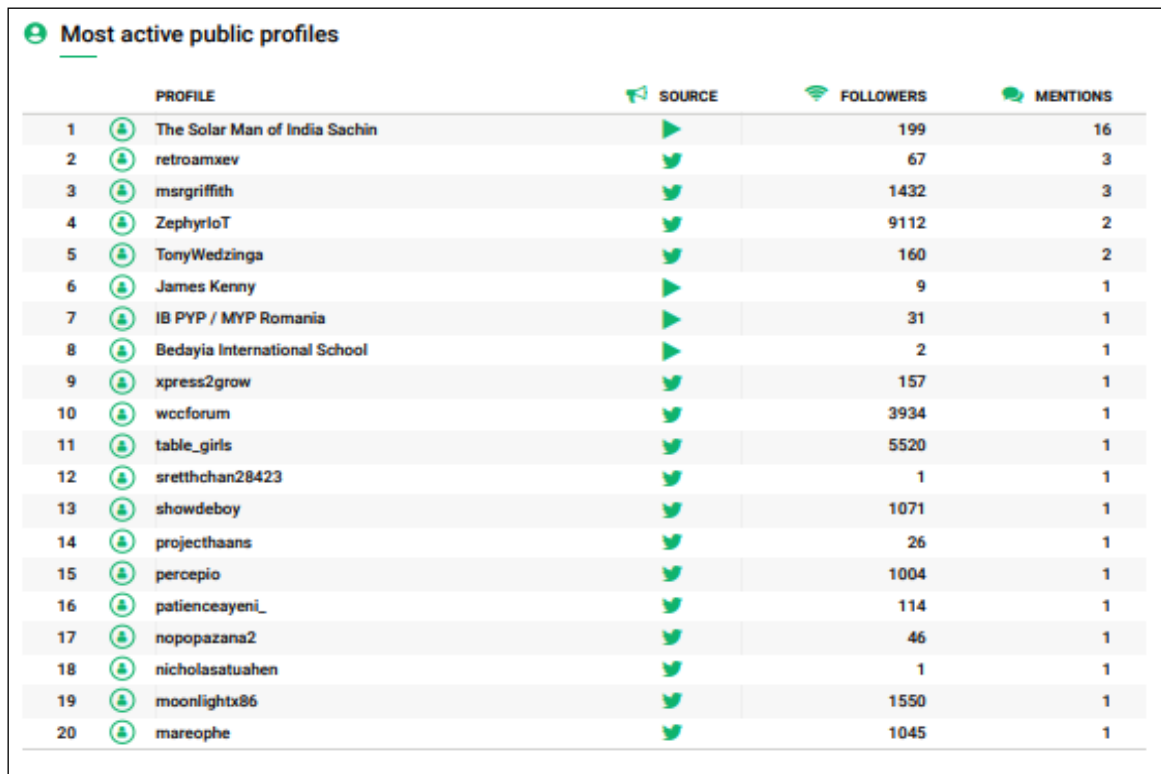


Figure 9. Most Active Public Profiles

Top public profiles

	PROFILE	SOURCE	VOICE SHARE	INFLUENCE
1	ZephyrioT	Twitter	12.71%	12 600
2	msrgriffith	Twitter	5.894%	5843
3	AcadiaNutrition	Twitter	5.75%	5700
4	MPAVikings	Twitter	5.649%	5600
5	Timeaigeh	Twitter	4.943%	4900
6	table_girls	Twitter	4.237%	4200
7	SMARTLAGOON	Twitter	4.237%	4200
8	BIM4Struc	Twitter	4.237%	4200
9	LDN_Culture	Twitter	3.531%	3500
10	BlackoPrimary	Twitter	3.531%	3500
11	wccforum	Twitter	3.329%	3300
12	MusingsBangtan	Twitter	3.329%	3300
13	ProgramYourself	Twitter	2.824%	2800
14	HRAust	Twitter	2.824%	2800
15	Bree_Edu	Twitter	2.824%	2800
16	Paul_Koshy	Twitter	2.263%	2243
17	TonyWedzinga	Twitter	2.118%	2100
18	percepio	Twitter	1.412%	1400
19	patienceayeni_	Twitter	1.412%	1400
20	nopopazana2	Twitter	1.412%	1400

Figure 10. Public Profiles

Most influential sites

	SITE	VISITS	INFLUENCE SCORE
1	youtube.com	34 B	10 /10
2	twitter.com	6.3 B	10 /10
3	yahoo.com	3.7 B	10 /10
4	quora.com	821 M	10 /10
5	finance.yahoo.com	230 M	10 /10
6	medium.com	164 M	10 /10
7	timesofindia.indiatimes.com	111 M	10 /10
8	mdpi.com	26 M	9 /10
9	malaysiakini.com	16 M	9 /10
10	philstar.com	11 M	9 /10
11	rappler.com	10 M	9 /10
12	hypebeast.com	9.9 M	8 /10
13	megapolitan.kompas.com	8.0 M	8 /10
14	mothership.sg	7.7 M	8 /10
15	podcasters.spotify.com	7.5 M	8 /10
16	marketscreener.com	5.8 M	8 /10
17	manilatimes.net	5.1 M	8 /10
18	mb.com.ph	4.4 M	7 /10
19	chinadaily.com.cn	4.2 M	7 /10
20	insidemonkey.com	3.3 M	7 /10

Figure 11. Most Influential Sites

# Trending hashtags	
HASHTAG	MENTIONS
1 #sustainability	6
2 #canadacaribbeanrelations	3
3 #news	2
4 #zephyr	2
5 #opensource	2
6 #culture2030goal	2
7 #sdg4	2
8 #rtos	2
9 #13	1
10 #pypvideo	1
11 #gpt4	1
12 #teachers	1
13 #netzero	1
14 #au2023	1
15 #11	1
16 #15	1
17 #internationaldayofclimateaction	1
18 #education	1
19 #10	1
20 #bis	1

Figure 12. Trending Hashtags

5. Conclusion

An analysis of trends in the concept of sustainable development through the social media monitor platform Brand24 revealed that over the past 30-day period, there were 217 mentions volume overall, with 99,000 social media reach and 1.0 million non-social media reach. The Volume of Mentions chart shows the highest peak on October 20 with a maximum number of 21, and the average volume quantity of Mentions is 7. Social media reach reached its highest peak on November 8 with a maximum number of 11,300 and an average of 3198. In contrast, Non-Social Media Reach hit its lowest on October 31 with an average of 32,313.

The analysis revealed a significant increase in mentions per category, especially on Twitter, which recorded 71 mentions of sustainable development with a 100% increase from the previous period. Numerical data shows 23 positive mentions and 10 negative mentions, with social media reach reaching 99,133 and non-social media reach reaching 1.0 million. User-generated content, likes, and 100 key keywords provide further insight into sustainable development discussions on the internet.

Furthermore, the ten most popular mentions on the internet, active profiles, and influential profiles show Twitter's dominance, especially with YouTube as the platform with the most visits. The hashtag "#sustainability" trended with six mentions in 30 days, reflecting the growing focus and interest in the concept of sustainability on social media. Overall, this analysis provides a comprehensive picture of how the concept of sustainable development is perceived and discussed in the digital realm.

Based on the results of the research above, here are some related suggestions that can be made. Enhance campaigns on Twitter with specific hashtags to broaden and deepen discussions about sustainable development. Focus on positive content by emphasizing positive impact and solutions to build a positive image with respect to sustainable development. Diversify your presence on social media by exploring platforms like Instagram, Facebook, and TikTok to reach a wider audience. Identify and collaborate with influential users, particularly on the YouTube platform, to expand reach and strengthen positive support for sustainable development. Plan a custom campaign by leveraging the popularity of the hashtag "#sustainability" to increase user participation, reinforce positive trends, and expand awareness.

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THE DEVELOPMENT OF THE CREATIVE ECONOMY IN INDONESIA BEFORE AND DURING THE COVID-19 PANDEMIC: A COMPARATIVE ANALYSIS

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ABSTRACT

The creative economy has become one of the driving sectors of economic growth. The development of the creative economy sector has been disrupted during the COVID-19 pandemic. The COVID-19 pandemic has had a major influence on the development of economic sectors, including the creative economy sector. The government needs to pay greater attention to the creative economy sector so that it continues to advance after the COVID-19 pandemic. This paper aims to conduct a comparative test of the development of the creative economy before and during the COVID-19 pandemic. This type of research uses comparative analysis to determine the comparison of an indicator of the development of the creative economy sector before and during the COVID-19 pandemic. The data analysis method used is a comparative statistical test. The results showed that in general there was no significant difference in the development of the creative economy in Indonesia between before and during the Covid-19 pandemic.

Keywords: Creative Economy; Comparative Test; Covid-19 Pandemic

1. Introduction

The creative economy or creative industry is a complex sector because it contains various components that are involved with each other. A creative economy is defined as a business activity that relies on creativity, convergence of knowledge, and advanced technology to create new markets and jobs (Cortellazzo et al., 2019; Santi Novani, Cici Cyntiawati, Kyoichi Kijima, Valid Hasyimi, Andi Sigit Trianto, Lidia Mayangsari, Dini Turipanam Alamanda, 2023). Creative economy is a concept whose development is strongly influenced by the dynamics of the creative industry (UNCTAD, 2008). Creative industries can be defined as areas of overlap between culture, technology, science, and commerce that produce goods and services that contain substantial elements of artistic and intellectual activity related to important roles in social development and human development (Martinaitytė, E., Kregždaitė, 2015). Creative industries include heritage (traditional cultural expressions and cultural sites), arts (visual & performing arts), media (publishing & printing media, audiovisual, new media), functional creations (design, creativity services) (Martinaitytė, E., Kregždaitė, 2015; UNCTAD, 2008). In summary, the creative economy has many dimensions, contributes to economic, social, and cultural development, and has the potential to contribute also in achieving the goals of sustainable development (Henderson et al., 2022).

The creative economy has experienced rapid development over the past few years. The creative economy is now one of the fastest-growing sectors of the global economy

(Martinaitytė, E., Kregždaitė, 2015; UNDP, 2013). Creative economy has developed as a major component of economic growth, employment, trade, innovation, and social cohesion in both developed and developing countries that are even capable of generating cross-sectoral relationships with the economy as a whole at the macro and micro levels (UNCTAD, 2008). The rapid advancement of digital technology and digital creative services that have occurred in recent years, including the COVID-19 pandemic, has made it easier to integrate the creative economy in more efficient and effective innovation (Henderson et al., 2022).

In connection with the case of the COVID-19 pandemic which also hit the creative economy sector, it is interesting to conduct a study on this matter. This study intends to answer the main research question, namely whether there are differences in the development of the creative economy in Indonesia before and during the Covid-19 pandemic. This paper aims to conduct a comparative test of the development of the creative economy before and during the COVID-19 pandemic. In this case, the development of the creative economy in question is the development that occurs in Indonesia. The development of the creative economy in Indonesia will be represented by a number of relevant indicators that are more macro in nature.

2. Literature Review

The definition of creative economy in Indonesia is stated explicitly in government regulations. Creative Economy is the realization of added value from intellectual wealth derived from human creativity based on cultural heritage, science, and/or technology (Peraturan Pemerintah no 24, 2022). The Ministry of Tourism and Creative Economy has identified 17 creative economy subsectors in Indonesia that include game developers; architecture; interior design; music; arts; product design; fashion; culinary; film, animation and video; photography; visual communication design; television and radio; crafts; advertising; performing arts; publishing; and applications (Avianto, 2020). Each of these creative economy subsectors, of course, has many types of businesses from large-scale to small-scale businesses even to micro-scale managed by household industry players.

Indonesia's creative economy is an important sector because it contributes greatly to the progress of the national economy. The growth of the creative economy in Indonesia is experiencing rapid development (Kosasih, 2023). The contribution of the creative economy sector in Indonesia has shown an increasing trend towards the Indonesian economy in recent years, and this contribution is expected to continue to increase in the future (Gunawan & Cahayani, 2022). The creative economy has recently become one of the sectors that show significant development in Indonesia, and these developments have positively affected the country's economic growth and become one of the largest contributors to Indonesia's gross domestic product (GDP) (Rikaltra & Soesilowati, 2023; Setyaningrum & Ramawati, 2020), even the sector's contribution to national GDP is increasing every year (Avianto, 2020; Rikaltra & Soesilowati, 2023). Through the development of the creative economy sector, in the end this sector is able to provide great benefits including maintaining national economic resilience which is very meaningful for the lives of the Indonesian people (Afifah, U. N. ., Suwandana, E., & Lestariningsih, 2023; Marlinah, 2017). Indonesia is one of the countries that has great potential in the creative economy as a base for its national economic activities (Wardana et al., 2023).

The development of the creative economy in Indonesia has been shaken like other economic sectors due to the Covid-19 pandemic which spread to various parts of the world, especially throughout 2019-2021. The COVID-19 pandemic affected many businesses as it resulted in serious disruption to many industries (Khlystova et al., 2022). The pandemic problem has changed the transaction system of the global creative industry from offline economic transactions to online activities because people avoid risks related to COVID-19 transmission (Aisha et al., 2019; Wardana et al., 2023).

However, the COVID-19 pandemic can be said to have a negative impact on the one hand but can also have a positive impact on the other hand on the development of the creative economy depending on the focus of the point of view. On the one hand, the COVID-19 pandemic disrupted demand & supply mechanisms, disrupted production capacity, and increased uncertainty and financial instability compared to pre-crisis times, all of which led to market disruptions and business ecosystems, but on the other hand, the COVID-19 pandemic It turns out that creating something positive in the first case has accelerated innovation referred to as "imposed service innovation", which is innovation driven by the need to limit the negative implications brought about by the pandemic, and the second thing creates a change in mindset and stimulates business opportunities that would never be considered under normal circumstances (Vecco et al., 2022).

In addition to disrupting and shrinking elements of the creative industry, the pandemic also provides opportunities for some elements of the creative industry to grow, evolve, and flourish (Peng, 2023). The pandemic is accelerating the use of digital technology as a large portion of the population turns to online for work, study, shopping, and play, and the subsequent impact that liberalization has created an entirely new creative industry, the creator economy, which is leading to a variety of different types of technology. Businesses built by independent content creators from bloggers to influencers to writers, to monetize themselves, their skills, or their creations so as to generate significant revenue (Peng, 2023).

3. Research Methods

The research method used in this study leads to a comparative statistical approach. This approach tries to compare whether there are differences in creative economy development in Indonesia between before and during the COVID-19 pandemic. One condition with another condition with a statistical tool called a comparison test. This study uses variables of the development of the creative economy sector. These variables are then represented by 5 indicators as follows: Development of Gross Domestic Product of the Creative Economy Sector on the Basis of Prevailing Prices (trillion rupiah) before and during the COVID-19 pandemic; Development of the Growth Rate of Gross Domestic Product of the Creative Economy Sector on the Basis of Commodity Prices (percent) before and during the Covid-19 pandemic; Distribution/Proportion of Gross Domestic Product of the Creative Economy Sector (percent) before and during the COVID-19 pandemic; Number of Working Centers in the Creative Economy Sector (people) Before and During the Covid-19 Pandemic; and Creative Economy Gross Domestic Product (GDP) to National GDP (percent) Before and During the Covid-19 Pandemic. The selection of the 5 indicators is based on the consideration that the five indicators are very relevant to represent the development of the creative economy in Indonesia, as well as the consideration of the availability of data that can be obtained by researchers.

The research data was obtained from a number of publication reports issued by the ministry of tourism and creative economy and also from the central statistics agency (BPS), especially online. This research uses data from 34 provinces that show the development of the creative economy before the pandemic and during the COVID-19 pandemic sourced from data from the Ministry of Tourism and Creative Economy (www.kemenparekraf.go.id) and the Central Statistics Agency (www.bps.go.id).

The data analysis methods used in this study are quantitative descriptive analysis and comparative analysis, especially difference tests. The data analysis tool used in this study is statistical difference test. Before the difference test is carried out, the research data needs to be tested whether the data distribution is normal or not. If the data is normally distributed, the other test used is the paired-sample t test, while if it is not normal, the Wilcoxon Signed Rant Test.

4. Research Findings and Discussion

4.1. Development of Creative Economy Indicators Before and During the Covid-19 Pandemic

Gross Domestic Product Prices Prevailing Creative Economy before the Covid-19 pandemic (in 2019) and during the Covid-19 pandemic (in 2020) there were 7 Subsectors experiencing a decline and 9 subsectors experiencing an increase. During the 2019-2020 period, the creative economy subsector that has the largest average value (maximum) is the culinary subsector, while the one with the smallest value (minimum) is the communication design subsector. Furthermore, a comparison of the GDP growth rate of the Creative Economy Kostan Price before the Covid-19 pandemic (in 2019) and during the Covid-19 pandemic (in 2020). As many as 8 subsectors experienced a decrease in growth rate and 8 subsectors experienced an increase in growth rate. Based on these data, the maximum value of the growth rate before the pandemic (in 2019) was 10.33%, while during the Covid-19 pandemic (in 2020) it was 10.35%. During the 2019-2020 period, the creative economy subsector that has the largest (maximum) average growth rate value is the television and radio subsector, while the one with the smallest (minimum) growth rate value is the craft subsector.

Furthermore, a comparison of the growth rate of gross domestic product distribution before the Covid-19 pandemic (in 2019) and during the Covid-19 pandemic (in 2020). As many as 4 subsectors experienced a decrease in growth rate, 9 subsectors experienced an increase in growth rate and 3 subsectors did not experience an increase or decrease in development. Based on these data, the maximum value of the growth rate before the pandemic (in 2019) was 40.86%, while during the Covid-19 pandemic (in 2020) it was 40.13%. During the 2019-2020 period, the creative economy subsector that has the largest (maximum) average growth rate value is the culinary subsector, while the one with the smallest (minimum) growth rate value is the Visual Communication Design subsector.

Furthermore, the comparison of the growth rate of the number of creative economy workers by subsector (people) before the Covid-19 pandemic (in 2019) and during the Covid-19 pandemic (in 2020). As many as 0 subsectors experienced a decrease in growth rate and 16 subsectors experienced an increase in growth rate. During the 2019-2020 period, the creative economy subsector that has the largest (maximum) average growth rate value is the Craft subsector, while the one with the smallest (minimum) growth rate value is the Visual Communication Design subsector.

Furthermore, the comparison of the growth rate of the Gross Domestic Product (GDP) of the Created Economy to the National GDP before the Covid-19 pandemic (in 2019) and during the Covid-19 pandemic (in 2020). As many as 1 subsector experienced a decrease in growth rate, 6 subsectors experienced an increase in growth rate and 9 subsectors that did not experience an increase or decrease in development. During the 2019-2020 period, the creative economy subsector that has the largest (maximum) average growth rate value is the Cullinary subsector, while the one with the smallest (minimum) growth rate value is the Interior Design and Visual Communication Design subsector.

4.2. Normality Test Results of Creative Economy Indicators

The normality test aims to find out whether the research data is normally distributed or not. In this study, the normality test used the Kolmogrov-Smirnov Test. The basis for decision making in the Kolmogrov-Smirnov Test is as follows. If the significance value is > 0.05 , then the data is normally distributed. If the significance value is < 0.05 , then the data is not normally distributed. Based on the results of the normality test, it can be explained as follows. All data used indicate that they are not normally distributed, except for the data on the Gross Domestic Product Growth Rate of the Economic Sector on the Basis of Constan Prices in 2019 (before the pandemic) and the Data on the Growth Rate of Gross Domestic Product of the Economic Sector on the Basis of Constan Prices in 2020 (during the pandemic) show normal distribution.

Table 1. Normality Test

Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Creative Economy Gross Domestic Product Distribution 2019	0,315	16	0,000	0,620	16	0,000
Creative Economy Gross Domestic Product Distribution 2020	0,319	16	0,000	0,630	16	0,000
Gross Domestic Product of Creative Economy Sector Based on Prevailing Prices 2019	0,315	16	0,000	0,620	16	0,000
Gross Domestic Product of the Creative Economy Sector on the Basis of Prevailing Prices 2020	0,319	16	0,000	0,630	16	0,000
Growth Rate of Gross Domestic Product of Creative Economy Sector Based on Constan Prices 2019	0,091	16	0,200*	0,972	16	0,864
Growth Rate of Gross Domestic Product of the Creative Economy Sector Based on Constan Prices 2020	0,167	16	0,200*	0,930	16	0,241
Number of Creative Economy Sector Workforce (people) 2019	0,415	16	0,000	0,6190,529	16	0,000
Number of Creative Economy Sector Workforce (people) 2020	0,408	16	0,000	0,529	16	0,000
Creative Economy Gross Domestic Product (GDP) to National GDP 2019	0,316	16	0,000		16	0,000
Creative Economy Gross Domestic Product (GDP) to National GDP 2020	0,32	16	0,0	0,6	16	0,0
*. This is a lower bound of the true significance.						
a. Lilliefors Significance Correction.						

Source: SPSS output after processing, 2023

4.3. Results of Different Gross Domestic Product of the Creative Economy Sector on the Basis of Prices Prevailing Before and During the Covid-19 Pandemic

Wilcoxon Signed Rant Test results for the Creative Economy Sector Gross Domestic Product indicator on the Basis of Prevailing Prices between before and during the Covid-19 pandemic which resulted in a significance value of Asymp. Sig. (2-tailed) of 0.641 is greater than a significant level of 0.05. This means that there is a difference in the Gross Domestic Product of the Creative Economy Sector on the Basis of Prevailing Prices before and during the Covid-19 pandemic.

Table 2. Wilcoxon Signed Rank Test Results of Gross Domestic Product of the Creative Economy Sector on the Basis of Prevailing Prices (trillion rupiah) Before and During the Covid-19 Pandemic

Test Statistics ^a	
	Gross Domestic Product of the Creative Economy Sector on the Basis of Current Prices 2019- Gross Domestic Product of the Creative Economy Sector on the Basis of Prevailing Prices 2020
Z	-0,466 ^b
Asymp. Sig. (2-tailed)	0,641
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

Source: SPSS output after processing, 2023

4.4. Different Test Results of Creative Economy Gross Domestic Product Distribution Before and During the Covid-19 Pandemic

Table 3. is the result of the Wilcoxon Signed Rant Test for the Creative Economy Gross Domestic Product Distribution indicator between before and during the Covid-19 pandemic which resulted in a significance value of Asymp. Sig. (2-tailed) of 0.377 is greater than the significant level of 0.05. This means that there is a difference in the Distribution of Creative Economy Gross Domestic Product between before and during the Covid-19 pandemic.

Table 3. Wilcoxon Signed Rank Test Results of Creative Economy Gross Domestic Product Distribution (trillion rupiah) Before and During the Covid-19 Pandemic

Test Statistics ^a	
	Number of Creative Economy Sector Workforce (people) 2019-Number of Creative Economy Sector Workforce (people) 2020
Z	-0,878 ^b
Asymp. Sig. (2-tailed)	0,380
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Source: SPSS output after processing, 2023

4.5. Results of Different Tests on the Number of Creative Economy Sector Workers Before and During the Covid-19 Pandemic

Table 4. is the result of the Wilcoxon Signed Rant Test for the indicator of the Number of Creative Economy Sector Workers (people) between before and during the Covid-19 pandemic which resulted in a significance value of Asymp. Sig. (2-tailed) of 0.380 is greater than the significant level of 0.05. This means that there is a difference in the number of Creative Economy Sector Workers (people) between before and during the Covid-19 pandemic.

Table 4. Wilcoxon Signed Rank Test Results Number of Economic Sector Workers (people) Before and During the Covid-19 Pandemic

Paired Samples Test									
		Paired Differences				t	Df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
Pair 1	Kostan GDP EK Price 2019 – Kostan GDP EK Price 2020	0,10938	1,04235	0,26059	-0,44605	0,66480	0,420	15	0,681

Source: SPSS output after processing, 2023

4.6. Results of the Creative Economy Gross Domestic Product (GDP) Difference Test on National GDP Before and During the Covid-19 Pandemic

Table 5. is the result of the Wilcoxon Signed Rant Test for the Creative Economy Gross Domestic Product (GDP) indicator against National GDP between before and during the Covid-19 pandemic which resulted in a significance value of Asymp. Sig. (2-tailed) of 0.168 is greater than the significant level of 0.05. This means that there is a difference in Creative Economy Gross Domestic Product (GDP) to National GDP between before and during the Covid-19 pandemic.

Table 5. Wilcoxon Signed Rank Test Results of Creative Economy Gross Domestic Product (GDP) against National GDP Before and During the Covid-19 Pandemic

Test Statistics ^a	
	Creative Economy Gross Domestic Product Distribution 2019 - Creative Economy Gross Domestic Product Distribution 2020
Z	-0,883 ^b
Asymp. Sig. (2-tailed)	0,377
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Source: SPSS output after processing, 2023

4.7. Results of Different Growth Rates of Gross Domestic Product of the Creative Economy Sector on the Basis of Constant Prices Before and During the Covid-19 Pandemic

This difference test uses a paired sample t-Test test because the indicator data is normally distributed. (If the indicator data is not normally distributed like the indicators above, then the other test used is the Wilcoxon Signed Rant Test.) The results of the test are different from the paired sample t-Test test resulting in a significance value of 0.681 so that it is greater than the signification level of 0.05. This means that there is a difference in the Growth Rate of Gross Domestic Product of the Creative Economy Sector on the Basis of Constant Prices Before and During the Covid-19 Pandemic.

Table 6. Results of Different Growth Rates of Gross Domestic Product of the Creative Economy Sector on the Basis of Constant Prices (percent) Before and During the Covid-19 Pandemic

Test Statistics ^a	
	Gross Domestic Product (GDP) of Creative Economy to National GDP 2019- Gross Domestic Product (GDP) of Creative Economy to National GDP 2020
Z	-1,377 ^b
Asymp. Sig. (2-tailed)	0,168
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Source: SPSS output after processing, 2023

5. Conclusion

Based on the results of the data analysis that has been carried out, the following conclusions are obtained. There is no significant difference in the development of Gross Domestic Product of the Creative Economy Sector on the basis of Prevailing Prices before and during the Covid-19 pandemic in Indonesia. There are significant differences in the development of the Growth Rate of Gross Domestic Product of the Economic Sector on the Basis of Stable Prices before and during the Covid-19 pandemic. There was no significant difference in the development of Distribution/Proportion of Gross Domestic Product of the Creative Economy Sector before and during the Covid-19 pandemic. There was no significant difference in the development of the Number of Creative Economy Sector Workers before and during the Covid-19 pandemic. There was no significant difference in the development of Creative Economy Gross Domestic Product (GDP) to National GDP before and during the Covid-19 pandemic.

Suggestions that can be developed on the basis of research conclusions are as follows. The government should evaluate policies and regulations that affect the GDP growth rate of the creative economy sector. The government can conduct an in-depth review of tax regulations and fiscal incentives applicable to the creative industry, then modify policies that provide a boost to the growth of the creative economy. Creative industry players should actively identify opportunities and challenges related to post-COVID-19 pandemic conditions. Industry players can form discussion groups or consortia to jointly explore new opportunities in digitalization or understand logistical challenges that may arise post-pandemic.

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THE FINANCIAL PERFORMANCE OF TELECOMMUNICATIONS COMPANIES BEFORE AND DURING THE COVID-19 PANDEMIC: A MANOVA APPROACH

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ABSTRACT

The COVID-19 pandemic has posed challenges for business entities, including those operating in the telecommunications sector; potentially affecting their financial performance. Telecommunications businesses that demonstrate rapid adaptability and high innovation capabilities in adverse conditions amid the COVID-19 pandemic are more likely to survive in such difficult situations. This capability is a strong asset to achieve business sustainability in the post-COVID-19 era. This study aims to conduct a comparative analysis of the financial performance of telecommunications companies before and during the COVID-19 pandemic. The analysis of this study used the Multivariate Analysis of Variance (MANOVA) method. The results showed that there was no significant difference in the financial performance of telecommunications companies simultaneously based on financial ratios between the period before and during the COVID-19 pandemic.

Keywords: telecommunications sector, financial performance, comparative analysis, MANOVA, COVID-19 pandemic.

1. Introduction

The COVID-19 pandemic has caused major shocks to many economic sectors around the world. The COVID-19 pandemic caused serious disruptions in human society and unprecedented health and economic crises (Nascimento, Erick Giovanni Sperandio, Badaro, 2020). The COVID-19 pandemic has had a devastating impact on most industries and commercial sectors around the world (Shoukat & Matriano, 2022). The spread of the coronavirus and the imposition of stay-at-home rules have increased uncertainty and reduced economic activity in various economic sectors globally, resulting in the closure of financial markets, businesses, corporate offices, and other social activities (Mulyono, 2023). A number of anticipatory measures such as lockdowns, event bans, social distancing, and shutdowns to control the spread of the COVID-19 pandemic had a profound adverse impact on economic activity and created a new crisis that was assumed to be more devastating than previous crises (Jebran & Chen, 2023; Stalmachova & Strenitzerova, 2021).

Major shocks due to the COVID-19 pandemic were also experienced by the telecommunications sector. The telecommunications industry is also not immune to the effects of COVID-19 because the industry has also felt a major impact from the crisis (Mohamed, 2020). The COVID-19 pandemic affected most telecom employers, who had to take various measures to protect employees, forcing companies to make rapid changes to the standard way of working, changing work organizations, and generally working to mitigate the economic impact of the pandemic (Stalmachova & Strenitzerova, 2021).

Due to the COVID-19 pandemic and its relationship with the telecommunications sector, it is interesting to try to analyze the relationship. This paper aims to compare the condition of telecommunications companies before and during the COVID-19 pandemic. The telecommunications company in question is a telecommunications company in Indonesia. Then the condition of the company that is compared is its financial performance.

2. Literature Review

The telecommunications sector is a broad and diverse business activity. The telecommunications sector includes various sub-sectors of communication facilities such as the internet, telephone, both wired and wireless executables (Beers, 2023; Shoukat & Matriano, 2022). The telecommunications service industry consists of digital infrastructure (such as fiber, telecommunication towers, active networks, and data centers), operators (mobile and fixed broadband, data centers, and cloud computing), and applications (broadband connections, telephone, video, e-commerce, and others) (Veligura, 2020). Telecommunication companies are generally infrastructure companies, data transmission technology, and communication facilities such as Internet Service Providers (ISPs), broadcasting (Radio and Television), cell phones, landlines, microwaves, etc. have helped many parties by supporting and facilitating information sharing platforms so that it has become an important industry around the world (Shoukat & Matriano, 2022).

The telecommunications sector has experienced a process of rapid development through the course of a long history. The development of telecommunications is marked by tremendous technological advances over the past few decades through mobility technology, broadband, and internet services that reach all over the world (Veligura, 2020). In response to the pandemic, the development of the telecommunications sector helped accelerate digital transformation around the world so that the importance of data, cloud computing, cybersecurity, blockchain, IoT, AI, automation, and many other new technologies has never been felt before (Khan, 2022). During the COVID-19 pandemic, several new technologies such as Artificial Intelligence (AI), Telecommunication Technology (TT), Big Data Analytics (BDA), 3D Printing Technology (3DPT), and High-Performance Computing (HPC) were created and used to reduce the consequences of disease, to optimize efforts against COVID-19, and to find a cure or vaccine as quickly as possible that could treat and cure COVID-19 patients around the world (Nascimento, Erick Giovanni Sperandio, and Badaro, 2020). Telecommunication technology and information technology to date have experienced a significant global surge in terms of their utilization in the fields of work, online education, entertainment, and other fields (Mulyono, 2023).

The telecommunications sector has an important role for the development of other economic sectors. Companies in the technology and telecommunications industries are key providers of connectivity and productivity services to support people's online activities, including business and education activities during the pandemic (Khan, 2021; Mulyono, 2023). The telecommunications sector is a major part of the business structure worldwide due to the huge potential of the telecommunications sector and its influence on other industries in providing extensive convenience and facilitation in sharing information, data, knowledge and media for all kinds of purposes (Shoukat & Matriano, 2022). Any disruption or problem that afflicts the telecommunications sector at the national or international level can result in major problems for other sectors integrated with the telecommunications system (Shoukat & Matriano, 2022).

In the midst of the COVID-19 pandemic, the telecommunications sector has a golden opportunity to get out of the crisis faster and rebuild its industry to be more advanced. The COVID-19 pandemic has put the telecommunications industry in a unique situation as it is able to provide a positive record of income opportunities for the telecommunications industry with

a surge in demand for internet from households to serve the needs of people working from home, video conferencing, e-learning, online shopping, cloud services, managed solutions, cybersecurity services, and wholesale bandwidth and consuming over-the-top (OTT) media (PwC, 2020). The telecommunications sector surprisingly managed to gain or benefit unexpectedly from the COVID-19 pandemic as their market grew due to the move of almost all industries and sectors to virtual platforms as a consequence of travel restrictions and lockdown policies (Shoukat & Matriano, 2022). In stark contrast to many other industries, the telecommunications sector in general is exempt from key COVID-19 pandemic-related restrictions such as stay-at-home orders and quarantine requirements thus benefiting from a surge in data & voice traffic, and increased use of broadband services resulting in better performance compared to other sectors (Veligura, 2020).

3. Research Methods

This research is a type of quantitative research using a comparative analysis approach. The research variables used in this study are variables of the company's financial performance. The financial performance to be examined is the financial performance of telecommunications sector companies, before the Covid-19 pandemic (2018-2019) and during the Covid-19 pandemic (2020-2021). The financial performance variables of telecommunications sector companies will be measured using five company financial performance indicators, namely liquidity indicators, *leverage* indicators, activity indicators, profitability indicators, and growth indicators. Each of these indicators will be indicated by ratio numbers, namely the current ratio, total debt to total assets (*debt ratio*), total *asset turnover*, return on assets (*ROA*), and sales growth ratio.

The population in this study is telecommunications sector companies listed on the Indonesia Stock Exchange (IDX) which amounts to 20 telecommunications sector companies. The sample in this study is telecommunications sector companies listed on the Indonesia Stock Exchange (IDX) and have published their financial statements in 2018-2021. The sample consisted of 13 telecommunications sector companies. The criteria set for sampling are: 1). Telecommunication sector companies listed on the Indonesia Stock Exchange (IDX) in the 2018-2021 period. 2). Telecommunications sector companies that have published their financial statements consecutively in the 2018-2021 period. The data used in this study is secondary data in the form of financial statements of telecommunications companies for 2018-2021 obtained from the Indonesia Stock Exchange (www.idx.co.id) website and the official website of each company. The data is financial performance data before the Covid-19 pandemic (2018-2019) and during the Covid-19 pandemic (2020-2021). The data is then processed and taken the average financial performance before and during the Covid-19 pandemic.

The data analysis method used in this study is an analysis method using MANOVA (*Multivariate Analysis of Variance*). MANOVA is a statistical test used to measure the influence of independent variables on a categorical scale on several dependent variables on a quantitative data scale (Ghozali, 2019). Data analysis is carried out with the help of analysis tools in the form of SPSS (*Statistical Product and Service Solutions*) software. The MANOVA analysis process is through the process of descriptive statistical analysis, multivariate normality test, simultaneous variance-covariance matrix homogeneity test, variance homogeneity test for each variable, simultaneous comparison test (multivariate), and separate comparison test (univariate).

4. Research Findings and Discussion

4.1 Descriptive Statistics

There are five financial performance ratios used as a measuring tool in this study. The ratios used are the *current ratio*, total debt to total assets ratio, total *asset turnover*, return on

total *assets* (ROA), and sales growth ratio of telecommunications sector companies listed on the Indonesia Stock Exchange (IDX) and have published their financial statements in 2018-2021. Based on the table below, it can be seen that many samples in all (N) consist of 12 companies. The average value of the current ratio before the Covid-19 pandemic was 1.8681, while the average value of the *current ratio* during the Covid-19 pandemic was 1.9647. The debt ratio before the Covid-19 pandemic had an average value of 0.5055, while the average debt *ratio* during the Covid-19 pandemic was 0.5391. The average value of *total asset turnover* before the Covid-19 pandemic was 0.3570, while during the Covid-19 pandemic it was 0.3270. ROA (*return on total assets*) before the Covid-19 pandemic had an average value of 0.0158, while during the Covid-19 pandemic it was 0.0517. The average value of the sales growth ratio before the Covid-19 pandemic was 0.0877, while during the Covid-19 pandemic it was 0.0946.

Descriptive Statistics				
	Covid-19	Mean	Std. Deviation	N
Current Ratio	BEFORE	1.8681	2.51872	12
	DURING	1.9647	3.10215	12
	Total	1.9164	2.76387	24
Debt Ratio	BEFORE	.5055	.24836	12
	DURING	.5391	.24300	12
	Total	.5223	.24090	24
Total Asset Turnover	BEFORE	.3570	.22173	12
	DURING	.3270	.19452	12
	Total	.3420	.20456	24
ROA	BEFORE	.0158	.09190	12
	DURING	.0517	.05459	12
	Total	.0338	.07617	24
Sales Growth	BEFORE	.0877	.15726	12
	DURING	.0946	.08496	12
	Total	.0911	.12366	24

Table 2 Comparison of Average Financial Performance Ratios

Indicators Financial Performance	Average Ratio		Information
	Before the Covid Pandemic-19	During the Covid-19 Pandemic	
Liquidity (<i>Current Ratio</i>)	1.86	1.96	The average value of liquidity indicators (<i>current ratio</i>) during the Covid-19 pandemic is better

			than the average value before the Covid-19 pandemic.
Leverage (Debt Ratio)	0.50	0.53	The average value of the leverage indicator (debt ratio) during the Covid-19 pandemic is better than the average value before the Covid-19 pandemic.
Activity (Total Asset Turnover)	0.35	0.32	The average value of activity indicators (total asset turnover) before the Covid-19 pandemic was better than the average value during the Covid-19 pandemic.
Profitability (ROA)	0.01	0.05	The average value of profitability indicators (ROA) during the Covid-19 pandemic is better than the average value before the Covid-19 pandemic.
Growth (Sales Growth)	0.08	0.09	The average value of growth indicators (sales growth) during the Covid-19 pandemic is better than the average value before the Covid-19 pandemic.

4.2 Multivariate Normality Test

A multivariate normality test is performed to determine whether the data is normally or abnormally distributed in a multivariate manner. Multivariate normality tests with SPSS are performed by determining the mahalanobis distance from the data used, then calculating the *chi square* value, and creating a *scatter plot* between the two. If the *scatter plot* tends to form a straight line and more than 50% of the mahalanobis distance value is less than or equal to *chi square*, then H_0 is accepted and means that the data is multivariate normal distributed. From the graph above, it can be seen that the distribution of data in the *scatter plot* tends to form a straight line. More than 50% of the mahalanobis distance value is less than or equal to the *chi square* value and is linearly patterned, so the data are multivariate normal distribution.

In addition to looking at the results of the *scatter plot*, the relationship between variables can also be seen by calculating the *Pearson* correlation value between the mahalanobis distance and *chi square*. If the *Pearson* correlation value is close to 1, the stronger the relationship between these variables. If the stronger the relationship between variables, then it can be said that the data is multivariate normal distribution. Based on the table above, it can be seen that the value of *Pearson's* correlation between the mahalanobis distance and *chi square* is 0.982,

the value is close to number 1, so there is a strong relationship between the mahalanobis distance and *chi square*. Therefore, it can be said that the data are normally multivariate distributed. If the multivariate normality assumption is met, it can be continued by conducting a MANOVA analysis.

Table 3 Correlation Test

Correlations		Mahala nobis Distance	qi
Mahalanobis Distance	Pearson Correlation	1	.982**
	Sig. (2-tailed)		.000
	N	24	24
qi	Pearson Correlation	.982**	1
	Sig. (2-tailed)	.000	
	N	24	24

** . Correlation is significant at the 0.01 level (2-tailed).

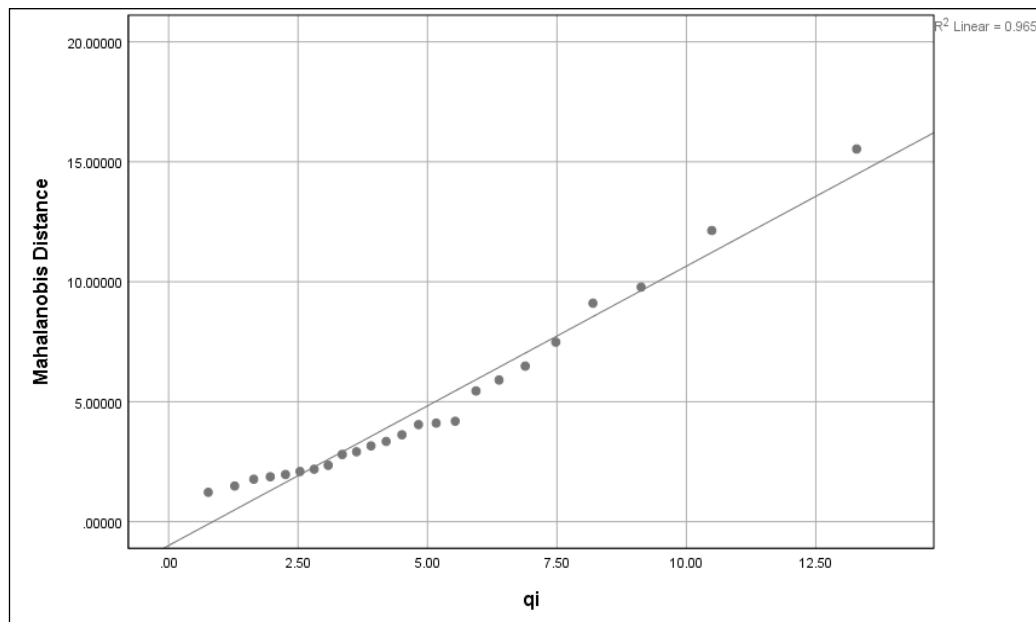


Figure 1 Scatter Plot

4.3 Uji Homogeneity of Variance-Covariance Matrix Simultaneously

The variance-covariance matrix homogeneity test is a prerequisite test before performing the MANOVA assumption test. This test is conducted to determine whether the matrix of variances of the dependent variables (current ratio, total debt to total assets, total *asset turnover*, return on total assets/ROA, and sales growth) is simultaneously the same before the Covid-19 pandemic and during the Covid-19 pandemic. Based on the table above, it can be seen that the

value of Box's M is 22.620 with a significance number of 0.322. The significance number is greater than 0.05, hence Ho is accepted. That is, the matrix of variances of dependent variables (current *ratio*, total debt to total assets, total asset *turnover*, return on total *assets*/ROA, and sales growth) was simultaneously the same before the Covid-19 pandemic and during the Covid-19 pandemic.

Box's Test of Equality of Covariance Matrices^a	
Box's M	22.620
F	1.131
df1	15
df2	1948.737
Sig.	.322
Tests the null hypothesis that the observed covariance matrices of the dependent variables are equal across groups.	
a. Design: Intercept + Covid-19	

4.4 Test the homogeneity of the variance of each variable

The variance homogeneity test is performed using *Levene's Test*. This test was conducted to test the equivalence of variants in several populations individually between before and during the Covid-19 pandemic. Based on the table above, when viewed in the row *based on the mean* of each variable, it can be seen the significance value of each variable. The variable *current ratio* has a significance value of 0.860, *debt ratio* of 0.986, *total asset turnover* of 0.662, ROA of 0.295, and sales growth of 0.165. The significance value of all five variables is greater than 0.05, hence Ho is accepted. That is, the dependent variables (current *ratio*, total debt to total assets, total *asset turnover*, return on total *assets*/ROA, and sales growth) individually have the same matrix of covariances before the Covid-19 pandemic and during the Covid-19 pandemic.

Levene's Test of Equality of Error Variances^a					
		Levene Statistic	df1	df2	Sig.
<i>Current Ratio</i>	Based on Mean	.032	1	22	.860
	Based on Median	.012	1	22	.914
	Based on Median and with adjusted df	.012	1	21.072	.914
	Based on trimmed mean	.030	1	22	.863
<i>Debt Ratio</i>	Based on Mean	.000	1	22	.986
	Based on Median	.001	1	22	.972
	Based on Median and with adjusted df	.001	1	21.938	.972

	Based on trimmed mean	.000	1	22	.995
Total Asset Turnover	Based on Mean	.197	1	22	.662
	Based on Median	.234	1	22	.633
	Based on Median and with adjusted df	.234	1	21.994	.633
	Based on trimmed mean	.223	1	22	.641
ROA	Based on Mean	1.150	1	22	.295
	Based on Median	1.329	1	22	.261
	Based on Median and with adjusted df	1.329	1	19.137	.263
	Based on trimmed mean	1.186	1	22	.288
Pertumbuhan Penjualan	Based on Mean	2.065	1	22	.165
	Based on Median	2.088	1	22	.163
	Based on Median and with adjusted df	2.088	1	16.557	.167
	Based on trimmed mean	2.072	1	22	.164
Tests the null hypothesis that the error variance of the dependent variable is equal across groups.					
a. Design: Intercept + Covid-19					

4.5 Simultaneous Comparison Test (Multivariate)

In this study, a multivariate test was conducted to see whether there were significant changes in the company's financial performance simultaneously based on financial ratios (*current ratio*, total debt to total assets, total *asset turnover*, return on total assets/ROA, and sales growth) in the pre-Covid-19 pandemic and during the Covid-19 pandemic. Based on the table above, when viewed in the Covid-19 row, the significance value tested with Pillai's Trace, Wilks' Lambda, Hotelling's Trace, and Roy's Largest Root shows the same significance number, which is 0.671 and shows the same F value, which is 0.642. In the test results, the significance value is greater than 0.05, it can be concluded that there is no significant difference in the financial performance of telecommunications companies simultaneously based on financial ratios before the Covid-19 pandemic and during the Covid-19 pandemic.

Table 6 Multivariate Test

Multivariate Tests^a						
Effect		Value	F	Hypothesis df	Error df	Sig.
Inter cept	Pillai's Trace	.979	169.066 ^b	5.000	18.000	.000
	Wilks' Lambda	.021	169.066 ^b	5.000	18.000	.000

	Hotelling's Trace	46.963	169.066 ^b	5.000	18.000	.000
	Roy's Largest Root	46.963	169.066 ^b	5.000	18.000	.000
Covid-19	Pillai's Trace	.151	.642 ^b	5.000	18.000	.671
	Wilks' Lambda	.849	.642 ^b	5.000	18.000	.671
	Hotelling's Trace	.178	.642 ^b	5.000	18.000	.671
	Roy's Largest Root	.178	.642 ^b	5.000	18.000	.671
a. Design: Intercept + Covid-19						
b. Exact statistic						

4.6 Separate Comparison Test (Univariate)

The univariate test was conducted to see if there were significant differences in the financial performance of telecommunications companies separately based on financial ratios before the Covid-19 pandemic and during the Covid-19 pandemic. Univariate test results can be seen in the *Test of Between-Subject Effect* table. Based on the table above, when viewed in the Covid-19 row, the significance value of each dependent variable, namely *the current ratio* variable (0.934), *debt ratio* (0.741), *total asset turnover* (0.728), *ROA* (0.256), and *sales growth* (0.895). The significance value of the five variables is greater than 0.05, then in each variable (*current ratio*, total debt to total assets, *total asset turnover*, return on total assets/ROA, and sales growth) there is no significant difference in the financial performance of telecommunications companies which is calculated separately based on financial ratios in the pre-Covid-19 pandemic period and during the Covid-19 pandemic.

Table 7 Test of Between-Subjects Effects

Tests of Between-Subjects Effects							
Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	
Corrected Model	<i>Current Ratio</i>	.056 ^a	1	.056	.007	.934	
	<i>Debt Ratio</i>	.007 ^b	1	.007	.112	.741	
	<i>Total Asset Turnover</i>	.005 ^c	1	.005	.124	.728	
	ROA	.008 ^d	1	.008	1.358	.256	
	Sales Growth	.000 ^e	1	.000	.018	.895	
Intercept	<i>Current Ratio</i>	88.143	1	88.143	11.04	.003	
	<i>Debt Ratio</i>	6.548	1	6.548	108.4	.000	
	<i>Total Asset Turnover</i>	2.807	1	2.807	64.53	.000	
	ROA	.027	1	.027	4.789	.040	

	Sales Growth	.199	1	.199	12.47	.002
Covid-19	<i>Current Ratio</i>	.056	1	.056	.007	.934
	<i>Debt Ratio</i>	.007	1	.007	.112	.741
	<i>Total Asset Turnover</i>	.005	1	.005	.124	.728
	ROA	.008	1	.008	1.358	.256
	Sales Growth	.000	1	.000	.018	.895
Error	<i>Current Ratio</i>	175.640	22	7.984		
	<i>Debt Ratio</i>	1.328	22	.060		
	<i>Total Asset Turnover</i>	.957	22	.044		
	ROA	.126	22	.006		
	Sales Growth	.351	22	.016		
Total	<i>Current Ratio</i>	263.839	24			
	<i>Debt Ratio</i>	7.883	24			
	<i>Total Asset Turnover</i>	3.770	24			
	ROA	.161	24			
	Sales Growth	.551	24			
Corrected Total	<i>Current Ratio</i>	175.696	23			
	<i>Debt Ratio</i>	1.335	23			
	<i>Total Asset Turnover</i>	.962	23			
	ROA	.133	23			
	Sales Growth	.352	23			
a. R Squared = ,000 (Adjusted R Squared = -,045)						
b. R Squared = ,005 (Adjusted R Squared = -,040)						
c. R Squared = ,006 (Adjusted R Squared = -,040)						
d. R Squared = ,058 (Adjusted R Squared = ,015)						
e. R Squared = ,001 (Adjusted R Squared = -,045)						

4.7 Comparison of Research Results

There are similarities between the results of this study and previous studies. According to research on telecommunications companies listed on the Indonesia Stock Exchange also shows that there is no significant difference in financial performance in profitability indicators (return on total assets / ROA) between before and during the Covid-19 pandemic (Ananda Widiastuti, 2022). Research by (Febriani et al., 2022) on telecommunications companies listed on the Indonesia Stock Exchange also shows that there is no significant difference in financial performance in liquidity indicators (current ratio) and activity indicators (total asset turnover)

between before and during the Covid-19 pandemic. This indicates that telecommunications sector companies are able to survive in the face of the crisis that occurred during the Covid-19 pandemic.

5. Conclusion

Multivariately, it is concluded that there is no significant difference in the financial performance of telecommunications companies simultaneously based on financial ratios before the Covid-19 pandemic and during the Covid-19 pandemic. Univariately, it is concluded that in each variable (current ratio, total debt to total assets, total asset turnover, return on total assets, and sales growth) there is no significant difference in the financial performance of telecommunications companies which is calculated separately based on financial ratios before the Covid-19 pandemic and during the Covid-19 pandemic.

Furthermore, suggestions that can be given based on the results of this study focus on the government and telecommunications companies. The government should encourage the formation of policies that support the stability of the telecommunications sector after the pandemic, such as fiscal incentive support or other support that can encourage the growth of the telecommunications industry in the future. Telecommunications companies in Indonesia should focus more on diversification and innovation strategies to deal with economic uncertainties that may occur such as during the pandemic, including investment in new technologies and more adaptive business models so as to further improve operational efficiency and provide better services to customers.

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PRODUCT DEVELOPMENT CAPABILITY AND MARKETING INNOVATIVENESS: EVIDENCE FROM INDONESIAN SMALL LOCAL FOOD PRODUCT

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ABSTRACT

Central Java has the potential for processed food based on local wisdom that is spread in various regions. Local food is food that is produced and developed by the potential and resources of the region and local culture. This study aims to determine the existing conditions of MSMEs processing local food products in terms of product development capabilities and marketing innovation capabilities. This research focuses on MSMEs processing local food products in Banyumas Regency, Grobogan, Sragen, Semarang, and Wonosobo. Samples were taken by purposive sampling with as many as 50 respondents. Descriptive analysis was used to describe the data collected using the three-box method. The results showed that most of the MSMEs are micro-businesses. Product development capability is considered high, indicated by an average index value of 83.55. Where the highest indicator value is believing that the products made are original to the market at 87.6. Marketing innovativeness is also high, with an average index value of 79. Where the highest indicator value is continuously making product improvements at 84.2. This article strengthens optimism that the development of local food products will continue to increase even though there are still many challenges and problems

Keywords: *Local food, Product development capability, Marketing innovativeness*

1. Introduction

Central Java has the potential for processed food based on local wisdom that is spread in various regions. Local food is food that is produced and developed by the potential and resources of the region and local culture. Specific conditions other than natural resources are also closely related to the socio-economic and cultural conditions of the local community (Imelda et al., 2017; Retnaningsih, 2010).

In supporting product development, the adaptation process can be done according to the situation and circumstances of each entrepreneur. Varied ways of adaptation show that entrepreneurs can maintain their business (Retnaningsih, 2020). Adaptability and continuous improvement are good steps to maintain intense competition. Innovation is considered to be able to answer these challenges. Micro, Small, and Medium Enterprises (MSMEs) of food products innovate not only in terms of products but also in marketing processes and business strategies (Baregheh, Anahita; Rowley, Jennifer; Sambrook, Sally; Davies, 2012).

Emphasizes innovation and creativity in developing products or services that are offered to consumers. This concept aims to fulfill the needs and wants of consumers in a more effective and efficient way, as well as providing more added value to consumers. In the context of food, marketing innovativeness can be interpreted as the development of innovative and creative food products, taking into account the needs and desires of consumers as well as the potential of locally available food resources. This can be done by developing food products that are different from existing ones or combining several existing food products into new and more

attractive products for consumers.

Innovative and creative food product development can help improve the competitiveness of local food products in domestic and international markets. In addition, innovative and creative food product development can also help increase the added value of local food products, thereby providing greater economic benefits to local communities. In developing marketing innovations in local food products, it is also necessary to take into account the local wisdom that exists in the local community. Local wisdom can be a source of inspiration in developing innovative and creative food products and can help maintain environmental sustainability and local food diversity.

The conceptualization of innovativeness can be done in various ways. First, innovativeness is part of entrepreneurial orientation so it becomes one part of the five dimensions of entrepreneurial orientation, namely autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness (Cruz et al., 2018; Lumpkin & Dess, 1996). Second, innovation is the capacity to introduce new processes, products, ideas and marketing. Third, innovation is the company's willingness to synergize and adapt. Fourth, innovativeness describes product changes by offering new features and good performance (Hadi & Supardi, 2020). Fifth, innovativeness is the belief to innovate by exploring new ideas to create new creations to improve services, processes, and products. The company's ease of achieving positional advantage can be done through marketing innovation (Larsson, 2020). This research was conducted to determine the existing condition of MSMEs processed local food products in terms of product development capabilities and marketing innovativeness.

2. Literature Review

Implementation of strategies that utilize resources as unique expertise and assets become capital in building competitive advantage (Martelo et al., 2013; Martin et al., 2013). Competitive advantage requires innovation and product development capabilities to create differentiation and meet consumer needs and preferences (Cass & Sok, 2013; Martin et al., 2013).

Product development capability is resource-based optimization by focusing on company resources as the main source of competitive advantage (Klewitz & Hansen, 2013; B. B. Retnawati & Retnaningsih, 2020). Product development capability, quality, cost, development time, and development cost are the five dimensions required in development (B. Retnawati & Irmawati, 2016). Product development capability is the ability of a company to carry out a series of activities starting from the perception of market opportunities and ending with the production, sale and delivery of products (Orth & Malkewitz, 2012).

Entrepreneurial actions capabilities are important for business actors to develop new products, processes and organizations through modifying and reconfiguring resources, as well as coping with the speed of market change (Alpay et al., 2012; Leong et al., n.d.). Previous empirical research still found contradictory results of product development capability on marketing performance, some were significantly positive (Covin & Miller, 2014; Tian et al., 2010), but some were significantly negative (Soba & Aydin, 2013; Tooksoon & Mohamad, 2016).

3. Research Methods

3.1 Population and Sampel

The population of this study included local food processing industry entrepreneurs in Central Java, particularly in Banyumas Regency, Grobogan Regency, Sragen Regency, Semarang Regency, and Wonosobo Regency. Official data on the population of small and medium entrepreneurs was not available, so a sample of 50 respondents was taken. The sampling technique was purposive sampling, namely entrepreneurs of processed local food

products who already have at least one year of experience as an effort to obtain quality information as needed from the indicators of the research variables (B. B. Retnawati et al., 2021).

3.2 Data Analysis

Descriptive analysis in this study was used to describe the data collected. In describing the research data, an index number is used to determine the degree of respondents' perceptions of the variables being examined. The number of respondents' answers used ranged from 1-10, so the resulting index ranged from 1 to 10 with a range of 90, without the number 0. This analysis uses the three-box criteria, so a range of 90 divided by three will produce a range of 30 and will be used as the basis for interpreting the index value, which is as follows (Ferdinand, 2012):

10,00 – 40,00 : low
 40,01 – 70,00 : medium
 70,01 – 100,00 : high

The formula for calculating the index value is as follows:

$$\text{Index Value} = \frac{((\%F1x1)+(\%F2x2)+..+(\%F10x10))}{10}$$

Description:

F is the frequency of respondents' answers

4. Research Findings and Discussion

The general description of respondents in this study is that 62% of MSMEs are not included in clusters or groups of MSMEs. Respondents in this study were dominated by owners or owners of processed food businesses (86%) with the highest educational background, namely a high school education level of 62%. When viewed from the business category, 66% of respondents were in the micro business category with a length of work of 1-5 years (24%) and 11-15 years (24%) with a balanced number. Most of the MSMEs that have only been established for a long time do not yet have the strength of the cluster that covers their activities.

The product development capability variable is formed by four factors shown in the following table:

Table 6. Product Development Capability Index Value

Indikator	Percentage Responses										Index Value	Category	
	1	2	3	4	5	6	7	8	9	10			
Ability to make various kinds of processed food from local ingredients	0	0	0	0	0	0,31	0,16	1,26	3,22	1,62	1,16	81,4	High
Ability to modify processed food	0	0	0	0,08	0,11	0,61	1,96	2,46	1,08	1,16	78,2	High	
Believing that the products made are original to the market	0	0	0	0	0	0,12	0,56	2,56	2,52	3	87,6	High	

Indikator	Percentage Responses										Index Value	Category
	1	2	3	4	5	6	7	8	9	10		
Attempts to brand the products that have been produced	0	0	0	0,08	0	0	0,84	2,08	2,7	3	87	High
Average Variable Index Value											83,55	High

Source: Primary data (2023)

Based on the results of the calculation of the index value of the product development capability variable in Table 1 above, it is 83.55, meaning that the index value of this variable is in the high category. This indicates that the average respondent's answer is in the high category and the percentage of this answer number indicates the existence of product development capability. All questions on product development capability variables are indicated by four indicators as in Table 1 above and are responded to well by local food processing business actors in this study. The respondents' perceptions related to the product development capability variable are as follows:

Table 7. Respondents' Perceptions of Product Development Capability Variables

Indicators	Index Value	Research Findings Respondents' Perceptions
Ability to make various kinds of processed food from local ingredients	81,4 High	Analysis of findings: The ability of entrepreneurs to utilize local food sources as the main raw material for products is very diverse. Entrepreneurs can process food ingredients from leaves, green vegetables, tubers, cereals, nuts, flowers, fruits, seeds, spices, herbs, fish, mushrooms, meat, milk, and eggs into products with economic value.
Ability to modify processed food	78,2 High	Analysis of findings: Entrepreneurs are able to make modifications to their products. Modifications are made in various ways, starting from modifying the production process, modifying variants and types, modifying flavors, modifying packaging and modifying the raw materials used. One raw material can be processed into various flavors and types.
Believes that the products made are original to the market	87,6 High	Analysis of findings: Entrepreneurs believe that the products produced are still limited and even believe that there are no similar products in the market. Entrepreneurs believe that the products they make are the result of their brainstorming. Their products also become the brand image of the local area because when people buy their products, they will know that the product is the identity of the area.

Indicators	Index Value	Research Findings Respondents' Perceptions
Attempts to brand products that have been produced	87 High	Analysis of findings: In an effort to brand the products that have been produced, entrepreneurs do various ways, one of which is by increasing knowledge and insights related to brands. Entrepreneurs also register their brands and products for patenting. In addition, to support increased consumer confidence and add value to the products, entrepreneurs also apply for certification for the products they produce.

Source: Primary data (2023)

Table 2 above confirms that in their ability to develop products, entrepreneurs can process food ingredients from local food sources (leaves, green vegetables, tubers, cereals, nuts, flowers, fruits, seeds, spices, herbs, fish, mushrooms, meat, milk, and eggs) and can modify products in various ways ranging from modification of the production process, modification of variants and types, modification of flavors, modification of packaging and modification of the raw materials used. Entrepreneurs also believe that the products produced are still limited and there are no similar products on the market. Their products also become the brand image of the local area because people will know that the product is the identity of the region.

To brand products that have been produced, entrepreneurs do various ways, one of which is by increasing knowledge and insights related to brands, registering their brands and products for patenting, and supporting increased consumer confidence by applying for certification for the products they produce.

The marketing innovativeness variable is formed by four factors as shown in the following table:

Table 8. Index Value of Marketing Innovativeness Variable

Indikators	Percentage Responses										Index Value	Category
	1	2	3	4	5	6	7	8	9	10		
Trying new things in product marketing	0	0	0,06	0	0,04	0,36	1,26	2,08	1,08	2	79,6	High
Have openness to new marketing ideas	0	0,04	0	0,08	0,04	0,48	1,12	2,24	1,62	1,8	77,8	High
Continuously make product improvements	0	0	0,06	0	0,01	0,24	0,42	3,04	2,16	2,4	84,2	High
Make new product models	0	0	0,18	0,16	0,03	0,72	1,12	2,08	1,08	1,8	74,4	High
Average Variable Index Value											79	High

Source: Primary data (2023)

Based on the results of the calculation of the marketing innovation variable index value in Table 4 above of 79, it means that the variable index value is in the high category. All indicators in this variable are in the high index category. This indicates that this answer shows the existence of marketing innovativeness. The respondents' perceptions related to marketing innovation are as follows:

Table 9. Respondents' Perceptions of the Marketing Innovativeness Variable

Indicators	Index Value	Research Findings Perceptions	Respondents'
Trying new things in product marketing	79,6 High	Analysis of findings: New things done by entrepreneurs in the marketing process are utilizing digital marketing and opening opportunities and opportunities for partnerships. The marketing process that has previously been carried out can continue to run along with implementing a new marketing process.	
Have openness to new marketing ideas	77,8 High	Analysis of findings: In the process of innovation, entrepreneurs are open to ideas and ideas that come from various sources for the marketing process of their products.	
Continuously make product improvements	84,2 High	Analysis of findings: Entrepreneurs make continuous and continuous product improvements. The evaluation that has been carried out during the marketing process provides results to be able to maintain and improve product quality, improve product packaging to keep it safe during the distribution process, and improve product branding to be better known to the wider community.	
Make new product models	74,4 High	Analysis of findings: Entrepreneurs innovate product models by modifying packaging and making innovative products in accordance with millennials and healthy living trends. In the process of creating product novelty, inspiration is obtained from various sources. New products that are marketed will have promos within a certain time.	

Source: Primary data (2023)

Table 4 confirms that the new things done by entrepreneurs in the marketing process are utilizing digital marketing and opening up opportunities for partnerships. The marketing process that has previously been carried out can continue to run along with implementing a new marketing process. Strategic use of information technology can be used to acquire and manage knowledge and improve competitiveness (Del Giudice, M & Della Peruta, 2016; Soto-acosta et al., 2014). Social media is increasingly used by both the industry and everyone around the world. Through social media companies can gain useful knowledge, conduct marketing activities, increase sales, provide services to customers and can create joint products and services (Bresciani et al., 2016; Piller et al., 2012; Scuotto, Veronica; Del Giudice, Manlio; Carayannis, 2017).

In the innovation process, entrepreneurs are open to ideas and ideas that come from various sources for the marketing process of their products. Entrepreneurs make continuous and continuous product improvements. Evaluations that have been carried out during the marketing process provide results to be able to maintain and improve product quality, improve

product packaging to keep it safe during the distribution process and improve product branding to be better known to the wider community. Entrepreneurs make new product models by modifying packaging and making innovative products for millennials and healthy living trends. In the process of creating product novelty, inspiration is obtained from various sources.

5. Conclusion

MSMEs processed food local products in this study are categorized as micro businesses (66%) with the final education level of business actors SMA (62%). Based on the results of the product development capability variable index value of 83.55 (high). The average respondent's answer is in the high category for each indicator point. The percentage of this answer shows that there is product development capability. Where the highest indicator value is believing that the products made are original to the market at 87.6. In their ability to develop products, entrepreneurs are able to process food ingredients from local food sources, able to modify products in various ways ranging from modification of the production process, modification of variants and types, modification of flavors, modification of packaging, and modification of raw materials. Entrepreneurs also believe that the products produced are still limited and there are no similar products on the market to become the brand image of the local area. Entrepreneurs also register their brands and products for patenting and to increase consumer confidence, entrepreneurs apply for certification for the products they produce.

In terms of marketing innovativeness, the index score was 79 (high). Where the highest indicator value is continuously making product improvements at 84.2. Entrepreneurs utilize digital marketing and open up opportunities for partnerships. Entrepreneurs make continuous product improvements to maintain and improve product quality. The novelty of product models by modifying packaging and making products in accordance with current trends.

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DETERMINANTS OF FINANCIAL BEHAVIOUR OF MICRO, SMALL AND MEDIUM-SIZE ENTERPRISES OWNER IN INDONESIA

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ABSTRACT

Economic activities of MSMEs in Indonesia are on the rise after pandemic. Non-cash payment systems are more attractive to consumers and producers. The non-cash payment system in the form of QRIS is increasingly being used in business transactions. Therefore, this study aims to analyze the determinants of financial behavior of MSME owners who use QRIS. This research used sample technique purposive sampling and proportional random sampling. A total of 204, respondents are small micro business owners who use QRIS from Medan, Makassar and Bali. The research instrument used a questionnaire distributed to MSME owners. The determining variables used are age, length of business, education, and religion of business owners. The data analysis technique uses multiple linear regression with SPSS tools. The results showed that education has an impact on the financial behavior of QRIS-using MSMEs, while age, religion, region, and length of business have no impact on financial behavior.
Keywords: Financial Behavior; QRIS, MSMEs

1. Introduction

Indonesia's business world is dominated by small, small and medium enterprises (MSMEs), which currently dominate in number. It impacts 64.2 million enterprises or 99.99% of the total number of economic activities in Indonesia. MSMEs can shoulder many responsibilities and contribute significantly to the Gross Domestic Product. According to the Ministry of Cooperatives in Indonesia, and Small and Medium Enterprises, MSMEs gather up to 119 million employees or 97% of the working capacity of the business world (Medcom.id, 2021). It cannot be denied that MSMEs have an important role in driving the sustainability of the Indonesian economy, even though they have shown their strengths, they still have failures that are often experienced by many large and small companies in Indonesia. The advantages of MSMEs include: First, MSMEs produce goods or services that are closely related to the community; second, MSMEs do not use imported raw materials; and third, often MSMEs use their own capital without the support of bank loans.

Despite their many advantages, MSMEs still face various limitations. These limitations make the development and competitiveness of MSMEs difficult. Sarwono (2015) describes the limitations as follows, namely: lack of banking access, such as low HR skills/knowledge, limited utilization of technology and not yet strong in balancing changes in consumer preferences/needs based on exports. As an effect of the pandemic, the Ministry of Cooperatives and Small and Medium Enterprises reported that MSMEs in Indonesia face problems such as decreased business turnover, obstructed distribution, and capital constraints (Medcom, 2021).

As technology develops, various digital markets and platforms have emerged, opening up wide opportunities for MSMEs to market their products, reaching various geographical areas in Indonesia and abroad. Accompanied by the development of various digital stores and platforms that facilitate business processes, digital payment technology has also developed. (Hadad et al., 2003). Digital payments include Go-Pay, OVO, Shopee Pay, and Quick Response Code Indonesia Standard (QRIS).

In Indonesia, non-cash payments have been made since 2017 using electronic money. However, it was found that there is still a need to increase the proportion of cooperation between the banking sector, financial institutions and the government in creating a digital financial ecosystem, especially the infrastructure supporting digital payments. (Rafferty & Fajar, 2022). Now, MSMEs have begun to widely utilize QRIS as a non-cash payment system. The advantages of QRIS include the ability to accept changes from various types of customers. Bank Indonesia also explains that QRIS is a digital payment system that is fast, cheap, safe and reliable. As of mid-September 2021, 10.4 million customers have entered QRIS, an increase of 120.22% compared to the same period last year. Bank Indonesia will make various efforts to continue to increase the number of customers added to QRIS. (Bank Indonesia, 2020).

QRIS is in great demand in Indonesia because of its ease of use so that customers become loyal. Indications of loyalty are assessed from customer satisfaction, trust and commitment to make non-cash payments using QRIS. (Chohan et al., 2022). Culinary micro-business owners in Depok City revealed that it was more efficient to use QRIS as a digital payment tool (Listiwati et al., 2022). The ease of using QRIS as a digital payment does not just happen. This is influenced by the insights and financial literacy of MSME owners in Makassar City. Financial literacy and ease of digital payment have a positive effect on the performance of MSMEs in Makassar. (Aulia et al., 2022).

The gap in individual financial literacy levels can be influenced by income and population density of an area where individuals with higher incomes have better literacy levels. (Angrisani et al., 2021). In addition, education and cultural factors are determinants of a person's financial behavior, furthermore, financial literacy affects financial attitudes, financial behavior and business performance (Graña-Alvarez et al., 2021, Graña-Alvarez et al., 2022). Where a person's financial literacy is viewed from the aspect of male and female gender, there is no difference (Nainggolan et al., 2022). (Nainggolan et al., 2022). Various independent variables such as age, gender, income, religion, social group, family size, marital status, education level, occupation, and others have a significant effect on the respondent's digital financial literacy which encourages financial behavior trends. (Azeez & Akhtar, 2021).

Based on various previous studies, the author will examine the variables that determine the financial behavior of micro business owners in Indonesia. The differentiator of this research lies in the ability of the respondents. Respondents of this study are respondents who have used QRIS as a digital payment tool. The author suspects that age, religion, region, length of business and education are independent variables of the financial behavior of MSME owners who use QRIS in Indonesia.

2. Literature Review

2.1 Financial Behaviour

Financial behavior refers to how a person handles, manages, and uses available financial resources. People who exhibit responsible financial behavior tend to use the money they have effectively (Sari, 2015). As long as MSMEs still use money as a means of transaction, good financial management is very necessary for them. The presence of financial controls will bring several benefits to MSME stakeholders, including: (a) MSMEs can determine the financial performance of a company, especially the level of operations and capital turnover. (b) MSMEs are able to recognize, classify and distinguish between company finances and owner finances.

(c) MSMEs can determine the status of their cash flow both from the source of funds and their use. (d) MSMEs are able to make proper budget planning. (e) MSMEs can calculate taxes (f) MSMEs can determine their cash flow during a certain period.

Financial behavior is the ability to understand, analyze, and manage finances in order to make good financial decisions and avoid financial problems (Nathan Austin, Joshua, 2021). Furthermore, according to Thao (2015) financial behavior is described as financial decision making, alignment of personal motives and company goals, Financial management refers to the effectiveness of fund management. If MSMEs cannot manage their finances properly, of course the company will have difficulty developing its business. There are 10 financial behavior indicators, including financial planning and budgeting, financial planning techniques, saving activities, insurance activities, retirement activities and unexpected expenses, investment activities, credit or debt bills, monitoring & evaluating financial management.

2.1.1 Demographics of MSME Owners

Religion is a belief or perception of one's religious affiliation including one's financial behavior. Someone who believes in religious teachings and avoids religious prohibitions that have been regulated in accordance with the books of their respective religions has better and wiser financial behavior, while individuals who are less devout to religion tend to have worse financial behavior. According to (Rafidah, 2020), how long MSME actors have been in business can change their attitude towards financial behavior, because they have experience in dealing with existing problems, especially financial problems.

In improving financial knowledge and encouraging good financial behavior among MSMEs, the level of education makes a very important contribution in this regard. Education affects a person's economic attitudes, knowledge and behavior. A person's level of education has a significant impact on the financial concepts and tools they can use to make smart financial decisions. (Windasari and Wijonarko, 2018). According to Eagly and Chaiken, 1993 (in (Windasari and Wijonarko, 2018).) there are two factors that have an impact on financial behavior in general, namely financial knowledge and attitudes. Education increases one's confidence in starting a business and also increases the likelihood that a business can survive past the start-up stage.

Conceptual Framework

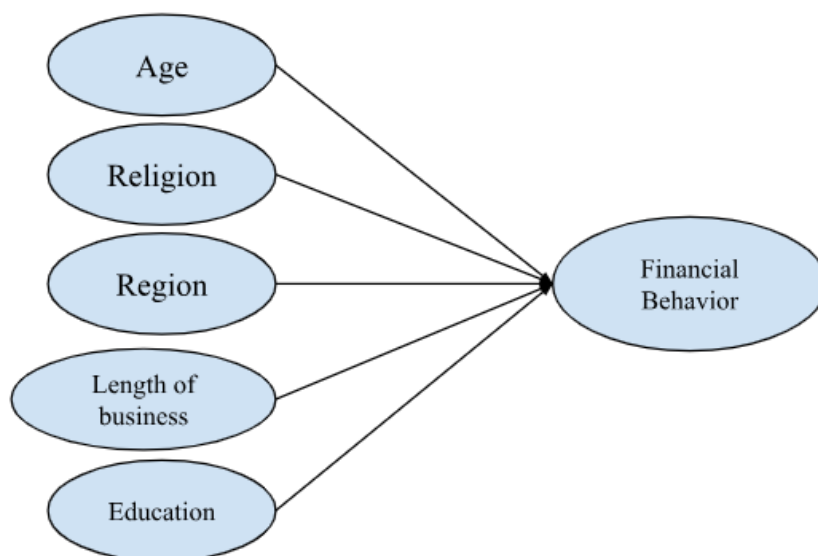


Figure 1: Conceptual Framework

The hypotheses in this study include

H1 = Age affects the financial behavior of MSME owners

H2 = Religion affects the financial behavior of MSME owners

H3 = region affects the financial behavior of MSME owners

H4 = Length of business affects the financial behavior of MSME owners

H5 = Education affects the financial behavior of MSME owners

3. Research Methods

This research is quantitative research. The research method consists of research activity design, population and research samples, tools used, place, data collection techniques, variable definitions and data analysis techniques. This research is causality quantitative research. Research that examines the relationship of influence between the variables used. The independent variables are the age of the business owner, religion, region, length of business establishment and education of the MSME owner. While the dependent variable is the financial behavior of MSME owners who use QRIS.

The research population is micro, small and medium business owners in Indonesia. The research object criteria are MSMEs that use QRIS in their business both selling goods and services. The probability sampling data collection method uses purposive sampling where the sample determination is based on the objectives made by the researcher (Hussain et al., 2018). The criteria for respondents in this study are MSME owners who have used QRIS in payment transactions. Therefore, the respondents of this study were represented by four cities ranging from Medan as many as 38 MSME owners, Surabaya as many as 53 MSME owners, Sulawesi 48 MSME owners and Bali as many as 44 MSME owners and Kalimantan there are 4 MSME owners.

The probability sampling data collection method uses purposive sampling where the sample determination is based on the objectives made by the researcher. The criteria for respondents in this study are MSME owners who have used QRIS in payment transactions. The financial literacy variable consists of five indicators which are translated into 19 statement items in a questionnaire distributed via g-form.

Data analysis techniques using multiple linear regression (Girardone et al., 2004). The initial stage conducts validity and reliability tests. the second stage, testing classical assumptions consisting of normality test, multicollinearity test, heteroscedasticity test and linearity test. The third stage, conducting hypothesis testing.

Validity and Reliability Test

The validity test according to is a technique of testing the accuracy of the item in measuring something. Items are in the form of statements or questions to respondents through a research questionnaire. Validity according to Priyatno (2014: 51) (in Nainggolan et al., 2022) is a technique for testing the accuracy of items in measuring something. Items are in the form of statements or questions to respondents through a research questionnaire. An item is declared reliable if its value is ≥ 0.6 . Significance testing is carried out using the r table with a two-sided test using a significance level of 5% (0.05). If the value is positive and $r \text{ count} \geq r \text{ table}$ then the item is valid. The item is invalid if $r \text{ count} < r \text{ table}$.

Classical Assumption Test

The residual normality test is a test of the residual value of the regression whether it has a normal distribution of data distribution using the one sample Kolmogorov-Smirnov test method. (Ngo & Tripe, 2016). One sample Kolmogorov-Smirnov test method is an effort to determine whether the distribution of data is normal, Poisson, uniform, or exponential. If the significance value is ≥ 0.05 , the residuals are declared normally distributed. The

multicollinearity test is intended to test whether there is a close or perfect correlation between the independent variables. Multicollinearity occurs if the VIF value is more than 10 and the tolerance is less than 0.1. The linearity test is used to test whether there is a linear relationship between variables or not using the Test for Linearity at a significance level of 0.05. If two variables have a Linearity significance of less than 0.05 then the two variables have a linear relationship. The heteroscedasticity test is used to test the similarity of residual variances in observations in the regression model using the Spearman's rho correlation test method. This method states that heteroscedasticity problems do not occur if the significance value between the independent variable and the residual is greater than 0.05.

Hypothesis Test

The t test is a partial regression coefficient test in order to test the level of significance of the independent variable on the dependent. (Muljawan et al., 2014). If the significance is below 0.05, then H0 is rejected and there is an influence of the independent variable on the dependent. The F test is a test of regression coefficients together in order to test the level of significance of several independent variables on the dependent. If the significance is below 0.05, then H0 is rejected and there is an influence of several independent variables on the dependent. The coefficient of determination is a calculation of the percentage contribution of the influence of the independent variable on the dependent related in the study, as well as other variables not discussed in the study.

Multiple Linear Regression Analysis

Multiple linear regression analysis is an analysis that aims to determine the effect or linear relationship of two or more independent variables on one dependent variable. (Girardone et al., 2004).. The equation form in this study is:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$$

Description:

α = Constant

β = Regression coefficient

X1 = Age

X2 = religion

X3 = region

X4 = length of business

X5 = education

Y = financial behavior

e = Standard error or deviation

4. Research Findings and Discussion

4.1 Research results

The first section of the results shows a description of the respondents in terms of age, education, area of domicile and length of business. This description is shown in Table 1 below.

Table 1. Description of Respondents

Characteristics	Category	Number of respondents
Age of MSME owner	<25 years	58 people
	25-34 years old	54 people

	35-45 years old	41 people
	>45 years	35 people
Last education	SD	4 people
	SMP	4 people
	SMA/SMK	89 people
	Diploma	8 people
	S1	76 people
	S2	6 people
Domicile	Medan Sumatra	42 people
	Kalimantan	4 people
	Java	58 people
	Sulawesi	55 people
	Bali	45 people
Business group	Agriculture, Fisheries, Livestock	1 person
	Processing Industry	17 people
	Trade, Hospitality, Restaurant	149 people
	Services	15 people
	Fashion	6 people
Length of business establishment	<1 year	15 people
	1-2 years	61 people
	3-4 years	32 people
	5-6 years	19 people
	>6 years	61 people

Source: Internal data, 2023

Table 1 shows that the age of most MSME owners is under 25 years old with the highest number of high school graduates, 89 people. Most respondents live in Java and its surroundings with 58 people. The largest number of business groups came from the trade sector, reaching 149 people. The length of business of most MSME owners is above 6 years, 61 people.

4.1.2 *Validity and Reliability Test*

The validity test was carried out on the variable financial behavior of micro business owners using QRIS in Indonesia. The results of this test are described in table 2 below.

Table 2. Variable validity test results

Financial Behavior Indicator	Pearson Correlation	Conclusion
X2_1	0.718	Valid
X2_2	0.688	Valid
X2_3	0.700	Valid
X2_4	0.651	Valid
X2_5	0.682	Valid
X2_6	0.588	Valid
X2_7	0.601	Valid
X2_8	0.650	Valid
X2_9	0.626	Valid
X2_10	0.632	Valid
X2_11	0.676	Valid
X2_12	0.679	Valid
X2_13	0.620	Valid
X2_14	0.562	Valid
X2_15	0.495	Valid
X2_16	0.528	Valid
X2_17	0.573	Valid
X2_18	0.741	Valid

Source: SPSS, 2023

Reliability tests were conducted on the financial behavior variables of micro business owners using QRIS in Indonesia. The results of this test are described in table 3 below.

Table 3. Variable reliability test results

Variable	Cronbach Alpha	Description
Financial Behavior Indicator	0.906	Reliable

Source: SPSS, 2023

Based on the reliability test conducted for the financial literacy variable, it is known that the resulting Cronbach's Alpha value is 0.906. Because this value is more than 0.7, this value falls into the acceptable category.

4.1.3 Classical Assumption Test

This section consists of 3 tests, namely normality test, heteroscedasticity test, multicollinearity test and linearity test. The normality test results are shown in table 4. Based on the results of the Normality test using the *Kolmogorov Smirnov* method, the significance result of the normality test is 0.042, where the result is smaller than the 0.05 significance. It can be concluded that the normality test in this study is normally distributed.

Table 4. Normality Test Results

	<i>Unstandardized Residual</i>	Conclusion
<i>Asymp. Sig. (2-tailed)</i>	0.042	Normal

Source: SPSS, 2023

Multicollinearity test results are shown in table 5. The calculation results from the multicollinearity test results table, the independent variables show that the VIF for each variable is, age = 1.129; religion = 1.172; region = 1.188; length of business = 1.080; education = 1.023. Which of all the results of this variable is smaller than 10. It can be concluded that this study is free from multicollinearity. That is, there is no correlation between the independent variables.

Table 5. Multicollinearity test results

Variables	Collinearity Statistics		Conclusion
	Tolerance	VIF	
Age	0.886	1.129	No multicollinearity
Religion	0.854	1.172	No multicollinearity
Region	0.842	1.188	No multicollinearity
Length of business	0.926	1.080	No multicollinearity
Education	0.978	1.023	No multicollinearity

Source: SPSS, 2023

The results of the heteroscedasticity test using the Glejser test show that the significance results of all independent variables or variables X1 (age) are 0.788. X2 (religion) is 0.763, X3 (region) is 0.420, X4 (length of business) is 0.528, X5 (education) is 0.248. Which the results of all these variables are above the significance standard of 0.05. So it can be concluded that there is no heteroscedasticity problem, meaning that there is no correlation between the residuals and the independent variables.

Table 6. Heteroscedasticity Test Results

Variables	Sig.(2-tailed)	Conclusion
Age	0.788	No symptoms of heteroscedasticity
Religion	0.763	No symptoms of heteroscedasticity

Region	0.420	No symptoms of heteroscedasticity
Length of business	0.528	No symptoms of heteroscedasticity
Education	0.248	No symptoms of heteroscedasticity

Source: SPSS, 2023

The results of the linearity test are shown in Table 7. The results of the linearity test show that the significant value generated by the age variable is 0.149, religion is 0.815, region is 0.943, and length of business is 0.671. This shows that each independent variable mentioned earlier is linearly related to the dependent variable, namely financial behavior. Meanwhile, the education variable is 0.002 which is below 0.05, which means that this variable is not linearly related to financial behavior.

Table 7. Linearity Test Results

Free Variable	Dependent Variable	Sig.Linearity	Conclusion
Age	Financial Behavior	0.149	Linearly related
Religion		0.815	Linearly related
Region		0.934	Linearly related
Length of business		0.671	Linearly related
Education		0.002	Not linearly related

Source: SPSS, 2023

4.4 Hypothesis Test

- The hypothesis test results are shown in table 8. Based on the results of the t test obtained, it shows that
- The education variable is a variable that has a positive effect on financial behavior. The significance value (sig) of the education variable is 0.002, then (sig) < 0.05, meaning that education partially affects the level of financial behavior of MSMEs.

While the variables of age, religion, region and length of business have no impact on financial behavior. The significance value (sig) of the variables of age, religion, region and length of business is sequentially 0.149, 0.815, 0.934, and 0.671 then (sig) > 0.05, meaning that partially age, religion, region and length of business have no effect on the level of financial literacy of MSMEs.

Table 8. Hypothesis Test Results

Variables	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
Constant	68.146	4.308	15.819	0.000

Age	-0.106	0.073	-1.449	0.149
Religion	-0.169	0.721	-0.234	0.815
Region	-0.064	0.772	-0.083	0.934
Length of business	-0.253	0.593	-0.426	0.671
Education	2.221	0.718	3.095	0.002

Source: SPSS, 2023

The results of the F test are shown in table 9. The test results show that the Sig value is $0.018 < 0.05$. So it can be concluded that simultaneously the variables of age, religion, region, length of business and education affect the level of financial behavior of MSMEs.

Table 9. F Test Results

Model	Sum of Squares	DF	F	Sig.
Regression	1814.878	5	2.790	0.018
Residuals	25759.867	198		
Total	27574.745	203		

Source: SPSS, 2023

4.5 Discussion

- The effect of age variables on the financial behavior of MSME owners

Based on the results of the previous analysis, it was found that the age variable had no effect on the financial behavior of MSME owners who used QRIS. It is suspected that the owners of QRIS-using MSMEs are accustomed to the technology available in payment instruments so that their financial behavior does not directly have an impact. In line with the study conducted by Nainggolan (2022), a person's financial literacy in terms of age and religion has no difference.

- The influence of religious variables on the financial behavior of MSME owners

Based on the results of the previous analysis, it is found that religious variables have no effect on the financial behavior of MSME owners who use QRIS. This is in accordance with the study conducted by Nainggolan (2022) that a person's financial literacy in terms of age and religion has no difference. And it is suspected that the religion variable does not directly impact financial behavior, it is thought to have an impact on business performance. The length of business and religion of micro, small and medium business owners are determinants of the income performance of MSMEs in Surabaya. (Nainggolan, 2016).

- The influence of regional variables on the financial behavior of MSME owners

Based on the results of the analysis, it is found that the regional variable has no effect on the financial behavior of MSME owners who use QRIS. This is thought to be because all respondents are in one homogeneous urban area so that changes in financial behavior do not have gaps. This is explained in Solihat's research (2020) revealing changes in financial behavior during the COVID-19 pandemic, especially in urban areas that are included in the red zone. (Solihat, 2020). Changes in behavior will be seen when reviewed based on different regions or zones.

- The effect of variable length of business on the financial behavior of MSME owners

Based on the results of the previous analysis, it was found that the variable length of business had no effect on the financial behavior of MSME owners who used QRIS. It is suspected that the variable length of business does not directly impact financial behavior, it is thought to have an impact on business performance. The length of business and religion of micro, small and medium business owners are determining factors for the income performance of MSMEs in Surabaya. (Nainggolan, 2016).

- The effect of education variables on the financial behavior of MSME owners

Based on the results of the previous analysis, it is found that the education variable has an effect on the financial behavior of MSME owners who use QRIS. This is in line with research conducted by Nyoto (2021) which reveals that performance appraisal and education have an impact on individual financial behavior, especially student financial behavior. (Nyoto et al., 2021). Almost the same thing was revealed by Baiq Fitri Arianti; & Khoirunnisa Azzahra, (2020) that the level of education and work experience partially has a positive and significant effect on financial literacy and financial behavior of workers. Therefore, it is important to socialize financial literacy to students, students and workers so that it will have an impact on financial management behavior in the future. In fact, individuals, both students and college students who are highly educated, will have better financial behavior. (Sari, 2015).

5. Conclusion

Based on the results of this study, it reveals that a person's education affects the financial behavior of MSME owners. Interesting things that need to be studied more deeply are the age and religion of MSME owners who use QRIS. Classification in age needs to be specified again in order to see which generation is the more dominant contributor to the impact of financial behavior. As well as reviewing the religious aspects more specifically studied, especially Islamic MSME owners who may apply sharia financial behavior.

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