

# ISCEBP

INTERNATIONAL STUDENT CONFERENCE ON ECONOMICS, BUSINESS AND POLITICS

*“Fostering Global Competence:  
Empowering Local Resources for International Market”*



# CONFERENCE PROCEEDING

Samarinda, 10th June 2024

**Editor:**

- Istimaroh, SE., M.M., Ph. D.
- Anita Shalehah, S.IP., M.A., Ph.D.
- Dr. Vera Anitra, S.E., M.M.
- M. Dziqie Aulia Alfarauqi, S.IP., M.A.
- Praja Hadi Saputra, S.E., M.Sc., Ak., CA.

CO-HOST & MITRA:



SPONSORED BY:



# INTERNATIONAL STUDENT CONFERENCE ON ECONOMIC BUSINESS AND POLITICS **PROCEEDING**

*“Fostering Global Competence:  
Empowering Local Resources for International Market”*

Implemented online

Monday 10 June 2024

By Bachelor of Management, Bachelor of Accounting,  
Bachelor of International Relations

Faculty of Economics, Business and Politics

University of Muhammadiyah East Kalimantan

**Samarinda, 10th June 2024**



INTERNATIONAL STUDENT CONFERENCE ON  
ECONOMICS, BUSINESS AND POLITICS

## CONFERENCE COMMITTEE

### Editor

Istimaroh, S.E., M.M., Ph.D.  
Anita Shelhah, S.IP., M.A., Ph.D.  
Dr. Vera Anitra, S.E., M.M.  
M.Dziqie Aulia Alfarauqi, S.IP., M.A.  
Praja Hadi Saputra, S.E., M.Sc., Ak., CA.

### Treasurer

Yulia Tri Kusumawati, S.E., M.Sc., Ak.

### Organizing Committee

Rahman Anshari, S.E., M.A.  
Asmadhini Handayani Rahmah, S.Si., M.M.  
Khoirul Amin, S.IP., M.A.  
Zulkify, S.E.  
Asriani Permata Wahid, S.E.  
Dea Anggraini, S.M.  
Muhammad Yusril Ade Mahendra, S.Sos

### Layout & Design

Iqbal Pribadi, S.E., M.B.A.  
Nur Zatil Fadilah, S.M.

### Reviewer Committee

#### Internal

1. Dr. Mursidah Nurfadillah, S.E., M.M.
2. Dr. Vera Anitra, S.E., M.M.
3. Dr. Fenty Fauziah, M.Si., Ak.CA
4. Istimaroh, SE., MM., Ph.D.
5. Anita Shalehah, S.IP, M.A, P.hD.

#### External

1. Nguyen Tran Thai Ha, P.hD (Vietnam)
2. Thitima Sriphon, Ph.D (Thailand)
3. Siti Aminah binti Kusin, Ph.D (Malaysia)

ISBN 978-623-88680-5-6 (PDF)



KOMPLEK PERGURUAN TINGGI MUHAMMADIYAH SAMARINDA  
Jl. Ir. H. Juanda No 15 Samarinda, Kalimantan Timur  
Phone: Fax. 0541-766832  
Email: [umktpress@umkt.ac.id](mailto:umktpress@umkt.ac.id)  
Website: [www.lppi.umkt.ac.id](http://www.lppi.umkt.ac.id)

## TABLE OF CONTENTS

### COPYRIGHT (III)

### TABLE OF CONTENTS (IV)

### PREFACE (VIII)

### TOPIC DIGITAL BUSINESS AND MARKETING

#### **Increase The Competitiveness of UMKM by Implementing Digital Marketing Strategies**

Hasni Hulaimy, Rhisma Novianingsih, Muhammad Edwin, Alfi Nur Hakim, Deni Nur Rahmansyah, Dini Amalia Uswatun Hasanah, Andriyan Maulana (1)

#### **The Influence of Promotion and Layout Through Shopping Lifestyle on Impulse Buying in Samarinda Consumers**

Zulkifli, anggi oktavia, reslianty rachim, priscilla Sherly Tania (4)

#### **Instagram Advertising as an Antecedent to Intention Buy Scarlett Skincare Products for Students Ahmad Dahlan University**

Ayu Pratiwi, Sukardi, Fitroh Adhila (12)

#### **The Influence of E-Commerce on Interest in Entrepreneurship Among Students of the Faculty of Business Economics and Humanities Unimuda Sorong**

Sabaria, Satria Lintang, Kamila Dian Khairunisa, Musriani, Dila Miseri (19)

#### **The Influence of User Convenience, Price and Promotion on Purchase Decisions on the TiktokShop Feature in Samarinda**

Radityo Suksmaneng daru, Dahlia Natalia, Yeni (26)

### TOPIC FINANCIAL PERFORMANCE

#### **The Influence of Debt Covenant, Financial Distress, Profitability and Growth Opportunity on Accounting Conservatism**

Siti Rohmah, Martinus Robert, Erni Setiawati, Stefani Mowilos (36)

#### **Determination of Financial Management Behavior of Students of The Faculty of Economics and Business, Widya Gama Mahakam University Samarinda**

Sri Wahyuti, M. Astri Yulidar Abbas, M. Adam Riski (47)

**The Influence of Ceo Busyness on Financial Performance: Evidence from Energy Sector Listed in Indonesia Stock Exchange**

Siti A'isyah, Rahman Anshari\*, Yulia Tri Kusumawati, Kharimatul Anggun Nur Aini, Isnaini Adawiyah Pablea (62)

**The Influence of Liquidity Ratios, Solvency Ratios, and Activity Ratios on The Financial Performance of at Turots Al Islamy Hospital**

Ahmad Muhadi, Salamatun Asakdiyah, Aftoni Sutanto (67)

**Analysis of Bank Health at Indonesia State Owned Bank Using Rgec Method at Pt. Bank Negara Indonesia (Persero) Tbk for Periods 2020-2023**

Syevila Ukhriawati Mas'ula, Eva Naula Widiyawati, Melanie Putria Septerina, Arisusilo (70)

**TOPIC HALAL AND SHARIA INDUSTRIES**

**Comparative Analysis of The Health Level of Sharia Commercial Banks (Case Study of Pt Bank Panin Dubai Syariah Tbk for the 2020-2023 Period)**

Navalya Afta Ayumni Audrya\*, Erniss Riniawati, Angelia Wahyu Diana (78)

**What is the Health Level of Bank Victoria Syariah in 2020-2023?**

Firda Dewi Mutiara, Dinda Maulina Suryani, Devi Yunitasari (85)

**TOPIC FINANCIAL LITERACY**

**Moderation of Parental Income on Financial Literacy and Lifestyle on Financial Management Behavior of Students of Management Study Program Feb UWGM Samarinda**

M. Astri Yulidar Abbas\*, Sri Wahyuti, Enrica Floriana Marcella (91)

**The Influence of Green Marketing on Green Purchase Intention Through Sustainable Advertising**

Feti Fatimah\*, Dian Mei Saputri, Liana Resti (105)

**Dynamics of Multinational Corporate Cooperation in International Relations: an Overview from A Global Economic Point of View**

Ahmad Fauzan, Gilang Mukti Rukmana\* (114)

## TOPIC GOVERNANCE IN INTERNATIONAL BUSINESS AND SUSTAINABILITY REPORTING

### **The Effect of Exchange Rate, Tax Burden, and Intencive Tunneling on Transfer Pricing in Manufacturing Companies for the 2018-2022 Period**

Firmansyah\*, M. Astri Yulidar Abbas, Meutia Layli, Camelia (119)

### **The Influence of Corporate Governance on CSR Disclosures in Coal Mining Sub-Sector Companies the Registered on Indonesia Stock Exchange**

Agus Riyanto\*, Pantas Pangondian Pardede, Rikan Oliviah (128)

### **The Effect of Short-Term Debt, Long-Term Debt, and Debt to Equity on Return on Equity with Company Size as a Moderator Variable in Plantation Sub-Sector Companies Listed on the IDX for the 2018-2022 Period**

Erni Setiawati, Siti Rohmah, Andrian (137)

## TOPIC HALAL AND SHARIA INDUSTRIES

### **The Influence of Profitability, Green Acoounting and Environmental Costs on Financial Performance with Sustainability Report as Moderating Variables (Case Studi of The Lq45 Index Listed on the Indonesian Stock Exchange 2018-2022)**

Shahnazita Andua Asan\*, Nensi Yuniarti Zs, Furqonti Ranidiah, Ahmad Junaidi (148)

### **Indonesian Public Diplomacy in Efforts to Increase Local Tourism Through Digital Tourism Campaigns (Tourism Awareness 5.0) in the Era of President Joko Widodo**

Etik Siswati Ningrum, Agfajrina C.P, Gita Bhayangkari Manglili (167)

## TOPIC CONSUMERS BEHAVIOR AND MARKETING STRATEGY

### **Behavioral Intention Analysis Based on The Modified Model of Utaut2: Case Study of Allianz Smart Point**

Muhammad Yusuf Setiawan\*, Tengku Ezni Balqiah (176)

### **Influence of Brand Image, Price Perception, and Promotion on The Purchasing Decision of Iphone 14 In Yogyakarta City**

Doan Astrian\*, Fitroh Adhila (194)

### **Customer Satisfaction as A Consequence of Price, Service Quality, Product Quality, People and Physical Evidence (Case Study at Couvee Yogyakarta)**

Sherly Maulida Fitria, Suryana Hendrawan, Fitroh Adhila (199)

**The Influence of Influencer Marketing, Customer Experience and Customer Rating on Purchasing Decisions for Skintific Products at Shopee Marketplace**

Shifa Silvia Salim\*, Ade Tiara Yulinda\*, Islamuddin (208)

**Quality of Service to Interest and Purchase of Products in Online Business (E-Commerce)**

Fathurrahman Fadhil Al-Amin, Jelita Miranda Noor Istiqamah, Nuraini (217)

**Analysis of Pertamina's Performance and Strategy in Facing Energy Industry Challenges**

Muhammad Nur Riva'i, Lisa Agus Tina (222)

**TOPIC HUMAN RESOURCES DEVELOPMENT AND EMPLOYEE PERFORMANCE**

**Information Technology, Provision Additional Allowances to Employee Income on The Quality of Employee Performance in East Kutai Regency Government Agencies**

Maria Florida Sabu, Diah Sulistianingsih, Rita Susilawati, As (229)

**The Influence of Self Efficacy and Organizational Culture on Employee Performance Through Job Satisfaction as an Intervening Variable at Pt. Daya Surya Sejahtera Ponorogo**

Lina Fatika Sari\*, Umi Farida, Diana Pramudya Wardhani (230)

**The Role of Human Resource Development, Infrastructure, and Digital-Based Cultural Promotion in Generating the Creative Economy of The Sungai Bawang Cultural Village Community**

Titin Ruliana, Andriawan, Eni Rosita, Majuliyati (243)

## PREFACE

Welcome to the e-proceedings of the International Student Conference on Economics, Business, and Politics with the theme “Fostering Global Competence: Empowering Local Resources for International Markets.” This conference serves as a dynamic platform for students, scholars, and professionals from around the globe to engage in insightful discussions, share innovative research, and explore practical solutions aimed at enhancing global competence and leveraging local resources to thrive in the international market.

In today’s interconnected world, the ability to adapt and compete on a global scale is crucial for sustainable development and growth. By focusing on the empowerment of local resources, this conference highlights the importance of harnessing the unique strengths of regional economies and cultures to create opportunities in the international arena. The participants will delve into topics spanning economics, business strategies, and political frameworks, all aimed at fostering a deeper understanding of how local assets can be mobilised to meet global demands.

This e-proceeding encapsulates the diverse perspectives, research findings, and innovative ideas presented during the conference. We believe that the knowledge shared here will inspire further research and collaboration, and contribute to the ongoing efforts to build a more inclusive, equitable, and competitive global marketplace.

We extend our deepest gratitude to all the contributors, participants, and organising committee members whose hard work and dedication have made this conference a success. We hope that this e-proceeding serves as a valuable resource for researchers and professionals alike, and that the ideas generated here will drive meaningful change in the global landscape.

Thank you for your participation, and we look forward to continued collaboration in the future.

Samarinda, Oktober 2024

Best regards,

**The Organizing Committee**



## INCREASE THE COMPETITIVENESS OF UMKM BY IMPLEMENTING DIGITAL MARKETING STRATEGIES

Hasni Hulaimy<sup>1</sup>, Rhisma Novianingsih<sup>1</sup>, Muhammad Edwin<sup>1</sup>, Alfi Nur Hakim<sup>1</sup>, Deni Nur Rahmansyah<sup>1</sup>, Dini Amalia Uswatun Hasanah<sup>1</sup>, Andriyan Maulana<sup>1</sup>

<sup>1</sup> Universitas Muhammadiyah Kalimantan Timur, Indonesia  
\*Corresponding Author: [2311102453001@umkt.ac.id](mailto:2311102453001@umkt.ac.id)

**Abstract.** *The purpose of this study is to analyze how digital marketing affects sales, marketing strategies, and problems faced by MSME players when using digital marketing. It started with the advent of the internet. Because of the ability to get information quickly and easily. Small and medium businesses (UMKM) have new opportunities to market their products, as the internet has changed traditional marketing standards to digital marketing. Despite this, its marketing activities are still very minimal and conventional. The research began by conducting quantitative descriptive, data sources taken from google scholars. Data collection techniques are carried out in the form of secondary data. The results show that digital advertising has many benefits, UMKM players often face current problems. As a result of this research, it was suggested that digital marketing strategies should be followed by regular socialization to increase sales of small and medium enterprises (UMKM).*

**Keywords:** *Strategi, Digital Marketing, UMKM*

### I. INTRODUCTION

Technological progress has caused human civilization to undergo many changes. A new lifestyle integrated with electronic devices is a common trend in today's times. Most human needs can be met with technology. According to (Rosma, 2022), people have used technology to facilitate important tasks that must be completed. According to (Afrilial, 2018), Technological advances today are developing very quickly, especially in terms of internet technology, whose existence forms the picture of the global market. To create an effective digital marketing strategy, companies must consider both internal and external elements. Digital marketing strategies use information technology that is constantly evolving. Online Marketing is not a technology-focused concept; more precisely, it is a concept for entrepreneurs, in other words, the way they see entrepreneurs and use technology to build relationships with consumers and increase the number of sales of their products. The number of people using the internet opens up new opportunities for small and medium-sized businesses. Rapid

technological advances and globalization have caused human civilization to undergo many changes, which have brought technological progress in an all-digital- based direction. Only 3.79 million UMKM players understand the concept of digital marketing. They can also access new markets that were previously closed or limited due to limited time, distance, and communication methods (Prabowo, 2018). Today, popular social media is used to market products, such as Facebook, YouTube, Instagram, and various other types of social media. Digital marketing has many advantages, such as expanding the market and reducing marketing costs, as well as providing unlimited space and time for marketing. Digital marketing can be used as an alternative in today's creative industries. Product marketing strategies to enable business actors to observe and meet business needs for potential customers, while prospective customers can be used as a means to obtain information about the scope of digital marketing related to the product they are looking for, but users are not well aware of it by business actors, especially UMKM. Larger digital advertising entrepreneurs in UMKM increase the competitiveness of UMKM to attract potential customers who meet their company's requirements and increase product sales on a broad scale. Based on the introduction mentioned above, the main problem of this research is how to use digital marketing to increase the competitiveness of UMKM in Indonesia? For the purpose of the problem formulation mentioned above to find out how to use digital marketing in increasing the competitiveness of Indonesian small and medium enterprises (UMKM).

## II. METHODS

This research uses qualitative methods because the subject is to increase the competitiveness of UMKM by

implementing digital marketing strategies. Using a qualitative descriptive approach, researchers focused on how mentoring affects the growth of small and medium enterprises (UMKM). Researchers use a reference scientific study approach through scientific dissection and literature data sources derived from Google Scholar about increasing the competitiveness of UMKM by implementing digital marketing strategies. In this article, advanced promoting is utilized as a promoting procedure outlined to extend the competitiveness of little and medium undertakings. In composing this article, the data collection method utilized could be an information collection procedure carried out within the frame of auxiliary information, as well as online media. Researchers make observations and take notes from searches through the Google Scholar data base. data from events, Triangulation uses something different from the data collected for checking purposes to check the validity of the data. There are two ways to achieve polegulation: 1. Comparing data from observations. 2. Compare existing data with data presented in general.

## III. RESULTS AND DISCUSSION

Social media is very important to maintain and improve the competitiveness of UMKM in the eyes of the public. Business strategies for using social media have shown good results. The greatest benefit is the ability to communicate between sellers and buyers. Communication on social media can happen anywhere and anytime. Every day for 24 hours. One method to attract consumers to buy products or services offered by companies is to conduct sales promotions digitally, these promotions can allow sellers to interact with customers and facilitate two-way communication between sellers and consumers. The marketing system carried out with digital technology is a form of sales advancement, allowing direct, real time and

interaction between consumers and MSME players (Siagian & Martiwi, 2020). Citation of digital marketing articles in business development. The search results show that publications related to digital marketing in MSME business development are indexed in the Google Scholar database, Some MSME actors have used social media in promotion, there are even some who claim that social media is more effective in fostering trust and creating a positive picture of MSME Actors, Clients can easily find and buy their needs, Without the need to look anymore because it has many features and advantages. For customers, digital marketing is taking over conventional marketing. Both digital and conventional marketing have advantages, but the application of their distinguishing needs is very important to understand business needs for MSME actors. The role of digital marketing in the competitiveness of UMKM:

- 1.Reducepromotional costs.
- 2.Increase its range.
- 3.Helps increase sales.
- 4.Maintain relationship with customers.
- 5.Traceable digital footprint.

#### IV. CONCLUSION

From this research, it can be concluded that digital marketing is one of the important parts in implementing a better marketing strategy for MSME players in Indonesia, and from the results of this study many authors have similar themes. UMKM sales increased during the pandemic quickly growing to use digital marketing, we can do it with promotions on social media. In today's all-digital era, small and medium businesses (UMKM) will always compete and UMKM players will be left behind if they use conventional methods of increasing with UMKM players who already use digital marketing. Because of the many competitions today and the ease of implementing it, UMKM players can

apply digital marketing to increase sales. Utilizing digital technology to promote or sell brand products

#### REFERENCES

- Anggreani, Irvana Ayu. Jurnal Ilmiah Fokus Ekonomi Manajemen, Bisnis dan Akuntansi. n.d. [ejournal.stiepena.ac.id/index.php/okusemba](http://ejournal.stiepena.ac.id/index.php/okusemba)(accessed november 01, 2023).
- H. Chairil M. Noor, Gartika Rahmasari, S.S., M.Hum. "Esensi Perencanaan Bisnis yang Memadai." JURNAL ABDIMAS BSI Jurnal Pengabdian Kepada Masyarakat, 2023: 1-11.
- Jannatin, Rahmatul. "PENERAPAN DIGITAL MARKETINGSEBAGAI STRATEGI." Jurnal Impact: Implementation and Action Volume 2, Nomor 2, 2020, 2023: 1-12.
- Pratiwi, Ananda Mega. "PENERAPAN STRATEGI DIGITAL MARKETING DALAM." Jurnal Ekonomi & Ekonomi Syariah Vol 6 No 1, Januari 2023, 2023: 1-18.
- Saputra, Harmawan Teguh. "Penerapan digital marketing sebagai strategi pemasaran guna meningkatkan daya saing umkm." Economy Management Bussines and Entrepreneur, 2023:1-9.

# THE INFLUENCE OF PROMOTION AND LAYOUT THROUGH SHOPPING LIFESTYLE ON IMPULSE BUYING IN SAMARINDA CONSUMERS

Zulkifli<sup>1</sup>, Anggi Oktavia<sup>1</sup>, Reslianty Rachim<sup>1</sup>, Priscilla Sherly Tania<sup>1</sup>

<sup>1</sup>Widya Gama Mahakam Samarinda University, Indonesia

\*Corresponding Author: [priscillasherlytania@gmail.com](mailto:priscillasherlytania@gmail.com)

**Abstract.** *The reason of this consider was to decide the impact of advancement and format through shopping way of life on motivation buying in Indomaret Samarinda shoppers. This investigate may be a quantitative consider that employments surveys and interviews as information collection strategies. With a populace of all buyers who make buys at Indomaret Samarinda. The test in this think about measured to 105 respondents utilizing non-probability inspecting procedures. The information utilized is essential information. The comes about in this ponder show that 1) advancement includes a positive and significant impact through shopping way of life on drive buying at Indomaret Samarinda customers, 2) format features a positive and critical impact through shopping way of life on Indomaret Samarinda shoppers, 3) advancement and format have a positive and critical impact through shopping way of life on motivation buying at Indomaret Samarinda buyers.*

**Keywords:** *Promotion, Layout, Shopping Lifestyle, Impulse Buying*

## I. INTRODUCTION

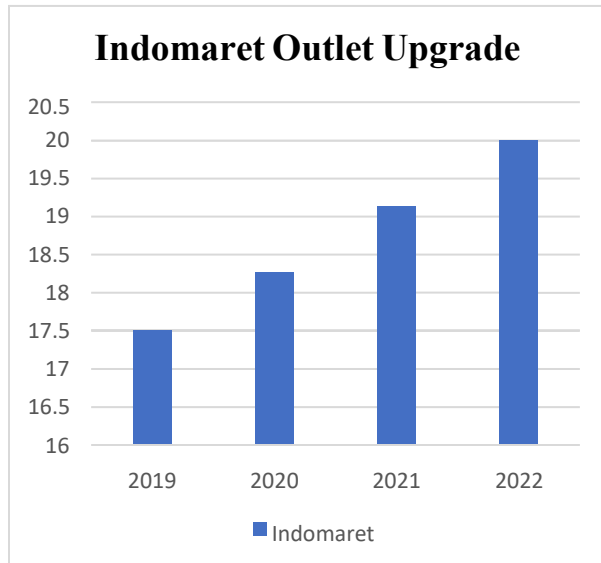
Seeing the habits of today's consumers, when in fulfilling their needs and desires, sometimes it does not match the previous plan, especially when they make unnecessary purchases. Changes in lifestyles like this often occur in big cities, one example is in the city of Samarinda, the consumptive behavior of the Indonesian people has changed, which used to shop in traditional stores now to more modern stores because consumers prefer to shop in stores that offer a variety of products and can meet their needs.

Seeing the development of technology today requires every business to compete digitally by utilizing the platform as a marketing tool to introduce and promote its products, one example is Indomaret. Where Indomaret sells a variety of daily necessities with locations that are easily accessible to the public.

Thus, Indomaret's efforts to follow the trend by expanding its network of stores close to the community.

Based on the 2023 databoks, the increase in Indomaret outlets in Indonesia has experienced significant growth, which can be seen in 2019 with a percentage of 17.5% then in 2022 with a percentage of 20% with the spread of Indomaret outlets,

this has a direct impact on the community's anomaly of interest in purchasing products in Indomaret.



Therefore, the author conducted pre-observation in order to find out the effect of promotion and layout on products, which based on the statements of 7 to 10 consumers I interviewed stated that promotion and layout have a significant influence on products. The following 4 statements that the author conveyed to consumers included 7 saying YES and 3 saying NO.

No	Statement	Description	
		YES	NO
1	I know the latest Indomaret products through promotions that are distributed directly or indirectly.	7	3
2	Indomaret products offered through promotions are in accordance with the products sold.		
3	I am interested in making purchases at Indomaret because the product layout is neatly		

	arranged and appropriate..		
4	I make purchases at Indomaret because of the clear brand writing on the appropriate product layout.		

From the explanation of the pre-observation that the author did, he wanted to find out further whether “The Effect of Promotion and Layout Through Shopping Lifestyle on Impulse Buying at Indomaret Samarinda Consumers”.

## II. METHODS

In this study the authors used quantitative research methods with a descriptive approach. The place and time of research started from January to April 2024, Samarinda City. The population in this study is the number of consumers who make purchases at Indomaret in Samarinda City is not known for sure, the sample in this study was determined to be 105 respondents who bought products at Indomaret in Samarinda City. In this study using quota sampling techniques, the data collection technique used is Primary Data where data is collected directly from respondents with research instruments in the form of questionnaires or interviews. The analysis method used is the type of data calculated using software such as WarpPLS 7.0 to be checked and processed manually with computer assistance.

## III. RESULTS AND DISCUSSION

### 3.1 Validity Test

validity test is used to evaluate the validity of the questionnaire

### 3.2 Reliability Test

The reliability test is intended to evaluate the accuracy and consistency of the measurement instrument.

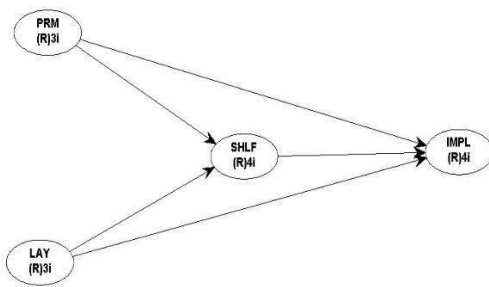
### 3.3 Data Analysis of Research Results

#### a. SEM Analysis

SEM analysis assisted by using the WarpPLS program needs to determine the indicators of each variable, the research instrument (questionnaire) needs to be compiled first, then test the validity and reliability of the instrument, if it is valid and reliable, it can be continued by distributing to respondents. Therefore, it is necessary to first determine the indicators of each variable. For example, adopting from previous journals, indicators for each variable are determined, where each variable has indicators that are reflective:

### 3.4 SEM Analysis Method

**Figure 3.4 Conceptual Model**



**Table 3.5 Variable Indicators**

Variabel	Indikator			
X1	X1.1	X1.2	X1.3	
X2	X2.1	X2.2	X2.3	
M	M.1	M.2	M.3	M.4
Y	Y.1	Y.2	Y.3	Y.4

In SEM, model assessment is carried out with the outer model and inner model. Outer model is an assessment of the reliability and validity of research variables. There are several criteria for assessing the outer model, namely Convergent Validity, Discriminant Validity, Composite

Reliability, Cronbach's Alpha and Average Variance Extracted (AVE).

**Tabel 3.6 validity and reliability analysis results**

Variabel	Indicator	Cross Loading	Average Variance Extracted (AVE)	Composite Reliability	Cronbach's Alpha
Promosi	PRM.1	0.081	0.627	0.834	0.699
	PRM.2	0.078			
	PRM.3	0.079			
Layout	LAY.1	0.079	0.833	0.937	0.896
	LAY.2	0.075			
	LAY.3	0.075			
Shopping Lifestyle	SHLF.1	0.079	0.694	0.901	0.853
	SHLF.2	0.078			
	SHLF.3	0.078			
	SHLF.4	0.078			
Impulse Buying	IMPL.1	0.077	0.770	0.931	0.900
	IMPL.2	0.077			
	IMPL.3	0.078			
	IMPL.4	0.078			

**Description:**

- Convergent validity test, the required value to be said to be valid is > 0.7
- The Average Variance Extracted (AVE) value of each construct is required to be > 0.5
- Reliability testing uses the Cronbach's alpha formula (Cronbach's alpha coefficient) and is considered reliable if the Cronbach's alpha value is > 0.6
- Construct questions or variables are said to fulfill composite reliability if they have a composite reliability value > 0.7

**Tabel 3.7 R-squared and R-squared Adjusted**

Variabel	R-squared	R-squared Adjusted
Shopping Lifestyle	0.504	0.494
Impulse Buying	0.691	0.682

- The R-Square value is categorized as strong if more than 0.67, mediate if more than 0.33 but lower than 0.67, and weak if more than 0.19 but lower than 0.33. The first structural capital of 0.504 or 50% means that each variable has a positive relationship that is not significant.

- The second structural capital places Impulse Buying as an Endogenous Variable, while Promotion and Layout as variables which if interpreted that the Endongen Variable in this case Impulse Buying can be explained by the Exogenous Variables, namely Promotion and Layout of R Square 0.691 or 69%.

**Tabel 3.8 Predictive Relevance (Q-squared)**

Variabel	R-squared
Shopping Lifestyle	0.504
Impulse Buying	0.691

The Q-squared test results show Shopping Lifestyle (SHLF) Q-squared > 0.504 and Impulse Buying (IMPL) Q-squared > 0.691. The model estimation results show good predictive validity (i.e. 0.760 and 0.730)

because they are above 0.

**Tabel 3.9 AVE**

* Correlations among latent variables and errors *				
Correlations among I.vs.with sq. rts. Of AVEs				
	PRM	LAY	SHLF	IMPL
PRM	0.792	0.604	0.635	0.597

LAY	0.604	0.913	0.636	0.526
SHLF	0.635	0.636	0.833	0.798
IMPL	0.597	0.526	0.798	0.878

The AVE root is greater than the correlation with other variables, then the questionnaire is declared valid.

**Tabel 3.10 Indicator Weights**

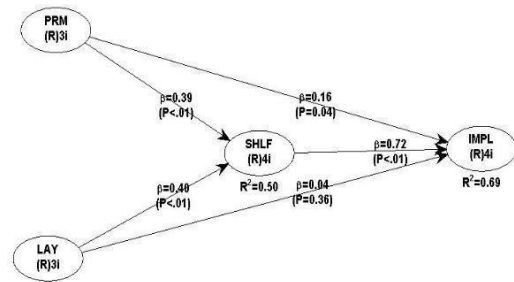
* Indicator weights *				
	PRM	LAY	SHLF	IMPL
X1.1	0.378	0.000	0.000	0.000
X1.2	0.452	0.000	0.000	0.000
X1.3	0.430	0.000	0.000	0.000
X2.1	0.000	0.316	0.000	0.000
X2.2	0.000	0.775	0.000	0.000
X2.3	0.000	0.000	0.000	0.000
M.1	0.000	0.000	0.292	0.000
M.2	0.000	0.000	0.307	0.000
M.3	0.000	0.000	0.303	0.000
M.4	0.000	0.000	0.298	0.000
Y.1	0.000	0.000	0.000	0.297
Y.2	0.000	0.000	0.000	0.294
Y.3	0.000	0.000	0.000	0.278
Y.4	0.000	0.000	0.000	0.270

Important indicators of the formative model, technical layout variables, the most important (dominant) indicators are X1.2, X2.2, M.2 and Y.1.

**Tabel 3.11 Model Fit & Quality Indeces (Research Model Test)**

Model fit and quality indices	Kriteria Fit	Hasil analisis	Keterangan
Average path coefficient (APC)	$p < 0,05$	0.340 ( $p = 0.001$ )	Signifikan
Average R-squared (ARS)	$p < 0,05$	0,597; ( $p < 0,001$ )	Signifikan
Average adjusted R-squared (AARS)	$p < 0,05$	0,588; ( $p < 0,001$ )	Signifikan
Average block VIF (AVIF)	Diterima jika $AVIF \leq 5$	1.857	Signifikan
Average Full Collinearity VIF (AFVIF)	Diterima jika $AFVIF \leq 5$	2.550	Signifikan
TenenhausGoF (GOF)	Kecil jika $\geq 0.1$ Sedang jika $\geq 0.25$ Besar jika $\geq 0.36$	0,661	Signifikan
Sympson's paradox ratio (SPR)	Diterima jika $SPR \geq 0.7$	1,000	Signifikan
R-squared contribution ratio (RSCR)	Diterima jika $RSCR \geq 0.9$	1,000	Signifikan
Statistical Suppression Ratio (SSR)	Diterima jika $SSR \geq 0.7$	1,000	Signifikan
Nonlinearbavriate casuality direction ratio (NLBCDR)	Diterima jika $NLBCDR \geq 0.7$	1,000	Signifikan

**3.5 SEM analysis results**



**Tabel 3.12 Direct Influence**

Variable Influence	Coefficient $\beta$	P-Value	Significant
PRM $\square$ SHLF	0.388	< 0.001	Significant Positive
LAY $\square$ SHLF	0.397	< 0.001	Significant Positive
PRM $\square$ IMPL	0.162	0.043	Positive Not Significant
LAY $\square$ IMPL	0.036	0.357	Positive Not Significant
SHLF $\square$ IMP L	0.719	<0.001	Significant Positive

- Hypothesis Testing Direct promotion on Impulse Buying ( $\beta$  0.162) has an insignificant effect, Promotion has a significant effect ( $p < 0.01$ ) on Shopping Lifestyle ( $\beta$  0.388).
- Direct Hypothesis Testing Layout on Impulse Buying ( $\beta$  0.036)



(p 0.357), Layout on Shopping Lifestyle has a positive and significant effect (p < 0.01) (β 0.397).

- Direct Hypothesis Testing Shopping Lifestyle has a significant effect on Impulse Buying (β 0.719), (p < 0.01)

**Tabel 3.13 Indirect Effect (mediation)**

Variable Influence	Coefficient β	P-value	Significant
PRM → SHLF → IMPL L	0.279	<0.001	Significant Positive
LAY → SHLF → IMPL L	0.286	<0.001	Significant Positive

- Hypothesis Testing Promotion which is mediated by Shopping Lifestyle variables

has a positive and significant effect (p < 0.001) on Impulse Buying (β 0.279).

- Hypothesis Testing Layout which is mediated by Shopping Lifestyle variables has a positive and significant effect (p < 0.001) on Impulse Buying (β 0.286).

Total effects				
	PRM	LAY	SHLF	IMPL
SHLF	0.388	0.397		
IMPL	0.441	0.321	0.719	

P values for total effects				
	PRM	LAY	SHLF	IMPL
SHLF	<0.001	<0.001		
IMPL	<0.001	<0.001	<0.001	

**Absolute Contribution:**

- Promotion SHLF =  $(0.388)^2 \times 100$   
= 15.05%
- Layout SHLF =  $(0.397)^2 \times 100$   
= 15.76%
- Promotion IMPL =  $(0.441)^2 \times 100$   
= 19.44%
- Layout IMPL =  $(0.321)^2 \times 100$   
= 10.30%
- Shopping Lifestyle IMPL  
=  $(0.719)^2 \times 100$   
= 51.69%

**IV. CONCLUSION**

Based on the discussion above and after analyzing data related to promotions and layouts through shopping lifestyle on impulse buying in Indomaret Samarinda consumers. Then the conclusions obtained by the author are:

- Based on the table of outer loadings test

results on Promotion (Exogenous) above, the statement items have an outer loading value  $\geq 0.7$  which indicates that the statement items are said to be valid and can be used for further tests.

- The AVE value is used to measure the amount of variance that can be captured by the construct compared to the variation caused by measurement error. The AVE value must be greater (> 0.5). in this research design, each variable, so that it can be continued in the next test.

- The value of composite reliability can be used in testing the reliability value of each indicator on a variable, a construct can be said to have a high reliability value if the composite reliability value is > 0.70. This research is said to be reliable if the Cronbach's Alpha value is > 0.60 In this research design, all variables have constructs > 0.70, so they can proceed to the next test.

- The first structural capital places Shopping Lifestyle as a Mediating variable, while Promotion and Layout as variables which if interpreted that the

Mediating variable in this case Shopping Lifestyle can be explained by the Exogenous variables, namely Promotion and Layout of R Square 0.504 or 50%.

- The second structural capital places Impulse Buying as an Endogenous Variable, while Promotion and Layout as variables which if interpreted that the Endogenous Variable in this case Impulse Buying can be explained by the Exogenous Variables, namely Promotion and Layout of R Square 0.691 or 60%.

- Promotion has a positive and significant effect on Shopping Lifestyle at Indomaret Samarinda consumers. Positive results can be seen from the coefficient value of ( $\beta$  0.388), ( $p < 0.001$ ). So it can be interpreted that the more promotion increases, the more Shopping Lifestyle increases for Indomaret Samarinda consumers.

- Layout has a positive and significant effect on Shopping Lifestyle at Indomaret Samarinda Consumers. Positive results can be seen from the coefficient value ( $\beta$  0.397), ( $p < 0.001$ ). So it can be interpreted that the more Layout increases, the more Shopping Lifestyle increases for Indomaret Samarinda Consumers.

- Promotion has a positive and significant effect on Impulse Buying at Indomaret Samarinda Consumers. Positive results can be seen from the coefficient value ( $\beta$  0.441), ( $p < 0.001$ ). So it can be interpreted that the more promotion increases, the more Impulse Buying increases for Indomaret Samarinda consumers.

-Layout has a positive and significant effect on Impulse Buying at Indomaret Samarinda consumers. Positive results can be seen from the coefficient value ( $\beta$  0.321), ( $p < 0.001$ ). So it can be interpreted that the more Layout increases, the more Impulse Buying increases for Indomaret Samarinda consumers.

-Promotion mediated by Shopping Lifestyle has a positive and significant effect on

Impulse Buying at Indomaret Samarinda Consumers. Positive results can be seen from the coefficient value ( $\beta$  0.279), ( $p < 0.001$ ) which means that Promotion through Shopping Lifestyle is able to influence Impulse Buying at Indomaret Samarinda Consumers.

-Layout mediated by Shopping Lifestyle has a positive and significant effect on Impulse Buying at Indomaret Samarinda Consumers. Positive results can be seen from the coefficient value ( $\beta$  0.286) ( $p < 0.001$ ) which means that Layout through Shopping Lifestyle is able to influence Impulse Buying at Indomaret Samarinda Consumers.

-Shopping Lifestyle has a positive and significant effect on Impulse Buying at Indomaret Samarinda consumers. Positive results can be seen from the coefficient value ( $\beta$  0.719), ( $p < 0.001$ ). So it can be interpreted that the more Shopping Lifestyle increases, the more Impulse Buying increases for Indomaret Samarinda consumers.

## V. ACKNOWLEDGEMENT

The author would like to thank those who have supported the preparation of this research article, namely:

1. To Widya Gama Mahakam University Samarinda
2. To Faculty of Economics and Business UWGM
3. To the Supervising Lecturer

## REFERENCES

- Adhiat, A. (2023, Juli 11). *Number of Indomaret and Alfamart Outlets*. Retrieved from Databoks: <https://databoks.katadata.co.id/data/publish>
- Fathurrohman, F. (2022). *Marketing and Consumer Behavior*. Subang.

- Fishbein, I. A. (2017). *Planned Behavior Theory of Planned Behavior*.
- Halim, F. (2021). *Services Marketing Management..*
- Amin, M. I. (2020). *The Effect of Store Layout and Price Perception on Consumer Purchasing Decisionsat GGSP Swalayan Setia Sumenep Madura. Journal of Business Applications, 89-92.*
- Angala, V. P. (2022). *The Effect of Layout, Price and Product Completeness on Purchasing Decisions (Case Study at Swalayan Berkah Mandiri Mojo Kediri). Scientific Journal of Management, Economics and Business, 86-90.*
- Badri, J. (2023). *The Effect of HedonicShopping Value and Shopping Lifestyle on Impluse Buying at Transmart Padang Visitors. Minfo Polgan Journal, 934-946.*

# INSTAGRAM ADVERTISING AS AN ANTECEDENT TO INTENTION BUY SCARLETT SKINCARE PRODUCTS FOR STUDENTS AHMAD DAHLAN UNIVERSITY

Ayu Pratiwi<sup>1\*</sup>, Sukardi<sup>1</sup>, Fitroh Adhila<sup>1</sup>

<sup>1</sup>Magister Management of Economic Faculty and Business Ahmad Dahlan University, Indonesia

\*Corresponding Author: [2307051015@webmail.uad.ac.id](mailto:2307051015@webmail.uad.ac.id)

**Abstract.** *This research aims to examine the influence of Instagram Advertising as an Antecedent on the Intention to Purchase Scarlett Skincare Products among Ahmad Dahlan University Students. The sample in this research was 112 people consisting of Ahmad Dahlan University students. The research method used is quantitative. The data analysis used is Hypothesis Testing using Multiple Linear Regression Analysis. The results of this research show that there is a simultaneous influence on the dependent variable, namely Purchase Intention with a significant value.  $F_{0.00} < 0$ , and the calculated  $F$  value is 65.958. T Test Results (partial) Purchase Intentions significantly influence Advertising Attractiveness, Advertising Informativeness, Advertising Creativity, with a significant  $t$  value of  $0.032 < 0.05$  and a calculated  $t$  value of 2.171. It can be concluded that the independent variable and dependent variable have a significant effect. The coefficient of determination of the results that can be seen from the Multiple Linear Regression analysis has an  $R$  Square of 0.647, meaning that 64.7% of the Purchase Intention variable can be explained by the Attractiveness, Advertising Informativeness and Advertising Creativity variables, while the remaining 43.8% is explained by external factors. model under study.*

**Keywords:** *Ad Attractiveness, Ad Informativeness, Ad Creativity, Purchase Intention*

## I. INTRODUCTION

Advertising is the message of a brand, product or company which will later be transmitted to the public or audience through the media. In general, various attractions can be grouped into two categories, namely: The study conducted by Jieun Lee and Ilyoo B Hong (2016) found that informative advertisements will capture users' attention, prompt them to associate the advertisement with a positive image, and encourage people to share the message.

Informativeness may be defined as "the ability of an advertisement to inform consumers about product alternatives, thereby generating the greatest satisfaction when making a purchase. Their goal is to persuade consumers to buy a product because the product is the best available or the product does a better job of meeting the consumer's needs. Types of rational advertising appeal, namely: Feature Scarlett Advertisements that use feature appeals focus on the dominant characteristics of the

product or service. These advertisements tend to present customers with a number of important product attributes or features that will lead to favorable attitudes and can be used as a basis for rational purchasing decisions.

Appeal in advertising is the effort to evoke positive or negative emotions in advertisements that will motivate buying behavior (Kotler, 2012). Advertising creativity is the ability to present new and unique ideas that are not imitative, align the advertising concept with the brand, and provide clear information that does not confuse consumers (Suryani, 2019).

Comparative Scarlett Advertisements that practice comparative appeal either directly or indirectly identify competitors and compare brands or products on one or more specific attributes or benefits. Price Scarlett Advertisement with price offers as the dominant point of the message

## II. METHODS

Explanatory research is a method used to explain the causal relationship of several variables concerned in a study, and is used to confirm hypotheses

Research To determine the sample used in research, there are several sampling techniques that can be used, one of which is used in research is purposive sampling. This study will use a sample of Instagram social media users who are active and understand Scarlett skincare products.

Quantitative research methods are a type of research whose specifications are systematic, planned and clearly structured from the beginning to the creation of the research design. The type of data used in this research is included in the primary data type. Data Collection Technique. To support this research, the technique used in collecting data is through a questionnaire technique. Researchers will process the data collected using SPSS. Validity Testing in this research uses the product moment test

technique. The validity of the instrument with product moment correlation is by correlating the score of each item with the total score which is the sum of each item's scores. In this research, the reliability test was carried out using Cronbach's Alpha analysis.

## III. RESULTS AND DISCUSSION

Based on the distributed and received questionnaires, we obtained information about the demographics of the respondents sampled in the survey. The demographics for this survey include gender, study program, faculty, age, income, and occupation. The following is a summary of the descriptive statistical analysis conducted.

n	catagory	informati on	Frequen cy	Frecenta ge
1	Gend er	Male	39	35%
		female	73	65%
	Amo unt		112	100%
2	Study Progr am	Managem ent	80	71%
		Develop ment Economic s	2	2%
		accounting	2	2%
		PBI	7	6%
		Communi cation Science	1	1%
		Hadist Science	1	1%
		Law	1	1%
		Arabic Language & Literature	2	2%
		Elementa ry Schol Pg	1	1%
		Pharmacy	2	2%
	Medicine	4	4%	

		Counseling guidance	1	1%
		biology	2	2%
		Information Systems	2	2%
		Sharia Banking	1	1%
		PAI	1	1%
		PVTO	1	1%
		Public Health	1	1%
	amount		112	100%
3	Faculty	Faculty Of Economics and Business	84	75%
		Faculty Of Education	10	9%
		Faculty Of Religion	5	4%
		Faculty of Medicine	4	4%
		Fculy Of Pharmacy	2	2%
		Faculty Of Law	1	1%
		Faculty Of Leterature	2	2%
		Faculty Of Aplplied Science and Technolgy	4	4%
	Amount		112	100%
4	Age	17-25 Tahun	112	100%
		26-34 Tahun	0	0

		35-44 Tahun	0	0
		45-54 Tahun	0	0
	amount		112	100%
5	Income	0-500.000	69	62%
		5.000.001 - 1.000.001	19	17%
		1.500.001 - 2.000.001	8	7%
		2.000.001 - 2.500.001	8	7%
		2.500.001 - 3.000.001	0	0
	Amount		112	100%
4	Age	17-25 Tahun	112	100%
		26-34 Tahun	0	0
		35-44 Tahun	0	0
		45-54 Tahun	0	0
		<55 Tahun	0	0
	Amount		112	100%
6	Work	Student	0	
		University Student	110	98%
		Civil Servant	0	0
		Private Sector Employee	0	0
		Is Others	2	2%
	Amount		112	100%

The descriptive analysis in this study presents the results of the descriptive analysis of the identities of respondents

interested in Scarlett Skincare products. This study had a total of 112 respondents. The respondents in this study are some of the individuals who have seen advertisements for Scarlett Skincare products. Based on the table above, the total number of collected questionnaires is 112, with none unfilled. The table shows that there are 39 male respondents (35%) and 73 female respondents (65%). This indicates that the respondents in this study are predominantly female.

Next, the respondents are categorized based on the study programs at Ahmad Dahlan University, Yogyakarta. The descriptive results show that there are 80 respondents (71%) from the Management program, 2 respondents (2%) from Development Economics, 2 respondents (2%) from Accounting, 7 respondents (6%) from PBI, 1 respondent (1%) from Communication Studies, 1 respondent (1%) from Hadith Studies, 1 respondent (1%) from Law, 2 respondents (2%) from Arabic Language and Literature, 1 respondent (1%) from Primary School Teacher Education, 2 respondents (2%) from Pharmacy, 4 respondents (4%) from Medicine, 1 respondent (1%) from Guidance Counseling, 2 respondents (2%) from Biology, 2 respondents (2%) from Information Systems, 1 respondent (1%) from Islamic Banking, 1 respondent (1%) from Islamic Education, 1 respondent (1%) from PVTO, and 1 respondent (1%) from Public Health. It can be concluded that the majority of respondents are from the Management program.

Next, the respondents are categorized based on their faculty. The descriptive results show that there are 84 respondents (75%) from the Faculty of Economics and Business (FEB), 10 respondents (9%) from the Faculty of Teacher Training and Education (FKIP), 5 respondents (4%) from the Faculty of Islamic Studies (FAI), 4

respondents (4%) from the Faculty of Medicine (FK), 2 respondents (2%) from the Faculty of Pharmacy (FF), 1 respondent (1%) from the Faculty of Law (FH), 2 respondents (2%) from the Faculty of Science and Technology (FSTT), and 1 respondent (0.4%) from the Faculty of Cultural Sciences and Communication (FSBK). It can be concluded that the majority of respondents are from the FEB faculty.

Next, the respondents are categorized based on their age. The descriptive results show the following income categories: 69 respondents (62%) have an income of 0–500,000, 19 respondents (17%) have an income of 500,000–1,000,000, 8 respondents (7%) have an income of 1,000,000–1,500,000, 8 respondents (7%) have an income of 1,500,000–2,000,000, and 8 respondents (7%) have an income of 2,000,000–2,500,000. It can be concluded that the majority of respondents have an income in the 0–500,000 range.

Next, the respondents are categorized based on their education level. The descriptive results show that 18 respondents (16%) have an education level equivalent to high school, and 94 respondents (84%) have a bachelor's degree (S1). It can be concluded that the majority of respondents have a bachelor's degree.

Finally, the respondents are categorized based on their occupation. The descriptive results show that 110 respondents (98%) are students, and 2 respondents (2%) are categorized as "Others." It can be concluded that the majority of respondents are students.

The technique for testing the validity of the instrument using product moment correlation involves correlating the score of each item with the total score, which is the sum of the scores for each item.

Reliability Test: The reliability test of a research instrument is a test used to determine whether a questionnaire used for data collection in research can be considered reliable or not.

The following are the results of the validity test calculated using SPSS.

Variable	question	Component	
		Amount	Status
Advertising Appeal	X1.1	0,872	Valid
	X2.1	0,807	Valid
	X3.1	0,797	Valid
	X4.1	0,781	Valid
	X5.1	0,747	Valid
Advertisement Informativeness	X1.2	0,790	Valid
	X2.2	0,779	Valid
	X3.2	0,746	Valid
	X4.2	0,816	Valid
	X5.2	0,788	Valid
	X6.2	0,782	Valid
Advertisement Creativity	X1.3	0,742	Valid
	X2.3	0,643	Valid
	X3.3	0,775	Valid
	X4.3	0,768	Valid
	X5.3	0,712	Valid
	X6.3	0,697	Valid
	X7.3	0,546	Valid
	X8.3	0,525	Valid
Purchase Intention	Y1	0,708	Valid
	Y2	0,834	Valid
	Y3	0,890	Valid
	Y4	0,795	Valid

A factor loading value  $>0.5$  indicates that the data is valid. The results of the validity test show that all question indicators

representing the 4 variables are valid with values  $>0.5$  (Auditya, 2015). Based on these results, it can be concluded that all research instruments are sufficiently reliable to be used in this study.

The reliability test is used to measure a questionnaire that serves as an indicator of a variable or construct. A questionnaire is considered reliable if a person's responses to the statements are consistent or stable over time. A variable is considered reliable if it provides a Cronbach's Alpha value  $> 0.60$ .

Variable	Cronbach's Alpha	Role Of Thumb	Informatin
Advertising Appeal(X1)	0,731	0,60	Reliabel
Advertising Informativeness(X2)	0,784	0,60	Reliabel
Advertising Creativity(X3)	0,851	0,60	Reliabel
Purchase Intention(Y)	0,791	0,60	Reliabel

Based on Table above, the testing was conducted by variable rather than by individual question items for each variable. The results show that the Cronbach's alpha value is greater than 0.6, indicating that it can be considered reliable.

#### IV. CONCLUSION

The emotional concept used in advertisements, and these emotional elements are obtained through the influence between individuals, as the numerous positive responses given to the advertisement content indicate that the



positive attitudes generated from consumers' positive responses to the product. Informativeness influences attitudes towards purchase intention. This suggests that advertising creativity is related to human desires for something innovative, outstanding, and imaginative. Creative advertisements for cosmetic products will capture the attention of customers and encourage social media users to provide positive reviews. The results of the descriptive analysis show that the variables of advertisement appeal, advertisement informativeness, and creativity show high values towards consumers' purchase intentions.

All hypotheses are supported and aligned with current theory, according to the research findings. The results of the descriptive analysis indicate that the variables of advertisement appeal, advertisement informativeness, and creativity show high values towards consumers' purchase intentions. Therefore, the authors suggest that cosmetic businesses or other industries using Instagram social media as a marketing tool should maintain and consider the values of each of these variables to remain competitive in the market.

## REFERENCES

- Abbas, A., Afshan, G., Aslam, I., & Ewaz, L. (2018). "The Effect of Celebrity Endorsement on Customer Minat membeli: A Comparative Study. Current Economics and Management Research," 4(1), 1–10.
- Auditya, 2015. "Analisis Pengaruh Kesadaran Merek (Brand Awareness) Pada Produk Asuransi Jiwa Prudential Life Assurance (Studi Pada Pru Passion Agency Jakarta), Jurnal Riset Bisnis dan Manajemen," Vol 3, No 1, pp 1-18
- Asriyani & Ayu, 2020. "Pemanfaatan Instagram sebagai media promosi produk haus melalui akun @Haus Indonesia," Vol 5, No 2, pp 97-114.
- Bakar et al 2018, E-Commerce: Customer Purchase Intention and its Service Performance (SERVPERF) on Online Businesses in Malaysia. Journal of International Business and Management 1(3):1- 14 (2018)
- Komang, dkk, 2017. "Efektifitas iklan melalui media sosial facebook dan instagram sebagai salah satu strategi pemasaran di Krisna oleh-oleh," Jurnal Analisis Pariwisata, Vol 17, No 2, diakses 11 November.
- Kotler dan Keller. 2012. Marketing Management. 14th. Person Education, Jakarta. Kotler dan Armstrong. 2012. Principle Of Marketing, 15th edition. Pearson Prentice Hall, New Jersey.
- Lee Jieun , Hong Ilyoo B 2016, Predicting positive user responses to social media advertising: The roles of emotional appeal, informativeness, and creativity. International Journal of Information Management 36(3):360-373
- Lubiana & Achmad, 2018. "Pengaruh Sosial media marketing (Survei Online pada Mahasiswa Sarjana Jurusan Ilmu Administrasi Bisnis Angkatan 2014/2015 Fakultas Ilmu Administrasi Bisnis Universitas Brawijaya yang Membeli Starbucks Menggunakan LINE), Jurnal Administrasi Bisnis (JAB)," Vol 58, No1, diakses 10 November 2020.
- Saputra, R. A., Suharjo, B., & Sukandar, D. (2019). Exploring the Impact of Celebrity Endorsements on The

Attitudes And Purchasing Intention  
in Instagram. Indonesian Journal of  
Business and Entrepreneurship,  
5(2), 107–117.  
<https://doi.org/10.17358/ijbe.5.2.10>

Sugiyono. 2018. Metode Penelitian  
Kuantitatif, Kualitatif, dan R&D.  
ALFABETA Bandung.

Yurieff, Kaya 2018, “Instagram Just Made  
It a Lot Easier to Shop on the App -  
CNN.” CNN.  
[https://edition.cnn.com/2018/09/30/  
tech/instagram-  
shopping/index.html](https://edition.cnn.com/2018/09/30/tech/instagram-shopping/index.html), diakses  
diakses pada 24 Juni 2021 pukul  
16.0

Yu, Chung En, Selina Yuqing Xie, and Jun  
Wen. (2020). “Coloring the  
Destination: The Role of Color  
Psychology on Instagram.” *Tourism  
Management* 80 (February):  
104110.  
[https://doi.org/10.1016/j.tourman.2  
020.104110](https://doi.org/10.1016/j.tourman.2020.104110)

## THE INFLUENCE OF E-COMMERCE ON INTEREST IN ENTREPRENEURSHIP AMONG STUDENTS OF THE FACULTY OF BUSINESS ECONOMICS AND HUMANITIES UNIMUDA SORONG

Sabaria<sup>1\*</sup>, Satria Lintang<sup>1</sup>, Kamila Dian Khairunisa<sup>1</sup> Musriani<sup>1</sup>, Dila Miseri<sup>1</sup>

<sup>1</sup>Faculty of Business Economics and Humanities,  
Muhammadiyah University of Education, Sorong, Indonesia

\*Corresponding Author: [sabaria@unimudasorong.ac.id](mailto:sabaria@unimudasorong.ac.id)

**Abstract.** *This research aims to determine the influence between entrepreneurial interest and the business process perspective, service perspective, online perspective, and e-commerce. In this research, entrepreneurial interest is identified as the dependent variable, while the business process perspective, service perspective and online perspective are the independent variables. This research was conducted by distributing questionnaires to 100 students at the Faculty of Business Economics and Humanities UNIMUDA Sorong. The analysis technique used in this research is quantitative analysis with simple regression analysis, data is processed using the SPSS software. The results of this research show that the variables business process perspective, service perspective, and online perspective do not influence entrepreneurial interest. But together, these four variables have a significant influence on students' entrepreneurial interest through e-commerce.*

**Keywords:** *entrepreneurial interest, business process perspective, service perspective, online perspective, e-commerce.*

### I. INTRODUCTION

Today's globalization is accelerating, the first is the use of the Internet. This is demonstrated by the results of the Survey conducted by the Association of Internet Organizers of Indonesia (APJII) that in February 2024 Indonesian Internet users reached 221.563.479 people, the penetration rate of the Internet of Indonesia reached a figure of 79.5% this figure increased 1.4% compared to the previous period. (<https://apjii.or.id/>, 2024). With the increasing number of Internet users, this also provides opportunities for entrepreneurs or those who are new to start a business, where people nowadays often use the Internet in terms of sales or what is commonly known as e-commerce. The German e-commerce research institute (ECDB) calls Indonesia the country with the world's highest growth forecast for e-commerce by 2024, with a growth rate of 30.5% tripling the global rate of 10.4%. (databoks, 2024). According to statistical reports on e-commerce users in Indonesia increased to 189.6 million users by 2024 (<https://data.tempo.co/>, 2024). The use of information technology, especially among students, has been used extensively and has

become a necessity in everyday activities. The rapid development of technology also gives students the opportunity to start a business, but one of the things that is often used to support the existence of business is e-commerce. (Windi, 2023).

Cited from a study conducted by Maesaroh.S. dkk 2024 that e-commerce influences entrepreneurial interest in students (Maesaroh et al., 2024), as well as a study by Yulianti.D.E and Azmiana.R 2024 entitled Impact of E-commerce and Use of Accounting Information Systems on Decision Making by Entrepreneurs. (Yuliani et al., 2024).

While a study conducted by Manik.S.A. and Usma.B. in 2024 entitled The Impact of E-Commerce, Accounting Information Systems, Family Environment and Locus of Control on Student Entrepreneurial Interests showed different results where e-commerce variables have no influence on student entrepreneurship interests. (Stevany Angelia Manik & Usman, 2024).

*Contingency theory* is a well-known behavioral theory in Dalmatia that describes various types of organizational structures, relating also to the behavior of individuals in interaction to control and adapt to the sustainability of enterprises. (Nabilah et al., 2024).

## II. METHODS

The population in this study is the entire student of the Faculty of Economics and Humanities (Febira), Universitas pendidikan Muhammadiyah Sorong, with a sample of as many as 100 students. Data collection using questionnaires distributed to students at.

the Faculty of Business Economics and Humanities of UNIMUDA Sorong. The answer options use a scale of: 4 (very agree) to 1 (very disagree) for e-commerce variables and entrepreneurial interest variables. Data analysis using quantitative analysis with simple regression analysis, data processed using the help of SPSS software.

## III. RESULTS AND DISCUSSION

### Respondents by Gender

In this study, the respondents taken were students of the Faculty of Economics, Business and Humanities, UNIMUDA Sorong. The respondents based on gender are as follows:

Table 1. Number of respondents by gender  
Gender

Gender Type	Amount
Male	54
Female	46
<b>Amount</b>	<b>100</b>

Berdasarkan Tabel 4.1 dapat diketahui bahwa responden berjenis kelamin laki-laki sebanyak 45 orang dan responden berjenis kelamin perempuan sebanyak 46 orang

### Then the criteria in this study are:

Table 2. Respondent Response Assessment Interval

Interval	Assessment
1,00 – 1,79	Very disagreeable
1,80 – 2,59	Disagree
2,60 – 3,39	Disagree
3,40 – 4,19	Agree
4,20 – 5,00	Absolutely agree

### Validity Test

Validity test is an attempt to ensure the level to validity or validity of the instrument used in research. A validity test can also be defined as a test of accuracy or rigour of a measuring instrument used in research. (Yusuf & Daris, 2018). A validity test measures the validity or non-validity of each question/statement used in the study. (Darma, 2021). Significant tests in this study were performed by comparing the value of r count with r table for with degree of freedom (df) = n-2 where n is the number of respondents, with a significance rate of 10% ( $\alpha = 0.1$ ) then  $df = 100-2 = 98$  so the r value of the table is 0.1735

### Reliability Test

A reliability test is a measure to measure a variable. Reliability is an index that shows to what extent a measuring instrument is reliable or reliable (Yulianti & Mu'ammal, 2022). An instrument is considered feasible when it is reliable as a measuring tool for research data. (Fatirul & Walujo, 2021). Reality or non-reality of a variable can be seen through Cronbach Alpha  $> 0.60$

**Tabel 4. Hasil Uji Reliabilitas**

Variabel	Minimal Cronbach Alpha	Cronbach Alpha
<i>E-commerce</i>	0.60	0,703
Minat Berwirausaha		0,782

Based on the above Cronbach alpha data of an e-commerce variable of 0.703, the value of and value of the entrepreneurial interest is 0.782. The data can be concluded

that the research instrument or statement used as an indicator of either the variable or the statement used to indicate both the E-Commerce variable and the Entrepreneur Interest variable, is a measure of rehabilitation.

### Test Classical Assumption

#### Test Normality

Normality is used to know whether a data in such a study is normally distributed or not, a data will look good used to analyze in response and explain the phenomenon that occurs if the research data is distributed normally or exceeds the normality of the data. In this study a normality test of the data was performed by looking at the values of the significant in the Kolmogrov-Smirnov section. According to (Ghozali, 2016) Basic in taking the normality test is:

1. If the value is significant  $> 0.05$ , then the data is distributed normally
2. If a significant value  $< 0.05$  then the data is not distributed normally

**Table 4. Normality Test Results**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		100
Normal Parameters <sup>a,b</sup>	Mean	,0000000
	Std. Deviation	2,33537485
Most Extreme Differences	Absolute	,061
	Positive	,061
	Negative	-,041
Test Statistic		,061
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>

Based on Table 5, it can be seen that the significant value in the test statistic section is 0.061, which is greater than 0.05 ( $0.061 > 0.05$ ) and Asymp Sig of 0.200 which is greater than 0.05 ( $0.200 > 0.05$ ). So it can be concluded that the dependent variable and the independent variable in this study are normally distributed.

### Multicollinearity Test

The multicollinearity test is used to determine whether or not there is a

deviation from the classic assumption of multicollinearity, namely the existence of a linear relationship between independent variables in the regression model (Pianda, 2018). Therefore, this test must be absolutely certain that one of the variables does not have a linear relationship or multicollinearity between.

these variables. To find out whether or not there is multicollinearity, you can see from the tolerance value and Variance Inflation Factor (VIF). It is said that multicollinearity occurs if there is a tolerance value  $<0.10$  and a VIF value  $>10$ .

**Table 5 Multicollinearity Test Results**

Model	Collinearity Statistics	
	Tolerance	VIF
E-Commerce	0,590	1,696

Based on Table 5, it can be seen that the tolerance value of the e-commerce variable is 0.590, the variable has a tolerance value above 0.10 so it can be concluded that there is no multicollinearity between the independent variables with this regression model. While the VIF value of the e-commerce variable is 1.696. So it can be concluded that there is no multicollinearity between the independent variables in this regression model.

**Heteroskedasticity Test**

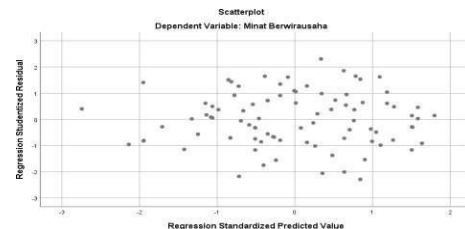
The heteroscedasticity test is used to determine whether or not there is a deviation from the classical assumption of heteroscedasticity, namely the existence of an inequality of variance from residuals for all observations in the regression model (Sunarto, Isnaini, & Yunus, 2018). To determine heteroscedasticity in this study is by looking at the graph or scatterplot. The basis for making decisions from the heteroscedasticity test is (Ghozali, 2016):

1. If there is a certain pattern such as

points that form a regular pattern with wavy, widening then narrowing, it means that heteroscedasticity has occurred.

2. If there is no clear pattern of dots spreading and below the number 0 on the Y axis, there is no heteroscedasticity.

**Gambar 1 Uji Heteroskedastisitas**



Based on Figure 6, it can be seen in the scatterplot graph that the data distribution is irregular and does not form a pattern. So it can be concluded that there is no heteroscedasticity. So this regression model is feasible to use to analyze the relationship between e-commerce, personality and income expectations on entrepreneurial interest.

**Multiple Linear Regression Analysis**

Regression analysis serves to see the influence between the independent variable and the dependent variable with a ratio measurement scale in a linear concurrent. In this study, the independent variables (X) used are e-commerce, personality and income expectations. While the dependent variable (Y) is interest in entrepreneurship.

**Tabel 7 Analisis Regresi Linear Berganda**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9,412	2,595		3,627	,000
	E-Commerce	,265	,126	,148	2,112	,038
		,593	,072	,612	8,227	,000
		,392	,140	,208	2,798	,006

Based on Table 4.12, the multiple linear regression analysis equation is obtained as follows:

$$\gamma = 9,412 + 0,265x_1 + 0,593x_2 + 0,392x_3 + e$$

The regression equation above can be explained as follows:

1. The constant value ( $\alpha$ ) obtained is equal to 9.412 if the coefficient value of e-commerce, and income expectations do not increase then the coefficient value of entrepreneurial interest (Y) of 9.412
2. The coefficient value of the e-commerce variable is 0.265. This states that e-commerce affects the interest in entrepreneurship, any addition to other variables is considered constant. Then variable Y will increase by 0.265.

### Hypothesis Test Partial Test (T Test)

This partial test is used to determine whether the independent variable has an effect on the dependent variable. And to prove the extent to which the independent variable affects the dependent variable. The basis for making partial test decisions is:

1. If significant (probability)  $< 0.05$  or  $t$  counts  $> t$  table then,  $H_a$  is accepted and  $H_0$  rejected. Which means that independent variables influence dependent variables.
2. If significant (probability)  $> 0.05$  or  $t$  counts  $< t$  table then  $H_a$  is rejected and  $H_0$  is accepted. This means that independent variables have no influence on dependent variables.

Based on the results obtained through double linear regression analysis performed on SPSS applications, the hypothesis can be partially concluded as follows:

E-commerce variables against entrepreneurial interests (Y) Partial testing on table 5 shows that e-commerce (X) variables obtain  $t$  count of 2,112 and  $t$  table of 1,987. So  $t$  count is larger than  $t$  table ( $2,112 > 1,987$ ) with a significant value of 0,038 the value is smaller than 0,05 ( $0,038 < 0,05$ ). Then  $H_a$  is accepted and  $H_0$  rejected means (X) has a partially positive and significant influence on the entrepreneurial interest variable

### Statistical test (F test)

The statistical test is used to test the influence of independent variables collectively on dependent variables. The basis of decision-making from the statistical test is:

1. If  $H_0$  is rejected and  $H_a$  is accepted or  $f$  counts  $> f$  table or a significant value  $< 0.05$ . this means that the independent variable has a significant influence on the dependent variable.
2. If  $H_0$  is accepted and  $H_a$  rejected or  $f$  counts  $> f$  table or a significant value  $> 0.05$ . this means that the independent variable has no effect on the dependent variable

**Table 8 F Test Results**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1206,808	3	402,269	73,656	,000 <sup>b</sup>
	Residual	475,148	87	5,461		
	Total	1681,956	90			

Based on table 4.13 shows that  $f$  counts as 73,656 and  $f$  table 2,709 so that the value of  $f$  count is greater than  $f$  table ( $73,656 > 2,709$ ) and significant 0,000. It implies that a significant value is less than 0.05 ( $0,000 < 0,05$ ) so that  $H_a$  is accepted and  $H_0$  rejected. It can then be concluded that the e-commerce variable (X) simultaneously has a positive and significant influence on the entrepreneurial interest variable. (Y).

## Uji Koefisien Determinasi ( $R^2$ ) Determination Coefficient Test ( $R^2$ )

The determination coefficient ( $R^2$ ) measures how far the model's ability is in describing variation of dependent or bound variables. The value of the determination coefficient has an interval between 0 and 1. When the value of a determined coefficients is closer to 1, the regression results are good and can hinder providing all the information needed in predicting the dependent variable. And when the values of determination coefficients are nearer to 0, then the overall variable cannot be explained.

Tabel 9 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,847 <sup>a</sup>	,718	,708	2,337

From table 9, we can see that the result of the  $R^2$  test (determination coefficient) is 0.718. This shows that business interests are influenced by e-commerce (X), another 71.8 percent by factors other than e-commerce. It can be concluded that independent variables as a whole can explain devenden variables well.

### Discourse

This research was conducted to explain the influence of e-commerce, against the entrepreneurial interests of students of the Faculty of Business Economics and Humanities UNIMUDA Sorong.

### The impact of e-commerce on entrepreneurial interests of students of the Faculty of Business Economics and Humanities UNIMUDA Sorong

Based on the partial test results, the hypothesis test is performed by comparing t count with t table of t counting values of

2,112 and t table is 1,987. So t count is larger than t table ( $2,112 > 1,987$ ) with a significant value of 0,038 the value is smaller than 0.05 ( $0,038 < 0.05$ ). Then  $H_0$  received and  $H_1$  rejected means (X) partially had a positive and significant influence on the entrepreneurial interest variable (Y). So the hypothesis that there is an influence on entrepreneurial interests can be accepted. It shows that e-commerce is important and can influence entrepreneurial interests.

E-commerce is a business process using electronic technology that connects companies, consumers and society in the form of electronic transactions and the exchange/sale of goods, services and information electronically. (Rerung, 2018). E-commerce is the impact of today's advanced technology that can change the way humans interact with their environment, just as it relates to trading systems. The results of this study are positive and significant. This proves that students of the Faculty of Business Economics and Humanities of UNIMUDA Sorong agree with the benefits obtained by using e-commerce can reach and interact with consumers becoming fast, easy and have an important role in entrepreneurship. The results of this study are in line with the research carried out by (Yadewanil & Wijaya, 2017) showing the results of his research show that e-commerce has a positive influence on entrepreneurial interests. Entrepreneurs must take responsibility and give priority to honesty.

In using e-commerce as a tool in entrepreneurship Entrepreneurs should give ease to its use, one.



## REFERENCES

- databoks. (2024). *ECDB: Proyeksi Pertumbuhan e-Commerce Indonesia Tertinggi Sedunia pada 2024*. databoks.  
<https://databoks.katadata.co.id/datapublish/2024/04/29/ecdb-proyeksi-pertumbuhan-e-commerce-indonesia-tertinggi-sedunia-pada-2024>
- <https://apjii.or.id/>. (2024). *APJII Jumlah Pengguna Internet Indonesia Tembus 221 Juta Orang*. [apjii.or.id. https://apjii.or.id/berita/d/apjii-jumlah-pengguna-internet-indonesia-tembus-221-juta-orang](https://apjii.or.id/berita/d/apjii-jumlah-pengguna-internet-indonesia-tembus-221-juta-orang)
- <https://data.tempo.co/>. (2024). *Prediksi Angka Pengguna E-commerce di Indonesia 2024*. [data.tempo.co. https://data.tempo.co/data/909/prediksi-angka-pengguna-e-commerce-di-indonesia-2024](https://data.tempo.co/data/909/prediksi-angka-pengguna-e-commerce-di-indonesia-2024)
- Maesaroh, S., Asri, Y. N., & Hayati, S. (2024). *Meningkatkan Minat Berwirausaha Melalui E-Commerce, Ekspektasi Pendapatan Dan Modal Usaha Pada Mahasiswa Perguruan Tinggi Di Banjarnegara*. 15(1), 16-31. <https://tambara.ejournal.id/medikonis/index>
- Nabilah, A., Ronardi, S., Azzahra, S., Maharani, F., Rodiah, S., & Riau, U. M. (2024). Pengaruh E-Commerce, Penggunaan Sistem Informasi Akuntansi, Dan Ilmu Kewirausahaan Terhadap Minat Mahasiswa Akuntansi Untuk Berwirausaha Universitas Muhammadiyah Riau. *Jurnal Mutiara Ilmu Akuntansi (JUMIA)*, 2(2). <https://doi.org/10.55606/jumia.v2i2.2800>
- Stevany Angelia Manik, & Usman, B. (2024). Pengaruh E-Commerce, Sistem Informasi Akuntansi, Lingkungan Keluarga, dan Locus of Control terhadap Minat Berwirausaha Mahasiswa. *Reslaj: Religion Education Social Laa Roiba Journal*, 6(4), 1827-1843. <https://doi.org/10.47467/reslaj.v6i4.1115>
- Windi, S. (2023). *Pengaruh E-Commerce, Self Efficacy Dan Penggunaan Sistem Informasi Akuntansi Terhadap Minat Berwirausaha Dalam Perspektif* 28-40. [http://repository.radenintan.ac.id/id/eprint/28437%0Ahttp://repository.radenintan.ac.id/28437/1/COVER BAB 1 BAB 5 DAPUS.pdf](http://repository.radenintan.ac.id/id/eprint/28437%0Ahttp://repository.radenintan.ac.id/28437/1/COVER%20BAB%201%20BAB%205%20DAPUS.pdf)
- Yuliani, D. E., Azmiana, R., Kunci, K., Produk, K., Pelayanan, K., Pelanggan, K., Minat, D., & Ulang, B. (2024). *Pengaruh Kualitas Produk Dan Kualitas Pelayanan Terhadap Minat....* 5(1), 384-394.

## THE INFLUENCE OF USER CONVENIENCE, PRICE AND PROMOTION ON PURCHASE DECISIONS ON THE TIKTOK SHOP FEATURE IN SAMARINDA

Radityo Suksmaneng daru<sup>1</sup>, Dahlia Natalia<sup>1</sup>, Yeni<sup>1</sup>

<sup>1</sup>Widyagama Mahakam University, Samarinda, Indonesia.

\* Corresponding Author: [raditsukmaneng@gmail.com](mailto:raditsukmaneng@gmail.com)

**Abstract.** *The type of research used in this study was quantitative with a sample of 96 respondents. The techniques used for data collection are questionnaires with Likert scales, data analysis using multiple linear regression, determination tests,  $f$  (Simultaneous), and  $t$  (Partial) tests. The results showed that together or simultaneously the influence of user convenience, price and promotion had a positive and significant effect on customer satisfaction on the Tiktok Shop Feature in Samarinda. Partially, ease of use does not significantly affect customer satisfaction on the Tiktok Shop Feature, but for prices and promotions it has a significant effect on customer satisfaction on the Tiktok Shop Feature.*

**Keywords:** *User Convenience, pricing, promotions, purchase decision*

### I. INTRODUCTION

Now many people are starting to move in the electronic market and have accustomed themselves to buying and selling by using the internet. The increasing number of smartphones accompanied by the wide availability of the internet, making the features of social media more widespread, with the meaning that there are more of the lower middle class people who are educated and understand buying and selling activities

through the internet. This condition then makes existing e-commerce get a great opportunity to obtain significant development, which is evidenced by the many online businesses such as Tokopedia, Shopee, Blibi, Bukalapak, Lazada, and most recently, Tiktok Shop. Tiktok Shop is an online buying and selling feature found in the TikTok application that allows users to shop quickly and easily. Tiktok Shop offers a variety of products, from daily necessities to fashion. This Tiktok Shop feature is presented to make it easier for users to shop online without the need to access the website from a computer. This Tiktok Shop also provides facilities for sellers so that they can market their products easily, then also provide payment processing with guaranteed security for buyers. The development of TikTok was originally only a price application as well as a music video platform, which allowed users to create and edit their videos easily, until now it has been equipped with buying and selling services in the form of Tiktok Shop. Tiktok Shop can make itself an interactive platform because most promotions are carried out with video content and live streaming. This type of promotion is able to provide quite optimal appeal because users can rate and see the products they want in live streaming. Through the video that the seller provides, users can also observe the details of the product they want better than just using

photos. Factors like this are then able to influence the purchase decisions of consumers on Tiktok Shop, especially with live streaming content. Then promotion is also a factor in considering the decision before purchase.

## II. METHODS

### Research Methods

A method to understand how the stages carried out in research will be needed to get answers to the problems being studied so that the specified goals can be achieved. Research methods can be understood in a scientific way that is carried out to obtain data with certain uses or purposes (Sugiyono, 2020: 2). The method to be used in this case is quantitative with an approach in the form of descriptive research.

This quantitative method refers to the philosophy of positivism, applied to study a sample or population, with data obtained through the use of research instruments, so that it can then be analyzed statistically or quantitatively with the aim of testing hypotheses that researchers have previously set (Sugiyono, 2020: 16). This research will apply quantitative methods, because the data obtained is in the form of data written with numbers, which is the result of measuring or calculating the value of each variable. A descriptive approach is carried out to understand how the existence of independent variables, be it only one or more (stand-alone variables) without forming comparisons of these variables or looking for their relationships with other variables (Sugiyono, 2020: 64). This approach aims to understand whether one variable has an influence on other variables.

### Population and sample

Population can be understood with an area of generalization that includes both subjects and objects with characteristics or qualities according to what the researcher determines, so that then the results can be studied and concluded (Sugiyono, 2020: 126). The population that the researchers chose was generation Z TikTok users in Samarinda aged 20-25 years. The 2023 East Kalimantan Population Census records the population of Samarinda City at 3,909,740 people in 2023., In addition, the results of the 2023 Population Census show that most of East Kalimantan's population is of productive age, namely 15 to 64 years old, which reaches 70.51 percent of the total population of East Kalimantan. As for generation Z, of the total population of East Kalimantan is 20% or around 800,000 people. If the population that the researcher chooses is large and it is not possible for the researcher to study the whole, a number of parts can be taken as a sample to represent the population. Then because of its wide scope, the number of populations that the researchers chose is not known with certainty. The sample is part of the population that has certain characteristics or conditions to be studied (Riduwan, 2015: 56). The sampling technique used in this study used purposive sampling techniques. Purposive sampling is a sampling technique with certain considerations in Sugiyono, (2016: 96). The reason for using this purposive sampling technique is because it is suitable for quantitative research, or studies that do not generalize according to Sugiyono, (2016: 96).

### III. RESULTS AND DISCUSSION

#### Data Analysis Test Data Validity

The validity test is used to measure the validity or validity of a questionnaire. A questionnaire is said to be valid if the questions on the questionnaire are able to reveal something that the questionnaire will measure. To measure its validity, in this study will be used SPSS program for Windows version 23. The validity test is said to be valid if the significant value is below 0.05.

Table 1.1 Validity Test

Variabel	Item	Sig <0, 05	R – Hitung	R - Tabel	Keterangan
User Convenience (X1)	1	0,000	0,737	0,200	Valid
	2	0,000	0,780	0,200	Valid
	3	0,000	0,870	0,200	Valid
	4	0,000	0,710	0,200	Valid
	5	0,000	0,789	0,200	Valid

Pricing (X2)	1	0,000	0,786	0,200	Valid
	2	0,000	0,757	0,200	Valid
	3	0,000	0,788	0,200	Valid
	4	0,000	0,780	0,200	Valid

promotions, (X3)	1	0,000	0,800	0,200	Valid
	2	0,000	0,876	0,200	Valid
	3	0,000	0,876	0,200	Valid
purchase decision (Y)	1	0,000	0,817	0,200	Valid
	2	0,000	0,837	0,200	Valid
	3	0,000	0,866	0,200	Valid

(Source: Data in processing, 2024)

From the results of the analysis conducted, it can be obtained that the statement items for this research variable are valid. This can be seen from the r count greater than rtable with n = 96 with a significance level of 0.05.

### Reliability Test

Reliability testing was conducted with the SPSS for windows version 23 program. In this study, reliability testing was carried out on 96 respondents with the provision that if the Alpha value exceeds 0.60, the variable questions are reliable and vice versa.

The reliability level of the variable statements of User Convenience (X1), price (X2), and promotion (X3) and purchase decisions (Y) based on the output of SPSS version 23 can be seen in the table below.

Table 1.2 Reliability Test

No	Variabel	r alpha	r kritis	Kriteria
1	User Convenience	0,83	0,60	Reliabel
2	Pricing	0,78	0,60	Reliabel
3	promotions,	0,81	0,60	Reliabel
4	purchase decision	0,79	0,60	Reliabel

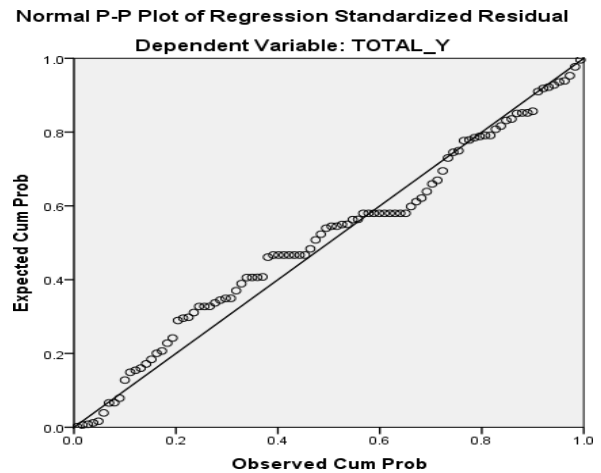
Source: Processed Primary Data, 2024

The result of the reliability coefficient of the user convenience instrument is  $r\alpha = 0.83$ , the instrument price is  $r\alpha = 0.78$ , the promotion is  $r\alpha = 0.81$ , and the purchase decision is  $r\alpha = 0.79$ . And all variables have an alpha r value greater than the critical r of 0.60 which means all four instruments are declared reliable or meet the requirements.

### Classical Assumption Test

#### Data Normality Test

The purpose of the normality test is to test whether a residual variable in the regression is normally distributed. The criteria for making decisions can be seen from the regression model, which if the data is spread on diagonal lines and follows historical plots, it will show a normally distributed diagonal direction.



Source: Processed data, 2024

Figure 1.3 Graph of Normality Test Results

From the image above we can see that the distribution of data follows a diagonal line, so that the data we have can be declared normal because it follows a diagonal line. According to Ghozali (2016).

#### Multicollinearity Test

To detect the presence or absence of multicollinearity by looking at the Tolerance and VIF values. The smaller the Tolerance value and the greater the VIF value, the closer the multicollinearity will occur. In most studies if the tolerance value is greater than 0.10 and the VIF value is smaller than 10 then multicollinearity does not occur.

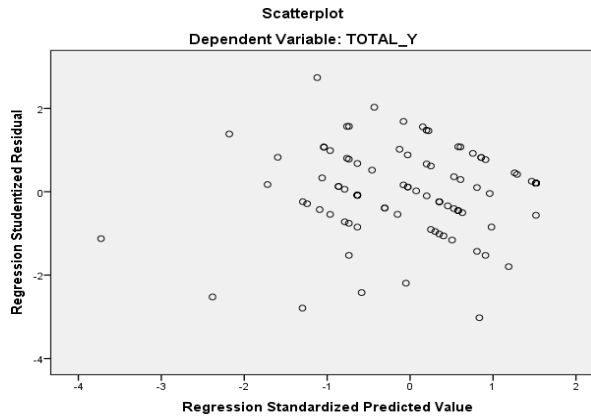
Table 1.4 Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	User Convenience	0,655	1,526
2	Pricing	0,622	1,607
3	promotions,	0,784	1,276

Source: Processed Primary Data, 2024

### Heteroscedasticity test

Heteroscedasticity is a condition in which there is an inequality of variance from residuals in the regression model.



Source: Processed Primary Data, 2024

Figure 1.5 Graph of heteroscedasticity Test Results From the figure above we can see that the distribution of datafills the spread plane with an unclear pattern above and below the number 0 on the Y axis, from this we can conclude that there is no heteroscedasticity problem.

### Test the hypothesis

Multiple Linear Regression Analysis to find out how much influence the relationship between ease of user convenience, price and promotion on purchasing decisions on the TikTok Shop samarinda feature.

Below are the results of multiple linear regression calculations with the SPSS program in this study are as follows:

Table 1.6 Calculation Results Multiple linear regression test

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1,241	1.013		1.225	.224
TOTAL_X1	0,063	.062	.095	1.008	.316
TOTAL_X2	0,277	.082	.326	3.383	.001
TOTAL_X3	0,401	.084	.412	4.794	.000

a. Dependent Variable: TOTAL\_Y

Source: Processed Primary Data, 2024

1. In the "Coefficients" table above, the multiple regression equation in this research can be explained. The regression equation formula in this research is as follows:  $Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$  Note:  $Y =$  Purchase Decision  $a =$  Constant  $\beta_1 X_1 =$  User Ease  $\beta_2 X_2 =$  Price  $\beta_3 X_3 =$  Promotion  $e =$  Nuisance Variable Based on the equation above we can make the following equation:  $Y = a + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$   $Y = 1.241 + 0.063X_1 + 0.277X_2 + 0.401X_3 + e$  From the regression equation above, the conclusions that can be explained are as follows: Constant value ( $\alpha$ ) of 1,241 with a positive sign means that purchasing decisions for users of the Samarinda TikTok Shop feature are 1,241 points if the variables for user convenience, price and promotion are zero or non-existent.  $\beta_1$  TikTok shop Samarinda will increase by 0.063 provided there are no other influencing factors or other variables are constant.
2.  $\beta_2 X_2$  (X2) price variable, the value of the price regression coefficient (X3) of 0.277 with a positive sign is the interpretation of the price variable parameter for the Samarinda TikTok
3. Shop feature on purchasing decisions on the Samarinda TikTok Shop feature increases by 1 point, which means that purchasing decisions on the Samarinda TikTok Shop feature will increase by 0.277 provided that there are no other influencing factors or other variables are constant.

4.  $\beta_3 X_3$  (X3) promotion variable, the promotion regression coefficient (X3) value of 0.401 with a positive sign is an interpretation of the promotional variable parameters for the Samarinda TikTok Shop feature on purchasing decisions on the Samarinda TikTok Shop feature increases by 1 point, which means that purchasing decisions on the Samarinda TikTok Shop feature will increase by 0.401 provided that there are no other influencing factors or other variables are constant.

#### Determination Test (R2 Test)

Table 1.7 Determination Test (Test R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.684 <sup>a</sup>	0,467	.450	1.322

Source: Processed Primary Data, 2024

Based on the table above, it is known that the coefficient of determination value is R Square = 0.467. This value indicates that user convenience, price and promotion explain or influence purchasing decisions simultaneously or together by 46.7% and the remaining 53.3% (100% - 46.7%) is influenced by other variables outside this regression equation or variable that are not studied

Table 1.8 Simultaneous Test (F Test)

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	140.976	3	46.992	26.892	.000 <sup>b</sup>
	Residual	160.764	92	1.747		
	Total	301.740	95			

Source: Processed Primary Data, 2024

0.05. The results of the regression analysis show that the independent variable has a significant effect on the dependent variable simultaneously or together. This is shown by the calculated F value of 26,892 and it can be seen that the F table value with a significance level of 0.05 is 2.703 and the significance value of 0.000 is smaller than 0.05. This shows that the calculated F value is greater than the F table (26,892 > 2.703). From these data it can be concluded that hypothesis 1 is accepted.

### Uji Parsial (Uji t)

To test the hypothesis, the t test is used, namely to determine the influence of the variables user convenience (X1), price (X2), promotion (X3) on purchasing decisions (Y).

Table 1.9 Partial Test (Uji t)

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.241	1.013		1.225	.224
	TOTAL_X1	.063	.062	.095	1,008	0,316
	TOTAL_X2	.277	.082	.326	3,383	0,001
	TOTAL_X3	.401	.084	.412	4,794	0,000

Source: Processed Primary Data, 2024 Based on the partial test table above, it can be explained as follows:



1. Partial user convenience (Hypothesis 2), Based on the results of the tests that have been carried out, the calculated t value for the user convenience variable is 1.008 with a significance level of 0.316. The t table value is 1.661, so  $t_{count} < t_{table}$ , so user convenience does not partially influence purchasing decisions. The significance figure also shows  $> 0.05$ , namely 0.316, so hypothesis 2 is rejected. This shows that ease of use does not have a significant influence on purchasing decisions.
2. Partial price (Hypothesis 3), Based on the results of the tests that have been carried out, the calculated t value for the price variable is 3,383 with a significance level of 0.001. The t table value is 1.661, so  $t_{count} > t_{table}$ , then price partially influences purchasing decisions. The price significance figure also shows  $< 0.05$ , namely 0.001, so the hypothesis is accepted. This shows that price has a significant influence on
3. partial promotional purchasing decisions (Hypothesis 4), Based on the results of the tests that have been carried out, the calculated t value for the promotion variable is 4,794 with a significance level of 0.000. The t table value is 1.661, so  $t_{count} > t_{table}$ , then promotions partially influence purchasing decisions. The promotion significance figure also shows  $< 0.05$ , namely 0.000, so the hypothesis is accepted. This shows that promotions have a significant influence on purchasing decisions.

#### IV. CONCLUSION

Conclusion This research aims to determine the influence of user convenience, price and promotion on

purchasing decisions on the TikTok Shop Samarinda feature. Based on the results of the research and discussion, this researcher made several conclusions as follows:

user convenience, price and promotion have a positive effect simultaneously or together on purchasing decisions on the Tiktok Shop Samarinda feature. user convenience as measured by indicators that are easy to learn, easy to control or access, easy to adapt, easy to use, and clear or understandable by users do not increase purchasing decisions on the TikTok Shop Samarinda feature. Prices as measured by indicators of price affordability, price suitability, price competition, and also price suitability with the benefits obtained have a positive and significant effect on purchasing decisions on the Tiktok Shop Samarinda feature. This can be seen from price comparisons with other online shop applications where Tiktok Shop is famous. cheaper. Promotion as measured by promotional message indicators, promotional media, promotional time has a positive and significant effect on purchasing decisions on the Tiktok Shop Samarinda feature. Suggestions After conducting this research, the author provides suggestions that are expected to be useful, including: Providing simpler features so as to make it easier to use the Tiktok shop because judging from the user data, the majority are young people, if you want to expand the market to generations above Gen Z, simplifying the features in the Tiktok Shop application can be considered. Apart from paying attention to the price of the product, it is no less important that shipping costs or costs must also be paid attention to. If the product price is good but the shipping costs are too expensive, this could be a consideration for users to buy at the Tiktok Shop.

## REFERENCES

- Alma, Buchari. (2016). *Manajemen Pemasaran dan Pemasaran Jasa*. Alfabeta. Bandung.
- Arfah, Y. (2022). *Keputusan Pembelian Produk (B. Nasution (ed.))*. PT Inovasi. Pratama Internasional.
- Ayatusifa, Suci Salira, et al. (2023). *Pengaruh Kualitas Produk, Harga, Dan Promosi Terhadap Keputusan Pembelian Di Marketplace Shopee (Studi Pada Masyarakat Kecamatan Alam Barajo Kota Jambi)*. Jurnal Penelitian Ilmu Ekonomi dan Keuangan Syariah (JUPEKES). Volume 1 Nomor 3 Agustus 2023. Universitas Islam Negeri Sulthan Thana Saifuddin Jambi.
- Estiana, Ria, et al. (2022). *Efektivitas Media Social Sebagai Media Promosi Pada UMKM*. Deepublish Publisher. Sleman.
- Fatah, Ilham Erizal. (2022). *Pengaruh Kualitas Produk, Harga dan Promosi Terhadap Keputusan Pembelian Pada Marketplace Zalora*. Seminar Nasional Ke- Indonesiaan VII. November 2022. hal. 1218-1226. FPIPSKR. Universitas PGRI Semarang.
- Firulla, Adinda Rizky Ega, et al. (2023). *Analisis Kualitas Produk, Harga dan Promosi Terhadap Keputusan Pembelian Marketplace Shopee*. Simposium Manajemen dan Bisnis II. Volume 2 Nomor 2 Juli 2023. Program Studi Manajemen. Universitas Nusantara PGRI Kediri.
- Ghozali, Imam. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*. Badan Penerbit Universitas Diponegoro Semarang.
- Gitosudarmo, Indriyo dan Agus Mulyono. (2016). *Prinsip Dasar Manajemen*. Edisi 3. BPFE. Yogyakarta.
- Hajijah, Sitta Nur, et al. (2022). *Pengaruh Kualitas Produk, Harga dan Promosi Terhadap Keputusan Pembelian pada Pengguna Shopeedi Kalangan Mahasiswa Kota Cirebon*. Jurnal Bonaza. Volume 2 Nomor 2 Agustus 2022. Fakultas Ekonomi dan Bisnis Universitas Catur Insan Cendekia. Cirebon.
- Hermawan, Agus. (2013). *Promosi dalam Prioritas Kegiatan Pemasaran*. PT Buku Seru. Jakarta.
- Kotler, Philip dan Gary Armstrong. (2016). *Dasar-Dasar Pemasaran. Jilid 1. Edisi Ke. 9*. Erlangga. Jakarta.
- Kotler, Philip., dan Gary Armstrong. (2017). *Principle Of Marketing. Edisi 17*. Pearson Prentice Hall. New Jersey.
- Krisdayanto, I., Haryono, A. T., & Gagah, (2018). *Analisis pengaruh harga, promosi, fasilitas, dan lokasi terhadap kepuasan konsumen di i cafe lina putra net bandungan*. Journal of Management.
- Anggraeni, Lenciana Aprilia. (2023). *Tantangan Kompetisi dan Risiko Monopoli dalam Transformasi Digital E-Commerce dengan Studi Kasus Aplikasi Tik Tok di Indonesia*. Fakultas Ekonomi dan Bisnis, Universitas Diponegoro, Semarang
- Lusia, Dian. (2018). *Analisis Pengaruh Manfaat, Kemudahan Penggunaan Dan Risiko Terhadap Penggunaan Mobile Banking Bank Syariah Di Surakarta*. Skripsi (SI). IAIN. Surakarta.
- Maharama, A. R., & Kholis, N. (2018). *Pengaruh Kepercayaan, Kemudahan Dan Persepsi Risiko Terhadap Keputusan Pembelian Jasa Gojek Di Kota Semarang Yang Dimediasi Minat Beli Sebagai Variabel Intervening*. Jurnal Ekonomi Dan Bisnis. Semarang.

- Muchlisin, Mayani Kurnianty. (2021). *Pengaruh Kualitas Produk, Hargadan Promosi Terhadap Keputusan Pembelian di Marketplae Shopee (Studi Kasus pada Mahasiswa ekonomi dan Bisnis UMSU)*. Skripsi (SI). Program Studi Manajemen Pemasaran. Fakultas Ekonomi dan Bisnis. Universitas Muhammadiyah Sumatera Utara. Medan.
- Naharul, T. S., & Kadi, D. C. A. (2022). Peran Kepercayaan Sebagai Mediasi Pada Pengaruh Kualitas Layanan Dan Kualitas Website Terhadap Niat Pembelian TikTok Shop di Madiun. SIMBA, Vol 4.
- Nurchasanah, Devi, et al. (2023). *Pengaruh Kualitas Produk, Harga, dan Promosi terhadap Keputusan Pembelian pada Aplikasi Tiktok Shop*. Jurnal Reslaj: Religion Education Social Laa Roiba Journal. Volume 5 Nomor 3 Tahun 2023. Universitas Sarjanawiyata Tamansiswa. Yogyakarta
- Octavilia, D. (2023). Penjualan TikTok Shop Melebihi Marketplace Tokopedia. Cek Faktanya. PopStar. (<https://www.popstar.me/blogs/penjualan-tiktok-shop-melebihi-marketplace-tokopedia-cekfaktanya>. Diakses pada 21 Maret 2023)
- Salsabila, H. Z., et al. (2021). *Pengaruh Persepsi Risiko, Manfaat dan Kemudahan Pengguna Terhadap Keputusan Pembelian Online Pada Aplikasi Shopee*. Jurnal Ilmiah Manajemen Kesatuan.
- Saragih, Liharman, et al. (2023). *Konsep Dasar Manajemen Pemasaran*. Yayasan Cendikia Mulia Mandiri. Batam.
- Setyawati, Amelia dan Adelia Rahma. (2022). *Manajemen Pemasaran DiEra Bisnis Yang Serba Cepat*. Media Nusa Creative. Malang.
- Sugiyono. (2018). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Penerbit. Alfabeta, Bandung.
- Sugiyono. (2019). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta. Bandung.
- Sugiyono. (2020). *Metode Penelitian Kualitatif*. Alfabeta. Bandung.
- Wirawan, Mendiola B. (2011). *User Experience (Ux) Sebagai Bagian Dari Pemikiran Desain Dalam Pendidikan Tinggi Desain Komunikasi Visual*. BINUS University. Jakarta
- Yuliawan, Eko et al. (2018). *Analisis Pengaruh Faktor Kepercayaan*,
- Yusniar, Y. (2021). Fenomena Impulse Buying (Pembelian Tidak Terencana) Pada Praktik Belanja Online Ditinjau Dari Perspektif Ekonomi Syariah. Al-Ilmu, 6(2), 99-121.  
<https://jurnal.kopertais5aceh.or.id/index.php/AIJKIS/article/view/302>.

## THE INFLUENCE OF DEBT COVENANT, FINANCIAL DISTRESS, PROFITABILITY, AND GROWTH OPPORTUNITY ON ACCOUNTING CONSERVATISM

Siti Rohmah<sup>1</sup>, Martinus Robert<sup>1</sup>, Erni Setiawati<sup>1</sup>, Stefani Mowilos<sup>1</sup>

<sup>1</sup>Accounting Study Program, Widya Gama Mahakam University, Samarinda

\*Corresponding Author: [sitirohmah1407@uwgm.ac.id](mailto:sitirohmah1407@uwgm.ac.id)

**Abstract.** *This research aims to determine the influence of debt covenants, financial distress, profitability, and growth opportunity on accounting conservatism in manufacturing companies in the consumer goods sector listed on the IDX for the 2019-2022 period. In this research, the method used is the multiple linear regression method and is assisted by a computer program, namely SPSS Version 23, to test the data. Using consumer goods sector companies as the population and using purposive sampling criteria to determine the sample, we obtained 25 companies as samples. From the results of the analysis, it is known that Debt Covenant has a positive and significant effect on Accounting Conservatism ( $0.017 < 0.05$ ), Financial Distress has a negative but not significant effect on Accounting Conservatism, Profitability has a negative but not significant effect on Accounting Conservatism, and Growth Opportunity has a positive and significant effect towards Accounting Conservatism ( $0.035 < 0.05$ ). For simultaneous testing of F, the results obtained were that all independent variables used in this research had a joint effect on Accounting Conservatism ( $\text{Sig } 0.004 < 0.05$ ).*

**Keywords:** *Debt Covenants, Financial Distress, Profitability, Growth Opportunity, Accounting Conservatism*

### I. INTRODUCTION

Uncertainty in receiving information can increase the risk that an investor will face, apart from that, uncertainty can also be used by a number of parties to commit acts of fraud, in this case most fraud is carried out by internal company parties. An imbalance of information between internal and external parties can encourage the possibility of fraud or cheating that is more profitable for internal parties. Every company should be careful in preparing financial reports which are really needed by internal and external parties in order to assist the decision making process, where these decisions will increase profits for the company.

According to the Financial Accounting Standard Board (FASD) NO. 2 conservatism is the principle of caution regarding uncertainty which tries to ensure that future uncertainties and risks can be considered appropriately. Another understanding of conservatism is helping company managers to be more relevant in making financial reports that are based on ambiguity. Thus, accounting conservatism is a financial report made by managers that is based on uncertainty so that future ratios are more relevant and not excessive.

According to (Fitranita, 2019) a company carries out conservatism to anticipate losses from profits by directly recognizing company losses, but not

directly recognizing profits. The principle of conservatism in Indonesia is still controversial. Conservatism is very important because it can minimize agency costs in order to reduce the possibility of managers manipulating financial reports and the quality of information from financial reports increases in value from share prices (Prayanthi & Pantow, 2018). However, on the contrary, if the company applies conservatism, the information will tend to be biased and not show the actual conditions (Tazkiya & Sulastiningsih, 2020).

One example of a case that occurred in Indonesia is a company in the consumer goods industry sector, which indicates a low level of accounting conservatism applied by the company in preparing its financial reports. This fraud occurred at PT. Indofarma Tbk, in 2011, it was discovered that there were violations of legislation in the capital markets sector, especially those relating to the presentation of financial reports. In an investigation carried out by Bapepam, evidence was found that the value of inventory in process was greater (*overstade*) than the proper value, namely Rp. 28.87 billion. This results in the presentation of the cost of goods sold being lower and net profit being presented higher (Viola & Diana, 2016)

Another example of this case is what happened at PT. Kimia Farma has manipulated overstated financial reports by inflating its annual net profit by IDR 32.668 billion, namely in the financial report which should have been IDR 99.594 billion but was recorded at IDR 132 billion. This case can have an impact on

decision making through financial reports by interested parties such as shareholders or investors.

There are several factors that can influence a manager's decision to use a conservative method, namely *bet covenants*. *Debt covenants* are debts directed at borrowers by creditors in order to limit activities that might damage the loan value and loan recovery. *Debt covenants* predict that managers tend to overstate profits and assets to reduce renegotiation costs of debt contracts. Managers certainly do not want their performance to be considered less good if profits are reported conservatively (Tazkiya & Sulastiningsih, 2020). The purpose of this is so that *debtholders*, namely that the company can repay loans with interest, therefore companies tend not to be conservative when they try to generate large funds from *debtholders*.

Another factor that can influence accounting conservatism is *Financial Distress*. *Financial distress* or the level of financial difficulty is a condition where a company is in an unhealthy condition or is experiencing a decline in financial condition and is threatened with being unable to maintain the continuity of its business (Banjarnahor & Curry, 2019). *Financial distress* is the initial stage of a decline in financial conditions experienced before bankruptcy or liquidation occurs. Companies experiencing financial distress will increasingly require managers to apply accounting conservatism. From research conducted by (S. Sulastris & Anna, 2018), it is proven that financial distress has a positive effect on accounting conservatism.

Another factor that can influence conservatism is profitability. A high level of profitability in a company can increase competitiveness between companies so that many investors dare to invest capital in that company. According to (Padmawati & Fachrurrozie, 2015) profitability is a ratio used to determine a company's ability to generate profits during a certain period and can provide an overview of the level of management effectiveness in carrying out its operational activities. This profitability factor explains that if a company's return on equity increases, there will be an increase in accounting conservatism which means overall retained earnings will also increase. The results of research conducted by (Abdurrahman & Ermawati, 2018) are that profitability has a significant negative influence on accounting conservatism. However, this is different from the results of research conducted by (Hariyanto, 2021), namely that the profitability variable does not have a significant influence on accounting conservatism.

Apart from the three factors above, there are also factors that influence accounting conservatism, namely *Growth Opportunity*. According to (Sari, nd) *Growth opportunity* is a company's ability to increase its size, which can be proxied by an increase in assets, equity, profits and sales. A company with a high growth opportunity will tend to require quite large amounts of funds to be able to finance the company's growth in the future. The research was conducted by (Savitri, 2016) and the results found were that growth opportunity had no effect on accounting conservatism. However, research conducted by (A. Sulastri et al., 2018), (Sosilo & Aghni, 2015) proves that growth

opportunity has a significant effect on accounting conservatism. As for research conducted by (Nuraeni & Tama, 2019), the results show that growth opportunity has an effect on accounting conservatism.

Based on the description that has been put forward in the background of this research, and from various previous studies, the author is interested in conducting research with the title "*The Influence of Debt Covenant, Financial Distress, Profitability, and Growth Opportunity on Accounting Conservatism in Consumer Goods Sector Manufacturing Companies Listed on the IDX Period 2019-2022*".

## II. METHODS

The research method used in this research is a quantitative method. Quantitative methods are research methods that use a lot of numbers, starting from the data collection process to its interpretation. According to (Sugiyono, 2017:16) quantitative research methods are research methods based on the philosophy of positivism, which are used to research certain populations and samples, collect data using research instruments, quantitative data analysis with the aim of testing predetermined hypotheses. This research uses secondary data obtained from financial statements of Consumer Goods Sector Manufacturing Companies registered on the IDX in 2019-2022.

## III. RESULTS AND DISCUSSION

### DATA ANALYSIS

#### Descriptive Statistical Analysis

Descriptive statistics, namely providing an overview of data that can be seen from the average value (mean),

standard deviation, maximum value and minimum value

**Table 1**  
Descriptive Statistical Test

	N	Minimum	Maximum	Mean	Std. Deviation
Debt Covenant	100	.04	.95	.3535	.18379
Financial Distress	100	.13	39.80	4.5832	4.45673
Profitability	100	.01	1.05	.1740	.16296
LN_X4	100	-3.22	4.43	2.2638	1.18449
Accounting Conservatism	100	.02	20.09	3.2315	3.86459
Valid (listwise)	N 100				

Source: SPSS results, data processed by the author, 2023

Based on the table above, we can find out the descriptive statistical calculations, namely as follows:

- The amount of data (N) contained in this research is 100 samples obtained from 25 financial reports that have been published by each consumer goods company listed on the Indonesia Stock Exchange during the 2019-2022 period.
- The average value for the accounting conservatism variable is 3.2315. Based on conservatism calculations, if conservatism is negative then the level of conservatism is high.
- The average value of the *debt covenant variable* is 0.3535
- The average value of the *financial distress variable* is 4.5832.
- The average value of the profitability variable is 0.1740.
- The average value of the *growth opportunity variable* is 2.2638.

### Classic assumption test

#### Normality test

The normality test was carried out to test whether the regression model in this study had residuals that were normally or abnormally distributed. If the Sig value  $< 0.05$  then the data is normally distributed.

**Table 1**  
Normality test  
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residuals
N		100
Normal Parameters <sup>a, b</sup>	Mean	.0000000
	Std.	
	Deviation	.84211748
Most Extreme Differences	Absolute	.072
	Positive	.072
	negative	-.042
Statistical Tests		.072
Asymp. Sig. (2-tailed)		.200 <sup>c, d</sup>

Based on the results of testing the data obtained, namely a Sig value of 0.200, it can be said to have a normal distribution, namely (Sig 0.200  $> 0.0$ ).

#### Multicollinearity Test

A good regression model is one where multicollinearity does not occur. If the tolerance value is  $> 0.10$  then multicollinearity occurs, and if the VIF value  $< 10.00$  then multicollinearity does not occur.

**Table 2**  
Multicollinearity Test

	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolera	VIF
Model 1 (Constant)	1,085	1,235			,878	,382		3
Debt Covenant	5,639	2,305	,268		2,46	0,16	750	1,33

Financial Distress	-.078	.095	-.090	-.825	.411	.758
Profitability	-2.026	2.280	-.085	-.888	.377	.975
Growth Opportunities	.056	.026	.207	2.172	.032	.993

a. Dependent Variable: Accounting Conservatism

Source: SPSS results, data processed by the author, 2023

Based on the results in table 3, it can be seen that the *debt covenant variable* has a tolerance value of  $0.750 > 0.10$  and a VIF value of  $1.333 < 10.00$ . *Financial distress* has a tolerance value of  $0.758 > 0.10$  and a VIF of  $1.319 < 10.00$ . *Profitability* has a tolerance value of  $0.975 > 0.10$  and VIF of  $1.025 < 10.00$ . And *growth opportunity* has a tolerance value of  $0.993 > 0.10$  and a VIF of  $1.007 < 10.00$ . So from these data it can be concluded that the variables in this research have tolerance values  $> 0.10$  and  $VIF < 10.00$ . So the conclusion is that multicollinearity does not occur

### Heteroscedasticity Test

**Table 3**  
**Heteroscedasticity Test**  
 Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	.585	2.251		.260	.798
Debt Covenant	.593	2.994	.107	.198	.845
Financial Distress	.049	.206	.121	.240	.813
Profitability	-.006	2.032	-.001	-.003	.998
Growth Opportunities	.018	.030	.245	.590	.562

a. Dependent Variable: ABS\_RES

Source: SPSS results, data

processed by the author, 2023

Based on the data in table 4, the results obtained are that there are no independent variables that have a significant value of  $< 0.05$ . So the conclusion is that there are no symptoms of heteroscedasticity between the independent variables. This result is also in accordance with the test results on the graph plot.

### Autocorrelation Test

**Table 5**

#### Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.382 <sup>a</sup>	.146	.110	3.64668	1.896

Source: SPSS results, data processed by the author, 2022

Based on the data in table 5, the dL and DU values are significant at 5%, the number of samples is 100 (N), the number of variables is 4 (k=4). So the value  $Du < D < 4-Du$  ( $1.758 < 1.896 < 2.241$ ). So from these data it can be concluded that there is no autocorrelation problem in the regression model used in this research

### Multiple Linear Regression Analysis

Multiple linear regression analysis aims to test the influence of *the debt covenant, financial distress, profitability and growth opportunity variables* on accounting conservatism in consumer goods sector manufacturing companies listed on the IDX for the 2019-2022 period.

#### Correlation Coefficient Test (R)

The measurement of the correlation coefficient (R) is carried out in order to



determine the percentage of relationship between variables with the aim of knowing whether or not there is a relationship between variables. The following are the results of the multiple linear regression test for the correlation coefficient (R) test section, presented in table 6:

**Table 6**  
**R Correlation Test**  
**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.382 <sup>a</sup>	.146	.110	3.64668

Source: SPSS results, data processed by the author, 2023

Based on table 6, the correlation coefficient (R) results obtained are 0.478 or 38.2%, which shows the level of relationship between the variables *debt covenant* (X1), *financial distress* (X2), *profitability* (X3), and *growth opportunity* (X4) on conservatism accountancy.

**Coefficient of Determination (R<sup>2</sup>)**

The measurement of the coefficient of determination R<sup>2</sup> is carried out in order to determine the percentage influence of the independent variable on changes in the dependent variable. The following are the results of *Adjust R Square*, namely in table 7.

**Table 7**  
**R2 Determination Test**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.382 <sup>a</sup>	.146	.110	3.64668

Source: SPSS results, data processed by the author, 2023

From these results, an Adjust R Square value of 0.110 was obtained, meaning the value of the independent variable to the dependent was 11.0 %.

**Hypothesis testing**

**Simultaneous Test (F Test)**

Simulation test or F test, is a test carried out to determine whether all independent variables have a joint influence on the dependent variable. If the Sig value is < 0.05 or if the calculated F value is > F<sub>table</sub> (k;nk), then it can be concluded that The independent variable has a simultaneous effect on the dependent variable. The test results are in table 5.9.

**Table 8**  
**Simultaneous Test (F Test)**  
**ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	215,234	4	53,809	4,046	.004 <sup>b</sup>
	Residual	1263.339	95	13,298		
	Total	1478.573	99			

Source: SPSS results, data processed by the author, 2023

Based on table 8, the results of the regression test can be seen that the calculated f value is 4.046 with a significance value of 0.004. Shows that the independent variables *debt covenant*, *financial distress*, *profitability*, *growth opportunity* simultaneously influence accounting conservatism. This statement is based on the Sig value of 0.004 < 0.05 and the calculated F value > F<sub>table</sub> (4.046 > 2.35).

**Partial Test (T Test)**

A partial test or T test is carried out to show the influence of each independent variable individually on the dependent variable. This test is carried out to find out

whether the hypothesis is rejected or accepted in a study. The hypothesis can be accepted if the Sig value  $<0.05$ , and/or the  $T_{count} > T_{table}$  value ( $\alpha/2:nk-1$ ). The test results from the T test are in table 9 as follows:

**Table 9**  
**Partial Test (T Test)**

Coefficients <sup>a</sup>						
Model	Unstandardized Coefficients		Standardized Coefficient	t	Sig.	Hypothesis Description
	B	Std. Error	Beta			
1 (Constant)	1,137	1,232		,923	,358	
Debt Covenant	5,591	2,302	,266	2,429	,017	Accepted
Financial Distress	-.079	,094	-.091	-.835	,406	Rejected
Profitability	-2,025	2,278	-.085	-.889	,376	Rejected
Growth Opportunities	,054	,025	,204	2,142	,035	Accepted

a. Dependent Variable: Accounting Conservatism

Source: SPSS results, data processed by the author, 2023

The multiple linear regression model in this study is shown as follows:

$$Y = 1.137 + 5.591X_1 - 0.079X_2 - 2.025X_3 + 0.054X_4 + e$$

The interpretation of this equation is obtained from the t test table with the following explanation:

- a. In this research, the constant value obtained is 1.137, which means that *the debt covenant, financial distress, profitability and growth opportunity variables* have a value of 0, then the accounting

conservatism variable will have a value of 1.137.

- b. For the *debt covenant variable*, the coefficient value obtained is 5.591. This shows that if the *debt covenant variable* increases by 1 unit, then *the debt covenant variable* will increase by 5.591.

- c. For the *financial distress variable*, the coefficient value obtained is -0.079, this shows that if the *financial distress variable* increases by 1 unit, the debt covenant variable will decrease by 0.079.

- d. In the profitability variable, the coefficient value obtained is -2.025, this shows that if the profitability variable increases by 1 unit, the profitability variable will decrease by 2.025.

- e. For the *growth opportunity variable*, the coefficient value obtained is 0.054. This shows that if the growth opportunity variable increases by 1 unit, then the debt covenant variable will increase by 0.054.

### Discussion of Hypothesis Testing

Next, to find out whether the hypothesis proposed in this research is accepted or rejected, the following hypothesis testing will be carried out.

#### *The Influence of the Debt Covenant on Accounting Conservatism*

Based on the t test, for the *debt covenant variable*, the coefficient value obtained in the positive direction is 5.591. The Sig value obtained is 0.017, 0.05 and the calculated t value is  $2.429 > t_{table} 1.99714$ . This shows that *debt covenants* have a positive and significant effect on accounting conservatism. Thus, H1 which states that the *debt covenant variable* has an effect on accounting conservatism is accepted.

*Debt covenants* which are proxied by leverage have an effect on accounting conservatism, because if the level of leverage is high enough it will endanger a company, where if the level of debt is high it will be difficult to release the debt burden. Therefore, companies must balance how much debt is appropriate to take and where the sources will be used to pay the debt (Fahmi, 2017: 127). The results of this research are in line with research that has been conducted by (Fera, 2021) with the result that the *debt covenant variable* has a negative and significant effect on accounting conservatism.

### ***The Influence of Financial Distress on Accounting Conservatism***

Based on the t test, for the *financial distress variable*, the coefficient value was obtained in a negative direction - 0.079. The Sig value obtained is  $0.406 > 0.05$  and the calculated t value is  $-0.835 < t_{table} 1.99714$ . This shows that financial distress has a negative but not significant effect on accounting conservatism. Thus, H2 which states that the financial distress variable influences accounting conservatism is rejected.

The results of this research are not consistent with the results of research conducted by (Wati, 2022) with the results obtained namely that *financial distress* has an effect on accounting conservatism. These results are also in accordance with research conducted by (Bela Nurlintang Ramadan, 2019) which states that *financial distress* has a negative and significant effect on accounting conservatism. *Financial distress* influences accounting conservatism. Companies with a high level of financial difficulty and unable to resolve their financial condition problems will lead to bankruptcy (Rudianto, 2013: 251). In this case, companies that have a high level of financial difficulty will be careful in reporting their financial information and will encourage managers to be more conservatism.

### ***The Influence of Profitability on Accounting Conservatism***

Based on the t test, for the profitability variable, the coefficient value is obtained in a negative direction of - 2.025. The Sig value obtained is  $0.376 > 0.05$  and the calculated t value is  $-0.889 < t_{table} 1.99714$ . This shows that profitability has a negative but not significant effect on accounting conservatism. Thus, H3 which states that the profitability variable has an effect on accounting conservatism is rejected.

This research is not in line with previous research conducted by (Halim, 2021), with the results obtained stating that profitability has a negative and significant effect on accounting conservatism. Profitability is a ratio used to measure a company's ability to earn profits in a certain period, apart from that, this ratio

also measures the level of management effectiveness in carrying out the company's operational activities. Good performance can be seen from management's success in obtaining maximum profits for a company (Hery, 2018:192). The higher the level of profitability, the investors will judge that the company's performance in earning profits is quite good.

#### ***The Influence of Growth Opportunity on Accounting Conservatism***

Based on the t test, for *the growth opportunity variable*, the coefficient value is obtained in a positive direction, namely 0.054. The Sig value obtained is 0.035 < 0.05 and the calculated t value is 2.142 > t table 1.99714. This shows that growth opportunity has a positive and significant effect on accounting conservatism. So H4 which states that the *growth opportunity variable* has no effect on accounting conservatism is accepted.

This research is in line with research conducted by (Pradana, 2020) which obtained the results that *growth opportunity* has a positive and significant effect on accounting conservatism.

*Growth opportunity* is a company's opportunity to grow, this growth opportunity will encourage the market to provide a company value greater than its book value. In this research, *growth opportunity* has no effect, this is because not all managers apply the principle of conservatism. A company's opportunity to grow requires funds, most of which come from external sources, therefore a company that is growing tends to want to attract investors' interest in investing.

#### ***The Influence of Debt Covenant, Financial Distress, Profitability, and***

#### ***Growth Opportunity on Accounting Conservatism***

In this research, it shows that *debt covenant, financial distress, profitability, and growth opportunity* obtained a Sig value of  $0.004 < 0.05$  and an Fcount value of  $4.468 > F_{table} 2.35$ . So H5 which assumes that debt covenants, financial distress, profitability, and growth opportunity simultaneously influence accounting conservatism is accepted. These results are in line with research conducted by (Yanti, FH, Azmi, Z & Ahyararuddin, M, 2022), where the results obtained are that *debt covenants, leverage, financial distress and growth opportunities* simultaneously influence accounting conservatism.

#### **IV. CONCLUSION**

Regarding the results obtained using the SPSS version 23 application program, in this research research has been carried out regarding the influence of *debt covenants, financial distress, profitability, growth opportunity* on accounting conservatism in manufacturing companies in the consumer goods sector for the 2019-2022 period, so the author can draw the following conclusion, the *Debt Covenant variable*, partially has a positive and significant influence on accounting conservatism. *The Financial Distress variable* partially has a negative but not significant effect on accounting conservatism. The Profitability variable partially has a negative but not significant effect on accounting conservatism. *The Growth Opportunity variable* partially has a positive and significant effect on accounting conservatism. *The Debt Covenant, Financial Distress, Profitability*

and *Growth Opportunity* variables simultaneously influence accounting conservatism.

## REFERENCES

- Erayuni, N.M. (2023). *The Influence of Debt Covenant, Growth Opportunity and Profitability on Accounting Conservatism (Study of Textile and Garment Industry Sector Companies Listed on the Indonesian Stock Exchange for the 2017-2020 Period)*. Tadulako University.
- Fahmi, I. (2017). *Financial Statement Analysis (Six)*. Alfabeta.
- Fahmi, I. (2020). *Financial Statement Analysis (Seven)*. Alfabeta.
- Febrianti, AS (2021). *The Influence of Debt Covenant, Financial Distress on Accounting Conservatism*. Muhammadiyah University of Gresik.
- Fera, Y (2021), The Influence of Financial Distress, Growth Opportunity, Debt Covenant, and Company Size on Accounting Conservatism (Empirical Study on Consumer Goods Sector Companies Listed on the IDX for the 20126-2019 Period, *Journal of Accounting Scientific Studies, UNTAN Faculty of Economics (KAIFE, 10)*
- Ghozali, I. (2018). *Multivariate Analysis Application with the IBM SPSS 25 (Nine) Program*. Diponegoro University Publishing Agency.
- Henry. (2018). *Financial Report Analysis: Integrated and Comprehensive (Third)*. PT Grasindo.
- Hoseada, DJ (2021). *Accounting Theory in a Taxonomic Histogramic Approach* (L. Mayasari (ed.)). ANDI (IKAPI Member).
- Haryanto, E. (2021). Analysis of Factors That Influence Accounting Conservatism. *Compartment: Scientific Journal of Accounting, 18*.
- Iskandar, OR, & Sparta, S. (2019). The Influence of Debt Covenant and Political Cost on Accounting Conservatism, *Equity, 22*.
- Muharrohmah, NA Ahmar, N., & Anwar, C (2019). Institutional Ownership Moderates Growth Opportunity, Cash Conversion Cycle, Net Working Capital. *Journal of Economic Management Innovation, 1, 292-306*.
- Noviani, I., & Homan, HS (2021). The Influence of Debt Covenants and Growth Opportunities on Accounting Conservatism (Study of Manufacturing Companies Listed on the Indonesian Stock Exchange for the 2013-2017 Period). *Accounting And Banking Research , 15 (2), 577-596*.
- Pambudi, J. E (2017). The Influence of Managerial Ownership and Debt Covenant on Accounting Conservatism. *Competitive Journal of Accounting and Finance, 1 (1), 87-110*
- Pradana, C. D (2020), The Influence of Growth Opportunity, Leverage, Company Size, Managerial Ownership, and Profitability on Accounting Conservatism. *Muhammadiyah University of Magelang Thesis*.
- Rudianto. (2013). *Information Management Accounting for Strategic Decision Making*. Erlangga.
- Ramadhani, B. N & Sulistyowati, M (2019). The Influence of Financial

- Distress, Leverage, Company Size, on Accounting Conservatism in Food and Beverage Companies Listed on the IDX in 2015-2017. *Advances*, 6(2), 78-94
- Rhemanda, H. Widaryati & Mohklas (2022), The Influence of Profitability, Managerial Ownership, Company Size on Accounting Conservatism. *Scientific Journal of the Faculty of Economics, Management and Business*.
- Savitri, E. (2016). *Accounting Conservatism, Measurement Methods, Empirical Review and Factors That Influence Them* (MS Musfaldi (ed.); First). SAHILA LIBRARY.
- Sari, N & Yusraini (2004), The Influence of Institutional Ownership Structure, Managerial Ownership Structure, Public Ownership Structure, Debt Covenant, Growth Opportunity on Accounting Conservatism, *JOM Fekon*, 1(2), 1-15.
- Sugeng, B. (2017). *Fundamental Financial Management* (First). Deepublish. Sugiyono. (2017). *Quantitative, Qualitative, and R&D Research Methods*. Alfabeta, CV.
- Sugiyono, PD (2019). *Quantitative, Qualitative, and R&D Research Methods*. Alfabeta.
- Sujarweni, VW (2017). *Financial Report Analysis: Theory, Application and Research Results*. New Library Press.
- Wisnuadji, LTRI (2019). *The Influence of Financial Distress, Debt Covenant and Profitability on Accounting Conservatism (Empirical Study of Manufacturing Companies in the Consumer Goods Industry Sector Registered on BEI in 2013-2017)*. Mercu Buana University, Jakarta.

## DETERMINATION OF FINANCIAL MANAGEMENT BEHAVIOR OF STUDENTS OF THE FACULTY OF ECONOMICS AND BUSINESS, WIDYA GAMA MAHAKAM UNIVERSITY SAMARINDA

Sri Wahyuti <sup>1\*</sup>, M. Astri Yulidar Abbas<sup>1</sup>, M. Adam Riski<sup>1</sup>

<sup>1</sup>Widya Gama Mahakam University Samarinda

\*Corresponding Author: [sriwahyuti@uwgm.ac.id](mailto:sriwahyuti@uwgm.ac.id)

**Abstract.** *The background of this research is often students enter the world of lectures without responsibility for resources and good financial management. Students usually cannot control all the expenses they spend and they always follow their egos in making decisions. Financial intelligence is the ability to manage one's own financial assets, as one of the intelligences that humans need to have today. Especially with students who must have who not only study but must be able to manage their finances. The purpose of this study is to determine the Influence of Financial Knowledge, Financial Experience and Financial Attitudes on Financial Management Behavior of Students of the Faculty of Economics and Business, Widya Gama Mahakam University Samarinda. Sampling methodology refers to the method used to collect samples. The author uses a type of sampling known as multiple linear regression slovin formula, correlation coefficient, determination coefficient, validity test, reliability test, T test, F test with the help of SPSS Ver 24 software (static package for the social sciences). The results showed that financial knowledge had a positive and significant effect on Management Behavior, Financial Experience did not have a positive and significant effect on Financial Management Behavior Financial Attitude had a positive and significant effect on Financial Management Behavior and there was an*

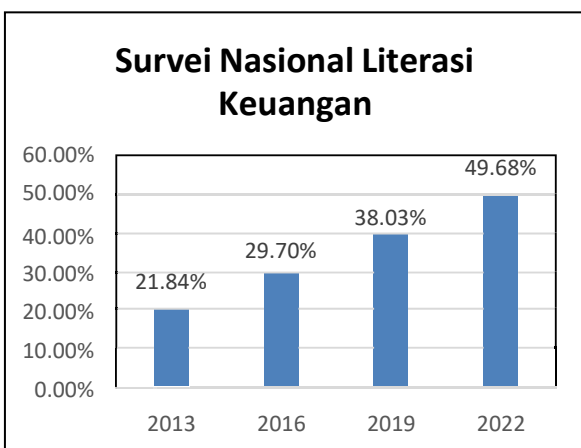
*influence of financial knowledge, financial experience and financial attitude on financial management behavior.*

*Keywords: Financial Knowledge, Financial Experience, Financial Attitude, Fairy*

### I. INTRODUCTION

Financial intelligence, namely the ability to manage one's own financial assets, as one of the intelligences that humans need to have today. Especially with students who not only study but must be able to manage their finances. Elliehausen et al. Herdjiono and Damanik (2016) show that college students enter a very important phase in their lives, where they become financially independent and begin to make decisions that have consequences. But in reality, students often enter the world of lectures without responsibility for resources and good financial management. Students usually cannot control all the expenses they spend and they always follow their egos in making decisions.

Everyone's current and future life is affected by how well money is managed. To achieve financial goals in a timely manner, a person must be very disciplined in managing his personal finances. In order to calculate the financial literacy and inclusion index of the Indonesian people, the Financial Services Authority (OJK) restructured the National Survey of Financial Literacy and Inclusion (SNLIK) in 2022



Source : Financial Services Authority (OJK)  
**Figure 1. Graph of the National Survey of Financial Literacy and Inclusion (SNLIK)**

According to the SNLIK 2022 results, the financial literacy index of the Indonesian population is 49.68 percent. This indicates that out of every 100 people, there are approximately 50 people who have acceptable knowledge, skills, beliefs, attitudes, and behaviors related to financial products and services. The Indonesian financial literacy index refers to the extent to which Indonesians understand sound financial concepts and practices, including money management, investment, insurance, and financial planning. The financial literacy index is becoming increasingly important in Indonesia as more and more people engage in complex and complex financial activities. For students, including students of Widya Gama Mahakam University Samarinda, especially the Faculty of Economics and Business, financial literacy is very important

to be understood and applied in everyday life. Here are some reasons why financial literacy is important for students:

1. Maintaining personal finances, financial literacy helps students to understand the basic concepts of financial management, such as making budgets, saving, and managing debt. It is important to maintain personal finances and avoid financial difficulties in the future.
2. Preparing for the future: As a college student, you are in the preparation phase for a brighter future.
3. Avoid fraud and cheating: Financial literacy helps students understand financial risks and prevent becoming victims of financial fraud and fraud. By understanding the basics of finance.
4. Increase career opportunities: Students with good financial literacy can have an edge in finding a job or starting their own business

In the initial observation with students of the Faculty of Economics and Business UWGM Samarinda, researchers made observations about their knowledge of financial concepts and planning, such as investment types of investment, risk management, managing money, and knowledge of financial budgeting, credit and debt, asset management such as strategies in investing by saving funds into various instruments to minimize risk.

Researchers observe financial experiences related to financial problems such as savings, credit, investment, bookkeeping, education, and vigil funds as well as events that have occurred and can be learned from personal experience, friends, family, or other people who have more experience so as to improve financial management skills, such as financial planning. Researchers also observed their financial attitudes, their attitudes toward personal financial management, and the financial management behaviors they applied in their daily lives. By



making observations with students of the faculty of economics, researchers can gain diverse insights.

The results of these observations can be concluded that there are still many students lack knowledge and experience and attitudes are still bad towards their management behavior. Funds that should be enough to cover their needs in the next month tend to run out faster because of their lavish lifestyles, and students are not able to manage it well. In addition, few students actually create a budget to meet their needs or even monitor their expenses. Researchers conducted research on Financial Knowledge, Financial Experience, and Financial Attitudes Towards Student Financial Management Behavior because of the importance of good financial management for current and future student life and there were problems found that became the basic elements of rigid research. It is the student's responsibility to create a reasonable budget and stick to it consistently to achieve their goals. Everyone, especially students, should prepare their finances both now and in the future.

For students, considering that most students do not have income so they still depend on parental gifts to meet their needs, financial management behavior becomes very important for students who are in the midst of student lifestyles shifting to the current student lifestyle, and the ability to accept responsibility for problems that occur, such as financial problems, is very important. This research is based on data obtained about the number of students in the Faculty of Economics and Business with a total of 2 study programs, namely Accounting and Management. From the data collected, there are 245 students enrolled in the Accounting Study Program, while the Management Study Program has a total of 920 students. If combined the total students from the two study programs, there are 1,165 students in

total. This data provides an overview of the comparison of the number of students between Accounting and Management, which can be the basis of research.

## II. METHODS

In this study, the data collection approach includes primary and secondary sources, and is implemented through the observation method, which is direct observation accompanied by recordings of the state or behavior of the object and questionnaire method. Where researchers distribute questionnaires listing questions related to research objects at Widya Gama Mahakam University Samarinda and are used as discussions of the author's research.

### 1. Data Analysis Techniques

To analyze the data needed or generated in the research of Financial Knowledge variables, Financial Attitudes, and Financial Experience as well as Financial Management Behavior variables, researchers use multiple linear regression, correlation coefficient, determination coefficient, validity test, reliability test, T test, F test with the help of SPSS Ver 24 software (*statistical package For The Social Sciences*). As the symptoms faced in this study, the measuring instrument used is an ordinal measuring instrument. In this study, researchers used a continuum symptom score can be used level 4 (1.2.3.4). Where researchers will sort respondents from the lowest level to the highest level. With the existence of measuring instruments using the Likert scale with the perception that strongly agree, agree, disagree, strongly disagree to produce concrete data Likert Scale Table used in this study as follows:

Table 1. Scale Likert

Choice	Skala
Totally Agree	4
Agree	3
Disagree	2
Sangat Tidak Setuju	1

Source : Sugiyono 2021

## 2. Test Data quality

### 2.1. Validity Test

The purpose of a validity test is to determine whether the data collected from the study (often through the use of questionnaires) is trustworthy or not. All mandatory requirements must include the following elements:

- If the count  $r$  is greater than the table  $r$ , then the question item on the questionnaire must be considered valid
- If the  $r$  count is lower than the  $r$  table, the questionnaire question item is considered invalid.

### 2.2. Reliability Test

Questionnaires can be used as reliable indications of a variable or construct if reliability tests are performed. If respondents' answers to statements in the questionnaire remain stable over time, then the questionnaire has high reliability. Cronbach's Alpha is used to determine reliability when there are more than two possible answers, and its value is compared to the acceptance threshold set by the reliability coefficient. Cronbach's Alpha is considered reliable if it is greater than 0.6. If Cronbach's Alpha value  $< 0.6$  then the research instrument is not reliable.

## 3. Test Classical Assumptions

### 3.1. Normality Test

The purpose of the normality test is to find out whether the residual or covariate variables in a regression model follow a normal distribution. The normality of residual values is assumed, as is already known, for tests T and F. If this hypothesis is false, then statistical tests cannot be performed with a small enough number of samples. Residual normality can be determined by chart analysis or statistical tests. Ghazali, (2021:196). In this study using the Kolmogorov-Smirnov one sample test method. Normal distributed residuals if the significance is more than 0.05 Gunawan, (2020:144)

### 3.2. Multicollinearity Test

The multicollinearity test is used in regression analysis to examine the possibility of correlation between independent variables. A reliable regression model requires that independent variables do not correlate with each other. Multicollinearity can also be seen from (1) tolerance value and its opposite, (2) variance inflation factor (VIF). These two measures indicate which each independent variable is described by the other independent variable.

Each independent variable is then regressed against the remaining independent variables, so that the dependent variable is the sum of all of them. Tolerance is a statistical measure of variation that cannot be explained in a set of independent variables. Thus, a high VIF value is associated with a low tolerance value. (because  $VIF = 1 / \text{Tolerance}$ ). The cutoff value commonly used to indicate multicollinearity is a Tolerance value of  $\leq 0.10$  or equal to a VIF value of  $10 \geq$  Ghazali, (2021:157)

### 3.3. Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is a difference in variance from residuals from one observation to another. If the variance of the residual value from one observation to another is fixed, it is called homoscedasticity. And if variance differs from one observation to another, it is called heteroscedasticity. A good regression model is one that does not occur heteroscedasticity, or in other words a good regression model is one that is homoscedasticity. There are three methods to perform this test, including:

1. Spearman's rho correlation method
2. Chart Method
3. Glejter test method.

## 4. Types of Data Analysis

### 4.1. Multiple Linear Regression Analysis

Each independent variable has a positive or negative influence on the value of the

dependent variable, and this analysis is used to determine the strength of the influence and make predictions about the value of the dependent variable in the future. Each independent variable can have both positive and negative effects. It can be expressed as a general equation:  $Y + a + b_1X_1 + b_2X_2 + b_3X_3$

Information:

- Y = Related Variables (Financial Management Behavior)
- a = Number Constant
- B1,B2,B3 = Free Direction Coefficient
- X1 = Free Variable (Financial Knowledge)
- X2 = Free Variable (Financial Attitude)
- X3 = Free Variable (Financial Experience)

#### 4.2. Correlation Coefficient

Correlation analysis can be used to establish the strength of the relationship between two variables. In this case, the Pearson Product Moment correlation is applied due to the analyzed data.

Table 2. Guidelines for providing interpretation of correlation coefficients

Interval Koephsin	Relationship Level
0,00 - 0,199	Very low
0,20 - 0,399	Low
0,40 - 0,599	Keep
0,60 - 0,799	Strong
0,80 - 1,000	Very powerful

Source: (Sugiyono, 2018:274)

The researchers used Pearson Correlation. If the data of all variables is secondary data to look for relationships between variables using the Pearson correlation test (Sujarweni and Utami, 2020:112)

#### 4.3. Coefficient of Determination (R<sup>2</sup>)

Coefficient of determination (R<sup>2</sup>) Simply put, the coefficient of determination measures how well the model explains observed variations in the dependent variable.

Between zero and one is the possible range for the coefficient of determination. With higher values, the independent variable provides a more reasonable justification for the dependent variable's behavior. (Nugraha, 2022:15)

### 5. Hypothesis Testing

#### 5.1 Simultaneous Significant Test (statistical test F)

The F statistical test is basically a test to show whether all the independent variables or independent variables included in the model have an influence together on the dependent variable or the dependent variable:

(1) If F counts > F table or Sig < α then:

- (a) Ha is accepted because there is a significant influence
- (b) H0 is rejected because there is no significant effect

(2) If F counts < F table or Sig > α then:

- (a) Ha was rejected because it did not have significant influence
- (b) H0 is accepted because there is a significant effect

#### 5.2. Test t (Partial)

The t test is used to test how far the influence of the independent variable used in this study individually in explaining the dependent variable partially with the formula:

$$T \text{ table} = (0.05/2 : n - k - 1)$$

Information:

n = number of samples

r = correlation value

Furthermore, the results of the hypothesis are compared with Ttable with the following conditions on the page:

- If tcount ≤ ttable, H0 is accepted and Ha is rejected
- If tcount ≥ ttable, H0 is rejected and Ha is accepted.

### III. RESULTS AND DISCUSSION

From the title and formulation of the problem in this study, the influence of an independent variable consisting of Financial Knowledge

(X1), Financial Experience (X2), and Financial Attitude (X3) on the dependent variable, namely Financial Management Behavior (Y) both partially and simultaneously. The sample in this study was 92 students who had filled out questionnaires.

### 1. Data Quality Test

#### 1.1. Validity Test

The validity test is to determine whether the data collected from the study (often through the use of questionnaires) is trustworthy or not.

Table 3. Validity Test Results

Variable	Indicator	r count	r table (df=92)	Information
Financial Knowledge (X1)	1	0.633	0.205	Valid
	2	0.792	0.205	Valid
	3	Choice	Scale	Totally Agree
	Agree	3	Disagree	2
Strongly Disagree	1	0.712	0.205	valid
	2	0.839	0.205	valid
	3	0.838	0.205	valid
	4	0.803	0.205	valid
Financial attitude (X3)	1	0.759	0.205	valid
	2	0.724	0.205	valid
	3	0.725	0.205	valid
	Relationship Level	0,00 - 0,199	Very low	0,20 - 0,399
Low	0,40 - 0,599	Keep	0,60 - 0,799	Strong
	Very powerful	0.696	0.205	valid
	3	0.700	0.205	valid
	4	0.762	0.205	valid
	5	0.766	0.205	valid
	6	0.821	0.205	valid
	7	0.785	0.205	valid

source : Processed SPSS output 2023

In table 3 it can be seen that the value of r

count (Corrected item – total Correlation) from the validity test has a value greater than the value of r table with  $\alpha = 0.05$ , then Degree of freedom (df)  $n-2$  where n is the number of samples, so:  $df=92-2 = 90$  is 0.205 So, from the data of all indicators used in this study, to

count than r table. So that all indicators in this study are declared valid.

#### 1.2. Reliability Test

Questionnaires can be used as reliable indications of a variable or construct if reliability tests are performed. If respondents' answers to statements in the questionnaire remain stable over time, then the questionnaire has high reliability. Cronbach's Alpha is used to determine reliability when there are more than two possible answers, and its value is compared to the acceptance threshold set by the reliability coefficient. Cronbach's Alpha is considered reliable if it is greater than 0.6. If Cronbach's Alpha value  $< 0.6$  then the research instrument is not reliable.

Table 4. Reliability Test Results

Variabel	Value	Result
	Cronch alpha	Statistik
Financial Knowledge (X1)	0,6	0,707
Financial Experience (X2)	0,6	0,804
Financial Attitude (X3)	0,6	0,715
Financial Management Behavior (Y)	0,6	0,876

source : Processed SPSS output 2024

From the table above, it can be seen that each variable has a Cronbach Alpha  $> 0.60$ . Thus the variables (Financial Knowledge, Financial Experience, Financial Attitude and Financial Management Behavior) can be said to be reliable.

### 2. Test Classical Assumptions

#### 2.1. Normality Test

Here are the results of the normality test using *kolomogorov smirnov*:

Table 4. Test distribution is Normal

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		92
Normal Parameters <sup>a,b</sup>	Mean	0,0000000
	Std. Deviation	3,33115922
Most Extreme Differences	Absolute	0,054
	Positive	0,054
	Negative	-0,041
Test Statistic		0,054
Asymp. Sig. (2-tailed)		,200 <sup>c,d</sup>

- Test distribution is Normal.
- Calculated from data.
- Lilliefors Significance Correction.
- This is a lower bound of the true significance.

source : SPSS output processed 2024

Based on the results of the Kolmogorov-Smirnov test above, it shows that significant values of  $0.200 > 0.05$ , thus it can be concluded that the processed data is normally distributed data.

## 2.2. Multicollinearity Test

The multicollinearity test is used in regression analysis to examine the possibility of correlation between independent variables. A reliable regression model requires that independent variables do not correlate with each other. Each independent variable is then regressed against the remaining independent variables, so that the dependent variable is the sum of all of them.

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Financial Knowledge	0,871	1,148
	Financial Experience	0,856	1,169
	Financial Attitude	0,772	1,296

Source : processed SPSS output 2024

Based on the table above, the tolerance and VIF values are obtained as follows:

- Financial Knowledge Variable (X1)  
Tolerance value  $0.871 > 0.10$  and VIF value  $1.148 < 10.000$  then for Financial Knowledge variable there is no multicollinearity.

- Financial Experience Variable (X2)  
Tolerance  $0.856 > 0.10$  and VIF value  $1.169 < 10.000$  then for Financial Experience variable there is no multicollinearity.
- Financial Attitude Variable (X3)  
Tolerance  $0.772 > 0.10$  and VIF value  $1.296 < 10.000$  then for Financial Attitude variable there is no multicollinearity.

## 2.3. Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is a

difference in variance from residuals from one observation to another. In this study using the Spearman's rho correlation method. **Table 6.** Heteroscedasticity Test Results

Correlations						
			Financial Knowledge	Financial Experience	Financial Attitude	Unstandardized Residual
Spearman's rho	Pengetahuan Keuangan	Correlation Coefficient	1,000	,256	,237	-0,008
		Sig. (2-tailed)		0,014	0,023	0,942
		N	92	92	92	92
	Pengalaman Keuangan	Correlation Coefficient	,256	1,000	,363	0,043
		Sig. (2-tailed)	0,014		0,000	0,686
		N	92	92	92	92
	Sikap Keuangan	Correlation Coefficient	,237	,363	1,000	-0,084
		Sig. (2-tailed)	0,025	0,000		0,425
		N	92	92	92	92
Unstandardized Residual		Correlation Coefficient	-0,008	0,043	-0,084	1,000
		Sig. (2-tailed)	0,942	0,686	0,425	
		N	92	92	92	92

Source : SPSS output processed 2024

From the test results of the Spearman's rho correlation method in the figure above, it can be seen that the sig value is higher than the Spearman's rho test of  $> 0.05$ , meaning that heteroscedasticity does not occur.

## 3. Data Analysis

### 3.1. Multiple Linear Analysis

The purpose of this study is to show, through the application of multiple linear regression analysis, the extent to which influences such as financial management behavior are influenced by factors such as financial knowledge, experience, and financial attitudes studied in the following table

Table 7. Multiple Linear Analysis Test Results

Model		Coefficients <sup>a</sup>			t	Sig.
		Standardized Coefficients	Std. Error	Standardized Coefficients		
1	(Constant)	6,432	2,283	Beta	2,817	0,006
	Pengetahuan Keuangan	0,489	0,157	0,274	3,121	0,002
	Pengalaman Keuangan	0,201	0,111	0,160	1,805	0,075
	Sikap Keuangan	0,640	0,146	0,408	4,374	0,000

a. Dependent Variable: Perilaku\_Pengelolaan\_Keuangan

Source : SPSS output processed 2024

Based on the results of regression testing in the table above, a multiple linear regression equation can be arranged as follows:

$$Y = 6.432 + 0.489 X_1 + 0.201X_2 + 0.0640X_3 + e$$

Information:

- Y = Financial Management Behavior
- X1 = Financial Knowledge
- X2 = Financial Experience
- X3 = Financial Attitude
- B = Regression coefficient
- e = Random error

Based on the regression equation, it can be explained in the following way:

- a. The value of constant ( $\alpha$ ) of Financial Management Behavior (Y) of 6.432 indicates that if the variables Financial Knowledge, Financial Experience and Financial Attitude are 0, then the value of the dependent variable Financial Management Behavior is 6.432.
- b. Financial Knowledge regression coefficient ( $X_1$ ), The results of the test conducted obtained a regression coefficient level of 0.489 this result shows the direction of the relationship between the variable Financial Knowledge and Financial Management Behavior is positive (unidirectional). This means that if Financial Knowledge increases by 1%, it will be followed by an increase in Financial Management Behavior by 0.489 assuming the other variables are constant.

- c. Financial Experience regression coefficient ( $X_2$ ), The results of the test conducted obtained a regression coefficient level of 0.201 this result shows the direction of the relationship between the Financial Experience variable and Financial Management Behavior is positive (unidirectional). This means that if Financial Experience increases by 1%, it will be followed by an increase in Financial Management Behavior by 0.201 assuming the other variables are constant.

- d. Financial Attitude Regression Coefficient ( $X_3$ ), The results of the test conducted obtained a regression coefficient level of 0.640 this result shows the direction of the relationship between the Financial Attitude variable and Financial Management Behavior is positive (unidirectional). This means that if the Financial Attitude variable increases by 1%, it will be followed by an increase in Financial Management Behavior by 0.640 assuming the other variables are constant.

### 3.2. Correlation Coefficient Analysis (R)

Here are the results of the correlation coefficient (R) test:

Table 8. Correlation Coefficient Test Results (R)

Model	Model Summary <sup>b</sup>		
	R	R Square	Adjusted R Square
1	,641 <sup>a</sup>	0,411	0,390
			Std. Error of the Estimate
			3,38746

Source : SPSS output processed 2024

Based on the table above shows that the value of the correlation coefficient (R) is 0.641 or 64.1%, this shows that the relationship between the variables Financial Knowledge ( $X_1$ ), Financial Experience ( $X_2$ ) and Financial Attitude ( $X_3$ ) Financial Management Behavior (Y) of Faculty of Economics Students. Including the level of strong relationship because based on the

interpretation guidelines the correlation coefficient of R value is between 0.60-0.799.

### 3.3. Coefficient of Determination

#### Analysis (R<sup>2</sup>)

The greater the value (R<sup>2</sup>), the more precise the regression model used.

Table 9. Test Results of Coefficient of Determination (R<sup>2</sup>)

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,641 <sup>a</sup>	0,411	0,390	3,38746

Source : Processed SPSS output 2024

Based on the table above, it shows that the value of the coefficient of determination R Square (R<sup>2</sup>) is 0.411. This means that Financial Knowledge, Financial Experience and Financial Attitudes Towards Financial Management Behavior in Students of the Faculty of Economics and Business, Widya Gama Mahakam University Samarinda amounted to 41.1% while the remaining 59.9% was influenced by variables that were not studied in this study. Thus it is concluded that the independent variable in explaining the dependent variable in this study is said to be capable.

## 4. Hypothesis Testing

For hypothesis testing in this study is done in the following way:

### 4.1. Test F(Simultaneous)

The following are the results of the hypothesis test (Test F) presented in the table as follows:

Table 10. Test Results F

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	703,197	3	234,399	20,427	,000 <sup>b</sup>
	Residual	1009,793	88	11,475		
	Total	1712,989	91			

Source : SPSS output processed 2024

Based on the results of the table analysis above, testing the hypothesis can be explained that the value of F count > F table

is (20.427 > 2.71) and F count is positive with a significant value of 0.000 < 0.05, it can be concluded that H1 is accepted, which means that Financial Knowledge, Financial Experience, Financial Attitude simultaneously have a significant effect on Financial Management Behavior of Students of the Faculty of Economics and Business, Widya Gama Mahakam University Samarinda.

### 4.2. Test t (Partial)

Based on the results of the table analysis above, the hypothesis testing can be explained as follows:

Table 11. Test Results t

Model		Coefficients <sup>a</sup>		Standardized Coefficients	t	Sig.
		Unstandardized Coefficients	Std. Error			
1	(Constant)	6,432	2,283		2,817	0,006
	Pengetahuan_Keuangan	0,489	0,157	0,274	3,121	0,002
	Pengalaman_Keuangan	0,201	0,111	0,160	1,805	0,075
	Sikap_Keuangan	0,640	0,146	0,408	4,374	0,000

Source : SPSS output processed 2024

Based on the results of the table analysis above, the hypothesis testing can be explained as follows:

1. Financial Knowledge Test (X<sub>1</sub>) of Financial Management Behavior (Y)  
 The hypothesis regarding the variable Financial Knowledge, known t calculate > t table, namely (3.121 > 1.98729) and the significance value of 0.002 < 0.05, it is concluded, which means that there is a positive and significant influence between Financial Knowledge (X<sub>1</sub>) and Financial Management Behavior (Y).
2. Financial Experience Testing (X<sub>2</sub>) Financial Management Behavior (Y)  
 The hypothesis regarding the variable Financial Experience, known t calculate < t table which is (1.805 < 1.98729) and the significance value is 0.075 > 0.05, it is concluded, which means that there is no influence and significance between Financial Experience (X<sub>2</sub>) and Financial

Management Behavior (Y).

3. Financial Attitude Testing ( $X_3$ ) Financial Management Behavior (Y)  
 The hypothesis regarding the variable Financial Attitude, known  $t$  calculate  $> t$  table, namely ( $4.374 > 1.98729$ ) and the significance value of  $0.000 < 0.05$ , it is concluded, which means that there is a positive and significant influence between Financial Attitude ( $X_3$ ) and Financial Management (Y).

### Discussion of Research Results

#### 1. Influence of Financial Knowledge, Financial Experience and Financial Attitudes on Financial Management Behavior

In the Multiple Linear Analysis test, the value of the constant ( $\alpha$ ) of Financial Management Behavior (Y) of 6.432 shows that if the variables Financial Knowledge, Financial Experience and Financial Attitude are 0, then the value of the dependent variable Financial Management Behavior is 6.432. Based on the correlation coefficient (R) test, it is shown that the relationship between Financial Knowledge, Financial Experience and Financial Attitude towards Financial Management Behavior including a strong relationship level, 0.641 or 64.1%, this shows that the variable relationship of Financial Knowledge ( $X_1$ ), Financial Experience ( $X_2$ ) and Financial Attitude ( $X_3$ ) Financial Management Behavior (Y) of Faculty of Economics Students. Including the level of strong relationship because based on the interpretation guidelines the correlation coefficient of R value is between 0.60-0.799 and the results of the coefficient of determination ( $R^2$ ) are produced Financial Knowledge, Financial Experience and Financial Attitude are enough to affect the Financial Management Behavior of FEB Students because it is worth 0.411 or 41.1%. Based on the results of the table analysis above, the hypothesis test can be explained that the value of F count  $> F$  table is (20.427

$> 2.71$ ) and F count is positive with a significant value of  $0.000 < 0.05$ , it can be concluded that it means that Financial Knowledge, Financial Experience, Financial Attitude simultaneously have a significant effect on Financial Management Behavior of Students of the Faculty of Economics and Business, Widya Gama Mahakam University Samarinda. And in accordance with the hypothesis that has been made by researchers that H1 has a positive and significant effect on Financial Management Behavior simultaneously.

#### 2. The Influence of Financial Knowledge on Financial Management Behavior

In the Multiple Linear Analysis test, the test results obtained a regression coefficient level of 0.489, this result shows the direction of the relationship between the variable Financial Knowledge and Financial Management Behavior is positive (unidirectional). This means that if Financial Knowledge increases by 1%, it will be followed by an increase in Financial Management Behavior by 0.489 assuming the other variables are constant. The value of the correlation coefficient (R) is 0.641 or 64.1%, this shows that the relationship between the variables Financial Knowledge ( $X_1$ ), Financial Experience ( $X_2$ ) and Financial Attitude ( $X_3$ ) Financial Management Behavior (Y) of Faculty of Economics Students. Including the level of strong relationship because based on the interpretation guidelines the correlation coefficient of the R value is between 0.60-0.799

The hypothesis regarding the variable of Financial Knowledge, known  $t$  calculate  $> t$  table, namely ( $3.121 > 1.98729$ ) and the significance value of  $0.002 < 0.05$ , it is concluded that, which means that there is a positive and significant influence between Financial Knowledge partially on Financial Management Behavior. The results of this study are in accordance with the hypothesis made by researchers in H2 that financial



knowledge has a positive and significant effect on financial management behavior

### 3. Financial Experience on Financial Management Behavior

In the Multiple Linear Analysis test, the test results obtained a regression coefficient level of 0.201, this result shows the direction of the relationship between the variables of Financial Experience and Financial Management Behavior is positive (unidirectional). This means that if Financial Experience increases by 1%, it will be followed by an increase in Financial Management Behavior by 0.201 assuming the other variables are constant. The value of the correlation coefficient (R) is 0.641 or 64.1%, this shows that the relationship between the variables Financial Knowledge (X1), Financial Experience (X2) and Financial Attitude (X3) Financial Management Behavior (Y) of Faculty of Economics Students. Including the level of strong relationship because based on the interpretation guidelines the correlation coefficient of R value is between 0.60-0.799. The hypothesis regarding the variable Financial Experience, known  $t$  calculate  $< t$  table which is  $(1.805 < 1.98729)$  and the significance value is  $0.075 > 0.05$ , it is concluded that there is no influence and significance between Financial Experience and Financial Management Behavior.

### 4. The Influence of Financial Attitudes on Financial Management

In the Multiple Linear Analysis test, the test results obtained a regression coefficient level of 0.640, these results show the direction of the relationship between the variables of Financial Attitude and Financial Management Behavior is positive (unidirectional). This means that if the Financial Attitude variable increases by 1%, it will be followed by an increase in Financial Management Behavior by 0.094 assuming the other variables are constant. The value of the correlation coefficient (R) is 0.641 or

64.1%, this shows that the relationship between the variables Financial Knowledge (X1), Financial Experience (X2) and Financial Attitude (X3) Financial Management Behavior (Y) of Faculty of Economics Students. Including the level of strong relationship because based on the interpretation guidelines the correlation coefficient of R value is between 0.60-0.799. The hypothesis regarding the variable Financial Attitude, known  $t$  calculate  $> t$  table, namely  $(4.374 > 1.98729)$  and the significance value of  $0.000 < 0.05$ , then concluded, which means that there is a positive and significant influence between Financial Attitude towards

## IV. CONCLUSION

Based on research data and test results that have been carried out, it can be concluded that:

1. Financial Knowledge, Financial Experience and Financial Attitude simultaneously have a positive and significant effect on the Financial Management Behavior of Widya Gama Mahakam University Samarinda Students.
2. Financial Knowledge has a positive and significant effect on the Financial Management Behavior of Widya Gama Mahakam University Samarinda Students.
3. Financial Experience does not have a positive and significant effect on the Financial Management Behavior of Widya Gama Mahakam University Samarinda Students.
4. Financial Attitude has a positive and significant effect on the Financial Management Behavior of Widya Gama Mahakam University Samarinda Students.

It is hoped that the next researcher will be able to examine other variables outside of this study in order to get more varied results Research related to financial management

behavior is relatively new, and gaps in research results are still found in the variables studied, so that the results of existing studies need to be explored further.

## REFERENCES

- Adiputra, I. G., Suprastha, N., and Tania, L. (2021). The Influence Of Financial Knowledge, Financial Attitude And Locus Of Control On Financial Behavior Of E-Wallet Users In Jakarta. *Journal of Contemporary Issues in Business and Government*, 27(1),3318-3332.
- Al Kholilah, N., & Iramani, R. (2013). Study of Financial Management Behavior in Surabaya Society. *Journal of Business & Banking*.
- Ameliawati, Setiyani. 2018. The Influence of Financial Attitude, Financial Socialization, and Financial Experience to Financial Management Behavior with Financial Literacy as the Mediation Variable. Faculty of Economics, University of Semarang. Semarang
- Aminatuzzahra. 2014. The influence of financial knowledge, financial attitudes, socio-demographics on financial behavior in individual investment decision making. *Journal of Financial Behavioral Thesis*. July (2014). Diponegoro University Semarang.
- Grace, Rizky. (2018). The Influence of Financial Literacy and Financial Attitudes on Community Financial Management Behavior with Intention as an Intervening Variable. Thesis. Department of Management, Faculty of Economics and Business and Islamic Business UIN Alauddin Makassar.
- Anwar, M. (2019). *Fundamentals of Corporate Financial Management*. Jakarta: Kencana.
- Asih, Sekar Widi and Muhammad Khafid. 2020. "The Effect of Financial Knowledge, Financial Attitude and Income on Personal Financial Management Behavior through Locus Of Control as an Intervening Variable". *Economic Education Analysis Journal*, 9(3) 748-767.
- Brigham, Eugene F., Houston, Joel F. (2019), *Fundamentals of Financial Management*, 15th Edition, USA: Cengage Learning.
- Brilianti,, T. R., & Lutfi. (2019). The Effect of Financial Knowledge, Financial Experience, and Income on Family Financial Behavior. *Journal of Business and Banking*, 9(2), 197-213
- Book 9: Financial Planning," Financial Services Authority
- Candana, V. (2020). The Influence of Personal Income, Financial Knowledge, and Financial Attitude on Financial Management Behavior in S-1 Students in DKI Jakarta In S1 thesis, Kwik Kian Gie Institute of Business and Informatics.
- Danns, D. E. (2019). Durband, D., Law, R. & Mazzolini, A. (Eds.). (2019). *Financial counseling*. Cham, Switzerland: Springer Nature Switzerland AG. ISBN: 9783319725857. 235 pp. (hardcover). *Family and Consumer Sciences Research Journal*. <https://doi.org/10.1111/fcsr.12306>
- Dewanti, V. P., & Haryono, N. A. (2021). The Effect of Financial Socialization, Financial Knowledge, Financial Experience on Financial Management Behavior with Locus of Control as a Mediation Variable for Paylater Users. *Journal of Management Science*, 9(3).
- Evelyn, Ricky, Sherly. R.T Factors Influencing The Financial Independence of Young Adults, and Evidence From Indonesia (2021) VOL.

4,NO.2,DECEMBER 2021: 182-192-  
 E-ISSN2621-6426  
 DOI:10.9744/ijbs.4.2.182-192

- Fachrurazi et al, Financial Management, First Print (Banyumas : CV. Pen Persada Editor. 2022)
- Fatimah, N., & Susanti. (2018). The influence of learning financial accounting, financial literacy, and income on the financial behavior of students of the Faculty of Economics, University of Muhammadiyah Gresik. *Journal of Accounting Education (JPAK)*, 6(1), 48–57.
- Frijns, B., Gilbert, A., & Tourani-Rad, A. (2014). Learning By Doing: The Role of Financial Experience in Financial Literacy. *Journal of Public Policy*, 34(01), 123–154
- Ghozali, Imam. (2021). Application of Multivariate Analysis with IBM Spss 26 Program. 10 ed. Diponogoro University.
- Gunawan, Ce. (2020). Proficient in Mastering Spss A Practical Guide to Managing Research Data New Edition Book for People Who (Feel) Can't and Don't Like Statistics. Yogyakarta: Deepublish Publisher.
- Handayani, A., & Santoso, R. A. (2021, September). Dividend Payout Ratio of Manufacturing Issuers in Indonesia. In *UMMagelang Conference Series* (pp. 21-29).
- Herdjiono, Irine, and Lady Angela Damanik. (2016). The Effect of Financial Attitude, Financial Knowledge, Parental Income on Financial Management Behavior. *Marauke. Journal of Theoretical and Applied Management Year 9. No. 3, December 2016*
- Humaira, I. (2017). The influence of financial knowledge, financial attitudes and personality on financial management behavior on MSME actors in batik craft centers. Thesis of Yogyakarta State University, 129–132.
- Humaira, I., & Sagoro, E. M. (2018). The Influence of Financial Knowledge and Personality on Financial Management Behavior on MSME Behavior of Batik Study Center of Bantul Regency. *Jurna Nominal*, 7.
- James L. Gibson, J. L., Ivancevich, J. M., Donnelly, Jr., Konopaske, R. 2012. *Organizations: Behavior, Structure, Processes*. Fourteenth Edition. McGrawHill. York.
- Khairani, Fadilla and Mohamad Fany Alfarisi. 2019. Analysis of the Effect of Financial Attitude, Financial Knowledge, Parental Education and Parental Income on Financial Management Behavior in S1 Students of Andalas University Padang. *Scientific Journal of Management Economics Students*. Vol.4(1).
- Grace, Princess Ida. 2016. The influence of Islamic financial planning knowledge on financial planning in Islamic economics students in Yogyakarta (Case Study of Islamic University of Indonesia and Sunan Kalijaga State Islamic University). Thesis. Faculty of Islamic Sciences, Universitas Islam Indonesia Yogyakarta: Yogyakarta.
- Kurniawan, Moh. Z. Personal Financial Management. *Eureka Media Literacy*, 2023. Smart Personal Financial Management Manage Finances. (2020). (n.p.): Deepublish.
- Mien, Nguyen Thi Ngoc and Thao, Tran Phuong (2015). Factors Affecting Personal Financial Management Behaviors Evidence from Vietnam Proceedings of the Second Asia – Pacific Conference on Global Business, Economics, Finance and Social Sciences (AP15 Vietnam Conference) ISBN: 978-1 63415-

8336. 10-12 July, 2015. Danang – Vietnam.
- Muhidia, S. C. U. (2019). The Influence of Financial Knowledge, Financial Attitude, and Locus of Control on the Financial Behavior of Management Study Program Students of the University of Muhammadiyah Gresik [University of Muhammadiyah Gresik].  
<https://doi.org/10.1002/ejoc.201200111>
- Nisa, F. K., Salim, M. A., & Priyono, A. A. (2020). The influence of financial knowledge, financial attitudes, and personality on financial management behavior in creative economy MSME actors in the culinary sub-sector of Malang Regency. *E – Journal of Management Research*, 9(7), 93–106.
- Nugraha, Billy. (2022). *Development of Statistical Tests: Implementation of Multiple Linear Regression Methods with Consideration of Classical Assumption Tests*. LIBRARY LINKS. Banking and financial literacy. N.p., Deepublish, 2019.
- Peter Garians Sina. You want to be financially healthy. Bogor: Guepedia, 2016.
- Pradiningtyas, T. E., and Lukiastuti, F. (2019). The Effect of Financial Knowledge and Financial Attitudes on the Locus of Control and Financial Management Behavior of Economics Students. *Journal of Minds: Management of Ideas and Inspiration*, 6(1), 96.  
<https://doi.org/10.24252/minds.v6i1.9274>
- Prihartono, M. R. D., and Asandimitra, N. (2018). Analysis Factors Influencing Financial Management Behavior. *International Journal of Academic Research in Business and Social Sciences*, 8(8), 308–326.
- Prita Hapsari Ghozie, Make It Happen (Smart Book of Financial Plans to Make Dreams Come True), (Jakarta: PT. Gramedia Main Library, 2014)
- Pritazahara, Sriwidodo, (2015). The Effect of Financial Knowledge and Financial Experience on Investment Planning Behavior with Self Control as a Variable Moderating, Vol. 15, No. 1.
- Puneet, B., Yajulu Medury. (2014). An Empirical Analysis of Intern Linkages Between Financial Attitudes, Financial Behavior and Financial Knowledge of Salaried Individuals. *Indian Journal of Commerce & Management Studies*, 5 (3), 58-64.
- Pusparani, A., & Krisnawati, A. (2019). Analysis of the Effect of Financial Literacy and Financial Attitude on Financial Behavior in Junior High School Students in Bandung City. *Journal of Management Partners (JMM Online)*, 3(1), 72–83.
- Rahmawati, I. (2020). The influence of financial knowledge, financial experience, and income level on family financial behavior in Surabaya with locus of control as a mediating variable. <https://journal.perbanas.ac.id>, 14.
- Reviandani Wasti. (2019). The Effect of Financial Experience and Income Level on Financial Behavior in Yosowilangun Village, Manyar Gresik District
- Rustiaria, A. P. (2017). The influence of Financial Knowledge, Financial Attitudes and Education Level on family financial management behavior. 1–14
- Selvi. (2018). COMMUNITY FINANCIAL LITERACY. Gorontalo: Ideas Publishing.
- Siswanto, Ely Basic Financial Management. Malang: State University of Malang, 2021.
- Sugiyono. (2018). Quantitative, Qualitative and R & D Research Methods. Bandung: Alfabeta

- Sugiyono. (2022). *Quantitative, Qualitative and R & D Research Methods*. Bandung: Alfabeta
- Sujarweni, V. W., & Utami, L. R. (2020). *The Master Book of SPSS: Smart Processing of Statistical Data for All Needs Self-taught*. Yogyakarta: Indonesia's Great Child
- Supriadi . Azizurrohman M. (Personal Financial Planning Book, (Purbalingga: Eureka Media Aksara, 2022)
- Susdiani, L. (2017). The Effect of Financial Literacy and Financial Experience on the Investment Planning Behavior of Civil Servants in Padang City. *Nagari Development Journal (SI)*, 2(1), 61–74.
- Triani, A., & Mulyadi, H. (2019). Improved financial experience of adolescents for better Islamic financial literacy. *Radenfatah I-Finance*, 14.
- Yulianti, N., & Silvy, M. (2013). Financial Management Attitude and Family Investment Planning Behavior in Surabaya. *Journal of Business and Banking*.
- Yusnia, and Jubaedah. 2017. "The Effect of Income, Locus of Control, and Financial Knowledge on the Financial Behavior of MSME Actors in Cinere District". *Journal of Economics and Business Vol 4 No 2*
- Zahroh, Fatimatus. 2014, Testing the level of financial knowledge, personal finance attitudes, and personal financial behavior of students majoring in Management, Faculty of Economics and Business semester 3 and semester 7. Thesis. Diponegoro University, Semarang.

## THE INFLUENCE OF CEO BUSYNESS AND FINANCIAL PERFORMANCE: EVIDENCE ON ENERGY SECTOR LISTED IN INDONESIA STOCK EXCHANGE

Siti A'isyah<sup>1</sup>, Rahman Anshari\*<sup>1</sup>, Yulia Tri Kusumawati<sup>1</sup>, Kharimatul Anggun Nur Aini<sup>1</sup>, Isnaini Adawiyah Pablea<sup>1</sup>

<sup>1</sup>Department of Accounting, University of Muhammadiyah Kalimantan Timur, Indonesia

\*Corresponding Author: [ra940@umkt.ac.id](mailto:ra940@umkt.ac.id)

**Abstract.** *The purpose of this research is to empirically examine the moderation effect of board size on the correlation between CEO busyness and financial performance. The research was conducted at energy sector companies that listed on Indonesian Stock Exchange in 2020 – 2022. The independent variable in this research is CEO busyness, measured by a dummy variable if the CEO holds more than one position. The dependent variable is financial performance which is measured using ROA, The Moderator variable in this research is board size which is measured by the number of board directors. The control variable in this research is company size which is measured by LogLN total assets. The sample used in this research was 100 firm-years in energy sector company listed on Indonesia stock exchange and included in the main board. Testing was carried out by using moderated regression analysis using SPSS. The research result found that board size positively moderated the correlation between CEO Busyness and financial performance.*

**Keywords:** *CEO Busyness, Financial Performance, Board Size, Firm Size, Energy Sector*

### I. INTRODUCTION

Public companies are characterized by a separation between company ownership and company management where top managers (CEOs) provide services to the company for the purpose of organizational success (Jatana, 2023). Effective leadership by the CEO and CEO competence are indicators that can influence organizational success, especially when making decisions (Gupta & Mahakud, 2020)

Decision-making is a strategic factor implemented by company leaders. Bad decision-making will damage the company's reputation (Cherkasova & Ivanova, 2019). Various variations of leadership have been seen by academics and regulators as important to note, including CEO busyness (Ferris et al., 2019). The results of empirical studies show that there is an impact of a busy CEO on company performance.

In Indonesia, CEO dual positions are regulated in several regulations, namely Act No. 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition; Act No. 40 of 2007 concerning Limited Liability Companies; Bapepam-LK Regulation No.

III.A.3 concerning Director of Stock Exchange; Regulation of Bapepam and LK

No. III.B.3 concerning Director of Clearing and Guarantee Institution; Regulation of Bapepam and LK No. III.C.3 concerning Director of Depository and Settlement Institution. In these regulations, it can be concluded that whether or not the President Director is allowed depends on the type of business.

Several previous studies have argued that if the CEO has many positions, it will increase the CEO's workload and reduce their time and attention to the company, which will lead to poor management supervision (Ahn et al., 2010; Jiraporn et al., 2009). On the other hand, there is also an argument that states that a busy CEO can improve company performance (Beji et al., 2021; Harymawan et al., 2019).

The novelty of this study compared to previous studies is in the use of moderating variables. This study empirically tests the influence of CEO busyness on Financial Performance with the moderation of the board of directors size.

CEO busyness is thought to affect the company's financial performance. If the CEO holds multiple positions, the CEO's time and energy will be divided across several organizations. Directors who hold multiple positions may have difficulty allocating their time effectively between various directorships and other tasks. This, in turn, will interfere with the function of the company's board of directors. Carpenter & Westphal (2001) in their study showed that CEOs who serve as directors in several companies often find it difficult to manage their time and attention effectively. Another argument is that CEOs who hold directorships outside their own company may become burdened with commitments in other company positions (Khan & Mauldin, 2021). The CEO's busyness can reduce the CEO's concentration and focus on improving company performance. Thus, CEOs who are busy outside the company

will have a negative impact on the company's financial performance.

This study explores how board size can reduce the negative impact of CEO busyness on the company's financial performance. If the CEO of a company is busy as a director or position outside the company but has a large board of directors, the company can still maintain good financial performance. Based on this assumption, a hypothesis is made.

**H1: Board size has a moderating effect on the correlation between CEO Busyness and Financial Performance**

## II. METHODS

This research is a quantitative research with an archival research approach. The subjects of this research are energy companies listed on the Indonesia Stock Exchange that are listed on the top board. The number of samples in this study was 100 company years. Research data were obtained from esgi.ai and the company's annual report.

### Variable measurement

- Independent:  
CEO Busyness: Dummy variable, give 1 if the CEO holds more than one position. 0 to others.
- Dependent:  
Financial Performance: ROA (Return on Assets)
- Moderator:  
Board Size: Number of members of the board of directors
- Control:  
Company Size: LN Total Assets

Data analysis was carried out using Moderated Regression Analysis using SPSS Software.

### III. RESULTS AND DISCUSSION

The dependent variable in this study is Financial Performance. The Independent Variable used in this study is CEO busyness, and the moderating variable is the size of the board of commissioners. The counter variable used in this study is company size. The study was conducted on energy sector companies listed on the Indonesia Stock Exchange and

included in the main board category.

#### Frequency

Based on Table 1, it is shown that out of 100 company-year samples, there are 25 company-year samples of CEOs who do not have dual positions. There are 75

company-year samples of CEOs who have dual positions. This shows that the majority of CEOs (President Directors) of companies in the energy sector have other positions besides being CEO in the company.

Table 1. CEO Activity Category

Frequency			
	Frequency	Percent	Cumulative Percent
Non-Busy	25	25	25
Busy	75	75	100
	100	100	

#### Descriptive Statistics

Based on the descriptive statistics presented in Table 2, information obtained from 100 company-year samples, the average company ROA is 10.99%, the lowest value is -9.80%, and the highest value is 61.60%. The average size of the board of directors is 4.55 people, the lowest number is 2 people and the highest number is 11 people. The average company size measured using Ln total assets is 29.77, the

Table 2. Statistic Descriptive

	N	Minimum	Maximum	Mean
ROA	100	-.098	.616	.10997
BRD_SIZE	100	2	11	4.55
FRM_SIZE	100	21.977	32.765	29.77265
Valid N (listwise)	100			

#### Moderated Regression Analysis and Hypothesis Testing

Table 3. ANOVA

Model	Sum of Square	Df	F	Sig.
Regression	16.073	4	142.585	.000 <sup>b</sup>
Residual	2.677	95		
Total	18.750	99		

- a. Dependent Variable: ROA
- b. Predictors : (Constant), CEO\_BUSY, FRM\_SIZE, BRD\_SIZE, BSY\_BRDSZE

#### Results before entering moderating variables

Table 4. Coefficients

Model	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	.966	.806		1.198	.234
CEO_BUSY	-.104	.318	-.034	-.326	.745
BRD_SIZE	-.014	.027	-.065	-.532	.596

- a. Dependent Variable: ROA
- b. Predictors: Constant, FRM\_SIZE, BRD\_SIZE

#### Results after entering moderating variables

Table 5. Coefficients

Model	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	.807	.308		2.623	.010
CEO_BUSY	.390	.123	.129	3.169	.002
BRD_SIZE	-.	.011	-.640	-	.000
FRM_SIZE	.139	.002		12.134	
BSY_BRDSZE	-.	.011	-.010	-.221	.826
	.182	.008	1.074	23.763	.000

- a. Dependent Variable: ROA
- b. Predictors : Constant, BSY\_BRDSZE, ROA, FRM\_SIZE, BRD\_SIZE



Based on the test results, the coefficient value of the interaction variable is presented in Table 5. The P-value obtained is  $0.000 < 0.05$ , so the hypothesis is accepted, that the size of the board of directors moderates the negative influence of the relationship between CEO Busyness and the company's financial performance.

Researchers argue that CEO busyness can affect the company's financial performance. When the CEO has a position outside the company, it will affect the company's performance. The CEO's busyness can reduce the CEO's concentration and focus to improve the company's performance. Thus, a CEO who is busy outside the company will have a negative effect on the company's financial performance.

However, if the board of directors is large, it can reduce this negative influence. These results follow the researcher's assumptions. When the board of directors has a large number, it means that the company can divide more detailed tasks among each director. This can reduce the problem of divided CEO focus. Thus, the company can still maintain its financial performance.

#### IV. CONCLUSION

This study contributes to the phenomenon of CEO dual positions and how dual positions can affect performance, especially financial performance. The results of the study indicate that the size of the board of directors can weaken the influence of the CEO's busyness on the company's financial performance. This means that if a company decides to hire a CEO who also holds a dual position elsewhere, it would be better to increase the size of top management to avoid the company's lack of attention.

Further research is recommended to look at the gender of the CEO because men and women have different ways of handling multitasking work.

#### REFERENCES

- Ahn, S., Jiraporn, P., & Kim, Y. S. (2010). Multiple directorships and acquirer returns. *Journal of Banking & Finance*, 34(9), 2011–2026. <https://doi.org/https://doi.org/10.1016/j.jbankfin.2010.01.009>
- Beji, R., Yousfi, O., Loukil, N., & Omri, A. (2021). Board Diversity and Corporate Social Responsibility: Empirical Evidence from France. *Journal of Business Ethics*, 173(1), 133–155. <https://doi.org/10.1007/s10551-020-04522-4>
- Carpenter, M. A., & Westphal, J. D. (2001). The Strategic Context of External Network Ties: Examining the Impact of Director Appointments on Board Involvement in Strategic Decision Making. *Academy of Management Journal*, 44(4), 639–660. <https://doi.org/10.5465/3069408>
- Cherkasova, V., & Ivanova, A. (2019). Do Political Connections Influence Investment Efficiency in Russian Companies? *Journal of Corporate Finance Research / Корпоративные Финансы | ISSN: 2073-0438*, 13(2), 36–49. <https://doi.org/10.17323/j.jcfr.20730438.13.2.2019.36-49>

Ferris, S. P., Javakhadze, D., & Rajkovic, T. (2019). An international analysis of CEO social capital and corporate risk-taking. *European Financial Management*, 25(1), 3–37.  
<https://doi.org/https://doi.org/10.1111/eufm.12156>

Gupta, N., & Mahakud, J. (2020). CEO characteristics and bank performance: evidence from India. *Managerial Auditing Journal*, 35(8), 1057–1093.  
<https://doi.org/10.1108/MAJ-03-2019-2224>

Harymawan, I., Nasih, M., Ratri, M. C., & Nowland, J. (2019). CEO busyness and firm performance: evidence from Indonesia. *Heliyon*, 5(5).  
<https://doi.org/10.1016/j.heliyon.2019.e01601>

Jatana, C. (2023). Board characteristics and CEO turnover–performance relationship: evidence from India. *Corporate Governance: The International Journal of Business in Society*, 23(4), 766–799.  
<https://doi.org/10.1108/CG-01-2022-0038>

Jiraporn, P., Singh, M., & Lee, C. I. (2009). Ineffective corporate governance: Director busyness and board committee memberships. *Journal of Banking & Finance*, 33(5), 819–828.  
<https://doi.org/https://doi.org/10.1016/j.jbankfin.2008.09.020>

Khan, S., & Mauldin, E. (2021). Benefit or burden? A comparison of CFO and CEO outside directorships. *Journal of Business Finance and Accounting*, 48(7–8), 1175–1214. <https://doi.org/10.1111/jbfa.12512>

## THE INFLUENCE OF LIQUIDITY RATIOS, SOLVENCY RATIOS, AND ACTIVITY RATIOS ON THE FINANCIAL PERFORMANCE OF AT TUROTS AL ISLAMY HOSPITAL

Ahmad Muhadi<sup>1</sup>, Salamatun Asakdiyah<sup>1</sup>, Aftoni Sutanto<sup>1</sup>

<sup>1</sup>Master of Management Study Program, Faculty of Economics and Business Ahmad Dahlan University

\*Corresponding Author: [2208051036@webmail.uad.ac.id](mailto:2208051036@webmail.uad.ac.id)

**Abstract.** *This study aims to determine the effect of liquidity ratios, solvency ratios, and activity ratios on the company's financial performance. The independent variables in this study are Current Ratio (CR), Debt to Assets Ratio (DAR), Total Asset Turn Over (TATO), while the dependent variable is Return on Assets (ROA). The object of this research is Turots Al Islamy Hospital Yogyakarta. This type of research is quantitative research and the data used in this study are secondary data, namely monthly financial statement data at At Turots Al Islamy Hospital for 30 months. The results showed that Current Ratio and Debt to Assets Ratio had no effect on Return of Assets, while Total Assets Turn Over had an effect on Return on Assets.*

**Keywords:** *likuidity ratio, solvency ratio, activity ratio, financial performance.*

### I. INTRODUCTION

The development of At Turots Al Islamy Hospital, which seems to tend to stagnate, is a concern for the Management of the At Turots Al Islamy Assembly Foundation to analyze and make improvements, one of which is the financial management section

of At Turots Al Islamy Hospital. This is because good financial conditions will have an impact on improving facilities, completeness of medical equipment, and other improvements.

Financial conditions can be measured by several calculation methods that aim to determine financial performance. Financial performance itself can be measured and calculated using financial ratios. Several types of financial ratios to measure and calculate financial performance include profitability ratios, liquidity ratios, solvency ratios, and activity ratios.

In previous research conducted by Indriastuti and Ruslim in 2020 on "The Effect of Liquidity Ratios, Solvency Ratios, and Activity Ratios on Company Financial Performance" it was concluded that: 1) Current Ratio (liquidity) has a negative and insignificant effect on Return on Equity of Health and Pharmaceutical companies. 2) Debt to Equity Ratio (solvency) has a negative and significant effect on Return on Equity of Health and Pharmaceutical companies. 3) Total Asset Turnover (activity) has a positive and insignificant effect on Return on Equity of Health and Pharmaceutical companies. 4) Current Ratio, Debt to Equity Ratio, and Total Asset

Turnover together have a positive and significant effect on Health and Pharmaceutical companies.

## II. METHODS

The type of research used is quantitative research. The object of this research is the business unit of the At Turots Al Islamy Assembly Foundation, namely At Turots Al Islamy Hospital. The data used in this study are secondary data in the form of financial statements of At Turots Al Islamy Hospital during the period November 2021 - April 2024. The data collection method uses the documentation method, namely by collecting financial statement data that has been made by At Turots Al Islamy Hospital.

## III. RESULTS AND DISCUSSION

Table 4.1  
Normality Test

	Value
Total Sample	30
Result	0,604
Significance	0,859

Based on table 4.1 of the normality test results shows that the value obtained is 0.604 with a significance of 0.859. With a significance value of  $0.859 > 0.05$ , it can be concluded that the data used in this study is normally distributed so it is suitable for research.

Table 4.2  
Hypothesis Test

	Test t	Significance
Curent Ratio	0,783	0,441
Debt to Assets Ratio	-0,211	0,835
Total Assets Turn Over	3,559	0,001

Based on table 4.2 of the hypothesis test results, the following conclusions can be drawn:

1. The current ratio variable has a significance value of  $0.441 > 0.05$ , which means that there is no effect of current ratio on return on assets, so Hypothesis 1 is rejected.
2. The debt to assets ratio variable has a significance value of  $0.835 > 0.05$ , which means that there is no effect of the debt to assets ratio on return on assets, so Hypothesis 1 is rejected.
3. The total assets turn over variable has a significance value of  $0.001 < 0.05$ , which means that there is an effect of total assets turn over on return on assets, so Hypothesis 1 is accepted.

## IV. CONCLUSION

Based on the results of data analysis in this study, the authors concluded that the liquidity ratio and solvency ratio have no effect on financial performance, while the activity ratio affects the financial performance of At Turots Al Islamy hospital.

This research is limited to return on assets as a measure of financial performance, so it is hoped that further research can use other measuring instruments to assess financial performance such as return on equity, operating profit margin, gross profit margin, or net profit margin.

## REFERENCES

- Alpi, M. F. (2018). The Effect of Debt To Equity Ratio, Inventory Turn

Over, and Current Ratio on Return On Equity in Pharmaceutical Sector Companies Listed on the Indonesia Stock Exchange.

Indriastuti, Anneke Maria dan Ruslim, Herman (2020). The Effect of Liquidity Ratio, Solvency Ratio, and Activity Ratio on Company Financial Performance.

Munawir, S. 2007. Financial Statement Analysis. Fourth Edition. Liberty. Yogyakarta.

Sugiyono. (2016). Quantitative Qualitative and Combination Research Methods (mixed Methods). Bandung: Alfabeta.

## ANALYSIS OF HEALTH AT INDONESIA STATED OWNED BANK USING RGEC METHOD AT PT. BANK NEGARA INDONESIA (PERSERO) Tbk FOR PERIODS 2020-2023

Syevila Ukhriawati Mas'ula<sup>1</sup>, Eva Naula Widiyawati<sup>1</sup>, Melanie Putria Septerina  
Arisusilo<sup>1</sup>

<sup>1</sup>Universitas Muhammadiyah Ponorogo, Indonesia

\*Corresponding Author: [sevila12.07@gmail.com](mailto:sevila12.07@gmail.com)

**Abstract.** *This study aims to analyze the health level of PT Bank BNI (Persero) Tbk. In this study it was measured using the RGEC Method (Risk, Good Corporate Governance, Earnings and Capital). This research analysis uses a quantitative approach in the annual financial reports of Bank Negara Indonesia for the 2020–2023 period. The variables and measurements of this research consist of risk, good corporate governance, income and bank capital as themain indicators of the health of Bank Negara Indonesia (Persero). The datacollection technique in this research is based on financial reports from the official Bank Negara Indonesia website. The results of the analysis show that the health level of PT Bank Negara Indonesia (Persero) for the 2020-2023 period as measured using the RGEC method has gradually increased and developed so that the bank is said to be healthy. With the scope of the assessment including RGEC factors: (1) The Risk Profile aspect of BNI Bank in 2020 was in a very healthy*

*condition with an average NPL value of 0.12% but in 2021-2023 it decreased to 0.09%, 0.11%, 0.07% with healthy criteria and LDR of 6%, 4%, 6%, 9%. (2) The GCG aspect at Bank BNI has increased with a very healthy condition with an average value in 2020 of 0.01% and in 2021-2023 0.02%. (3) The Earnings aspect is respectively in a very healthy condition with average ROA values of 2.73%, 2.59%, 6.63%, 8.01% and ROE of 15.86%, 13.44 %, 27.82%, 42.65%. (4) Capital aspects are in a very healthy condition with CAR values of 0.16%, 0.18%, 0.17%, 0.20%, indicating that the CAR is increasing, meaning that the company's capital is also experiencing an increase, with additional capital being possible. increase in bank income. (5) The overall RGEC aspect is in a very healthy condition.*

*Keywords: Bank Health, RGEC Method, Islamic Bank*

## I. INTRODUCTION

Financial institutions is very important asset in development economy a country. Financial institutions have very vital role in advance economy a country. In Indonesia, progress the economy relies heavily on contributions institution finance. By overall, institution finance refers to companies that operate in the sector finances, fine in collect funds, distribute funds, or both of them (Kasmir, 2012) .

Banks are business entities that collect public funds through savings and allocate them return to public in form credit or product finance other , with objective For increase welfare of many people (Kasmir, 2014) . One of indicator main used as base evaluation health is report bank finances showing condition bank finance general. From the report finance the will evaluated condition actual bank, incl identification its weaknesses and advantages. Report reflecting bank finances circumstances bank finance whole (Kasmir, 2011) .

Bank Indonesia has take step strategic For push banking apply management risk through Bank Indonesia Regulation no. 13/1/PBI/2011. Regulation This related with evaluation level public bank health with RGEC method which includes Profile Risk, Good Corporate Governance (GCG), Profitability and Capital. Guidelines calculation more carry on arranged in Bank Indonesia Circular Letter No. 13/24/DPNP dated 25 October 2011 which requires banks to carry out a self-assessment with RGEC method.

RGEC method start effective on January 1, 2012 which includes evaluation level bank health for period ending December 31, 2011. Application method this also results revoked it Bank Indonesia Regulation no. 6/10/PBI/2004 concerning System Assessment of the Health Level of Commercial Banks and Bank Indonesia Circular Letter No. 6/23/DPNP dated 31 May 2004 concerning System Assessment of the Health Level of Commercial Banks with CAMELS method.

Initially PT Bank Negara Indonesia (Persero), Tbk (hereinafter called "BNI" or "Bank") was founded in Indonesia as a central bank with the name "Bank Negara Indonesia" is appropriate with Regulation Government Replacement Law no. 2 of 1946 which was issued on July 5 1946. Then through Law no. 17 1968, BNI changed Name became "Bank Negara Indonesia 1946" and its status redirected become a commercial bank state property. In its development, BNI's role as a responsible bank answer increase economy society and contribute to development national recognized and strengthened through Law no. 17 of 1968 concerning Bank Negara Indonesia 1946.

BNI as institution finance state-owned register its history as the first bank to go public in 1996 after recorded its shares on the Jakarta Stock Exchange and the Surabaya Stock Exchange. For increase stability finance and power competitive in the banking market national, BNI has do a number of step strategic, including recapitalization by the Government in 1999, divestment share Government in 2007, and offers general limited shares in 2010. Currently, the majority BNI shares, namely

60%, are owned by the Government Republic of Indonesia, while the remaining 40% owned by various holder stock, okay individual nor institution, fine from in nor overseas. BNI currently This occupy ranking four national banks Indonesia's largest view of total assets, credit and party funds the three he has. BNI also provides service comprehensive finance with support from a number of child companies, such as Bank BNI Syariah, BNI Multifinance, BNI Securities, BNI Life Insurance, and BNI Remittance.

There is seven policy strategic the company will become focus on 2023 including. 1. develop solution transactions and ecosystem in fulfil need customers. 2. develop infrastructure technology as well as digital innovation through data *driven* based *analytics*, *customer experience*, and *expansion partnership*. 3. BNI focuses on improvement cheap fundraising or Current Account Savings Account (CASA) and income based cost or sustainable Fee Based Income (FBI). 4. BNI improves expansion business at *the corporate top tier* as well sector priority, *value chain*, and *cross selling* with prioritize culture risk. 5. The Company continues Human Capital, Culture and Operational Transformation so that more agile and appropriate track in support business company. 6. The company strengthens network business international in support global market penetration. 7. BNI optimizes BNI Group synergy in strengthen Subsidiary Company position.

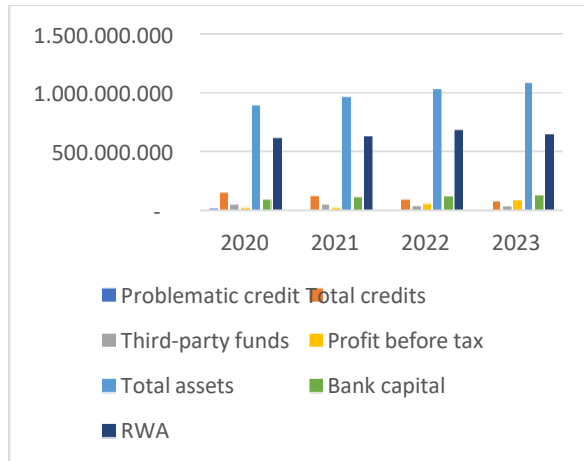
Choosing PT. Bank Negara Indonesia because PT Bank Negara Indonesia (Persero) Tbk or more known

with BNI recorded performance brilliant with won two awards leading in the Marketeers Youth Choice Award (YCA) 2024. BNI succeeded reach Silver rank in the Dream Workplace BUMN category and Bronze rank in the Electronic Money (TapCash) category. Award This is form confession on BNI's dedication in give convenience transaction for Generation Z through TapCash service, as well become destination dream as place Work for Gen Z. Bank performance or condition bank health can analyzed through report finance. One of objective from report finance That Alone is for give information for users report finance For taking decision. For evaluate performance banking generally use four aspect assessment is a must done namely RGEK (Risk, Good Corporate Governance, Earnings, Capital). All aspect the can used for know level health a bank, and can evaluate performance a bank. This matter is tool measuring official that has been determined by Bank Indonesia for count health a Bank in Indonesia. However in matter study This only analyze from aspect finance that's all, so aspect management No used only aspects of Risk, Good Corporate Governance, Earnings, Capital.



### Pra Data Bank PT. BNI (Persero) Tbk 2020-2023

(in million/trilliun)



Based on description above, visible exists variation from results different research so that creates a research gap and we are researchers interested For do study with similar topic. As for the title fromstudy This is “Analysis of Bank Health Level Using the RGEC Method (Case Study of PT. Bank Negara Indonesia(Persero) Tbk Period 2020-2023)”.

#### Formulation problem

Based on the setting behind there is a number of results research that does not consistent, so researcher can formulate problem as following:

- 1) How is the assessment of the level of bank health at PT Bank Negara Indonesia (Persero) Tbk in terms of Risk in the 2020-2023 period?
- 2) How is the assessment of the level of bank health at PT Bank Negara Indonesia (Persero) Tbk in terms of Good Corporate Government in the 2020-2023 period?

- 3) How is the assessment of the level of bank health at PT Bank Negara Indonesia (Persero) Tbk in terms of Earnings in the 2020-2023 period?
- 4) How is the assessment of the level of bank health at PT Bank Negara Indonesia (Persero) Tbk in terms of Capital in the 2020-2023 period?
- 5) How is the assessment of the level of bank health at PT Bank Negara Indonesia (Persero) Tbk viewed from the RGEC aspect in the 2020-2023 period?

## II. METHODS

### 1. Types of research

This research uses a quantitative descriptive method which aims to describe phenomena that occur currently or in the past. This research process will involve collecting data in accordance with the provisions stipulated in Bank Indonesia Regulation No. 13/1/PBI/2011 and Circular Letter no. 13/24/DPNP dated 25 October 2011.

### 2. Method of collecting data

#### 1) Data Types and Sources

The type of data used in this research is documentary data which includes factors, journals, letters, meeting minutes, memos or program reports. This research uses secondary data sources, namely data obtained indirectly through intermediary media. In this research, secondary data was taken from the financial reports of PT Bank Negara Indonesia (Persero) Tbk for the 2020-2023 period.

## 2) Data analysis technique

The data analysis technique used is a financial report analysis technique with reference to Bank Indonesia Regulation Number 13/1/PBI/2011 concerning the assessment of the Soundness Level of Commercial Banks. Based on this regulation, Bank Indonesia has replaced the CAMELS assessment with a risk-based Bank Health Level assessment system. The assessment includes RGEC factors consisting of:

## 1. Risk (Risk)

- NPL (Non-Performing Loans)

### **PT Bank Negara Indonesia (Persero) Tbk NPL Period 2020-2023**

(in million/trilliun)

NPL	Problematic Credit	Total Credit	Ratio
2020	18.000.000	148.939.000	0.12%
2012	11.294.000	122.929.000	0.09%
2022	10.192.000	92.059.000	0.11%
2023	5.428.000	75.791.000	0.07%

## III. RESULTS AND DISCUSSION

Bank health assessment is an assessment of the bank's ability to carry out normal banking operational activities and capabilities of the bank in fulfilling its obligations. Bank health assessment is very important to maintain public and banking

trust. This bank health assessment is carried out by assessing several factors that are indicators of whether a bank is healthy or not. Based on Bank Indonesia Regulation No.13/1/PBI/2011 and SE No.13/24/DPNP dated 25 October 2011 concerning the Health Level Assessment System for Commercial Banks, the Bank's health assessment includes the following factors:

Profile risk credit PT Bank Negara Indonesia (Persero) Tbk be measured using NPL in 2020 shows a percentage of 0.12% in 2021 shows percentage of 0.09% p This because decrease in credit problematic. In 2022 the NPL of PT. Bank Negara Indonesia (Persero) Tbk show percentage of 0.11%. In the year of furthermore namely in 2023 the NPL shows percentage amounting to 0.07% due to exists decline to credit problematic.

### **PK Weight of NPL Components**

Period	NPL	Criteria	Rating	Information
2020	12%	< 2 %	2	Very healthy
2021	9%	< 2 %	2	Very healthy
2022	11%	< 2 %	2	Very healthy
2023	7 %	< 2 %	1	Very healthy

- LDR (Loan to Deposit Ratio)

**PT Bank Negara Indonesia (Persero)  
 Tbk LDR Period 2020-2023**

(in million/trilliun)

Period	Profit before tax	Total Assets	Ratio
2020	24.300.000	891.337.000	2.73%
2012	25.000.000	964.838.000	2.59%
2022	58.000.000	1.029.837.000	5.63%
2023	87.000.000	1.086.664.000	8.01%

Profile risk liquidity PT. Bank Negara Indonesia (Persero) Tbk be measured using LDR in 2020 shows percentage of 62.29% and can said Healthy. In 2021 shows the LDR percentage is 37.61% and it is said No Healthy. Furthermore, in 2022 the LDR percentage will show percentage amounting to 58.56% and can said No Healthy. In 2023 LDR PT. Bank Negara Indonesia (Persero)

Tbk show percentage amounted to 86.89% and was said to be very healthy.

**PK Weight of LDR Components**

Period	LDR	Criteria	Rating	Information
2020	62%	< 85%	2	Healthy
2021	37%	< 85%	3	Not healthy
2022	58%	< 85%	3	Not healthy
2023	86%	< 85%	1	Very healthy

**2. Good Corporate Governance (GCG)**

PT. GCG (Good Corporate Governance) risk profile. Bank Negara Indonesia (Persero) Tbk was measured using GCG in 2020 showing a percentage of 0.01%, with very healthy conditions from 2020 to 2023

experiencing an increase showing a GCG percentage of 0.02%.

**3. Earnings**

- ROA (Return on Assets)

**PT Bank Negara Indonesia (Persero)  
 Tbk ROA Period 2020-2023**

(in million/trilliun)

Period	Credit given	Third-party funds	Ratio
2020	309.700.000	49.717.55.4	62%
2012	187.000.000	49.717.554	37%
2022	208.800.000	35.654.000	58%
2023	268.934.400	30.950.000	86%

The Capital Profile of PT Bank Negara Indonesia (Persero) Tbk measured using ROA in 2020 shows a percentage of 2.73% which is considered healthy. In 2021, ROA

will decrease, showing a percentage of 2.59%, which can be said to be healthy. In 2022, ROA will increase by a percentage of 5.63%, which can be said to be healthy. In 2023, ROA will increase by a percentage of 8.01%, which can be said to be very healthy.

**PK Weight of ROA Components**

Period	ROA	Criteria	Rating	Information
2020	2.73%	> 2%	3	Healthy
2021	2.59%	> 2%	3	Healthy
2022	5.63%	> 2%	2	Healthy
2023	8.01%	> 2%	1	Very healthy

- ROE (Return on Equity)

**PT Bank Negara Indonesia (Persero)  
 Tbk ROE Period 2020-2023**

(in million/triliun)

Period	Bank Capital	RWA	Ratio
2020	96.481.000	614.633.000	0.16%
2021	112.685.000	636.201.000	0.18%
2022	118.936.000	681.385.000	0.17%
2023	130.938.000	646.940.000	0.20%

The Capital Profile of PT Bank Negara Indonesia (Persero) Tbk measured using ROE in 2020 shows a percentage of 15.86% which is said to be healthy. In 2021, ROE will decrease, showing a percentage of 13.44%, which is considered unhealthy. In 2022, ROE will increase with a percentage of 27.82%, which is said to be healthy. In 2023, ROE will increase again with a percentage of 42.65%, which can be said to be very healthy.

**PK Weight of ROE Components**

Period	ROE	Criteria	Rating	Information
2020	15.86%	> 15%	3	Healthy
2021	13.44%	> 15%	3	Not healthy
2022	27.82%	> 15%	2	Healthy
2023	42.65%	> 15%	1	Very healthy

4. Capital

- CAR (Capital Adequacy Ratio)

**PT Bank Negara Indonesia (Persero)**

**Tbk CAR Period 2020-2023**

(in million/triliun)

Period	Profit After Tax	Total Capital	Ratio
2020	17.899.000	112.872.000	15.86%
2021	17.000.000	126.520.000	13.44%
2022	39.000.000	140.198.000	27.82%
2023	66.000.000	154.733.000	42.65%

The Capital Profile of PT Bank Negara Indonesia (Persero) Tbk measured using CAR in 2020 shows a percentage of 0.16% and is said to be healthy. In 2021, the CAR will increase by showing a percentage of 0.18% and can be said to be healthy. In 2022 CAR will experience a slight decline with a percentage of 0.17% and can be said to be healthy. In 2023, CAR will increase by a percentage of 0.20% and can be said to be very healthy.

**PK Weight of CAR Components**

Period	CAR	Criteria	Rating	Healthy
2020	0.16%	> 12%	2	Healthy
2021	0.18%	> 12%	3	Healthy
2022	0.17%	> 12%	1	Very healthy
2023	0.20%	> 12%	3	Healthy

#### IV. CONCLUSION

Based on results research and should answer formulation problem based on analysis that has been done concluded that PT Bank Negara Indonesia (Persero) experienced enhancement in a way gradual and growing in level his health during 2020-2023 period. Evaluation This based on several RGECE factors:

1. Risk Profile: In 2020, Bank BNI was in a very healthy condition with an average NPL (Non-Performing Loan) of 0.12%. In 2021-2023, NPL decreased to 0.09%, 0.11% and 0.07% respectively, which is also a healthy criterion. LDR (Loan to Deposit Ratio) also shows a healthy increase from year to year.

2. GCG (Good Corporate Governance): GCG aspects have improved, with very healthy conditions from 2020 to 2023.

3. Earnings (Income): ROA (Return on Assets) and ROE (Return on Equity) show a significant increase from year to year, showing a very healthy performance in generating income.

4. Capital (Capital): CAR (Capital Adequacy Ratio) shows an increase from year to year, which reflects an increase in company capital. This additional capital has the potential to increase bank income.

With so, in fact Overall, Bank BNI cansaid in very healthy condition based on RGECE assessment during period the.

#### REFERENCES

- Kasmir. (2011). *Bank dan lembaga keuangan* (Revisi). Rajawali Pers.
- Kasmir. (2012). *analisis laporan keuangan*. Rajawali Pers.
- Kasmir. (2014). *analisis laporan keuangan* (1st ed.). rajawali pers.
- Maryam, B. S. (2021). ANALISIS TINGKAT KESEHATAN BANK SYARIAH MENGGUNAKAN METODE RGECE (Studi Pada Bank BNI Syariah Periode 2016-2020). *Industry and Higher Education*, 3(1), 1689–1699.  
<http://journal.unilak.ac.id/index.php/JIEB/article/view/3845%0Ahttp://dspace.uc.ac.id/handle/123456789/1288>
- Novi Nisa Khasana, Ririn Wahyu Arida, & Nuril Aulia Munawaroh. (2022). ANALISIS TINGKAT KESEHATAN BANK DENGAN MENGGUNAKAN METODE RGECE (Risk Profile, Good Corporate Governance, Earning, &Capital) PADA PT BANK BNI PERSERO TBK PERIODE 2016-2020. *GEMILANG: Jurnal Manajemen Dan Akuntansi*, 2(4), 274–284.  
<https://doi.org/10.56910/gemilang.v2i4.188>
- Nufus, K., Triyanto, F., & Muchtar, A. (2019). Analisis Tingkat Kesehatan Bank Dengan Metode RGECE (Studi Kasus PT.Bank BNI (Persero) Tbk ). *Jurnal SEKURITAS (Saham, Ekonomi, Keuangan Dan Investasi)*, 3(1), 76.  
<https://doi.org/10.32493/skt.v3i1.3264>

## COMPARATIVE ANALYSIS OF THE HEALTH LEVEL OF SHARIA COMMERCIAL BANKS (CASE STUDY OF PT BANK PANIN DUNAI SYARIAH Tbk FOR THE 2020-2023 PERIOD)

Navalya Afta Ayumni Audrya<sup>1\*</sup>, Ernisi Riniawati<sup>1</sup>, Angelia Wahyu Diana<sup>1</sup>

<sup>1</sup>University of Muhammadiyah Ponorogo, Indonesia

\*Corresponding Author: [navalyaaudrya@gmail.com](mailto:navalyaaudrya@gmail.com)

**Abstract.** Business activities carried out by sharia banks can run well if the bank's condition is in the healthy category, making it possible to measure the bank's health. Bank health level assessment carried out by PT. Bank Panin Dubai Syariah Tbk must be equipped as a source of information for parties involved in preparing the company's internal business strategy. This is used as a guide for potential investors in investing, a means of communication for investors stakeholder and as an official document for Indonesia's main banking regulator. This research aims to determine the level of bank health at PT Bank Panin Dubai Syariah Tbk. The research method used uses the RGEC method. The type of data used in this research is a quantitative descriptive method with secondary data sourced from the Annual Financial Report of PT Bank Panin Dubai Syariah Tbk for the 2020-2023 period. The results of this research show that PT Bank Panin Dubai Syariah shows the health of the bank based on the ratio for the 2020-2023 period which based on LDR is assessed as Very Healthy, NPL is assessed as Unhealthy, GCG is assessed as Very Healthy, ROA is assessed as Healthy, ROE is assessed as Very Healthy, NIM is assessed as Healthy, BOPO is rated as Healthy and CAR is rated as Very Healthy.

Thus, it can be said that PT Bank Panin Dubai Syariah Tbk for the 2020-2023 period has a good level of health.

**Keywords:** Bank Health Level, Islamic Banking, RGEC Method

### I. INTRODUCTION

At the end of 2019, the world was shocked by the emergence of a new virus known as Covid-19. Covid-19 is a rapidly spreading disease caused by various types corona virus newly discovered. This virus was first transmitted through traders from Wuhan City (China). In the global situation from WHO and PHEOC data from the Ministry of Health, the total confirmed cases of Covid-19 in the world are 258,164,425 with deaths reaching 5,166,192 in 204 countries in the world. This virus can be said to have spread very quickly throughout the world, resulting in many deaths, including Indonesia (Kondirin, 2022).

The Covid-19 pandemic period from early March 2020 to November 2021 continued to increase, the Indonesian government had reported nearly 8,500,000 people who were confirmed positive for Covid-19, with the death toll reaching 143,766 people (INFEKSIEMERGING, 2021). The business sector in Indonesia has had a negative impact due to the current pandemic. The performance of companies in the tourism, property, automotive, manufacturing, financial sectors, even the MSME sector, which plays an important role in contributing to a country's economic growth, is also feeling the impact of the pandemic that has hit Indonesia (Maulida et al., 2022). Apart from that, with the Covid-19 pandemic there has actually been a negative impact on the financial sector which has experienced a decline. This can cause the risk of credit default to banks to increase, so that a bank's capital and income will decrease and this will have an impact on customer confidence which will also decrease and assets will also decrease (Devi, 2021).

Behind the negative impacts that occur in the financial sector, there is still one sector that exists dotted safe when compared to other sectors, namely sharia banking. The development of sharia banking in Indonesia began with the establishment of Bank Muamalat by implementing a system Islamic Bank amidst the growth and development of conventional banks. In 1998 there was a monetary crisis in Indonesia which caused conventional banks in Indonesia to collapse and experience liquidation in quite large numbers. Meanwhile, sharia banking was able to survive and continue to exist from the impact of the crisis that hit. Strategic

steps that can be taken by sharia banks in Indonesia in order to improve their performance in the global economy are by improving the financial performance of domestic sharia banking.

In conditions like these, the role of banking is very important because it can maintain economic stability and aims to provide financial support to society so that it can improve its welfare. This moment will be an opportunity for financial institutions in Indonesia, including sharia banking, to participate in helping the community's economy. This is proven by the Financial Services Authority (OJK) regulation No.11/BOY.03/2020 concerning credit or financing relaxation for people affected by the Covid-19 pandemic. This condition can have an impact on the health of the bank. The CAMEL method consists of assessment factors such as capital, asset quality, management, income and liquidity, and can be used to measure the level of bank health (Kasmir, 2014). Bank Indonesia (BI) Regulation No. 13/1/PBI/2011 concerning the system for assessing the health level of commercial banks, which includes the use of bank assessments, establishes benchmarks for the level of bank health that will be used in this research. specifically based on Risk Profile, Good Corporate Governance. This RGEC method does not replace the CAMEL method. However, of the two methods, the RGEC method can be said to be better because aspects of the assessment can adapt to the latest regulations such as Basel II and assess various risks such as operational.

One of the sharia banks that has been able to survive amidst the Covid-19 outbreak is PT Bank Panin Dubai Syariah Tbk, this bank is one of the sharia banks that continues to develop and grow in increasing sharia banking business activities. PT Bank Panin Dubai Syariah Tbk currently has 22 branch offices spread throughout Indonesia, 4 of which are in Jakarta. Factors that can influence the development of a sharia bank

are seen from its customers, because customers can consider several things that need to be paid attention to in order to ensure the achievement of sharia banking development targets. Some of them have been identified, namely laws and regulations that are in accordance with the characteristics of sharia banking businesses. The growth of the office network that can meet the increasing needs of the community for sharia banking services, Location, Profit Sharing and Promotion simultaneously influence the customer's decision process to become a customer at PT Bank Panin Dubai Syariah Tbk (Fauzan et al., 2021).

The results of research (Wijaya et al., 2022) show that the aspects of capital (CAR), assets (NPL), management (NPM), profits (ROA) show that there is no difference between before and during the Covid-19 pandemic and liquidity (LDR) exists. Significant differences in Regional Development Banks (BPD) in Indonesia which are included in ASBANDA show that there are no significant differences between before and during the Covid-19 pandemic. The results of this research are different from research by (Maulida et al., 2022) which stated that there were significant differences in CAR, NPL, LDR ratios in banks before and during the pandemic. Meanwhile, ROA and BOPO have insignificant differences before and during the Covid-19 pandemic.

Seeing how important it is to analyze financial reports to find out information about bank health, and because of the differences between the RGEC method and the CAMEL method, this research will explain the differences between the two methods, and the author will also compare the level of bank health during the pandemic and after the pandemic. Covid-19. The author will compare the results of bank health levels in 2020-2021, namely during the Covid-19

pandemic, and in 2022-2023, namely after the Covid-19 pandemic. Based on the description outlined on, researchers are interested in taking the title "Comparative Analysis of the Health Level of Sharia Commercial Banks (Case Study of PT. Bank Panin Dubai Syariah Tbk. Period 2020-2023)".

## II. METHODS

Based on the type of data, this research was conducted using a descriptive method using a quantitative approach with the aim of determining the level of bank health at Sharia Commercial Banks. The population used in this research is Sharia Commercial Banks registered with the Financial Services Authority (OJK) and the Indonesian Stock Exchange (BEI). The sample used was PT Bank Panin Dubai Syariah Tbk. The research was conducted using secondary data. This secondary data was obtained from collection carried out by researchers based on the 2020-2023 Annual Financial Report from the Indonesia Stock Exchange (BEI) and using references obtained from other sources. The analytical method used in this research uses the RGEC and CAMEL methods which are calculated using the NPL ratio (Risk Profile credit risk section), LDR (Risk Profile liquidity risk section), GCG (Good Corporate Governance), ROA (Earning), CAR (Capital).

## III. RESULTS AND DISCUSSION

Bank health analysis is measured using the RGEC method (Risk Profile, GCG, Earning, Capital).

### Risk Profile



Risk Profile is an evaluation process used to measure the level of bank health. In terms of risk profile, The ratios used are as follows:

Credit risk is the risk of loss arising from the failure of the borrower (debtor) to fulfill its obligations in accordance with the agreed credit agreement. This risk is one of the major risks faced by financial

institutions, especially banks. Because borrowers and credit are a big part of business activities. Therefore, the higher the NPL ratio a bank has, the lower the quality of the loans provided by that bank. Conversely, the lower the NPL ratio, the better the loans provided by the bank and the lower the risk it faces for loan problems.

Table 1  
 PT Bank Panin Dubai Syariah Tbk NPL Ratio Value During and After the Covid-19 Pandemic

Bank name	Moment	Information	After	Information	Up and down
Panin Dubai Syariah	1,39%	Very healthy	71,11%	Not healthy	-69,72%

Source: Annual Financial Report, data processed in 2024

According to Very Healthy's statement, PT Bank Panin Dubai Syariah Tbk's NPL ratio was 1.39% during the Covid-19 pandemic as seen in the table above. Meanwhile, after the Covid-19 pandemic, 71.11% was indicated as Unhealthy. This shows that Bank Panin Dubai Syariah has a lower number of bad loans and financing by customers, because the higher the NPL ratio value obtained from the bank, the lower the quality of financing will be.

Based on the descriptive data in the table above, it shows that PT Bank Panin

Dubai Syariah's Tbk NPL ratio during the Covid-19 pandemic and after experienced a fairly high decline, namely 69.72%.

### Liquidity Risk

Based on table 2, the results of the liquidity risk recapitulation at PT Bank Panin Dubai Syariah Tbk for 2020-2023 use the LDR ratio. LDR is a ratio that measures how much total savings are channeled into loans. Liquidity risk according to the LDR ratio, the higher the LDR ratio obtained, the less healthy a bank will be. On the other hand, if you have a low LDR, it will indicate that the bank's liquidity risk is in good condition

Table 2  
 PT Bank Panin Dubai Syariah Tbk LDR Ratio Value During and After Covid-19

Bank name	Moment	Information	After	Information	Up and down
Panin Dubai Syariah	24,76%	Very healthy	45,78%	Very healthy	-21,02%

Source: Annual Financial Report, data processed in 2024

In the table above, the average ratio as measured by the LDR Ratio at PT Bank Panin Dubai Syariah Tbk was 24.76% during the Covid-19 period, which is

indicated by the statement Very Healthy. Meanwhile, in the period after Covid-19, it was 45.78%, namely with the description Very Healthy. The resulting information shows that Bank Panin Dubai Syariah is quite capable of dealing with the negative impacts that occur as a result of the company's condition.

Based on the descriptive data in the table above, it shows that the LDR ratio of PT Bank Panin Dubai Syariah Tbk during the Covid-19 pandemic and afterward decreased by 21.02%, thus PT Bank Panin Dubai Syariah's liquidity ratio experienced good conditions even during the Covid-19 pandemic.

### Good Corporate Governance (GCG)

Based on circular no. 10/SEOJK.03/2014, every sharia business bank is required to carry out its own inspections periodically. Good corporate governance is the principles implemented by a company to increase profits, improve its performance and contribution, and ensure the company's long-term sustainability. The composite rating of a bank can indicate whether or not the implementation of GCG in that bank is good. Thus, the lower the GCG rating of a bank, the better the implementation of GCG of a bank, and the higher the GCG rating of a bank.

Table 3  
 PT Bank Panin Dubai Syariah Tbk GCG Ratio Value During and After Covid-19

Bank name	Moment	Information	After	Information	Up and down
Panin Dubai Syariah	0,42%	Very healthy	0,50%	Very healthy	-0,09%

Source: Annual Financial Report, data processed in 2024

In the data above, the GCG Ratio value obtained at Bank Panin Dubai Syariah during the Covid-19 pandemic was shown in the Very Healthy statement at 0.42%. Meanwhile, in the post-Covid-19 period, it also showed a Very Healthy statement with a gain of 0.50%.

Based on the descriptive data in the table above, it shows that the GCG ratio at PT Bank Panin Dubai Syariah Tbk during the Covid-19 pandemic and afterward decreased by 0.09%.

### Earning

Earnings are an important component in assessing the health of banking in Indonesia. Earnings measure a bank's ability to generate stable and sustainable profits. One indicator is ROA.

### Return on Asset (ROA)

ROA is a ratio used to calculate net profit to total assets which shows how efficient a bank is in managing its assets to generate profits.

Table 4  
 PT Bank Panin Dubai Syariah Tbk ROA Ratio Value During and After Covid-19.

Bank name	Moment	Information	After	Information	Up and down
Panin Dubai Syariah	1,55%	Very healthy	1,81%	Very healthy	-0,26%

Source: Annual Financial Report, data processed in 2024

Based on calculations of the ROA Ratio value at PT Bank Panin Dubai Syariah Tbk during the Covid-19 pandemic, it is proven by the Very Healthy statement which was obtained at 1.55%. Meanwhile, in the period after Covid-19, it was proven by a gain of 1.81%, indicating that assets at PT Bank Panin Dubai Syariah Tbk were at a very healthy level. This is in accordance with the provisions of Bank Indonesia with a Very Healthy ROA standard if the ROA Ratio value is  $> 1.5\%$ .

Based on the descriptive data in the table above, it shows that PT Bank Panin Dubai Syariah's Tbk ROA ratio during the Covid-19 pandemic and afterward decreased by 0.26%.

### Capital

Capital is a component used to measure the financial strength of a bank and its ability to bear unexpected losses. The ratio used to measure capital is CAR. CAR is a capital adequacy ratio that functions to accommodate the risk of loss that a bank may face.

Table 5  
 PT Panin Dubai Syariah Bank Tbk CAR Ratio Value During and After Covid-19

Bank name	Moment	Information	After	Information	Up and down
Panin Dubai Syariah	27,49%	Very healthy	21,61%	Very healthy	5,88%

Source: Annual Financial Report, data processed in 2024

Based on the CAR ratio value in the table above, it shows that PT Bank Panin Dubai Syariah Tbk during the Covid-19 pandemic was 27.49%, which is indicated by the statement Very Healthy. Meanwhile, after the Covid-19 pandemic, it was shown at 21.61% with the description Very Healthy.

Based on the descriptive data in the table above, it shows that the CAR Ratio of PT Bank Panin Dubai Syariah Tbk during the Covid-19 pandemic and afterward experienced an increase as indicated by the CAR Ratio value of PT Bank Panin Dubai Syariah Tbk increasing by 5.88%.

used the RGEC and CAMEL methods. First assessment on Risk Profile by using 2 indicators, namely the LDR and NPL ratio, which shows that the results during the Covid-19 pandemic were very healthy. Meanwhile, after the Covid-19 pandemic, it was unhealthy. Second assessment on Good Corporate Governance using the GCGRatio shows that the results during and after the Covid-19 pandemic were both very healthy. Third assessment on Earning using the ROA Ratio shows that the results during and after the Covid-19 pandemic were both very healthy. Fourth assessment on Capital with the CAR Ratio showing that gains during and after the Covid-19 pandemic with both very healthy results.

### REFERENCES

Devi, H. (2021). Pengaruh Rasio Kesehatan Bank terhadap Return on Assets pada Bank Umum Syariah di Indonesia. *Owner*, 5(1), 152–163.

### IV. CONCLUSION

The results of the research carried out can be concluded that the level of bank health at PT Bank Panin Dubai Syariah Tbk during and after the Covid-19 pandemic

<https://doi.org/10.33395/owner.v5i1.311>

- INFEKSIEMERGING. (2021, November 25). *Situasi Terkini Perkembangan Coronavirus Disease (COVID-19) 25 November 2021*. Kementrian Kesehatan Republik Indonesia.
- Kasmir. (2014). *Bank dan Lembaga keuangan lainnya*. Rajawali Pers.
- Kondirin, K. (2022). RGEC: Analisis Tingkat Kesehatan Bank BCA Syariah Sebelum dan Selama Pandemi Covid-19. *Jurnal Ilmiah Ekonomi Islam*, 8(3), 3670. <https://doi.org/10.29040/jiei.v8i3.6821>
- Maulida, Z., Ibnu, A. R., & Khair, M. (2022). Analisis Perbandingan Ketahanan (Resilience) Keuangan Bank Umum Syariah antara Sebelum dan Selama Pandemi Covid-19. *Istithmar : Jurnal Studi Ekonomi Syariah*, 6(1), 59–67. <https://doi.org/10.30762/istithmar.v6i1.31>
- Wijaya, M., Zhaba, S. U., & Nugraha, G. A. (2022). DI INDONESIA PADA BANK PEMBANGUNAN DAERAH MENGGUNAKAN METODE CAMEL Oleh. *Jurnal Ekonomi Dan Bisnis*, 11(3).

## WHAT IS THE HEALTH LEVEL OF BANK VICTORIA SYARIAH IN 2020-2023?

Firda Dewi Mutiara<sup>1</sup>, Dinda Maulina Suryani<sup>1</sup>, Devi Yunitasari<sup>1</sup>

<sup>1</sup>Universitas Muhammadiyah Ponorogo, Indonesia

\*Corresponding Author: [firdadewi01@gmail.com](mailto:firdadewi01@gmail.com)

**Abstract.** *The health level of a bank is very important to assess how well the bank's financial performance is. This study aims to analyze the health level of Islamic banks using the RGEC method (Risk Profile, Good Corporate Governance, Earnings, Capital) at Bank Victoria Syariah in the 2020-2023 range. Analyzed ratios such as Risk Profile with NPF and FDR, GCG with Self- assessment, Earnings with ROA, ROE, and BOPO, and Capital with CAR. This research is descriptive research with a quantitative approach, where the data collection technique uses secondary data. Data measurement uses standards according to Bank Indonesia Circular Letter No. 13/24/DPNP/2011. The results of this study indicate that the average of each ratio analyzed in 2020-2023 states that NPF gets the result PK-2 or "Healthy", FDR gets the result PK-2 or "Healthy", GCG gets PK-2 or "Healthy", ROA gets the result PK-4 or "Less Healthy", ROE gets the result PK-4 or "Not Healthy", BOPO gets the result PK-3 or "Enough Healthy", and CAR gets the result PK-1 or "Very Healthy".*

**Keywords:** *Financial Performance, Health Level of Islamic Banks, RGEC, Bank Victoria Syariah*

### I. INTRODUCTION

Banks have an important role in the economy in Indonesia, because banks are present as intermediary institutions that are useful for connecting between parties who have excess capital and parties who need capital and must have healthy financial performance in order to carry out the intermediary function properly. (Abidin and Endri 2009). To find out how the state of the bank's financial performance, measurement is carried out by analyzing the bank's financial statements with a focus of attention on the information contained in the financial statements. So, from these analysis activities, it is able to make users of financial statements know and predict bank finances that will occur in the future. (Hartono 2016).

In Indonesia, Islamic banks have their own appeal to the public. This is because there are many factors that influence it, one of which is the demographic factor whereas many as 87% of Indonesian people adhere to Islam. In terms of the characteristics of Islamic banks themselves, it lies in providing benefits from the bank to customers with the application of a profit-sharing system and services that are appropriate or closely related to the characteristics of the customer. This can be one of the reasons for regular customers who use services at Islamic banks, which are primarily an

option for saving. The promotion carried out and the level of customer satisfaction are also determining factors in how accepted Islamic banks are by the community. The sharia principles applied are able to increase the attractiveness of Islamic banks in the eyes of the public, especially those who are Muslim. Because for people who are Muslim, investing must also have principles that are in line with Islamic law. Thus, using an Islamic bank is the right choice to be used regularly in investing the income owned (Irpan 2024).

The development of Islamic banking in Indonesia is currently still leading to a positive increase. However, even so in its development there are still challenges in the form of several strategic issues that need to be resolved, so that development is getting better. Based on the Islamic Banking Transformation Study prepared by the Otoritas Jasa Keuangan (OJK) in 2019 (OJK 2019), There are several strategic issues that can cause delays in the acceleration of Islamic banking business development, such as the lack of differentiation in significant business models, the quality and quantity of human resources that are less than optimal, and literacy and inclusion that are still at a low level. Currently, there are even more new challenges that arise due to the impact of the global Covid-19 pandemic, namely the New Normal era. This era forces to change the system, especially in Islamic banking, to follow the pattern of people's social life with increasing vigilance that requires physical distancing when interacting. However, from another point of view, this event can provide goodness, namely an increase in concern for others, especially in problems that occur in the economic field. Thus, the emergence of this challenge has also indirectly provided opportunities for Islamic banking to focus on providing digital-based services and meeting the social needs of the community so that it can play a role in development in the post-

pandemic economy. So that the development of Islamic banking previously contained in the Indonesian Islamic Banking Roadmap in 2015-2019 has finally reached the end of its journey. As a continuation of the direction of the development of Indonesian Islamic banking in facing new strategic issues after the pandemic, the Indonesian Islamic Banking Development Roadmap for 2020-2025 was prepared with a vision of realizing Islamic banking that is resilient, has a high level of competitiveness, and has a significant contribution to the national economy and social development in Indonesia (Otoritas Jasa Keuangan 2020).

Based on the Decree of the Governor of Bank Indonesia Number: 12/8/KEP.GBI/DpG/2010, Bank Victoria Syariah officially began operations on April 1, 2010 in accordance with sharia principles. Bank Victoria Syariah was chosen for research because it can represent Islamic banks in Indonesia that have good financial performance. This research is descriptive research with a quantitative approach, where the data collection technique uses secondary data. Measurements are made using standards according to Bank Indonesia Circular Letter No. 13/24 / DPNP / 2011 using the RGEC approach (Risk Profile, Good Corporate Governance, Earnings, Capital). The focus of this research is to measure how the financial performance of Bank Victoria Syariah after the pandemic, namely in 2020-2023. This research is important to do, because during the pandemic in 2021 the financial performance of Bank Victoria Syariah has decreased to the position of the "Less Healthy" category, with a comparison in the previous year 2017-2020 still in the "Healthy Enough" category position. (Syariah et al. 2024). In 2019, Bank Victoria Syariah's financial performance

was still good with the category “Moderately Healthy”. (Badri 2019).

This study also wants to prove related to previous research which provides a conclusion that in 2022 the Bank's financial performance has improved well after the pandemic, but with a note that the BOPO ratio is still high. (Wiyani and Sholahuddin 2024). So this research is hereto examine this with additional research to examine the financial performance of Bank Victoria Syariah until 2023.

## II. METHODS

Financial institutions are expected to maintain their financial quality at all times under any conditions. Healthy financial institutions play an important role in the stability of the financial system as a whole. If financial institutions are healthy, they will most likely be able to cope with economic shocks and maintain public confidence in the financial system. Therefore, a bank health assessment is conducted using the RGEC methodology.

The to find out whether a bank is very healthy, healthy, moderately healthy, unhealthy, or unhealthy compared to its financial performance. Financial authorities such as Bank Indonesia and the Otoritas Jasa Keuangan (OJK) argue that bank health assessment assesses the bank's ability to carry out normal banking operations and properly fulfill all its obligations in accordance with applicable banking regulations.

## III. RESULTS AND DISCUSSION

Financial institutions are expected to maintain their financial quality at all times under any conditions. Healthy financial institutions play an important role in the stability of the financial system as a whole.

If financial institutions are healthy, they will most likely be able to cope with economic shocks and maintain public confidence in the financial system. Therefore, a bank health assessment is conducted using the RGEC methodology. The aim is to find out whether a bank is very healthy, healthy, moderately healthy, unhealthy, or unhealthy compared to its financial performance. Financial authorities such as Bank Indonesia and the Otoritas Jasa Keuangan (OJK) argue that bank health assessment assesses the bank's ability to carry out normal banking operations and properly fulfill all its obligations in accordance with applicable banking regulations.. The results of the analysis of the financial statements of Bank Victoria Syariah can be seen in Table

1. Below:

Table 1. Analysis of the Financial Statements of Bank Victoria Syariah

Faktor	2020	2021	2022	2023
<b>NPF</b>	4,73%	9,54%	1,81%	0,73%
<b>FDR</b>	74,05%	65,26%	76,73%	107%
<b>ROA</b>	0,16%	0,71%	0,45%	0,68%
<b>ROE</b>	(0,09%)	1,79%	1,54%	1,02%
<b>BOPO</b>	97,80%	91,35%	95,05%	70,82%
<b>CAR</b>	24,60%	33,21%	149,68%	65,83%
<b>GCG</b>	Healthy	Healthy	Healthy	Healthy

The method that will be used to measure bank health is the RGEC method. The aspects assessed consist of Risk Profile with NPF and FDR ratios, Government with GCG ratios, Earnings with ROA, ROE and BOPO ratios, Capital with CAR ratios. The standardization used in measuring the health level of banks is using standards in accordance with Bank Indonesia Circular Letter 13/24 / DPNP /

2011. With the criteria of Rank 1 “Very Healthy”, Rank 2 “Healthy”, Rank 3 “Enough Healthy”, Rank 4 “Less Healthy” and Rank 5 “Not Healthy”.

1. Risk Profile

- Non Performing Financing (NPF)  
 NPF is the ratio of non-performing financing to total financing provided by the bank.

Table 2. NPF Ratio Analysis

Year	Ratio	Standard :
2020	4,73%	Rank 1
2021	9,54%	NPF < 2%
2022	1,81%	Rank 2
2023	0,73%	2% ≤ NPF < 5%
		Rank 3
		5% ≤ NPF < 8%
		Rank 4
		8% ≤ NPF < 12%
		Rank 5
		NPF ≥ 12

Based on the table above, it can be seen that NPF in 2020 is “Healthy”, in 2021 “Less Healthy”, in 2022 “Very Healthy” and in 2023 “Very Healthy”. This proves that Bank Victoria Syariah's NPF from 2020-2023 has improved well. So that financing is considered smooth.

- Financing Deposit Ratio (FDR) FDR is a ratio used to measure the level of liquidity by measuring the amount of funds channeled by the bank after being compared with the amount of deposits.

Table 3. FDR Ratio Analysis

Year	Ratio	Standard:
2020	74,05%	Rank 1
2021	65,26%	50% < FDR ≤ 75%
2022	76,73%	Rank 2
2023	107%	75% < FDR ≤ 85%
		Rank 3
		85% < FDR ≤ 100%
		Rank 4
		100% < FDR ≤ 120%
		Rank 5
		FDR > 120%

Based on the table above, it can be seen that FDR in 2020 is “Very Healthy”, in 2021 “Very Healthy”, in 2022 “Healthy” and in 2023 “Less Healthy”.

This proves that Bank Victoria Syariah's FDR has decreased from year to year. So that the bank's liquidity is considered poor.

2. Government

- Good Corporate Governance

The Good Corporate Governance (GCG) Rating assesses the quality of bank management in the application of five principles of good corporate governance: transparency, accountability, responsibility, professionalism, and fairness. GCG principles and assessment focus on the application of good corporate governance principles and model the provisions of good corporate governance applicable to Islamic commercial banks, taking into account the characteristics of the bank's business. Bank Victoria Syariah's GCG for 2020-2023 is rated good or “Healthy”.

3. Earnings

- Return On Asset (ROA)

ROA is a profitability ratio that calculates between net income and total assets.

Table 4. ROA Ratio Analysis

Year	Ratio	Standard :
2020	0,16%	Rank 1
2021	0,71%	ROA > 1,5%
2022	0,45%	Rank 2
2023	0,68%	1,25% < ROA ≤ 1,5%
		Rank 3
		0,5% < ROA ≤ 1,25%
		Rank 4
		0% < ROA ≤ 0,5%
		Rank 5
		ROA ≤ 0%

Based on the table above, it can be seen that ROA in 2020 “Less Healthy”, in 2021 “Enough Healthy”, in 2022 “Less Healthy” and in 2023 “ENOUGH Healthy”. This proves that Bank Victoria Syariah's ROA in 2020-2023 is not considered good. So that profitability is considered less.



- Return On Equity (ROE)  
 ROE is a ratio that measures net profit after tax relative to equity. This ratio determines the profitability with which the bank generates profits from its own capital.

Table 5. ROE Ratio Analysis

Year	Ratio	Standard :
2020	-0,09%	Rank 1
2021	1,79%	ROE > 23%
2022	1,54%	Rank 2
2023	1,02%	18% < ROE ≤ 23%
		Rank 3
		13% < ROE ≤ 18%
		Rank 4
		8% < ROE ≤ 13%
		Rank 5
		ROE ≤ 8%

Based on the table above, it can be seen that ROE in 2020 is “Not Healthy”, in 2021 “Not Healthy”, in 2022 “Not Healthy” and in 2023 “Not Healthy”. This proves that Bank Victoria Syariah's ROA in 2020-2023 in terms of generating profits from capital is not good.

- Beban Operasional Pendapatan Operasional

BOPO is a ratio used to measure the bank's performance in generating profits.

Table 6. BOPO Ratio Analysis

Year	Ratio	Standard :
2020	97,80%	Rank 1
2021	91,35%	BOPO ≤ 85%
2022	95,05%	Rank 2
2023	70,82%	85% < BOPO ≤ 90%
		Rank 3
		90% < BOPO ≤ 95%
		Rank 4
		95% < BOPO ≤ 100%
		Rank 5
		BOPO > 100%

Based on the table above, it can be seen that BOPO in 2020 is “Less Healthy”, in 2021 “Healthy”, in 2022 “Less Healthy” and in 2023 “Very Healthy”. This proves that BOPO in 2020-2023 experienced a

fairly good increase. So that in carrying out its activities the bank will be more efficient. Capital

- Capital Adequacy Ratio (CAR)  
 CAR is a capital adequacy ratio that has the function of bearing the risk of losses that occur.

Table 7. CAR Ratio Analysis

Year	Ratio	Standard :
2020	24,60%	Rank 1
2021	33,21%	CAR ≥ 15%
2022	149,68%	Rank 2
2023	65,83%	13,5% ≤ CAR < 15%
		Rank 3
		12% ≤ CAR < 13,5%
		Rank 4
		8% ≤ CAR < 12%
		Rank 5
		CAR < 8%

Based on the table above, it can be seen that CAR in 2020 is “Very Healthy”, in 2021 “Very Healthy”, in 2022 “Very Healthy” and in 2023 “Very Healthy”. This proves that Bank Victoria Syariah's CAR in 2020-2023 is considered capable of overcoming the risk of loss..

#### IV. CONCLUSION

This study evaluates the financial health of Bank Victoria Syariah using the RGEC method, focusing on various financial performance indicators. The author obtained conclusions that can be drawn from this study that Bank Victoria Syariah in the aspect of Risk Profile in 2020-2023 has the predicate “Healthy”, Government in 2020-2023 has the predicate “Healthy”, Earnings in 2020-2023 has the predicate “Enough Healthy” and Capital in 2020-2023 has the predicate “Very Healthy”. So that the financial performance of Bank Victoria Syariah in 2020 - 2023 shows the bank's ability to handle the risk of loss effectively and

shows opportunities for increased profitability.

The research also takes note of the strategic challenges faced by Islamic banks, such as the expansion of different business models, optimizing human resources, and improving financial literacy, especially in the context of the NewNormal era after the pandemic. The findings of this study focus the importance of continuous monitoring and strategic adaptation to ensure the continued health and resilience of Islamic banks in an evolving economic landscape.

Some further research opportunities are: 1. Conducting a comparative analysis between conventional and Islamic banks in terms of financial performance indicators can offer valuable insights into the relative strengths and weaknesses of each banking model, aiding in strategic decision-making for investors and policy makers, 2. Examining the role of Good Corporate Governance (GCG) practices in mitigating financial risk and enhancing the overall stability of Islamic banks can be a fruitful area of research, especially in the context of regulatory frameworks and industry best practices, 3. Studying the long-term sustainability and resilience of Islamic banks in the face of global challenges such as climate change and political system uncertainty can provide a forward-looking perspective on the industry's future prospects and potential risks.

## REFERENCES

Abidin, Zainal, and Endri Endri. 2009. "Kinerja Efisiensi Teknis Bank Pembangunan Daerah: Pendekatan Data Envelopment Analysis (DEA)." *Jurnal Akuntansi Dan Keuangan* 11(January 2009):21–29.

Badri, Muhammad Alwi. 2019.

"ANALISIS TINGKAT KESEHATAN PT . BANK VICTORIA SYARI ' AH." (13).

Hartono, Arif. 2016. "PENGUKURAN KINERJA KEUANGAN DENGAN METODE EAGLES (Studi Kasus Pada Bank BUMN Yang Listing Di BEI Tahun 2011 - 2013)." *Ekulibrium: Jurnal Ilmiah Bidang Ilmu Ekonomi* 10(2):55. doi: 10.24269/ekulibrium.v10i2.47.

Irpan, Muhammad irpan. 2024. "Sharia Bank Cus Customer Loyalty Of Sharia Bank Banjarmasin City: Religiosity And Trust." *Jurnal Ilmiah Ekonomi Islam* 10(1):946. doi: 10.29040/jiei.v10i1.12445.

OJK. 2019. *Roadmap Pengembangan Keuangan Syariah 2017-2019*.

Otoritas Jasa Keuangan. 2020. *Roadmap Pengembangan Perbankan Syariah Indonesia*.

Syariah, Victoria, Tabel Jumlah, Kantor Bank, and Victoria Syariah. 2024. "Analisis Kinerja Keuangan Bank Victoria Syariah Dengan Pendekatan Metode Rgec Fatin Najwa Nazurah Daerah Kantor Cabang Utama Sumber : Apran Tahunan 2021 Bank Victoria Syariah Bank-Bank YangLain Untuk Memiliki Tingkat Kesehatan Yang Sangat Baik . Menurut Undang-." 11(2).

Wiyani, Meilisa Puji Tri, and Muhammad Sholahuddin. 2024. "Perbandingan Kinerja Keuangan Bank Syariah Di Indonesia Dengan Bank Syariah Di Malaysia Periode 2022." *Cakrawala Repositori IMWI* 7(1):3257–65. doi: 10.52851/cakrawala.v7i1.593.

## MODERATION OF PARENTAL INCOME ON FINANCIAL LITERACY AND LIFESTYLE ON FINANCIAL MANAGEMENT BEHAVIOR OF STUDENTS OF MANAGEMENT STUDY PROGRAM FEB UWGM SAMARINDA

M. Astri Yulidar Abbas<sup>1\*</sup>, Sri Wahyuti<sup>1</sup>, Enrica Floriana Marcella<sup>1</sup>

<sup>1</sup>Widya Gama Mahakam University Samarinda

\*Corresponding Author: [astri@uwgm.ac.id](mailto:astri@uwgm.ac.id)

**Abstract.** *Financial management and financial literacy have a close relationship. Where the financial literacy of an individual is higher, the better the individual's financial management activities will be carried out to achieve financial well-being. Students often lack understanding of the basic concepts of personal finance, and limited financial resources are often faced by students, which makes them focus more on their daily needs than developing long-term financial literacy skills. This is the background of this study, with the aim of knowing how parental income moderation affects financial literacy and lifestyle on the behavior of Majamenen FEB UWGM study program students Samarinda. The research method uses a quantitative approach with data collection techniques sourced from primary and secondary data. Data analysis methods using ordinal measuring instruments using continuum symptom scores can be used at level 4, including validity tests, reliability tests, classical assumption tests, multiple liner analysis, moderation regression analysis, and hypothesis tests. The results showed that parental income moderation in financial literacy and lifestyle influenced student financial management behavior by 37.8%, while the rest was influenced by other variables.*

**Keywords:** *Lifestyle, Literacy, Parental Income Moderation, Financial Management*

### I. INTRODUCTION

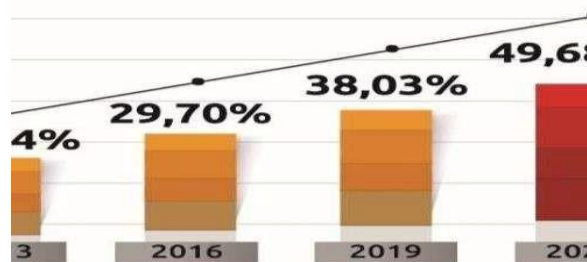
Economics is a science that studies the use of resources to meet unlimited human needs. Economics and individuals are inseparable. The life of the globalization era that is being faced raises the needs and desires of individuals, which are increasing. Individuals work to have income to meet their needs and desires and carry out consumptive activities in their daily lives. Individuals are expected to be able to manage the income obtained (Solihat & Arnasik, 2018).

Humans are also called *homo economics*, which means economic creatures, because humans always carry out economic activities to meet all their needs. A need is something that must be met, which can be seen based on its priority scale. Based on the priority scale, needs are divided into three levels: primary needs are basic needs that must be met (clothing, food, shelter, health, and education); secondary needs are additional needs that are met after basic needs (motorcycles, TV, cell phones); and tertiary needs are luxury needs.

Financial management and financial literacy are closely related. The higher the higher the financial literacy of an individual, the better the individual's financial management will be. Financial management includes activities ranging from financial planning and management to financial control. Financial management activities are carried out to achieve financial well-being. Financial management is an activity to manage and plan finances that are

owned efficiently, while financial control is an activity carried out to evaluate financial management that has been carried out as planned.

The results of SNLIK 2022 show that the financial literacy index of the Indonesian people is 49.68 percent, an increase compared to 2019, which was only 38.03 percent. Meanwhile, the financial inclusion index in 2022 reached 85.10 percent, an increase compared to the previous SNLIK period in 2019, which was 76.19 percent. (<https://ojk.go.id/id/berita-dan-kegiatan/infoterkini/Pages/Infografis-Survei-Nasional-Literasi-dan-Inklusi-Kuangan-Tahun-2022.aspx>). This can be seen from the picture of the national financial literacy index:



**Picture 1. Literasi Keuangan**

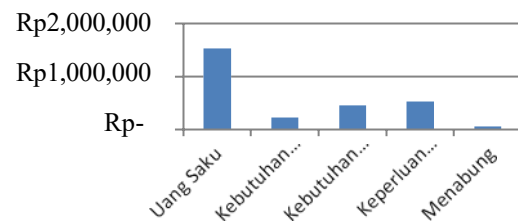
Many educational institutions have not included formal learning on financial literacy. Students often lack understanding of basic personal finance concepts, such as budget management, investments, and debt. Limited financial resources are often faced by students, which makes them focus more on daily needs rather than developing long-term financial literacy skills. If students come from an environment with low levels of financial literacy, they may not realize the importance of wise financial management.

Some students may not be aware of the financial risks associated with certain financial decisions, such as the use of credit cards, loans, or investments. The influence of social media and social pressure can encourage students to adopt a consumptive lifestyle without considering the impact on personal finances. Awareness of the importance of future planning, such as

retirement savings, investments, and saving habits, may be under-noticed by students. The transition from high school to college is often a critical period where students begin to manage finances on their own, and a lack of experience and understanding can be challenging.

The following data has been collected by researchers in accordance with the current phenomenon on the chart, by way of interviews regarding financial allocation to several UWGM Students, Faculty of Economics & Business, Management Study Program Class of 2020-2023 for a month as initial observations as follows:

### Average Financial



**Picture 2 Monthly Financial Average Chart of UWGM Management Study Program Students Batch 2020-2023**

*Source: data processed by researchers 2024*

Based on the graph above, it shows that the pocket money of management study program students earned for an average month earns around Rp1,500,000, this makes most of the income of parents of high-income students. As for college needs (such as printing, stationery, notebooks, etc.) the average pocket money needed is around Rp. 200,000. While the average basic needs (such as monthly shopping, food costs, data packages, etc.) the pocket money needed is around Rp. 400,000 and the average needs outside college (such as fashion, hanging out, etc.) the pocket money needed is around Rp. 500,000. There are also students who do not save and students save, so that the money set aside by students to save is on average around Rp.50,000.

The phenomenon that occurs in

Management study program students themselves can be said to be still low. Because of the results of interviews with some management study program students themselves, they said that they "did not" record their financial income and expenses. The graph above also shows that there is no balance between basic needs and needs outside of college, seeing that there is no balance it can be said that the needs outside of college are higher than basic needs.

Students still find it difficult to distinguish between needs and wants. Students have complex financial problems because some do not have income and limited reserves of money to use every month. So it is very important for a student to apply financial literacy in order to achieve good financial management. This shows that the period when a student is at the University to study is a time for most students to manage finances independently without full supervision from parents. Students are in a crucial period while studying at the University, as they must learn to be financially independent and responsible for the decisions they choose.

Good financial management is determined by a person's lifestyle because lifestyle is defined as a person's pattern of carrying out daily activities, his interests and opinions in using money and spending the time he has. Therefore, if someone has a high lifestyle then can explain how he behaves and blends in his environment and behaves in decision making in his financial management, if someone can manage his finances then he will not have difficulties in the future because he behaves healthily and prioritizes his needs.

## II. METHOD

This section refers to the type of research that is quantitative. This quantitative research aims to test hypotheses related to the research subject. The results of this test can be used as a basis for making conclusions, supporting, or rejecting hypotheses developed based on theoretical foundations. The quantitative approach

reflects a method in research that aims to test hypotheses using accurate statistical data tests. This study used a "purposive sampling" technique in sampling. The sample criteria in this study include:

- 1) Students of the Faculty of Economics & Business, Management study program,
- 2) Students of the Class of 2020-2023,
- 3) Students who do not live with their parents, and
- 4) Students who get monthly pocket money from parents.

Researchers use the Slovin formula which is expressed as  $n = \frac{N}{1 + N(e^2)}$  with an error rate (e) set. Researchers can calculate the sample size required to obtain reliable results as follows:

$$n = \frac{N}{1 + N(e)^2}$$

$$n = \frac{701}{1 + 701(0,5)^2}$$

$$n = \frac{701}{1 + 701(0,0025)}$$

$$n = \frac{701}{2,7525}$$

$$n = 254,67$$

rounded to 255 UWGM Samarinda students, Faculty of Economics & Business Management Study Program, Batch of years 2020-2023.

The preparation of this study was sourced from primary data with interviews, observations and questionnaires and secondary data. In general, this analysis method uses nominal, ordinal measuring instruments, as the symptoms faced in this study, the measuring instruments used are ordinal measuring instruments. In this study, researchers used continuum symptom scores can be used level 4 (1, 2, 3, 4). Where researchers will sort respondents from the lowest level to the highest level. With the existence of measuring instruments using the Likert scale with the perception that strongly agree, disagree, strongly disagree to produce concrete data.

**Tabel 1. Skala Likert**

Choice	Skala
Strongly Disagree	1

Disagree	2
Agree	3
Totally Agree	4

Data Source: Sugiono, (2022: 93)

## 1. Data Quality Test

### 1.1. Validity Test

A questionnaire is said to be valid if the statements on the questionnaire are able to reveal something that the questionnaire will measure.

- If  $r$ -calculate  $>$   $r$  table, then the question item instrument / questionnaire is declared valid;
- If  $r$ -count  $<$   $r$  table, then the instrument/questionnaire question item is invalid.

### 1.2. Reliability Test

Reliability tests are performed by comparing Cronbach's alpha value with the significant level/ level used. Significant levels used can be 0,5, 0,6, until 0,7 depending on the needs in the research. The test criteria are as follows:

- If Cronbach's alpha value  $>$  a significant level, then the instrument is said to be reliable.
- If Cronbach's alpha value  $<$  a significant level, then the instrument is said to be non-reliabel.

## 2. Classification Assumption Test

### 2.1. Normality Test

One of the normality tests that is often used is the Kolmogorov Smirnov (KS) test with the following size.

- If the significance value (sig.)  $>$  0.05 then the distribution data is normal.
- If the signinificance (sig.) value  $<$  0.05 then the data is not normally distributed.

### 2.2. Multicollinearity Test

Research on whether multicollinearity occurs or not can be done in 2 (two) ways, namely:

- Based on tolerance value
  - If the tolerance value is greater than 0.10, it means that there is no multicollinearity in the regression

model test.

- Jika nilai tolerance lebih kecil dari 0,10 artinya terjadi multikolinieritas dalam uji model regresi

2. Based on VIF (Variance Inflation Factor) value

- If the VIF value is less than 10.0, it means that there is no multicollinearity in the regression model test.
- If the VIF value is greater than 10.0, it means that multicollinearity occurs in the regression model test.

### 2.3. Heteroscedasticity Test

A good regression model is Homoskedasticity or no Heteroskedasticity. Most crossection data contain situations of heteroskedasticity because this data collects data representing various sizes (small, medium and large) There are several ways to detect the presence or absence of heteroscedasticity. See the Plot Graph between the predicted value of the dependent variable, namely ZPRED and the residual SRESID. Detection of heteroscedasticity can be done by looking at the presence or absence of certain patterns on the scatterplot graph between SRESID and ZPRED where the Y axis is the predicted Y, and the X axis is the residual (predicted Y - Y really) that has been studentized. The basis of analysis is:

- If there is a certain pattern, such as the dots forming a certain regular pattern (wavy, widening then narrowing), then it indicates that heteroschedasticity has occurred.
- If there is no clear pattern, and the points spread above and below 0 on the Y-axis, heteroscedasticity does not occur

### 3. Double Linear Analysis

This analysis is used to identify the influence between the independent variable and the dependent variable, where each independent variable can have a positive or negative influence, and to make predictions

about the value of the dependent variable.  
 The overall equation is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3$$

**Information:**

- Y = Related variables (performance, Behavior, Financial management)
- A = Number Constant
- B1b2b3 = Koefisien Arah Bebas
- X1 = Financial Literacy
- X2 = Lifestyle

**4. Analisis Regresi Moderasi**

One method for analyzing moderation variables is Moderated Regression Analysis (MRA). Moderation regression analysis is a regression analysis that involves moderation variables in building a relationship model. Moderation variables act as variables that can strengthen or weaken the relationship between independent variables and dependent variables. If the moderation variable is not in the relationship model formed, it is referred to as regression analysis only, so that without the moderation variable, the analysis of the relationship between the independent variable and the dependent variable can still be done. The MRA (Moderated Regression Analysis) Model Regression Equation is as follows:

$$Y = a + b_1X + e$$

$$Y = a + b_1X + b_2Z + e$$

$$Y = a + b_1X + b_2Z + b_3X * Z + e$$

**Information:**

- Y = Financial Management Behavior
- a = Koefisien Konstanta
- X1 = Financial Literacy
- X2 = Lifestyle
- Zi = Parental Income
- β1 = Financial Literacy Regression Coefficient
- β2 = Lifestyle regression coefficient
- X1\*Zi = Financial Literacy\*Parental Income
- X1\*Zi = Lifestyle\*Parental Income
- e = error term (Estimator error rate)

**5. Koefisien Korelasi**

The simple correlation coefficient shows how much of a relationship exists between two variables. There are three simple correlation methods (bivariate correlation), including Pearson correlation, Kendall's tau-b, and Spearman correlation. Pearson correlation is used for interval or ratio scaled data, while Kendall's tau-b and Spearman correlation are better suited for ordinal scale data. The variable gets stronger; otherwise, a value close to 0 means the relationship between the two variables is getting weaker. A positive value indicates a unidirectional relationship (X goes up, then Y goes up), and a negative value indicates an inverse relationship (X goes up, then Y goes down). The correlation value (r) ranges from 1 to -1; the value closer to 1 or -1 means the relationship between the two variables is getting stronger, while the value close to 0 means the relationship between the two variables is getting weaker. A positive value indicates a unidirectional relationship (X goes up, then Y goes up), and a negative value indicates an inverse relationship (X goes up, then Y goes down).

**Tabel Guidelines for providing interpretation of correlation coefficients**

Interval Koefisien	Relationship Level
0,00 - 0,199	Very low
0,20 - 0,399	Low
0,40 - 0,599	Keep
0,60 - 0,799	Strong
0,80 - 1,000	Very Powerful

Sumber: Sugiyono 2018: 274

**6. Koefisien Determinasi (R<sup>2</sup>)**

The coefficient of determination (R<sup>2</sup>) is essentially to measure how far the model is able to explain the variation of the dependent variable. The value of the coefficient of determination is between zero or one. The higher the value of the coefficient of determination, the better the ability of the independent variable to explain the behavior of the dependent

variable.

## 7. Uji Hipotesis

### 7.1 Partial Test (Uji t)

Used to test how far the influence of the independent variable used in this study individually in explaining the dependent variable partially. With test criteria:

- If  $t_{count} > t_{table}$  and the significance  $< 0.05$ , it can be concluded that there is a significant influence between the independent and dependent variables
- If  $t_{count} < t_{table}$  and the significance  $> 0.05$  then it can be concluded that there is no influence between the independent and dependent variables.

### 7.2. Uji secara Simultan (Uji f)

The F test basically shows whether all independent or independent variables inputted in the model have a simultaneous influence on the dependent variable. The following are the conditions for the hypothesis to be accepted or rejected :

- a. The hypothesis is accepted if the value is significant  $F < 0,05$
- b. The hypothesis is rejected if the value is significant  $F > 0,05$

## III. ANALYSIS AND DISCUSSION

### Analysis

#### 1. Data Quality Test

##### 1.1. Uji validitas

The purpose of a validity test is to determine whether the data collected from the study (often through the use of questionnaires) is trustworthy or not. All mandatory requirements must include the following elements:t:

Table Validity Test Results

		r hitung	r tabel	Keterangan
X1.1	Pearson Correlation	,443**	0,1848	Valid
X1.2	Pearson Correlation	,602**	0,1848	Valid
X1.3	Pearson Correlation	,564**	0,1848	Valid
X1.4	Pearson Correlation	,647**	0,1848	Valid
X1.5	Pearson Correlation	,672**	0,1848	Valid
X1.6	Pearson Correlation	,695**	0,1848	Valid
X1.7	Pearson Correlation	,715**	0,1848	Valid
X1.8	Pearson Correlation	,723**	0,1848	Valid
X1.9	Pearson Correlation	,666**	0,1848	Valid
X2.1	Pearson Correlation	,569**	0,1848	Valid
X2.2	Pearson Correlation	,607**	0,1848	Valid
X2.3	Pearson Correlation	,599**	0,1848	Valid

X2.4	Pearson Correlation	,613**	0,1848	Valid
X2.5	Pearson Correlation	,724**	0,1848	Valid
X2.6	Pearson Correlation	,681**	0,1848	Valid
X2.7	Pearson Correlation	,710**	0,1848	Valid
X2.8	Pearson Correlation	,746**	0,1848	Valid
X2.9	Pearson Correlation	,673**	0,1848	Valid
Y1.1	Pearson Correlation	,555**	0,1848	Valid
Y1.2	Pearson Correlation	,556**	0,1848	Valid
Y1.3	Pearson Correlation	,636**	0,1848	Valid
Y1.4	Pearson Correlation	,541**	0,1848	Valid
Y1.5	Pearson Correlation	,717**	0,1848	Valid
Y1.6	Pearson Correlation	,757**	0,1848	Valid
Y1.7	Pearson Correlation	,743**	0,1848	Valid
Y1.8	Pearson Correlation	,758**	0,1848	Valid
Y1.9	Pearson Correlation	,644**	0,1848	Valid

Dalam tabel 2 dapat diketahui bahwa nilai  $r_{hitung} > r_{tabel}$  dinyatakan valid pada tabel hasil uji validitas  $r_{hitung} > r_{tabel}$  ( $r_{hitung}$  lebih tinggi dari  $r_{tabel}$ ) maka kuesioner valid.

### 1.2. Uji Realibilitas

If the validity test statement has been decided, then this reliability test was carried out on as many as 92 students of the Faculty of Economics, Widya Gama Mahakam University Samarinda. If its reliability has been determined, then its validity will be determined.

Table of Reality Test Results Variabel	Nilai Cronch alpha	Hasil Statistik
Pengetahuan Keuangan (X1)	0,6	0,818
Pengalaman Keuangan (X2)	0,6	0,836
Perilaku Pengelolaan Keuangan (Y)	0,6	0,836

From the table above, it can be seen that each variable has a Cronbach Alpha  $> 0.60$ . Thus the variables (Financial Knowledge, Financial Experience, Financial Attitude and Financial Management Behavior) can be said to be reliable.

### 1.3. Classical Assumption Test

#### 1.3.1. Uji Normality

In the normality test, researchers used the Kalmogrov-Smirnov method to analyze the data to determine whether they followed the normal distribution or not.

Table Uji Normalitas

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		113
Normal Parameters <sup>a,b</sup>	Mean	,0000000



	Std. Deviation	4,28090529
Most Extreme Differences	Absolute	,076
	Positive	,071
	Negative	-,076
Test Statistic		,076
Asymp. Sig. (2-tailed)		,133 <sup>c</sup>

Based on the results of the Kolomogorov-Smirnov test above, it shows that significant values of  $0.200 < 0.05$ , thus it can be concluded that the processed data is normally distributed data.

### 1.3.2. Uji Multikolinearitas

Tabel Hasil Uji Multikolinearitas

Coefficients <sup>a</sup>			
Model		Collinearity Statistics	
		Tolerance	VIF
1	LITERASI KEUANGAN	,967	1,034
	GAYA HIDUP	,986	1,014
	PARENTAL INCOME	,957	1,045
	a. Dependent Variable: PERILAKU PENGELOLAAN KEUANGAN		

Based on the table above, the tolerance and VIF values are obtained as follows:

1. Financial Literacy Variable (X1)  
Tolerance value  $0.967 > 0.10$  and VIF value  $1.034 < 10.000$  then for Financial Knowledge variable there is no multicollinearity.
2. Lifestyle variable (X2)  
Tolerance  $0.986 > 0.10$  and VIF value  $1.014 < 10.000$  then for the Financial Experience variable there is no multicollinearity.
1. The variable Parental Income (M)  
Tolerance  $0.957 > 0.10$  and the value of VIF  $1.045 < 10.000$  then for the variable Financial Attitude there is no multicollinearity.

### 1.3.3. Uji Heteroskedatisitas

Tabel Hasil Uji Heterokeditas

Coefficients <sup>a</sup>						
Model		Unstandardize d Coefficients		Standardize d Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,121	1,774		1,195	,235
	LITERASI KEUANGAN	,011	,045	,024	,252	,801
	GAYA HIDUP	,022	,046	,047	,489	,626
a. Dependent Variable: PERILAKU PENGELOLAAN KEUANGAN						

PARENTAL INCOME	,120	,271	,043	,443	,659
a. Dependent Variable: ABS_RES					

Based on the results of the glacier test, the financial literacy variable above shows that the significant value is  $0.801 > 0.05$ , thus it can be concluded that the data processed is data that does not occur heteroscedasticity.

### 1.4. Analisis Linear Berganda

Tabel Uji Analisis Linear Berganda

Coefficients <sup>a</sup>						
Model		Unstandardize d Coefficients		Standardize d Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7,483	2,844		2,631	,010
	LITERASI KEUANGAN	,159	,072	,170	2,207	,029
	GAYA HIDUP	,569	,073	,590	7,756	,000
	PARENTAL INCOME	,183	,435	,033	,421	,674
	a. Dependent Variable: PERILAKU PENGELOLAAN KEUANGAN					

Based on the results of regression testing in the table above, a multiple linear regression equation can be arranged as follows :

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

$$Y = 7.483 + 0,159X_1 + 0,569X_2 + e$$

Keterangan :

Y = Perilaku Pengelolaan Keuangan

X<sub>1</sub> = Literasi Keuangan

X<sub>2</sub> = Gaya Hidup

M = Parental Income

B = Koefisien regresi

e = Random error

Based on the regression equation, it can be explained in the following way:

1. The constant value ( $\alpha$ ) of Financial Management Behavior (Y) of 7.483 indicates that if the variable Financial Literacy and Lifestyle is 0, then the value of the dependent variable Financial Management Behavior is 7.483.

2. Financial literacy regression coefficient (X1)

The results of the tests conducted obtained a regression coefficient level of 0.159. This result shows the direction of the relationship between financial

literacy variables and financial management behavior is positive (unidirectional). This means that if financial management behavior increases by 1%, it will be followed by an increase in financial literacy by 0.159, assuming the other variables are constant.

3. Lifestyle regression coefficient (X2)

The results of the tests carried out obtained a regression coefficient level of 0.569; this result shows the direction of the relationship between lifestyle variables and financial management behavior is positive (unidirectional). This means that if the lifestyle variable increases by 1%, it will be followed by an increase in financial management behavior by 0.569, assuming the other variables are constant.

4. Parental Income (M) regression coefficient

The results of the test obtained a regression coefficient level of 0.183. This result shows the direction of the relationship between the parental income variable and financial management behavior is positive (unidirectional). This means that if the parental income variable increases by 1%, it will be followed by an increase in financial management behavior by 0.183, assuming the other variables are constant.

1.5. Analisis Regresi Moderasi

Tabel Hasil Uji Analisis Regeerasi Moderasi

Model	Coefficients <sup>a</sup>				
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7,964	7,859		1,013	,313
LITERASI KEUANGAN	-.017	,202	-.018	-.085	,933
GAYA HIDUP	,733	,211	,760	3,481	,001
PARENTAL INCOME	,084	2,955	,015	,028	,977
LITERASI KEUANGAN*PARENTAL INCOME	,072	,074	,436	,972	,333
GAYA HIDUP*PARENTAL INCOME	-.071	,083	-.398	-.859	,392

a. Dependent Variable: PERILAKU PENGELOLAAN KEUANGAN

The MRA (Moderated Regression Analysis) Model Regression Equation is as follows:

$$Y = a + b1X + b2Z + b3X * Z + e$$

$$Y = 7,964 - 0,017 + 0,733 + 0,084 + 0,072 - 0,071 + e$$

Keterangan :

Y = Perilaku Mahasiswa

a = Koefesien Konstanta

X1 = Literasi Keuangan

X2 = Gaya Hidup

Zi = Parental Income

β1 = Koefesien regresi Literasi Keuangan

β2 = Koefesien regresi Gaya Hidup

X1\*Zi = Literasi Keuangan\*Parental Income

X1\*Zi = Gaya Hidup\*Parental Income

e = error term (Tingkat kesalahan penduga)

Based on the regression equation, it can be explained in the following way:

1. The constant value (α) of Financial Management Behavior (Y) of 7.964 indicates that if the variable Financial Literacy and Lifestyle is 0, then the value of the dependent variable Financial Management Behavior is 7.964.

2. Financial literacy regression coefficient (X1)

The results of the tests conducted obtained a regression coefficient level of -0.017. This result shows the direction of the relationship between financial literacy variables and financial management behavior is positive

(unidirectional). This means that if financial management behavior increases by 1%, it will be followed by an increase in financial literacy by -0.017, assuming the other variables are constant.

3. Lifestyle regression coefficient (X2)

The results of the tests conducted obtained a regression coefficient level of 0.733. This result shows the direction of the relationship between lifestyle variables and financial management behavior is positive (unidirectional). This means that if the lifestyle variable increases by 1%, it will be followed by an increase in financial management behavior by 0.733, assuming the other variables are constant.

4. Parental Income (M) regression coefficient

The results of the test obtained a regression coefficient level of 0.084. This result shows the direction of the relationship between the parental income variable and financial management behavior is positive (unidirectional). This means that if the parental income variable increases by 1%, it will be followed by an increase in financial management behavior by 0.084, assuming the other variables are constant.

5. The coefficient regression of financial literacy (X1) with parental income (M) of 0.072 states that this result shows the direction of the relationship between the variables financial literacy and parental income is positive (unidirectional). This means that if the financial literacy variable increases by 1%, it will be followed by an increase in financial management behavior by 0.072, assuming the other variables are constant.

6. The coefficient regression of lifestyle (X1) with parental income (M) of -0.071 states that this result shows the direction of the relationship between the variable financial literacy and parental

income is negative (unidirectional). This means that if the lifestyle variable increases by 1%, it will be followed by an increase in financial management behavior by -0.071, assuming the other variables are constant.

1.6. Analisis Koefisien Korelasi (R)

Tabel Hasil Uji Koefisien Korelasi (R)

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.615 <sup>a</sup>	.378	.361	4,33942
a. Predictors: (Constant), PARENTAL INCOME, GAYA HIDUP, LITERASI KEUANGAN				
b. Dependent Variable: PERILAKU PENGELOLAAN KEUANGAN				

Based on the table above, it shows that the value of the correlation coefficient (R) is 0.615, this shows that the relationship between the variables Financial Literacy (X1), Lifestyle (X2) and Parental Income (M) Financial Management Behavior (Y) of Faculty of Economics Students. Including the level of strong relationship because it is based on the coefficient interpretation guidelines korelasi nilai R berada di antara 0,60-0,799.

1.7. Analisis Koefisien Determinasi (R<sup>2</sup>)

Tabel Hasil Uji Koefisien Determinasi (R<sup>2</sup>)

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.615 <sup>a</sup>	.378	.361	4,33942
a. Predictors: (Constant), PARENTAL INCOME, GAYA HIDUP, LITERASI KEUANGAN				
b. Dependent Variable: PERILAKU PENGELOLAAN KEUANGAN				

Based on the table above, it shows that the value of the coefficient of determination R Square (R<sup>2</sup>) is 0.378. This means that Financial Literacy, Moderated Lifestyle Parental Income on Financial Management Behavior in Students of the Faculty of Ekon Humans is also called *homo economics* which means that it is an economic creature omi and Business Universitas Widya Gama Mahakam Samarinda amounted to 37.8% while the remaining 62.2% was influenced by variables that were not studied in this study.

## 1. Pengujian Hipotesis

For hypothesis testing in this study is carried out in the following ways:

### 2.1. Uji F (Simultan)

**Tabel Hasil Uji F**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1247,666	3	415,889	22,086	,000 <sup>b</sup>
	Residual	2052,529	109	18,831		
	Total	3300,195	112			
a. Dependent Variable: PERILAKU PENGELOLAAN KEUANGAN						
b. Predictors: (Constant), PARENTAL INCOME, GAYA HIDUP, LITERASI KEUANGAN						

*Sumber data: Output SPSS yang diolah 2024*

Based on the results of the table analysis above, testing the hypothesis can be explained by the fact by the fact that the F value of the table is (22.086 >> 2.69) and the F count is positive with a significant value of  $0.000 < 0.05$ , which means that financial literacy, lifestyle, and parental income simultaneously have a significant effect on the financial management behavior of students of the Department of Management, Faculty of Economics and Business, Widya Gama Mahakam University Samarinda.

### 2.2. Uji F (Simultan) Regresi Moderasi

**Tabel Hasil Uji F Regresi Moderasi**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1278,460	5	255,692	13,532	,000 <sup>b</sup>
	Residual	2021,735	107	18,895		
	Total	3300,195	112			
a. Dependent Variable: PERILAKU PENGELOLAAN KEUANGAN						
b. Predictors: (Constant), GAYA HIDUPxPARENTAL_INCOME, LITERASI KEUANGAN, GAYA HIDUP, LITERASI KEUANGANxPARENTAL_INCOME, PARENTAL_INCOME						

*Sumber data : output SPSS yang diolah 2024*

Based on the results of the table analysis above, the hypothesis test can be explained by the fact by the fact that the F value > of the table is (13.531 > 2.30) and the F count is positive with a significant value of  $0.000 < 0.05$ , which means that financial literacy, lifestyle, parental income, and parental income moderate Financial literacy

and parental income moderate Lifestyle simultaneously has a significant effect on the financial management behavior of Management Department students, Faculty of Economics and Business, Widya Gama Mahakam University Samarinda.

### 2.3. Uji t (Parsial)

**Tabel Hasil Uji t**

Coefficients <sup>a</sup>						
Model		Unstandardize d Coefficients		Standardize d Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7,483	2,844		2,631	,010
	LITERASI KEUANGAN	,159	,072	,170	2,207	,029
	GAYA HIDUP	,569	,073	,590	7,756	,000
	PARENTAL INCOME	,183	,435	,033	,421	,674
a. Dependent Variable: PERILAKU PENGELOLAAN KEUANGAN						

*Sumber data: Output SPSS yang diolah 2024*

Based on the results of the table analysis above, the hypothesis test can be explained as follows:

1. Financial Literacy Testing (X1) on Student Financial Management Behavior (Y). It is known that the calculated > table value is (2.207 > 1.98197) and the significant value is  $0.029 < 0.05$ , so it is concluded that the financial literacy variable (X1) has a significant effect on student financial management behavior (Y).
2. Lifestyle Testing (X2) on Student Financial Management Behavior (Y). It is known that the t count > t table is  $7.756 > 1.98197$ , and the significant value is  $0.000 < 0.05$ . It is concluded that the lifestyle variable (X2) has a significant effect on student financial management behavior (Y).
3. Parental Income (M) Testing of Student Financial Management Behavior (Y). It is known that the table is  $0.421 < 1.98197$  and the significant value is  $0.674 > 0.05$ . It is concluded that the parental income (M) variable does

not have a significant effect on student financial management behavior (Y)

### 2.3. Uji t (Parsial) Regresi Moderasi

Tabel Hasil Uji t Regresi Moderasi

Coefficients <sup>a</sup>					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7,964	7,859		1,013	,513
LITERASI KEUANGAN	,017	,202	-,018	,085	,933
GAYA HIDUP	,733	,211	,760	3,481	,001
PARENTAL INCOME	,084	2,955	,015	,028	,977
LITERASI KEUANGAN * PARENTAL INCOME	,072	,074	,436	,972	,333
GAYA HIDUP * PARENTAL INCOME	,071	,083	-,398	,859	,392

a. Dependent Variable: PERILAKU PENGELOLAAN KEUANGAN

Sumber data: Output SPSS yang diolah 2024

Based on the results of the table analysis above, the hypothesis test can be explained as follows:

1. Financial Literacy Testing (X1) on Student Financial Management Behavior (Y). It is known that  $t$  calculate  $> t$  table is  $(-0.085 < 1.98238)$  and the significant value is  $0.933 > 0.05$ , it is concluded that the financial literacy variable (X1) has a significant effect on student financial management behavior (Y).
2. Lifestyle Testing (X2) on Student Financial Management Behavior (Y). It is known that the  $> t$  table is  $(3.481 > 1.98238)$  and the significant value is  $0.001 < 0.05$ , so it is concluded that the lifestyle variable (X2) has a significant effect on student financial management behavior (Y).
3. Parental Income (M) Testing of Student Financial Management Behavior (Y). It is known that the  $t > t$  table is  $(0.028 > 1.98238)$  and the significant value is  $0.977 > 0.05$ , so it is concluded that the parental income (M) variable does not have a significant effect on student financial management behavior (Y).

4. The Parental Income (M) test moderates financial literacy (X1) on student financial management behavior (Y). It is known that the  $> t$  table is  $(0.972 < 1.98238)$  and the significant value is  $0.333 > 0.05$ , so it is concluded that the parental income variable does not moderate financial literacy on student financial management behavior.
5. Parental income (M) testing moderates lifestyle (X2) on student financial management behavior (Y). It is known that the table  $t > t$  is  $(-0.859 < 1.98238)$  and the significant value is  $0.392 > 0.05$ , so it is concluded that the parental income variable does not moderate the lifestyle of student financial management behavior.

### Discussion of Research Results

#### 1. Financial Literacy on Student Financial Management Behavior

Financial Literacy Testing (X1) on Student Financial Management Behavior (Y). It is known that  $t$  calculate  $> t$  table is  $(2.207 > 1.98197)$  and the significant value is  $0.029 < 0.05$ , it is concluded that the Financial Literacy variable (X1) has a significant effect, on Student Financial Management Behavior (Y).

Financial Literacy Testing (X1) on Student Financial Management Behavior (Y). It is known that  $t$  calculate  $> t$  table is  $(-0.085 < 1.98238)$  and the significant value is  $0.933 > 0.05$ , it is concluded that the Financial Literacy variable (X1) has a significant effect, on Student Financial Management Behavior (Y).

According to Ramadhani, financial literacy is a combination of individual abilities, knowledge, and attitudes and ultimately individual behavior related to money, so financial literacy is individual knowledge about finance and individual ability to make effective financial decisions.

#### 2. Lifestyle towards Student Financial Management Behavior

Lifestyle Testing (X2) on Student Financial Management Behavior (Y). It is known that  $t$  count  $> t$  table is  $(7.756 > 1.98197)$  and the

significant value is  $0.000 < 0.05$ , it is concluded that the Lifestyle variable (X2) has a significant effect, on Student Financial Management Behavior (Y).

Lifestyle Testing (X2) on Student Financial Management Behavior (Y). It is known that the  $t > t_{table}$  is ( $3.481 > 1.98238$ ) and the significant value is  $0.001 < 0.05$ , it is concluded that the Lifestyle variable (X2) has a significant effect, on Student Financial Management Behavior (Y).

Lifestyle is considered as proof of one's social status, where daily activities following the latest trends are even more important than meeting basic needs

### 3. Parental Income can moderate Financial Literacy on Student Financial Management Behavior

The Parental Income (M) test moderates Financial Literacy (X1) on Student Financial Management Behavior (Y). It is known that the  $t > t_{table}$  is ( $0.972 > 1.98238$ ) and the significant value is  $0.333 > 0.05$ , it is concluded that the Parental Income variable does not moderate Financial Literacy on Student Financial Management Behavior.

### 4. Parental Income can moderate Lifestyle towards Student Financial Management Behavior

Parental Income (M) testing moderates Lifestyle (X2) on Student Financial Management Behavior (Y). It is known that the  $t > t_{table}$  is ( $-0.859 < 1.98238$ ) and the significant value is  $0.392 > 0.05$ , it is concluded that the Parental Income variable does not moderate the Lifestyle of Student Financial Management Behavior.

### 5. Financial Literacy and Lifestyle on Student Financial Management Behavior

Testing the hypothesis can be explained that the F value  $>$  of the table is ( $22.086 > 2.69$ ) and F count is positive with a significant value of  $0.000 < 0.05$  which means, that Financial Literacy and Lifestyle and Parental Income as mediation simultaneously have a significant effect on Student Financial Management Behavior

## IV. CONCLUSION

Based on research data and test results that have been carried out, it can be concluded that:

1. Financial literacy has a significant effect on the financial management behavior of management study program students at FEB UWGM Samarinda.
2. Lifestyle has a significant effect on the financial management behavior of management study program students at FEB UWGM Samarinda.
3. Significant Parental Income does not moderate Financial Literacy on Financial Management Behavior of Management Study Program Students of FEB UWGM Samarinda
4. Significant Parental Income does not moderate the Lifestyle of Student Financial Management Behavior of Management Study Program Students of FEB UWGM Samarinda.
5. Financial literacy and lifestyle have a significant effect on the financial management behavior of FEB UWGM management study program students.

## REFERENCE

- Abbas, Muhammad Astri Yulidar. (2019). Basic Research Methodology for Thesis Preparation. Pare Pare: Cv. Kaaffah Learning Center
- Ardila, I., Febriaty, H., & Astuti, R. (2021). Factors Influencing Financial Literacy in Micro, Small and Medium Enterprises. Journal of Proceedings of International Conferences (Jicp), 4(2), 144–149.
- Baroroh, e.g. Alul. 2019. The influence of financial literacy, lifestyle and income of parents on the financial management behavior of students at Madrosatul Qur'anil Aziziyah Islamic Boarding School Semarang. Thesis. Uin Walisongo. Semarang
- BPS [Central Bureau of Statistics]. 2023 Revenue Statistics, <https://www.bps.go.id/publication>

[/2022/06/07/762b4c26471da63e74b3c174/Statistik-Pendapatan-Februari-2022-.Html](#)

- Choerudin, Achmad. 2023. Financial Literacy. Padang: Pt Global Executive Technology
- Darma, B. (2021). Research statistics using Spss (validity test, reliability test, simple linear regression, multiple linear regression, t test, f test, r2). Guepedia.
- Duncan, GJ, Kalil, A., & Ziolo-Tamu, KM (2018). Course on Income and Child Life: Learning from a Study of Panel Dynamics. *History of the American Academy of Political and Social Sciences*, 680(1), 82–96.
- Fadli, Ma, Nurmatias, & Sugianto. (2020). Financial Literacy and Financial Behavior of MSMEs. *UPN Veteran Conference System Jakarta*, 1393–1411.
- Faris, Ekatama Muhammad. 2021. The Effect of Financial Literacy and Financial Bias on Investment Decisions in Investors in Yogyakarta. Yogyakarta. Thesis. Islamic University of Indonesia
- Fadilla. (2017). The relationship between income and people's lifestyles in an Islamic view. *Mizan: Journal of Sharia Science, Fai Universitas Ibn Khaldun (Uuika) Bogor*, Vol. 5 No. 1
- Fahmi, Irham. (2016). Introduction to Financial Management. Alfabeta Cv. Bandung.
- Ghozali, Imam. (2021). Application of Multivariate Analysis with IBM Spss 26 Program. Issue 10. Semarang : Diponegoro University
- Gunawan, Ce. (2020). Proficient in Mastering Spss A Practical Guide to Managing Research Data New Edition Book for People Who (Feel) Can't and Don't Like Statistics. Yogyakarta: Deepublish Publisher.
- Noviani, A. D. E. (2021). *Thesis of Universitas Islam Riau*.
- Cashmere. (2022). Introduction to research methodology (for management, accounting, and business science). Depok: Pt Rajagrafindo Persada
- Kusumawati, Nandita. 2018. The Effect of Profitability, Leverage, Size, and Dividend Policy on Company Value (Study on Manufacturing Companies Listed on IDX 2012-2016). Thesis. University of Muhammadiyah Yogyakarta.
- Laily. N. (2016). The influence of financial literacy on student behavior in managing finances. *Journal Of Accounting And Business*, 1(1)
- Maemunah, Mumun et al. (2023). Financial management (theory, concepts and policies). Bandung: Cv . Indonesian Science Media.
- Mufidah, Ef, & Wulansari, P (2018). Graduate Student Hedonism Lifestyle on Social Media. *Indonesian Counseling Journal*, 3(2), 33–36
- Putri, N. A., & Lestari, D. (2019). The Influence of Lifestyle and Financial Literacy on the Financial Management of Young Workers in Jakarta. *ACCURACY: Journal of Accounting and Finance Research*, 1(1), 36.
- Financial Services Authority. 2022. Infographic on the Results of the 2022 National Financial Literacy and Inclusion Survey, <https://ojk.go.id/id/berita-dan-kegiatan/info-latest/pages/infographic-survey-national-literacy-and-inclusion-finance-year-2022.aspx>
- Parmitasari, R. D. A., Alwi, Z., & Sunarti, S. (2018). The influence of spiritual intelligence and hedonistic lifestyle on personal financial management of state university students in Makassar City. *Journal of Minds: Management of Ideas and Inspiration*, 5(2), 147
- Pulungan, Dr, Koto, M., & Syahfitri, L. (2018). Lifestyle Influences Affect

- Financial Student Behavior. Royal National Seminar (Sen), 401–406
- Ramadhani, Mt, Yulianti, E., & Djuari, L. (2019). Profile of parenting styles in university students with hedonistic lifestyle tendencies. *Juxta: Scientific Journal of Medical Students Universitas Airlangga*, X(1), 29–33.
- Ramadhanil, A. N., & Yunita, I. (2020). The influence of financial literacy on student behavior in managing finances (comparison of business students and engineering students of Telkom University). *Journal of Management Partners*, 4(2), 251-256. E-ISSN 2599-087X
- Ritakumalasari, Nuraeni., and Susanti Ari. 2021. Financial Literacy, Lifestyle, Locus of Control, and Parental Income on Student Financial Behavior. *Journal of Management Science*. 9 (4), 1440-1450
- Riyono, S. (2014). Accounting Introduction I. College of Management Sciences.
- Rizkiana, Y. P., and Kartini. 2017. Analysis of the level of financial literacy and financial behavior of S-1 students of the Faculty of Economics, Universitas Islam Indonesia. *Journal of Economic and Islamic Studies*. Issn. Vol. 7, No. 1, 76 – 99.
- Rizky, M. (2019). Identification of the level of financial literacy (accounting) of MSMEs in wetland areas (study on MSME actors in Pemakuan Village, Banjar Regency). *International Journal of Accounting & Finance in Asia Pacific (Ijafap)*, 2(2), 1–12.
- Sari, Y. A., & Rafsanjani, M. A. (2020). The effect of parents' income and organizational interest on the GPA of students majoring in Economic Education. *Journal of Economic Education (Jupe)*, 8(3), 122-130. <https://doi.org/10.26740/jupe.v8n3.p122-130>
- Sujarweni, Wiratna V. (2018). Financial management theory, application, and research results. Pustaka Baru Press: Yogyakarta
- Sugiyono. (2022). Quantitative, Qualitative and R & D Research Methods. Bandung: Alfabeta
- Solihat, A. N., & Arnasik, S. (2018). The influence of economic literacy on the consumptive behavior of students majoring in Economic Education, Siliwangi University. *Oikos: Journal of Economics and Economic Education*, 2(1), 1-13.
- Sugiyono. (2017). Business Research Methods: Quantitative, Qualitative, and R&D. Bandung: Cv. Alfabeta. (Alfabeta (Ed.)).
- Suryanto. 2017. Patterns of Financial Behavior of College Students in Higher Education. *Journal of Political Science and Communication*, vii (1), 11–20.
- Susanto, Angga Sandy. 2013. Segmenting Based on Life Style. *Jibeka Journal*, 7 (2), 1-6
- Syuliswati, A. (2019). Factors affecting the financial literacy of students majoring in Accounting at the State Polytechnic of Malang. In *Joint National Seminar on Social Affairs (Vol. 1, No.1)*
- Warsono, W. (2010). Personal finance principles and practices. *Journal of Salutations*, 13(2), 137–151.
- Wicaksono. 2015. The Effect of Financial Literacy on Credit Card Payment Behavior in Employees in Surabaya. *Phinesta* 3(1), 85-90
- Yusuf, M. A., Sudarno, & Totalia, S. A. (2023). The influence of financial literacy, lifestyle and financial education in the family on personal financial management of Uns Economic Education students. *Journal On Education*, 5(4), 12986–12999.
- Yushita A. N. 2017. The importance of financial literacy for personal financial management. *Nominal Journal*, 6 (1): 11-26.



## THE INFLUENCE OF GREEN MARKETING ON GREEN PURCHASE INTENTION THROUGH SUSTAINABLE ADVERTISING

Feti Fatimah<sup>1\*</sup>, Dian Mei Saputri<sup>1</sup>, Liana Resti<sup>1</sup>

<sup>1</sup>Universitas Muhammadiyah Kalimantan Timur, Indonesia

\*Corresponding Author: [vavet18@gmail.com](mailto:vavet18@gmail.com)

**Abstract.** Various issues, especially environmental damage, affect society and individuals significantly. This has led to a growing demand for green products, which shows a positive trend towards purchasing green products. It is estimated that the number of electric vehicles in Indonesia will reach 13 million by 2030. The purpose of this study is to determine whether or not Indonesian consumers' purchase intentions are influenced by sustainable marketing, such as green marketing and sustainable advertising, applied to electric motors. Data for this quantitative study was collected through a Google Form survey from 160 respondents who met the criteria. While all respondents had never purchased or owned an electric vehicle, such as a two-wheeler, they had received information, read news, or learned about electric vehicles from various media sources. The SmartPLS program was used to conduct data analysis using partial least square structural equation modeling (PLS-SEM). The results showed that green advertising and sustainable advertising each increase and significant intention to purchase green goods. Undoubtedly, the findings of this study will have a positive impact on the green advertising and sustainable advertising industries, both online and offline.

*Keywords:* green marketing, green purchase intention, sustainable advertising, electric motorcycle

### I. INTRODUCTION

The 2030 Agenda' was created by the United Nations (UN) member states in 2015 and commits to achieving 17 comprehensive goals called the Sustainable Development Goals (SDGs). These goals serve as a shared vision and standardized outline to help stakeholders address a wide range of environmental and social issues. Companies can look at the SDGs from two broader perspectives: environmental and humanitarian. First, the SDGs provide basic life skills, people's primary needs, and equal opportunities. On the other hand, SDGs also involve preserving and protecting the environment, which makes this place sustainable for future generations (Kotler et al., 2021).

Globally, most multinational companies from Western countries are turning to emerging markets due to the steady growth in most developed countries and their ability to generate profits (Sheth & Sinha, 2015). Emerging markets are experiencing significant growth, with middle-income consumers expanding the fastest (Sudhir & Talukdar, 2015). This

consumption is expected to reach 30 trillion USD by 2025 (Sheth et al., 2016). People's consumption can cause different environmental damages, such as global warming, increased pollution, and a decrease in the number of flora and fauna (Chen & Chai, 2010).

Environmental problems have impacted public health at both the community and individual levels. Therefore, consumers have become more cautious in choosing what they buy, what they do, and how they view the environment. Green purchasing behavior refers to the purchase of environmentally friendly products, also known as sustainable products or green products. On the other hand, green consumption is usually associated with environmentally responsible consumption patterns, where consumers consider how to use, purchase, and dispose of green goods and services in an environment. Green products do not harm the Earth, do not deplete natural resources, and are

recyclable. Many people welcome green products produced by international organizations since the last few years (Soomro et al., 2020). 'Electric vehicles', which are projected to be the main mode of transportation for people around the world in the future, are one such manufactured product that continues to evolve and develop every year.

Therefore, Presidential Regulation No. 5 of 2019 and Minister of Energy and Mineral Resources Regulation No. 13 of 2020 the Indonesian government continues to encourage mass production of electric vehicles, with the aim of reaching 13 million units of electric motors by 2030. The goal is to reduce carbon dioxide emissions by 11.1 million tons and save up to 1.8 billion dollars in foreign exchange as a result of reduced fuel oil imports (Tirto, 2021). In contrast, because they provide power for electric vehicles, batteries are considered recyclable or recyclable after use. Many electric vehicle companies attach labels or packaging to the battery packs used to indicate this fact. This adds value to electric vehicles, which have been regarded as environmentally friendly cars. In addition, since Indonesia's air quality condition is currently ranked 20th, which is the country with the worst air quality in the world, and has been declining over the past twenty years, it is hoped that various efforts can improve the air quality condition in Indonesia.

One of the cities in Indonesia, Samarinda has a moderate Air Quality Index (AQI) of 59. According to the Samarinda Environmental Agency (DLH), although the air quality in Samarinda is currently classified as moderate, the mobility of motor vehicles has a significant impact on air quality. According to air pollution standard index data on August 18, 2022, the HC (hydrocarbon gas) level was recorded at 46 HC. This hydrocarbon gas will mix with the exhaust gases. Electric motors can be used to reduce air pollution produced by motorized vehicles, especially two-wheeled vehicles. A marketing strategy is needed because many people in Samarinda do not know about electric motors. In every marketing action, he pays attention to environmental issues by applying the concept of green marketing. Green marketing strategy is a strategy used by businesses to increase public awareness of the environment. By applying this strategy, green promotion can be done. The focus of this research is to find out whether sustainable marketing- that is, green marketing and sustainable advertising-applied to environmentally friendly products, such as "electric motors", affects Indonesian customers' desire and inclination to use electric vehicles in the future. This study seeks to identify whether sustainable marketing and sustainable advertising, which have been applied to environmentally friendly products, such as 'electric motors', have an impact on

Indonesian consumers' purchase intention and behavior to use electric vehicles in the future. This study is certainly an effort to provide insights and new perspectives in the context of sustainable marketing. A number of previous studies have not specifically focused on consumer purchasing behavior on electric motors as environmentally friendly products.

## II. METHODS

The researcher used purposive sampling method. This method is limited to sampling or certain respondents who can provide the information needed, either because they are the only ones who have it, or because the respondents match the criteria determined by the researcher. The research was conducted in Indonesia with a focus on distributing questionnaires to respondents who live in the city of Samarinda via google form from 160 respondents who met the criteria. Researchers conducted data processing using Partial Least Square Structural Equation Modeling (PLS-SEM) through the SmartPLS program. In this study, the questionnaire was structured in two parts; (1) Demographic information section through namely; gender, education, and occupation In part (2) We collected inferential statistics where questions related to the independent variable: Green Marketing, dependent variable: Green Purchase Intention, and Mediating Variable: Sustainable Advertising. To measure the inferential statistics a 5-point Likert scale was used.

### III. RESULTS AND DISCUSSION

Respondents consisted of 72% male and 28%

female, 35% had a high school education. 65% have a bachelor's degree and earn 35% as civil servants, 50% as private employees and 15% as other occupations. The results obtained from data processing are presented below:

Table 1. Outer Loading

	Green Marketing	Green Purchase Intention	Sustainable advertising	Desc
GM1	0,835			Valid
GM2	0.796			Valid
GM3	0.821			Valid
GP1		0,826		Valid
GP12		0,807		Valid
GP13		0,692		Valid
SA1			0,800	Valid
SA2			0,814	Valid
SA3			0,736	Valid

Table 1 shows that the outer loading on each indicator on each variable research has a value above 0.6 and more than 0.6. So the outer loading in this study considered valid.

Table 2. Average Variance Extracted (AVE)

Variables	Average Variance Extracted (AVE)	Description
Green Marketing	0,669	Valid
Green Purchase Intention	0,615	Valid
Sustainable Advertising	0,604	Valid

A variable indicator is declared to be fulfilled if the average variance extracted (AVE) value is greater than 0.6. The AVE value of each indicator in each construct variable has a value greater than 0.6. This shows that each variable in this study can be said to be valid.

Green Marketing -> Sustainability Advertising  
 Green Marketing -> Green Purchase Intention

Table 3. Composite Reliability

Variables	Composite Reliability	Description
Green Marketing	0,858	Valid
Green Purchase Intention	0,827	Valid
Sustainable Advertising	0,820	Valid

From the data in the table above, the composite reliability value of each variable is more than 0.8 so that it shows that the three variables in the study can be said to be reliable or have a high level of reliability.

Table 4. R Square (R2)

Variables	R Square
Green Purchase Intention	0,026
Sustainable Advertising	0,119

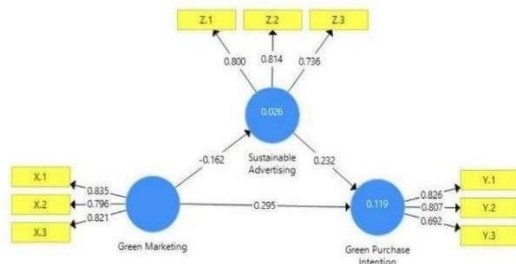
According to the data in the table above, the R-square value can be seen, this value shows that 2.6% of the Green Purchase Intention variable is influenced by green marketing and Sustainable Advertising variables, while the remaining 55.9% is influenced by other variables outside the study. Then 11.9% of Sustainable Advertising variables are influenced by Green Purchase Intention and the remaining 88.1% is influenced by other variables outside the study.

Table 5. Path Coefficients

Variables	Original Sample (O) P Values	Original Sample (O) P Values
Sustainability Advertising -> Green Purchase Intention	-0.162	0,122**
Green Marketing -> Sustainability	0.295	0,000*
	0.232	0,002*
	-0.038	0,227**

Advertising -> Green  
 Purchase Intention

Source: Data Processing Results; \* Significant;  
 \*\* Not Significant



Smart PLS Bootstrapping Output

#### IV. CONCLUSION

This study shows that green marketing, sustainable advertising has a positive and significant effect on green purchase intention. All these research results will definitely have a positive impact on the behavior and intention of Indonesian consumers to use electric vehicles. First, with regard to green advertising. EV companies should utilize "green" content and messages in their marketing campaigns. In other words, companies should use social media and social media platforms to convey the advantages and differences of EVs as highly environmentally friendly vehicles of the future. One example is the effort to achieve "zero pollution" through the mass use of electric vehicles in Indonesia as well as the use of electric vehicle batteries that can be recycled and recharged after expiration.

Secondly, the research findings show that Indonesian customers are highly active on social media and most find out information about electric vehicles from social media. EV companies can optimize this opportunity by spending money on advertising. Managers should improve the usefulness and ease of use of information content (Siahaan et al., 2021). There are

many social media platforms such as Facebook, Instagram, YouTube, and TikTok that can be used for scheduled and organic communication. However, electric vehicle manufacturers should conduct social media advertising with soft-selling that emphasizes sustainability and illustrates the benefits of EV use for the sustainability of life on Earth. This will allow the ads to reach more people and be more effective. As social media has become part of Indonesians' lifestyle, especially in big cities, this should be done. In addition, on ground or offline activities should be done consistently in various locations such as malls, cafes, airports, business districts, park cities, residential areas, sports centers, office buildings, and so on. This is done to give potential customers across Indonesia the opportunity to run a test or trial.

Moreover, the aim of these efforts is to make electric vehicles more accessible to the general public. Also, when offline activities are conducted in public places, people can be educated about environmentally friendly electric fuels, recyclable batteries, refueling speed at electric charging stations, and other information. With some limitations, this study can be an important consideration for future researchers. First, further research should focus on electric vehicles-cars or electric motors. This can be achieved by maintaining the conceptual framework established in this study, which aims to gain more in-depth implications for the two products, each of which uses a different marketing approach. Secondly, as this study was conducted on a cross-sectional basis, future researchers are strongly advised to use other approaches, such as long-term studies that aim to collect research results over a set period of time. Thirdly, as this study is still relatively general, the respondents are from the age group of less than twenty years old to more than fifty-

four years old. Therefore, it is highly recommended that future researchers conduct research that focuses on specific age groups. For example, researchers can collect a sample of respondents from the millennial generation to analyze the influence between variables in this study.

## REFERENCES

- Amoako, G. K., Dzogbenuku, R. K., Doe, J., & Adjaison, G. K. (2022). *Green marketing and the SDGs: emerging market perspective. Marketing Intelligence & Planning*, 40(3), 310-327
- Anissa, R. N., Tusyanah, R. S., & Fadlillah, A. (n.d.). *EXPLORING THE INFLUENCE OF SOCIAL PROOF AND PURCHASING INTENTION ON STUDENTS' PURCHASING AT MARKET PLACES*.
- Armstrong, G., Adam, S., Denize, S., & Kotler, P. (2014). *Principles of marketing*. Pearson Australia.
- Ashok, M. L., & Aswathanarayana, T. (2018). *Consumer awareness and perception towards ecofriendly products-an empirical study. Global Journal for Research Analysis*, 7(1), 3-5.
- Bestari, D. K. P., & Butarbutar, D. J. A. (2021). *Implementation of Green Marketing Strategies and Green Purchase Behavior as Efforts to Strengthen the Competitiveness of MSMEs in Indonesia. Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences*, 4(1), 243-254.
- Braga, S., Martínez, M. P., Correa, C. M., Moura-Leite, R. C., & Da Silva, D. (2019). *Greenwashing effect, attitudes, and beliefs in green consumption. RAUSP Management Journal*, 54, 226-241.
- Chekima, B., Wafa, S. A. W. S. K., Igau, O. A., Chekima, S., & Sondoh Jr, S. L. (2016). *Examining green consumerism motivational drivers: does premium price and demographics matter to green purchasing? Journal of Cleaner Production*, 112, 3436-3450.
- Chen, T. B., & Chai, L. T. (2010). *Attitude towards the environment and green products: consumers' perspective. Management Science and Engineering*, 4(2), 27.
- Choudhary, A., & Gokarn, S. (2013). *Green marketing: A means for sustainable development. Journal of Arts, Science & Commerce*, 4(3), 3.
- CNN. (2021). *Vehicle Census in Indonesia: More than 133 Million Units. CNN Indonesia*.  
<https://www.cnnindonesia.com/otomotif/20210203115349-579-601700/sensus-kendaraandiindonesia-lebih-dari-133-juta-unit>
- Dagher, G., & Itani, O. (2012). *The influence of environmental attitude, environmental concern and social influence on green purchasing behavior. Review of Business Research*, 12(2), 104-111.
- Deloitte. (2014). *Global automotive consumer survey*.  
[www.deloitte.com/assets/DcomUnitedStates/LocalAssets/Documents/us\\_auto\\_GlobalAutomotiveConsumerStudy\\_012314.pdf](http://www.deloitte.com/assets/DcomUnitedStates/LocalAssets/Documents/us_auto_GlobalAutomotiveConsumerStudy_012314.pdf)
- Goh, S. K., & Balaji, M. S. (2016). *Linking green skepticism to green purchase behavior. Journal of Cleaner Production*, 131, 629-638.
- Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2014). *Multivariate data analysis: Pearson new international edition*.

- Essex: Pearson Education Limited, 1(2).
- Jay Polonsky, M., & Ottman, J. (1998). *Stakeholders' contribution to the green new product development process*. *Journal of Marketing Management*, 14(6), 533-557.
- Joshi, Y., & Rahman, Z. (2015). *Factors affecting green purchase behavior and future research directions*. *International Strategic Management Review*, 3(1-2), 128-143.
- Kardes, F. R., Cronley, M. L., & Cline, T. W. (2011). *Consumer behavior*. South-Western, Cengage Learning.
- Ministry of Home Affairs, D. (2021). *Indonesia Population Distribution as of June 2021*. <https://dukcapil.kemendagri.go.id/berita/baca/809/distribusi-penduduk-indonesia-per-juni2021-jabarterbanyak-kaltara-paling-sedikit>
- Kim, W.-H., Malek, K., & Roberts, K. R. (2019). *The effectiveness of green advertising in the convention industry: An application of a dual coding approach and the norm activation model*. *Journal of Hospitality and Tourism Management*, 39, 185-192.
- Kirkpatrick, D. (1990). Environmentalism: The new crusade. *Fortune*, 121(4), 44-55. Kotler, P. (2011). *Reinventing marketing to manage the environmental imperative*. *Journal of Marketing*, 75(4), 132-135.
- Kotler, P., Kartajaya, H., & Setiawan, I. (2016). *Marketing 4.0: moving from Traditional to Digital*. John Wiley & Sons. Kotler, P., Kartajaya, H., & Setiawan, I. (2021). *Marketing 5.0: Technology for humanity*. Kumar, P., & Ghodeswar, B. M. (2015). *Factors affecting consumers' green product purchase decisions*. *Marketing Intelligence & Planning*, 33(3), 330-347.
- Lee, K. (2014). *Predictors of sustainable consumption among young educated consumers in HongKong*. *Journal of International Consumer Marketing*, 26(3), 217-238.
- Leedy, P. D., Ormrod, J. E., & Johnson, L. R. (2014). *Practical research: Planning and design*. Pearson Education.
- Leonidou, C. N., Katsikeas, C. S., & Morgan, N. A. (2013). *"Greening" the marketing mix: Do firms do it and does it pay off?* *Journal of the Academy of Marketing Science*, 41, 151-170.
- Magnier, L., & Crié, D. (2015). *Communicating packaging eco-friendliness: An exploration of consumers' perceptions of eco-designed packaging*. *International Journal of Retail & Distribution Management*, 43(4/5), 350-366
- Mahmoud, T. O., Ibrahim, S. B., Ali, A. H., & Bledy, A. (2017). *The influence of green marketing mix on purchase intention: The mediating role of environmental knowledge*. *International Journal of Scientific & Engineering Research*, 8(9), 1040-1048.
- Narula, S. A., & Desore, A. (2016). *Framing green consumer behavior research: opportunities and challenges*. *Social Responsibility Journal*, 12(1), 1-22.
- Polonsky, M. J. (2008). *An introduction to green marketing*. *Global Environment: Problems and*

- Policies*, 2(1), 1-10. Pomeroy, A. (2017). *Marketing for sustainability: Extending the conceptualization of the marketing mix to drive value for individuals and society at large*. Australasian Marketing Journal, 25(2), 157-165.
- Prianti, D. D. (2012). *Critical discourse analysis on the ideal type of modern women. Proceedings of Indonesia International Conference on Communication: Communication, Context and Community*, 147-156.
- Qader, I. K. A., & Zainuddin, Y. Bin. (2011). *The impact of media exposure on intention to purchase green electronic products amongst lecturers*. International Journal of Business and Management, 6(3), 240.
- Rezai, G., Teng, P. K., Mohamed, Z., & Shamsudin, M. N. (2012). *Consumers' awareness and consumption intention towards green foods*. African Journal of Business Management, 6(12), 4496.
- Salem, M. Z. (2018). *Effects of perfume packaging on Basque female consumers purchase decision in Spain*. Management Decision, 56(8), 1748-1768.
- Schiffman, L. G., Wisenblit, J., & Kumar, S. R. (2011). *Consumer Behavior*. Pearson Education India. Sekaran, U., & Bougie, R. (2016). *Research methods for business: A skill building approach*. John Wiley & Sons.
- Sheth, J. N., & Sinha, M. (2015). *B2B branding in emerging markets: A sustainability perspective*. Industrial Marketing Management, 51, 79-88.
- Sheth, J. N., Sinha, M., & Shah, R. (2016). *Breakout strategies for emerging markets: Business and marketing tactics for achieving growth*. FT Press.
- Siahaan, J., Kristiyono, Y. R., Sitorus, A. B., & Saputra, E. D. (2021). *The impact of hedonic and utilitarian dimensions in mobile service banking quality towards relationship quality*. Journal of Services Management and Marketing, 14(2), 260-281. Sidhu, J. (2018). *Sustainability performance-A key marketing tool for consumer brands*. In Strategic marketing issues in emerging markets (pp. 363-372). Springer.
- Silaban, P. H., Silalahi, A. D. K., & Octoyuda, E. (2021). *Understanding consumers' addiction to online mobile games and in apps purchase intention: Players stickiness as the mediation*. Journal of Services Management and Marketing, 14(2), 165-178.
- Situmorang, H. D. (2021). *Air Quality in Indonesia Continues to Worsen*. News One. <https://www.beritasatu.com/nasional/783001/kualitas-udara-di-indonesia-terus-memburuk>
- Soomro, R. B., Mirani, I. A., Sajid Ali, M., & Marvi, S. (2020). *Exploring the green purchasing behavior of young generation in Pakistan: Opportunities for green entrepreneurship*. Asia Pacific Journal of Innovation and Entrepreneurship, 14(3), 289-302.
- Sudhir, K., & Talukdar, D. (2015). *The "Peter Pan syndrome" in emerging markets: The productivity transparency trade-off in IT adoption*. Marketing Science, 34(4), 500-521.
- Tirto. (2021). *Towards a Better Indonesia with Electric Cars*. <https://tirto.id/f943>



- Umah, A. (2021). 2021, *the use of electric cars in Indonesia can reach 125 thousand units*. *CNBC Indonesia*. <https://www.cnbcindonesia.com/news/20210119121258-4-217097/2021-penggunaan-mobil-listrik-ribisa-sampai-125-ribu-unit>
- Vermeir, I., & Verbeke, W. (2008). *Sustainable food consumption among young adults in Belgium: Theory of planned behavior and the role of confidence and values*. *Ecological Economics*, 64(3), 542-553.
- Widodo, T., & Maylina, N. L. P. K. (2022). *The mediating role of perceived value and social media word-of-mouth in the relationship between perceived quality and purchase intention*. *Journal of Services Management and Marketing*, 15(1), 49-68.
- Xu, X., Hua, Y., Wang, S., & Xu, G. (2020). *Determinants of consumer's intention to purchase authentic green furniture*. *Resources, Conservation and Recycling*, 156, 104721.
- Yadav, G., Mangla, S. K., Luthra, S., & Rai, D. P. (2019). *Developing a sustainable smart city framework for developing economies: An Indian context*. *Sustainable Cities and Society*, 47,101

## DYNAMICS OF MULTINATIONAL CORPORATE COOPERATION IN INTERNATIONAL RELATIONS: AN OVERVIEW FROM A GLOBAL ECONOMIC POINT OF VIEW

Ahmad Fauzan<sup>1</sup>, Gilang Mukti Rukmana<sup>1\*</sup>

<sup>1</sup>University of Muhammadiyah East Kalimantan

\*Corresponding Author: [gmr651@umkt.ac.id](mailto:gmr651@umkt.ac.id)

**Abstract.** *This research explores the cooperation of multinational corporations (MNCs) in the context of international relations from a global economic perspective. The focus is on how global economic factors influence MNC cooperation amid changing dynamics of international relations and policies. Utilizing a literature review, this study aims to provide insight into how MNCs operate and collaborate in the ever-changing global business environment. The findings indicate that MNCs have a significant impact on the Indonesian economy through increased productivity, export intensity, and job opportunities. However, the impact of global economic policies on MNC cooperation in international relations is highly complex, with changing trade regulations, fiscal and monetary policies, and trade agreements affecting MNC strategies and operations. In conclusion, this study highlights the complexity of the impact of global economic policies on MNC cooperation in the context of international relations, as well as the importance of effective adaptation and risk management for MNCs to remain competitive in the dynamic global market.*

**Keywords:** *Global Economy, International Relations, Multinational Corporations*

### I. INTRODUCTION

In the era of economic globalization, multinational corporations (MNCs) have an increasingly important role in the global economy. MNC has the ability to operate in various countries with production, distribution, and investment activities that cross national borders. Multinational corporations (MNCs) have played a key role in driving globalization. They not only became "champions" in the national economy, but also formed the global economy with their extensive activities, supported by technology and changes in communication and transportation. MNCs currently dominate global production networks and their political actions and business strategies have a direct impact on the results of international trade distribution (Jones, 2020). A multinational corporation (MNC) is a business entity that operates in more than one country and has significant economic activity in each country in which they operate. They often have management centers in their home countries, but carry out various business activities such as production, distribution, and marketing in other countries (Rugman, 2004).

International relations is the study of interactions between countries at the international level, as well as factors that affect relations between them, including politics, economics, security, culture, and the environment. It includes an analysis of cooperation, conflict, diplomacy, international trade, regional integration, foreign policy, as well as the role of international organizations (Keohane, 1977).

Inter-MNC cooperation involves a number of complex aspects, including strategic alliances, partnerships, and other forms of cooperation. The dynamics of this cooperation are influenced by external factors such as changes in international trade regulations, shifts in political power, and global economic conditions. Changes in the global economy, such as currency fluctuations, global financial market conditions, and changes in global demand and supply, affect MNC's cooperation strategies and decisions (Bailor, 2020). These companies must be able to adapt to the dynamics of the global economy to maintain operational success and long-term growth. International relations between countries have a great impact on inter-MNC cooperation. Changes in political relations between countries, trade policies, and global security issues can affect companies' strategic decisions in choosing partners and investment locations (Baccini, 2017).

An international organization is an entity or body consisting of members from two or more countries that work together to achieve common goals in the international sphere. This organization is usually established to promote cooperation between countries in areas such as peace and security, economic development, environment, human rights, and global health (Pevehouse, 2021). Global economics is the study of interactions between various national economies around the world, as well as factors that influence economic behavior at the global level. It includes analysis on international trade, cross-border investment, global finance, global labor markets, international economic policies, and changes in the structure of the global economy (Hurd, 2017).

An overview from the point of view of the global economy provides a deeper understanding of the dynamics of MNC cooperation. It includes an analysis of how MNCs adapt to the changing global economic environment and how macroeconomic decisions impact the strategies and operations of multinational companies. Through a deeper understanding of this background, research on the dynamics of MNC cooperation in international relations from a global economic standpoint can provide valuable insights into how MNCs operate and collaborate in an ever-changing global business environment.

## II. METHODS

A method is a means used to achieve a goal. Meanwhile, research methods can be interpreted as procedures used in the research process, both in searching for data and describing existing phenomena (Zulkarnaen, 2020). This journal uses a review of research literature that discusses the dynamics of multinational cooperation in international relations reviewed from the point of view of the global economy.

## III. RESULTS AND DISCUSSION

### Analysis of How Global Economic Factors Affect Cooperation

Global economic factors exert a major influence on cooperation between countries and entities in various fields. Countries that are interdependent on trade become the foundation, with each other's dependence on trade often working together to maintain favorable economic conditions. Economic stability, which is important to market confidence, often encourages cooperative efforts during financial crises, when coordinated monetary policy or financial assistance is aimed at stabilizing the affected economy. Access to resources and markets fosters alliances and agreements, ensuring shared economic growth and stability.

Another form is development assistance from developed countries fostering cooperation by helping least developed countries, thus promoting equitable economic progress. Global governance and regulation, facilitated by international organizations such as the World Trade Organization, establish rules that encourage cooperation and ensure fair economic interaction. Technology transfer agreements, environmental issues, market access negotiations, and financial interdependence further underscore the need for cooperation to address common challenges and maximize mutual benefits in the global economic landscape.

### The Impact of Multinational Companies on the Indonesian Economy: A Critical Review

One of the important roles or significant impacts of Foreign Direct Investment (FDI) and multinational companies (MNCs) on the Indonesian economy is to increase trade and accelerate economic growth. The influence of MNCs on trade performance can be measured from MNC's involvement in product exports. The role of MNCs as a driver of manufacturing exports in Indonesia is often indirect but still has a big impact. There are three main assumptions regarding the positive impact of MNCs on improving the manufacturing sector. First, MNCs or foreign companies will bring relatively high levels of productivity, which is supported by other studies that show higher productivity compared to domestic companies.

Second, MNC has a high export intensity in the manufacturing sector, both in increasing and starting exports. Lastly, foreign companies pay higher wages compared to domestic companies, and their involvement in the manufacturing sector has helped open up more job opportunities in Indonesia.

### **Impact of Global Economic Policy on MNC Cooperation in International Relations**

The impact of global economic policies on multinational corporations (MNCs) in the context of international relations has profound complexity. When looking at the global economic policy framework, including changing international trade regulations, dynamic fiscal and monetary policies, and increasingly complex regional or multilateral trade agreements, the impact on MNCs' strategies and operations becomes even more significant and complex. Changes in international trade policy, for example, have the potential to directly affect MNCs' access to global markets and their supply chains. In an ever-changing environment, MNCs must continuously update their strategies to deal with various challenges related to trade policies, such as tariff changes, import quotas, or environmental regulations that affect their operations in different countries.

In addition, global fiscal and monetary policies also have a significant impact on MNCs. Global economic liquidity and stability conditions may affect MNCs' long-term investment decisions, as well as their ability to manage currency risk and global financial market fluctuations. Regional or multilateral trade agreements also form an important foundation for MNC's cooperation in international relations. When these agreements are adopted or revised, MNCs must take into account their implications for tariffs, trade barriers, and investment rules that may influence their decisions on resource allocation and cross-border cooperation.

### **IV. CONCLUSION**

Overall, the impact of global economic policies on multinational corporate (MNC) cooperation in international relations reflects the complexity and dynamics in the global business environment. Changes in trade regulations, fiscal and monetary policies, and regional or multilateral trade agreements directly affect MNCs' strategies and operations. MNCs must be able to adapt to these changes to remain competitive and optimize opportunities in a changing global market. Therefore, a deep understanding of these factors and effective risk management skills are key for MNCs in carrying out their activities in a dynamic global economic environment.

## REFERENCES

- Baccini, L. et al. 2017. "The Distributional Consequences of Preferential Trade Liberalization: Firm Level Evidence." *International Organization* 71 (2).
- Ballor, G. A., & Yilidrim, A. B. (2020). Multinational Corporations and the Politics of International Trade in Multidisciplinary Perspective. *Business and Politics*, 22(4), 573-586.  
<https://doi.org/10.1017/bap.2020.14>  
<https://doi.org/10.31955/mea.vol4.iss2.pp222-243>. s.
- Hurd, I. (2017). *International organizations: Politics, law, practice*. Cambridge University Press.
- Jones, Geoffrey. 2020. "Origins and development of global business." In *The Routledge Companion to the Makers of Global Business*, edited by Teresa da Silva Lopes, Christina Lubinski, and Heidi J.S. Tworek, 17-34. London: Routledge.
- Keohane, R. O., & Nye, J. S. (1977). *Power and interdependence: World politics in transition*. Little, Brown.
- Mussa, M. (2015). Factors driving global economic integration. IMF.  
<https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp082500>
- Pevehouse, J. C., Nordstrom, T., & Warnke, J. (Eds.). (2021). *The Oxford handbook of international organizations*. Oxford University Press.
- Rugman, A. M., & Verbeke, A. (2004). A perspective on regional and global strategies of multinational enterprises. *Journal of International Business Studies*, 35(1), 3-18.
- Zulkarnaen, W., I Fitriani, and N Yuningsih. 2020. "Development of Supply Chain Management in Managing Election Logistics Distribution in a More Appropriate Type, Exact Quantity and Exact Time Based on Human Resource Competency Development at the West Java KPU." *MEA Scientific Journal (Management, Economics & Accounting)* 4(2): 222-43.

## THE EFFECT OF EXCHANGE RATE, TAX BURDEN, AND INTENCIVE TUNNELING ON TRANSFER PRICING IN MANUFACTURING COMPANIES FOR THE 2018-2022 PERIOD

Firmansyah<sup>1\*</sup>, M. Astri Yulidar Abbas<sup>1</sup>, Camelia<sup>1</sup>, Meutia Layli<sup>2</sup>

<sup>1</sup>Accounting Study Program, Faculty of Economics and Business, Widya Gama Mahakam University, Indonesia

<sup>2</sup>Accounting Study Program, Faculty of Economics and Business, Alma Ata University, Indonesia

\*Corresponding Author: [firbankap@uwgm.ac.id](mailto:firbankap@uwgm.ac.id)

**Abstract.** *Economic development in the modern era and globalization is growing rapidly thanks to technological disruption. Such technological advances result in significant changes in various aspects of economic activity, taxation, forcing entrepreneurs to follow these developments unavoidably. The determination of tax rates in Indonesia that are quite high from other countries is the reason for entrepreneurs to carry out transfer pricing practices. This study aims to find empirical evidence that affects transfer pricing in manufacturing companies in various industrial sectors listed on the Indonesia Stock Exchange for the 2018-2022 period. The sampling technique used was purposive sampling and obtained 110 samples. Hypothesis testing of this study used multiple linear regression models. The results of the study prove that the exchange rate has no effect on transfer pricing, this result proves that it is not a benchmark for companies to practice transfer pricing due to the effect of exchange rate differences, this may cause company profits or losses. Meanwhile, tax burden and tunneling incentives have a positive effect on transfer pricing. The company's management takes advantage of the lack of tax rules or loopholes to be able to carry out transfer pricing practices aimed at reducing the tax burden and the*

*size of shares owned by the controlling shareholder into greater opportunities for the company to carry out transfer pricing.*

*Keywords: Transfer Pricing, Exchange Rate, Tax, Tunneling Incentive*

### I. INTRODUCTION

Developing overseas subsidiaries by companies can have a number of impacts, one of which is the practice of manipulating Transfer Pricing. Such manipulation includes activities to set prices unreasonably, transaction schemes, and form artificial business structures. Transfer pricing is a relatively promising option even though it is detrimental to the country, because entrepreneurs in countries with high tax rates make them reluctant to meet their tax obligations. Therefore, moving profits to countries with relatively low tax rates (Prasetio & Saputri Mashuri, 2021). The practice of transfer pricing violates tax rules, because the practice reduces state tax revenue (Prananda & Triyanto, 2020). High tax rates are an important note for public companies to be more careful in managing the company (Layli et al., 2023).

There is a case in Astra Internasional Tbk (ASII) which is one of the subsidiaries of PT Toyota Motor Manufacturing Indonesia. In 2019, the company managed to achieve revenue of Rp. 237 T, with a net profit of Rp. 21.7 T. In that year, profits increased when compared to 2018 which only reached Rp. 21.67 trillion. However, in a pandemic situation, PT. Astra International experienced a decrease in net profit to Rp. 4.81 trillion in the quarter. The Directorate General of Taxes suspects that Toyota Motor Manufacturing uses transactions between affiliated companies, both domestic and international, with the intention of reducing tax payment obligations (Firmansyah & Layli, 2022). The case of Toyota transfer pricing in Indonesia was revealed when the Directorate General of Taxes conducted a joint examination of the annual tax return (SPT) of Toyota Motor Manufacturing in 2005.

In international trade, a payment agreement is needed in an agreed currency along with a different exchange rate. Exchange rate is the exchange rate (rate) of money from different currencies that is used as payment in trade between countries (Adhika & Wulandari, 2023). The current phenomenon is that many companies refer to dollars whose value is very relatively unpredictable. The fact that some multinational companies are more attractive to pay with different foreign currencies is due to frequent fluctuations in exchange rates. This results in an increase in the price of raw materials from countries which

### **Teory Agency**

Agency is a resource owned by an agent for the benefit of the entity (Leksono et al., 2019). This concept refers to the relationship between principals and agents where the principal as the owner of the company as the owner who has an interest In the agent as the executor of management sustainability. The relationship arising from

although suppliers do not change prices but have different tax rates in each country (Marfuah & Azizah, 2014).

The determination of tax burden rates in Indonesia that are quite high from other countries is the reason for entrepreneurs to carry out this practice. This issue is actually an issue that is fairly often discussed by the government as a basis for making new regulations on this transfer pricing practice (Lestari et al., 2021). When viewed from the point of view of business people, companies tend to minimize costs with a view to being able to reduce taxes. In addition to the tax burden that can occur transfer pricing is the exchange rate.

Tunneling incentive is another factor where the majority shareholder flows resources out of the company for the benefit of the controlling shareholder, this will have an impact on minority shareholding (Wijaya et al., 2020). This problem occurs due to the lack of regulations governing the rights of non-controlling shareholders (Maulani et al., 2021). Tunneling incentives are indicated to be detrimental to the state and non-controlling shareholders. If the percentage of foreign ownership is greater, it causes great control over the company in determining policies that boby so only benefit itself in determining the transfer price. By selling products to affiliated companies, there will be a tunneling indication at the company where the price will be cheaper than the market price (Mineri & Paramitha, 2021).

agency theory with transfer pricing is about the assumption of human nature that each individual tends to think about his personal interests so that agency problems arise because there are parties who have different interests but cooperate with each other in different divisions of duties (Prabaningrum et al., 2021).



Authority is also related to the management of company assets given by the authorizer to the agent. Agents can ignore shareholder interests by utilizing their incentives to conduct transfer pricing, with a view to reducing corporate tax payments. Through the application of agency theory, it is hoped that problems arising from differences in interests between the authorizer and the agent can be minimized, so that a form of control is needed.

### **Transfer Pricing\_Y**

Transfer Pricing is an agreement between the two parties to a public listed company that has a relationship with the aim of reducing taxes (Louw, 2020). Efforts to maximize the profits obtained by the company by making tax savings in one period, namely transfer pricing. Making good financial statement records can attract new investors. The company's ability to optimize profits can be improved through the conformity of financial statements with applicable accounting standards. When profit and tax planning are well managed, the company does not worry about the tax burden that must be incurred.

There are differences in tax rates between countries to factor in business people to maximize the benefits obtained. If the company generates high profits, it will divert profits with the aim of maximizing the profits obtained by diverting to low-tariff countries. This phenomenon often occurs in multinational companies. Here are some projections for transfer pricing measurement.

### **Exchange Rate\_X1**

Exchange rate (ER) is an exchange rate with the currency of a different country intended as payment in trade between countries (Adhika & Wulandari, 2023). The rise and fall of the exchange rate causes many goods and services to be affected by the price so

that this motivates managers or company leaders or even shareholders to do transfer pricing (Avri Rahman & Cheisviyanny, 2020). Not a few companies prefer to divert some of the profits in order to avoid a high exchange rate in the country, because the increase in turnover is very fluctuating based on information and so on.

Transfer pricing can be an option to increase profits, with the difference in exchange rates can be a separate income for the company (Yumma et al., 2021). Companies that trade with two or more countries are at least motivated to transfer profits to a country with a strong exchange rate and small tax rates, so that companies can minimize taxes incurred.

H1= Exchange rate has a positive effect on transfer pricing

### **Tax Burden\_X2**

Tax burden ( $\bar{ETR}$ ) is a contribution that must be paid by taxpayers who have fulfilled tax subjects and objects (Adhika & Wulandari, 2023). Tax can be interpreted as revenue intended to finance operations in a country (Firmansyah et al., 2022). For companies, taxes are a burden that must be paid on the state without exception (Prasetio & Saputri Mashuri, 2021). Taxes have different rates and characteristics in each country that has a special relationship. Taxes are generally measured by eraning tax ratio or abbreviated as (ETR) (Firmansyah et al., 2022).

The difference in tax rates with other countries makes the motivation for companies that go public to minimize corporate tax by carrying out transfer pricing practices. This motivation causes losses for the state that should get a larger tax deposit from the company but not because the entity takes advantage of a regulatory loophole (Louw, 2020).

H2: Tax burden positively affects transfer pricing.

**Tunneling Incentive\_X3**

Tunneling incentive is the transfer of assets from the parent company to another country or vice versa with the aim of the controlling shareholder getting a profit (Wijaya et al., 2020). Tunneling incentive is associated with the phenomenon of agency, namely the interests of owners and management, in this case where the majority share as the owner has a full share in the company and how well it must be managed. Tunneling incentive is used to drain the entity's assets for the benefit of the controlling shareholder (Maulani et al., 2021). The existence of related party transactions illustrates an indication of tunneling in multinational companies.

The business world, especially in public companies, is closely related to tunneling indications. Generally, in Indonesia, ownership of companies is focused on majority shares, which causes a lack of company control to better mean double supervision. Receiving input from minority ownership can help solve problems that exist in the company. Inter-relationship transactions are generally carried out by

selling or buying an item at a relatively cheap price, this transaction aims at the interests of the controlling stake (Mispiyanti, 2015).

H3 = Tunneling incentives positively affect transfer pricing

**II. METHODS**

This research methodology, which is quantitative, is expected to determine whether there is an influence between variables. The population in this study in 2018-2022 is manufacturing companies contained in the IDX in the various industrial sectors. The criteria for determining samples using the Purposive sampling technique are selecting samples based on certain criteria, namely companies that publish complete financial statements and manufacturing companies in various industrial sectors that experience losses in the annual report in the research year, thus obtaining 110 data. This research analysis technique uses multiple linear regression analysis methods using SPSS v.26 software including descriptive statistics, data quality tests, classical assumption tests, model tests, and hypothesis tests. The following is the operational definition of this study variabel with skla ratio:

**Tabel 1 Variable Operational Definition**

<i>Transfer pricing_Y</i>	$TP = \text{Receivables of related party transactions} / \text{Total receivables} \times 100\%$
<i>Exchange rate_X1</i>	$ER = \text{Profit and loss of exchange rate difference} / \text{Profit and Loss Before Tax}$
<i>Tax burden_X2</i>	$ETR = \text{Tax burden} / \text{Income before tax}$
<i>Tunneling incentive_X3</i>	$TI = \text{Largest number of shares} / \text{Outstanding Shares}$

Source: Data, processed (2024)

**III. RESULTS AND DISCUSSION**

**Descriptive Statistics**

Descriptive statistical analysis aims to provide an overview or explanation related variable studied.

to research data consisting of minimum, maximum, average, and standard deviation values in each.

**Table 2 Descriptive Statistics**

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
ER	110	-3.38	1.58	-0.02	0.39
ETR	110	-1.35	1.31	-0.05	1.18
TI	110	0.06	1.00	0.60	0.19
TP	110	0.00	1.00	0.24	0.25

Source: Data, processed (2024)

Variable *ER*, minimum value -3.38, maximum 1.58, mean -0.02, std deviation 0.39. From the results of these data, it can be understood that the average of all companies sampled is a value with a minus value. The std deviation value of 0.39 and higher than the mean value means that the data in this study is not good because there is a deviation that is greater than the mean value.

ETR variable, min value -1.35, maximum 1.31, mean -0.05, and std deviation 1.18. From the results of these data, it can be understood that the average of all companies sampled is a value with a minus value. The std deviation value of 1.18 is higher than the mean value, which means that the data in this study is not good because there is a deviation that is greater than the mean value.

Variable *TI*, min value 0.06, max 1.00, mean 0.60, std deviation 0.19. From the results of these data, it can be understood that the average of all companies sampled with positive values. The std deviation value is 0.19 and smaller than the mean value which means that the data in this study is quite good because there is no large deviation from the mean value.

TP variable, min value 0.00, max 1.00, mean 0.24, std deviation 0.25. From the results of these data, it can be understood that the average of all companies sampled is a positive value. The std deviation value of 0.25 is greater than the mean value which means that the data in this study can be less good because there is a large deviation from the mean value.

### ASUMSI CLASSIC

#### Normality Test

This test aims to test whether there are disturbances in the regression or residual model and whether they are normally distributed (Ghozali, 2018). Based on the results of the Asymp value normality test. Sig (2-tailed) in the overall variable is greater than the standard 0.05 which is 0.183.

#### Multicollinearity Test

Multicollinearity is used as a tester in regression models that have a relationship or correlation (free) (Ghozali, 2018). Based on the results of the multicollinearity test, the tolerance value > of 0.10 and the VIF value < 0.10, there are no symptoms of multicollinearity.

### Heteroscedasticity Test

The results of the heteroscedasticity test of all variables did not indicate heteroscedasticity significance of more than 0.05 ( $p > 0.05$ ).

### Autocorrelation Test

This test interprets the presence or absence of data correlation for a time sequence. There are methods, one of which is *Durbin Watson*, the test criteria are as follows:  $DW > dU$  and  $DW < -4dU$  autocorrelation = 0.

**Table 3 Autocorrelation Test**

dL	dU	DW	4-dU	Information
1,6246	1,7874	1,848	2,2126	Valid

Source: Data processed, (2024)

Based on the table above, the autocorrelation test can be described as explaining the absence of autocorrelation, namely  $DW > dU$  and  $DW < -4dU$  autocorrelation = 0.

### Test Coefficient of Determination (R<sup>2</sup>)

The test results of the coefficient of determination (R<sup>2</sup>) can be seen as follows:

**Table 4 Test Coefficient Determination (R<sup>2</sup>)**

Model	R	R Square	Model Summary <sup>b</sup>		
			Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.294 <sup>a</sup>	.086	.052	.12549	1.848

Source: Data, Output SPSS, (2024)

The test result of the coefficient of determination (R<sup>2</sup>) has a value of 0.052 (*Adjusted R Square*). This value concludes that it can simultaneously affect *transfer pricing* by 8.6%, while 91.4% is influenced by other variables.

### Test F

The F test is intended to test together the independent variable against the dependent variable. If the calculation is  $> f_{table}$ , or the

$\text{sig} < 0.05$  then it has an effect, and if vice versa it has no effect. Based on the test results of the sig value of  $0.003 < 0.05$  that overall the effect of the entire variable.

### T Test

This T test is used to see the extent of the influence on an independent variable (independent) individually (partial) on the dependent variable (dependent). Here are the test results of the T Test:

**Table 5 T Test**

Variable	T count	Sig.
ER	0.219	.827
ETR	1.593	.004
TI	3.446	.001

Source: Data processed, (2024)

### **The effect of *exchange rate* on *transfer pricing***

The results of the t test in table 5 explain the calculated t value of the *exchange rate* variable from the table t value ( $0.219 < 1.98282$ ), significance ( $0.827 > 0.05$ ), has no positive effect on *transfer pricing*, so the second hypothesis is rejected. The regression result of a positive value (+) in t count shows a unidirectional relationship, meaning that any increase in *exchange rate* does not necessarily have an influence on *transfer pricing* can be seen from the sig results.

This result illustrates whether or not there is an increase in the exchange rate can not influence the company's decision in determining *transfer pricing decisions* or not. This research is in line with research (Prananda & Triyanto, 2020), (Adhika & Wulandari, 2023), and (Rosmawati & Ginting, 2022) that *the exchange rate* has no effect on *transfer pricing*.

### **The effect of *tax burden* on *transfer pricing***

The results of the multiple regression test table 5 explain that the calculated t value of the tax burden variable is smaller than the table t value ( $1.593 < 1.98282$ ) and the significance value ( $0.004 < 0.05$ ), the tax burden has a positive effect on *transfer pricing*, so the first hypothesis is accepted. The regression result of a positive value (+) in t count shows a unidirectional relationship, meaning that every increase in

tax burden has an impact on increasing *transfer pricing* indications.

There are similar assumptions by shareholders with the company's executors or management in carrying out company operations to provide freedom in order to achieve its vision and mission. This research is in line with research (Rifqiyati et al., 2021), (Prabaningrum et al., 2021), and (Wijaya et al., 2020) which proves that the tax burden has a positive effect on *transfer pricing*.

### **The effect of *tunneling incentives* on *transfer pricing***

The results of the t test in table 5 show that the t value of the *tunneling incentive* variable is greater than the table t value ( $3.446 > 1.98282$ ) and the significance value ( $0.001 < 0.05$ ), *tunneling incentive* has a positive effect on *transfer pricing*, so the third hypothesis is accepted. The regression result of a positive value (+) in t count shows a unidirectional relationship, meaning that every increase in *tunneling incentive* shows that there is an indication of *transfer pricing* behavior in the company.

The amount of shares owned by the controlling shareholder is an opportunity for the company to make *transfer pricing*. This research is in line with research (Mineri & Paramitha, 2021), (Ningtyas & Mutmainah, 2022), (Kurniawan et al., 2018), and (Maulani et al., 2021) Proving that *tunneling incentives* have a positive effect on *transfer pricing*.

#### IV. CONCLUSION

Exchange rates do not affect transfer pricing, if there is an increase or not from the exchange rate cannot affect the company's decision in determining transfer pricing decisions. The tax burden has a positive effect on transfer pricing, management takes advantage of loopholes in tax rules to carry out transfer pricing practices. Tunneling incentive has a positive effect on transfer pricing, the greater the shares owned by the controlling shareholder, the greater the opportunity for a company to do transfer pricing.

#### REFERENCES

- Adhika, F. N., & Wulandari, S. (2023). Pengaruh Beban Pajak, Mekanisme Bonus, Exchange Rate, dan Intangible Asset terhadap Keputusan Transfer Pricing. *Ekonomis: Journal of Economics and Business*, 7(1), 246–253.  
<https://doi.org/10.33087/EKONOMIS.V7I1.900>
- Firmansyah, F., & Layli, M. (2022). Personal Taxpayer Compliance in Terms of Tax Rates, Understanding of Tax Regulations, and Quality of Service. *Jurnal Riset Akuntansi Terpadu*, 15(2), 224–234.  
<https://doi.org/10.35448/JRAT.V15I2.15894>
- Firmansyah, F., Layli, M., & Utomo, C. M. F. (2022). Agresivitas Pajak Ditinjau dari Resiko Perusahaan, Likuiditas dan KAP Big Four. *Organum: Jurnal Saintifik Manajemen Dan Akuntansi*, 5(1).  
<https://doi.org/10.35138/organum.v5i1.209>
- Ghozali. (2018). *aplikasi analisis multivariate dengan IBM SPSS 25 edisi 9*.
- Kurniawan, M. S., Sutjiatmo, B. P., & Wikansari, R. (2018). Pengaruh Pajak dan Tunneling Incentive Terhadap Tindakan Transfer Pricing Pada Perusahaan Manufaktur Yang Terdaftar di Bursa Efek Indonesia (BEI). *Prosiding Seminar Nasional Pakar*.  
<https://doi.org/10.25105/pakar.v0i0.2725>
- Layli, M., Abia, A., Studi Akuntansi, P., Ekonomi dan Bisnis, F., Widya Gama Mahakam Samarinda, U., & Alma Ata Yogyakarta, U. (2023). Implementasi Corporate Governance, Manajemen Laba Terhadap Sticky Cost di Moderasi Insentif Pajak Covid-19. *Jurnal Akuntansi Bisnis*, 16(2), 170–186.  
<https://doi.org/10.30813/JAB.V16I2.3608>
- Maulani, S. T., Ismatullah, I., & Rinaldi, R. (2021). Pengaruh Pajak dan Tunneling Incentive Terhadap Indikasi Melakukan Transfer Pricing (Studi Kasus Pada Perusahaan LQ-45 Yang Terindeks di Bursa Efek Indonesia). *Jurnal Ekonomi Pembangunan STIE Muhammadiyah Palopo*, 7(1).  
<https://doi.org/10.35906/jep01.v7i1.682>
- Mineri, M. F., & Paramitha, M. (2021). Pengaruh Pajak, Tunneling Incentive, Mekanisme Bonus, dan Profitabilitas Terhadap Transfer Pricing. *Jurnal Analisa Akuntansi Dan Perpajakan*, 5(1).  
<https://doi.org/10.25139/jaap.v5i1.3638>
- Ningtyas, F., & Mutmainah, K. (2022). Determinan Tax Haven, Bonus Scheme, Tunneling Incentive dan Debt Covenant Terhadap Keputusan Perusahaan Untuk Melakukan Transfer Pricing. *Journal of Economic, Business and Engineering*

- (*JEBE*), 3(2).  
<https://doi.org/10.32500/jebe.v3i2.265>  
1
- Prabaningrum, D. D., Astuti, T. P., & Harjito, Y. (2021). Pengaruh Pajak, Kepemilikan Asing, Bonus Plan dan Ukuran Perusahaan Terhadap Perusahaan Melakukan Transfer Pricing (Studi Empiris pada Perusahaan Manufaktur yang Terdaftar di BEI Tahun 2014-2018). *JURNAL ILMIAH EDUNOMIKA*, 5(1).  
<https://doi.org/10.29040/jie.v5i1.1472>
- Prananda, R. 'Aisy, & Triyanto, D. N. (2020). Pengaruh Beban Pajak, Mekanisme Bonus, Exchange Rate, dan Kepemilikan Asing Terhadap Indikasi Melakukan Transfer Pricing. *Nominal: Barometer Riset Akuntansi Dan Manajemen*, 9(2).  
<https://doi.org/10.21831/nominal.v9i2.30914>
- Rifqiyati, R., Masripah, M., Miftah, M., Ekonomi dan Bisnis, F., & Pembangunan Nasional Veteran Jakarta, U. (2021). Pengaruh Pajak, Multinasionalitas, dan Tunneling Incentive terhadap Keputusan Transfer Pricing. *Jurnal Akuntansi, Keuangan, Dan Manajemen*, 2(3), 167–178.  
<https://doi.org/10.35912/JAKMAN.V2I3.214>
- Rosmawati, D., & Ginting, W. (2022). Pengaruh Effective Tax Rate, Bonus Mechanism, Debt To Equity Ratio, Dan Exchange Rate Terhadap Keputusan Transfer Pricing. *Acman: Accounting and Management Journal*, 2(1).  
<https://doi.org/10.55208/aj.v2i1.32>
- Wijaya, I., Wijaya, I., & Amalia, A. (2020). Pengaruh Pajak, Tunneling Incentive, Dan Good Corporate Governance Terhadap Transfer Pricing. *Profita : Komunikasi Ilmiah Akuntansi Dan Perpajakan*, 13(1), 30–42.  
<https://doi.org/10.22441/profita.2020.v13i1.003>

# THE INFLUENCE OF CORPORATE GOVERNANCE ON CSR DISCLOSURES IN COAL MINING SUB-SECTOR COMPANIES THE REGISTERED ON INDONESIA STOCK EXCHANGE

Agus Riyanto<sup>1\*</sup>, Pantas Pangondian Pardede<sup>1</sup>, Rikan Oliviah<sup>1</sup>

<sup>1</sup>Widya Gama Mahakam Samarinda University, Indonesia

\*Corresponding Author: [agusriyanto@uwgm.ac.id](mailto:agusriyanto@uwgm.ac.id)

**Abstract.** *This research aims to examine the impact of corporate governance on CSR disclosure in companies within the coal mining sub-sector listed on the Indonesia Stock Exchange for the period 2018-2022. The data collection technique employed purposive sampling, and the sample consisted of 19 companies listed in the coal mining sub-sector on the Indonesia Stock Exchange with data spanning from 2018 to 2022. The research analysis utilized multiple linear regression analysis with the assistance of the SPSS Ver 29 computer program. The findings of the study indicate that managerial ownership has a positive but statistically insignificant influence on CSR disclosure. Institutional ownership has no significant impact on CSR disclosure. On the other hand, the board of commissioners has a positive and significant effect on CSR disclosure, while the audit committee and the board of directors have a negative and significant influence on CSR disclosure in coal mining sub-sector companies listed on the Indonesia Stock Exchange for the period 2018-2022. Simultaneously, there is a collective influence of managerial ownership, institutional ownership, the board of commissioners, the audit committee, and the board of directors on CSR disclosure in the coal mining sub-sector companies listed on the Indonesia Stock Exchange for the period 2018- 2022.*

**Keywords:** *Board of Commissioners, Corporat Social Responsibility, Corporate Governance, Ownership*

## I. INTRODUCTION

The health of a company's community and environment are considered along with financial metrics to determine long-term viability. More and more companies are committing to social and environmental responsibility through CSR projects, so this statement can be trusted. In addition to the Annual Report required for all companies listed on the IDX, some companies also submit sustainability reports (SR) detailing their CSR initiatives. Corporate social responsibility (CSR) refers to the practice of disclosing information to the public about an organization's efforts to increase its social and environmental impact. One of SR's roles is to provide comprehensive reports on CSR initiatives. SR also discusses the company's energy consumption policies, employment issues, and the amount of waste generated by the company's operations and how that waste is disposed of. In Indonesia, companies that carry out economic activities involving natural resources are obliged to carry out social and environmental duties in accordance with Law no. 40/2007. However, there is no law that requires companies to provide SR to their employees. In addition, companies that have adopted CSR are not included in any



special stock index. Therefore, many businesses do not issue SRs or participate in CSR initiatives. Because many businesses do not experience direct benefits from issuing SRs or engaging in CSR activities, they tend to do so sporadically, or even at all, because they are afraid that it will reduce profits in the short term and not because they really care. about the long-term impact of their output on society and the environment. environment; and the long-term impact of CSR efforts and SR issuance.

In recent years, the trend of creating CSR awareness has received significant attention in Indonesia. CSR has received a lot of attention in Indonesia. Examples of environmental damage caused by companies' disregard for the public interest are excessive exploitation of natural resources, increased pollution and waste, substandard product quality and safety, wasteful state spending, and economic and social inequality. aspects and healthy corporate governance motivate this action. In Motui Regency, Southeast Sulawesi, for example, black coal dust originating from the PLTU of the ferronickel refining company, PT Obsidian Stainless Steel, is causing problems for local residents (Kamarudin, 2019). Black coal dust originating from the PLTU of the ferronickel refining company, PT Obsidian Stainless Steel, since August 2020 has caused problems in a number of communities in Motui District, Southeast Sulawesi.

Residents in Motui District, located three kilometers away, reported seeing dust and dust. black coal particles floated in the air. because there was no rain and no irrigation, the Head of Mining Engineering (KTT) of PT Obsidian Satinless Steel admitted that the black particles felt by the public were hot.

The composition of the board of directors, audit committee, and board of commissioners are just a few examples of

good corporate governance that may have an impact on CSR. Kadek Widhiadnyana (2020), who analyzes the impact of individual and institutional ownership on performance. According to Widhiadnyana, there is a good correlation between institutional ownership and CSR reporting. Sulestiana (2021), who examines CSR disclosures by audit committees. According to Sulestiana's findings, the audit committee by itself has little or no impact on corporate social responsibility. Sihombing (2020), which analyzes variables that have an impact on CSR. Institutional ownership, board of commissioners and audit committee are independent factors. According to Sihombing's findings, CSR disclosure is not influenced by institutional ownership, board of commissioners or audit committee. Sundari (2019), who analyzed the impact of the board of directors and managerial ownership on CSR disclosure. According to Sundari, CSR reporting is influenced by who has company management. Agustina (2019) uses the size of the board of directors, the size of the audit committee, and the size of the board of directors as independent variables to test the impact of Corporate Governance on CSR disclosure. According to Agustina's findings, CSR disclosure is not influenced by the board of commissioners or the board of directors.

Research on CSR continues today, with authors such as Yulinda Tarigan (2020) examining how different dimensions of corporate governance-board size, proportion of independent commissioners, managerial ownership, institutional ownership, and audit committee size - influence CSR disclosure. This research finds a good relationship between CSR disclosure and the size of the board of directors, managerial ownership, institutional ownership, and audit committee. This study contributes to the existing literature by expanding the importance of good corporate governance

and CSR disclosure for companies and investors. Companies in the energy sector were chosen because of their public profile. High profile businesses tend to operate in sectors that receive the most attention from the media. This is because mining is an industry whose main function is extensive investigation of mineral reserves, so that it slowly but surely causes environmental damage without realizing it, and because its operational activities have the ability to be sustainable with broad interests (stakeholders). Therefore, businesses in the energy sector have a responsibility to implement CSR. From the explanation of the previous context, the result of this research is the title "THE INFLUENCE OF CORPORATE GOVERNANCE ON CSR DISCLOSURES IN COAL MINING SUB-SECTOR COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE"

## II. METHODS

Researchers use research techniques to collect data systematically for predetermined purposes. This means we need to think about four main concepts: scientific procedures, data, objectives and applications (Sugiyono, 2019: 2). This research includes empirical studies in the form of variable hypothesis testing regarding the influence of corporate governance on CSR disclosure. The object of study is a mining company. The data obtained is in the form of CSR disclosures sourced from the IDX. This data is processed using a quantitative approach, which uses multiple linear analysis. By definition, research is the methodical study of a topic through the collection of relevant data for analysis using mathematical or computer statistical methods. This research used a purposive sampling method. From a population of 25 companies, 19 sample companies were

obtained. This study uses secondary data. This research obtained data from the IDX which was published directly via the [idx.co.id](http://idx.co.id) website for the 2018-2022 period. Multiple linear regression analysis was used in this research. To solve a problem, a hypothesis is developed based on a theoretical framework.

## III. RESULTS AND DISCUSSION

In this research, the data obtained follows a normal distribution free of heteroscedasticity, multicollinearity and autocorrelation based on the findings of the classical assumption test. Once sufficient data has been collected, a multiple regression model can be applied to the results. Linear regression analysis allows us to measure the strength of the relationship between the independent variable and the dependent variable, as seen below:

**Table 1. Multiple Linear Analysis Test Results**

Coefficients						
Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
1	(Constant)	.311	.023		13,310	.000
	KM	3,428	.018	.020	.188	.851
	KI	-6,255	.010	-.068	-6,613	.541
	DK	3,667	.008	.718	4,738	.000
	KA	-.261	.043	-.958	-6,046	.000
	DD	-1,636	.004	-.455	-4,530	.000

a Dependent Variable: CSR

Source: Processed by Researchers, 2023

Multiple linear regression equation can be prepared, namely:

$$Y = 0.311 + 3.428X_1 - 6.255X_2 + 3.667X_3 - 0.261 - 1.636 X_5 + \varepsilon$$

Information:

Y : Dependent Variable

a : Constant Value

X<sub>1</sub>- X<sub>5</sub>: Independent Variable

f<sub>31</sub>- f<sub>35</sub>: Regression Coefficient

- X<sub>1</sub> : Managerial ownership
- X<sub>2</sub> : Institutional Ownership
- X<sub>3</sub> : Independent Board of Commissioners
- X<sub>4</sub> : Audit Committee
- X<sub>5</sub> : Board of Directors
- E : Error

Based on the regression equation, it can be explained in the following way:

- a. The constant value ( $\alpha$ ) of CSR Disclosure (Y) is 0.311, showing that the variables Managerial Ownership, Institutional Ownership, The Board of Commissioners, Audit Committee, Board of Directors has a value of 0, as a result the value of the dependent variable CSR Disclosure is equal 0.311.
- b. Managerial Ownership regression coefficient (X<sub>1</sub>). The tests carried out produced a regression coefficient of 3.428. In other words, the relationship between Managerial Ownership and CSR Disclosure is positive and unidirectional. This shows that, all other things being equal, an increase in Managerial Ownership by 1% will result in an increase in CSR Disclosure of 3.428 %.
- c. Institutional Ownership regression coefficient (X<sub>2</sub>). A regression coefficient of -6.255 was found in empirical testing. These findings indicate that the Institutional Ownership variable has an inverse (opposite) relationship with the CSR Disclosure variable. This shows that, all things being equal, an increase in Institutional Ownership of 1% is associated with a decrease in CSR Disclosure of -6,255.
- d. Board of Commissioners regression coefficient (X<sub>3</sub>). A regression coefficient of 3.667 was found from the experiments carried out. These findings indicate that there is a positive (unidirectional) relationship between the Board of Commissioners variables and CSR

Disclosure. If all other factors are considered equal, this shows that an increase in the Board of Commissioners variable of 1% will cause an increase in CSR Disclosure of 3.667%.

- e. Audit Committee regression coefficient (X<sub>4</sub>). The regression coefficient se value of -0.261 was found in empirical testing. Based on these findings, we can conclude that the Audit Committee variable has a negative (opposite) relationship with CSR Disclosure. If all other factors remain the same, an increase in the Audit Committee variable of 1% will cause a decrease in CSR Disclosure of -0.261.
- f. Board of Directors regression coefficient (X<sub>5</sub>). Statistical analysis produces a regression coefficient of -1.636. These findings indicate that the Board of Directors factor has a negative (opposite) relationship with CSR Disclosure. This shows that a 1% change in the Board of Directors variable will cause a change in CSR Disclosure of -1.63% if all other factors remain the same.

The table below displays the results of the t test used to test the hypothesis:

**Table 2. Partial Test Results (t-test)**  
Coefficients

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
1	(Constant)	,311	,023		13,310	,000
	KM	3,428	,018	,020	,188	,851
	KI	-6,255	,010	-,068	-,613	,541
	DK	3,667	,008	,718	4,738	,000
	KA	-,261	,043	-,958	-,6046	,000
	DD	-1,636	,004	-,455	-,4530	,000

a Dependent Variable: CSR

Source: Processed by Researchers, 2023

According to the results of the previous table analysis, the following is an explanation of the hypothesis testing:

1. Testing Managerial Ownership (X<sub>1</sub>) on CSR Disclosure (Y). First hypothesis

regarding the Managerial Ownership variable, it is known that  $t_{count} < t_{table}$ , namely  $(0.188 < 1.66216)$  and its significance is  $0.851 > 0.05$ , so it is concluded that  $H_1$  is accepted, which means there is a positive and insignificant influence between Managerial Ownership variable ( $X_1$ ) on CSR Disclosure (Y).

2. Testing Institutional Ownership ( $X_2$ ) Against CSR Disclosure (Y). Second hypothesis regarding the Institutional Ownership variable is known to be  $t_{count} < t_{table}$ , namely  $(-0.613 < 1.66216)$  and its significance is  $0.451 < 0.05$ , the conclusion is that  $H_2$  is rejected, which means there is no influence between Institutional Ownership variable ( $X_2$ ) on CSR Disclosure (Y).
3. Testing of the Board of Commissioners ( $X_3$ ) on CSR Disclosures (Y). Third hypothesis regarding the variable Board of Commissioners is known to be  $t_{count} > t_{table}$ , namely  $(4.378 > 1,66216)$  and its significance is  $0.000 < 0.05$ , the conclusion is that  $H_3$  is accepted, meaning there is a positive and significant influence between variable Board of Commissioners ( $X_3$ ) on CSR Disclosure (Y).
4. Audit Committee Testing ( $X_4$ ) on CSR Disclosures (Y). Fourth hypothesis regarding the Audit Committee variable, it is known that  $t_{count} < t_{table}$ , namely  $(-6.046 < 1.66216)$  and the significance value is  $0.000 < 0.05$ , it is concluded that  $H_4$  is accepted, meaning there is a negative and significant influence between Audit Committee variable ( $X_4$ ) on CSR Disclosure (Y).
5. Testing of the Board of Directors ( $X_5$ ) on CSR Disclosures (Y). Fifth hypothesis regarding the Board of Directors variable is known to be  $t_{count} < t_{table}$ , namely  $(-4.530 < 1.66216)$  and its significance is  $0.000 < 0.05$ , then it is

concluded that  $H_5$  is accepted, meaning there is a negative and significant influence between the Board of Directors variable ( $X_5$ ) on CSR Disclosure (Y).

The following are the results of the hypothesis test ( F Test ) which are presented in the following table:

**Table 3. Simultaneous Test Results (F Test)**  
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	,099	5	,020	8,795	,000
	Residual	,200	89	,002		
	Total	,299	94			

a Predictors : (Constant), DD, KM, DK, KI, KA

b Dependent Variable: CSR

Source: Processed by Researchers, 2023

From the results of the previous table analysis, the hypothesis testing can be explained that the calculated F value  $>$  F table, namely  $(8,795 > 2,32)$  and the calculated F value is positive with a significant value of  $0.000 < 0.05$ , the conclusion is that  $H_5$  is accepted, which means that there is a relationship between the Managerial Ownership variable and the Institutional Ownership variable Board of Commissioners, Audit Committee variables and the Board of Directors simultaneously and significantly influence CSR Disclosure at the sub company the coal mining sector recorded on the IDX for the 2018-2022 period.

### The Influence of Managerial Ownership on CSR Disclosure

Based on the SPSS output table "Coefficients" it is known that  $t_{count} < t_{table}$  yes now  $(0.188 < 1.66216)$  and the significance value is  $0.851 > 0.05$ , so it is concluded that  $H_1$  is accepted, which means there is a positive and insignificant influence between the variables Managerial Ownership ( $X_1$ ) of CSR Disclosure (Y). The first hypothesis analysis shows that

management ownership has a small but beneficial effect on CSR reporting. This means that managers' efforts to optimize business value through CSR disclosure are not influenced by the amount of ownership owned by the manager himself. Management can demonstrate CSR disclosure by increasing company value, which in turn benefits management and improves the company's reputation. Investors are more likely to put their money in companies that have a positive reputation.

Small managerial ownership makes it easier for management to carry out and disclosure of social responsibility can be carried out well and optimally, while large managerial ownership makes managers not focus on disclosing their social responsibility well because they are more focused on their duties within the company. The likelihood of carrying out social responsibility decreases as the level of ownership increases. is the same as research conducted by Ramdhaningsih (2020) and Anugrah (2021), which states that Managerial Ownership significantly influences CSR.

### **The Influence of Institutional Ownership on CSR Disclosure**

Based on the SPSS output table "Coefficients" it is known that  $t$  count  $<$   $t$  table yes now ( $-0.613 < 1.66216$ ) and the significance value is  $0.451 < 0.05$ , the conclusion is that  $H_2$  is rejected, which means there is no influence between the Institutional Ownership variables ( $X_2$ ) towards CSR Disclosure ( $Y$ ).

The results of the analysis of the second hypothesis show that institutional ownership does not partially influence CSR disclosure. This explains why some companies with many institutional investors do not disclose as much corporate social responsibility as others, and why other companies with few investors do not always disclose as little. As a result, the presence of institutional shareholders has

not proven successful in encouraging corporations to carry out social activities in accordance with the level of institutional ownership. Furthermore, it is possible that institutions in Indonesia are still focused on short-term profits by prioritizing other factors as investment considerations, for example company profits, compared to the company's long-term investment desires, which include aspects of social and environmental activities. main consideration for investors. The results of this research are not in line with those conducted by Ramdhaningsih (2020) and Masri (2021) who revealed that institutional ownership significantly influences CSR disclosure.

### **The Influence of the Board of Commissioners on CSR Disclosure**

Based on the SPSS output table "Coefficients" it is known that  $t$  is calculated  $>$   $t$  table, namely ( $4.378 > 1,66216$ ) and its significance is  $0.000 < 0.05$ , the conclusion is that  $H_3$  is accepted, which means there is a positive and significant influence between variable Board of Commissioners ( $X_3$ ) on CSR Disclosure ( $Y$ ).

The results of the analysis of the third hypothesis show that the Board of Commissioners partially influences CSR disclosure. Having a larger board of commissioners makes it easier to exercise authority over the CEO and allows for more comprehensive oversight. As a result, a competent board of commissioners will be better able to protect all parties involved, build healthy business processes, and set strategic direction for the organization as a whole in the context of CSR disclosure. The findings of this study are in accordance with research by Andriyani (2019), Ramdhaningsih (2020) and Riana Anugrah (2021) who revealed that the Board of Commissioners significantly influences CSR Disclosures.

### **The Influence of the Audit Committee on CSR Disclosure**

Based on the SPSS output table "Coefficients" it is known that  $t$  count  $<$   $t$  table, namely  $(-6.046 < 1,66216)$  and the significance is  $0.000 < 0.05$ , it is concluded that H 4 is accepted, which means there is a negative and significant influence between Audit Committee variable (X 4) on CSR Disclosure (Y).

The results of the analysis of the fourth hypothesis show that the Audit Committee partially has a negative impact on CSR disclosure. This shows the role of the audit committee in the corporate governance process, namely assisting the board of commissioners in ensuring that company management has complied with all applicable laws and regulations in running the business. According to agency theory, having an audit committee can help reduce tensions between the interests of management and the interests of a company's shareholders. The greater the number of audit committees, the greater the incentive for management to improve its social performance. This is because the audit committee is responsible for checking whether the company has complied with all relevant rules and regulations, including those relating to the disclosure of social and environmental initiatives. The findings of this study are in contrast to Andriyani's (2019) study which revealed that the Audit Committee does not influence CSR Disclosure.

### **The Influence of the Board of Directors on CSR Disclosure**

From the SPSS output table "Coefficients" it is known that  $t$  count  $<$   $t$  table now  $(-4.530 < 1.66216)$  and the significance value is  $0.000 < 0.05$ , so it is concluded that H 5 is accepted, meaning there is a negative and significant influence between the Council variables Directors (X 5) regarding CSR

Disclosure (Y). Signaling Theory and Agency Theory.

The results of the analysis of the fifth hypothesis show that the Board of Directors partially has a negative impact on CSR disclosure. Shareholder representatives serve on the Board of Directors to advocate for shareholder rights in corporate decision making. One way to evaluate the effectiveness of a company's Board of Directors is to count the number of existing Directors. Corporate social responsibility or CSR is an initiative or way of thinking carried out by a corporation (as far as it is able) to show its commitment to local communities and the environment. To assist potential shareholders and investors in making decisions, the interaction of Directors with CSR Disclosure, which is based on Signal Theory and Agency Theory, seems to offer signals or information. CSR disclosure will not be as much as if there were more members of the board of directors. These results show that the level of CSR disclosure is not influenced by the level of the Board of Directors, with the existence of the Board of Directors, the party has not been able to provide additional input to improve CSR implementation. The theme of this study is in contrast to the study Andriyani (2019) who revealed that the Board of Directors does not influence CSR disclosure.

### **Influence of Managerial Ownership, Institutional Ownership, Board of Commissioners, Audit Committee and the Board of Directors simultaneously regarding CSR Disclosure.**

Based on the results of the SPSS "ANOVA" output, the value is calculated  $F$  value  $>$   $F$  table, namely  $(8,795 > 2.32)$  and calculated  $F$  value is positive with a significant value of  $0.001 < 0.05$ , it is concluded that H 6 is accepted, which means that there is a relationship between the Managerial

Ownership variable, the Institutional Ownership variable, variable Board of Commissioners, Audit Committee variables and the Board of Directors simultaneously and significantly influence CSR Disclosure in sub-companies coal mining sector listed on the IDX for the 2018-2022 period.

#### IV. CONCLUSION

From research data and the results of tests that have been carried out, it can be concluded that:

1. Managerial ownership has a positive and insignificant effect on CSR disclosure in mining sub-sector companies listed on the IDX for the 2018-2022 period.
2. Institutional Ownership does not affect CSR Disclosures in mining sub-sector companies listed on the IDX for the 2018-2022 period.
3. The Board of Commissioners positively and significantly influences CSR Disclosures in mining sub-sector companies listed on the IDX for the 2018-2022 period.
4. The Audit Committee has a negative and significant influence on CSR Disclosures in mining sub-sector companies listed on the IDX for the 2018-2022 period.
5. The Board of Directors has a negative and significant influence on CSR Disclosures in mining sub-sector companies listed on the IDX for the 2018-2022 period.
6. Simultaneously Managerial Ownership, Institutional Ownership, Board of Commissioners, Audit Committee and Board of Directors are positive influencing CSR disclosures in mining sub-sector companies listed on the IDX for the 2018-2022 period.

#### V. ACKNOWLEDGEMENT

The author would like to thank the Mahakam Education Development Foundation (YPPM) and Widya Gama Mahakam Samarinda University for providing financial assistance for this international seminar activity.

#### REFERENCES

- Ahmad, Kamaruddin. (2019). *Akuntansi Manajemen*. Edisi Revisi. Depok : PT Raja Grafindo Persada..
- Dewi Sulestiana Desy Kadek Ni, Merawati, L, Komang, Tandio Raditya D. (2021). Pengaruh Struktur Kepemilikan, Komite Audit, Profil Perusahaan dan Rasio Aktivitas terhadap Pengungkapan Corporate Social Responsibility. *Journal Bisnis and Accounting Of University Mahasaraswati Denpasar*. 3 (1), 180-182..
- Marius, Maureen Erna, and Indah Masri. (2017) Pengaruh Good Corporate Governance Dan Corporate Social Responsibility Terhadap Nilai Perusahaan." *Konferensi Ilmiah Akuntansi IV1.2 (2017)*: 1-22.
- Ramdhaningsih, A., & Utama, I M. K. (2013). Pengaruh Indikator Good Corporate Governance Dan Profitabilitas Pada Pengungkapan Corporate Social Responsibility. *EJurnal Akuntansi Universitas Udayana*, 3(2). 368-386.
- Sihombing, T. S. B., et al. (2020). Pengaruh Kepemilikan Institusional, Ukuran Dewan Komisaris, Ukuran Perusahaan Dan Ukuran Komite Audit Terhadap pengungkapan CSR. *Jurnal Edukasi*, 08 (2), 59–68.
- Sugiyono (2019). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta.

- Sundari, T., & Handayani, A. E. (2019). Pengaruh Kepemilikan Manajerial, Ukuran Dewan Omisaris, Ukuran Perusahaan, Dan Profitabilitas Terhadap Pengungkapan Corporate Social Responsibility Pada PerusahaanGo Public Yang Terdaftar Di Bursa Efek Indonesia Periode 2012-2016. *Jurnal Analisa Akuntansi Dan Perpajakan*, 3(1),55-70.
- Widhiadnyana, I. K., & Wirama, D. (2020). The Effect of Ownership Structure on Financial Distress with Audit Commitee as Moderating Variable. *International Research Journal of Management, IT and Social Sciences*.
- Yulinda Tarigan dan Danu Adisaputra, "Pengaruh Good Corporate Governance Terhadap Corporate Social Responsibility Disclosure", *Jurnal Akuntansi, Ekonomi, dan Manajemen Bisnis* 8, no. 2, (2020): 163-70.



# THE EFFECT OF SHORT-TERM DEBT, LONG-TERM DEBT, AND DEBT TO EQUITY ON RETURN ON EQUITY WITH COMPANY SIZE AS A MODERATOR VARIABLE IN PLANTATION SUB-SECTOR COMPANIES LISTED ON THE IDX FOR THE 2018-2022 PERIOD

Erni Setiawati<sup>1</sup>, Siti Rohmah<sup>1</sup>, Andrian<sup>1</sup>

<sup>1</sup>Accounting Study Program, Faculty of Economics and Business, Widya Gama Mahakam University, Samarinda, Indonesia

\*Corresponding Author: [erni@uwgm.ac.id](mailto:erni@uwgm.ac.id)

**Abstract.** *The purpose of this study is to test and analyze The Effect of Short-Term Debt, Long- Long-term debt, and Debt to Equity on Return on Equity with Company Size as a Moderator Variable. Research methods that use a quantitative research approach. The sampling technique uses Purposive Sampling. The sample size is 12 plantation sub-sector companies listed on the Indonesia Stock Exchange for the 2018-2022 period. Data analysis using Regression Linear Method and Moderated Regression Analysis (MRA) with SPSS Version 26 data processing software. Linear regression analyzes relationship prediction and modeling, while MRA analyzes the interactions and effects of moderator variables. The results of the study concluded that short-term debt has no effect and is not significant on return on equity. Long-term debt and debt to equity have an effect and are significant on return on equity. The size of the company moderates the effect of short-term debt ( $X_1$ ) and debt to equity ( $X_3$ ) on return on equity ( $Y$ ), and the size of the company is a pure moderator of the relationship. As for the relationship between long-term debt ( $X_2$ ) with return on equity ( $Y$ ), the size of the company is almost the moderator of the relationship. The size of the company is a*

*pure moderator, meaning that the size of the company does not have a direct influence on return on equity, but affects how short-term debt and debt to equity interact with return on equity. Thus, company size plays an important role in regulating how the relationship between short-term debt and debt-to-equity affects return onequity. The size of the company can strengthen or weaken the effect of debt and owner's capital on the company's financial performance. Company size acts as a quasi-moderator variable, meaning the size of the company influences the strength and direction of the relationship between long-term debt, equity debt, and return on equity. In this case, the size of the company not only moderates the relationship but also has a direct influence on the return on equity. Thus, the meaning of the statement is that the size of the company plays an important role in regulating how the relationship between long-term debt, equity debt, and return on equity affects the company's financial performance Company size can strengthen or weaken the effects of long-term debt andowner's capital on return on equity.*

**Keywords:** *short-term debt, long-term debt, debt to equity, return on equity, company size*

## I. INTRODUCTION

To be able to carry out its operational activities, a company must be in a favorable condition, if a company experiences losses, it will be difficult for the company to develop and obtain additional capital from external parties (Dewi, 2019). In this study profitability is proxied using *Return On Equity* (ROE), this ratio shows the company's ability to generate profits by utilizing the company's capital (Equity). The following is a graph of the average value of Profitability (ROE) of 12 companies that have been sampled in plantation sub-sector companies listed on the IDX for the 2018-2022 period:

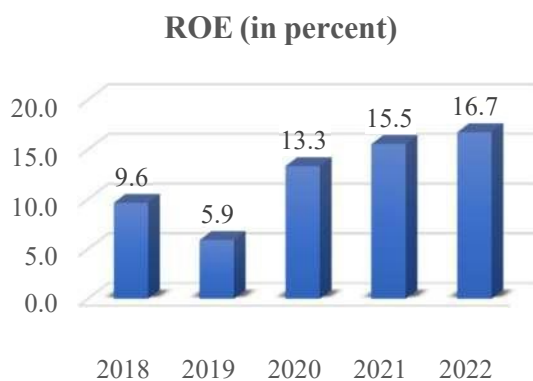


Figure 1. Average *Return on Equity*

The average value of the company's ROE in 2019 decreased from 2018 due to rising raw material prices and increased corporate financial interest expenses due to high debt use and not followed by the company's sales volume, then in 2020 to 2022 there was an increase in company profitability due to a decrease in the company's financial interest expense due to the reduced use of company debt and an increased volume on the sale of the company.

Debt/liability is a source of external funds for the company and is one of the sources of funds that will be needed by every

company, the use of debt aims to increase company funds in meeting its operational needs. Debt is one of the main factors that can affect company performance (Gajdosikova & Valaskova, 2022). The use of debt as a whole can help companies meet their operational needs so that companies can increase productivity and have the opportunity to obtain greater profits (Tokoro & Candra, 2022). Generally, debt is classified into two, namely current debt or short-term debt and non-current debt or long-term debt.

In this study, current debt is proxied using *Short Term Debt to Equity Ratio* (STD) and non-current debt using *Long Term Debt to Equity Ratio* (LTD), this ratio is used to show the percentage of use of company debt based on the company's capital (equity). The following is a graph of the average STD and LTD values of 12 companies that have been sampled in plantation sub-sector companies listed on the IDX for the 2018-2022 period:

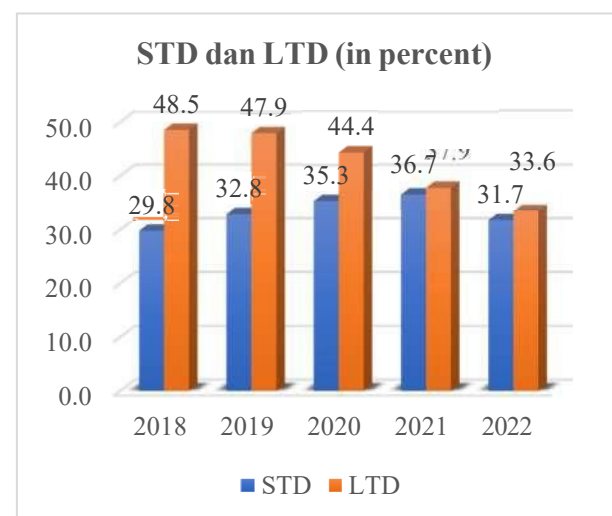


Figure 2. Average value of *Short Term Debt* and *Long Term Debt*

From these data, it shows that the use of corporate debt is dominated by long-term debt rather than short-term debt, but companies reduce the use of long-term debt compared to short-term debt.

The relationship of debt policy to company profitability is supported by previous research, including by Ari Triadi Wijaya and Muhammad Ali Fikri, the results of the study stated that LTD affects ROE, while STD does not affect ROE (Wijaya & Fikri, 2019), as well as Muhammad Basri and Dahrani who stated that LTD affects ROE (Basri & Dahrani, 2017). In contrast to the results of research conducted by Leni Hartati and Bambang Santoso Marsoem, stating that STD affects ROE, while LTD does not affect ROE (Hartati & Marsoem, 2021), just as Roni Parlindungan Sipahutar and Dedek Kurniawan Gultom stated that LTD does not affect ROE (Sipahutar & Gultom, 2018), and Noval Mubarak stated that LTD does not affect ROE (Mubarak, 2019).

In addition to external sources of funds, internal sources of funds are the most important source of funds for every company. Equity or capital itself is a source of internal funding for the company, equity is capital that comes from the owner of the company itself and as a result of the company's operations, companies that earn profits will generate cash from within the company so that it can increase the company's capital and reduce the need for funds from outside, besides that equity is permanent compared to foreign capital (debt) which is only used as a complement if the funds owned are less Sufficient.

In this study, the *Debt to debt-equity ratio* (DER) is used to measure the amount of use of liabilities and equity of the company in financing its operational activities. The higher the DER, it will describe the company has greater debt than its capital, and vice versa, if the company's DER is low, it describes a company that tends to use its capital compared to debt to meet its operational needs. The following is a graph

of the average DER value of 12 companies that have been sampled in plantation sub-sector companies listed on the IDX for the 2018-2022 period:



Figure 3. Average of *Debt to Equity Ratio*

The data shows that the use of corporate debt is decreasing every year, but the value still shows that companies tend to use large amounts of debt rather than their equity or capital, meaning that funding in plantation sub-sector companies is more dominated by the use of debt to meet their operational needs.

A company that has a high *return* tends to use debt to finance its company's operational activities (Suharna & Bertuah, 2020). Besides being able to provide a risk of loss due to interest expenses that reduce the company's net profit, the use of debt can also provide opportunities to obtain greater profits (Hendrani & Septyanto, 2021). The relationship between DER and profitability is also supported by previous research, including Ari Triadi Wijaya and Muhammad Ali Fikri (Wijaya & Fikri, 2019), Muhammad Basri and Dharani (Basri & Dahrani, 2017) and Roni Parlindungan Sipahutar and Dedek Kurniawan Gultom (Sipahutar & Gultom, 2018) stating that DER affects ROE. While research conducted by Noval Mubarak states that DER does not affect ROE (Mubarak, 2019).

The size of a company will affect the level of profitability, the larger the company, the greater the profit generated (Nainggolan et al., 2022). A large-scale company usually can get higher profits and is supported by large assets, besides that large-sized companies also have a greater opportunity to get funding sources from creditors (Agape & Triyonowati, 2018).

In this study, the size of the company becomes a moderator variable in influencing (strengthening or weakening) the relationship between the independent variable and the dependent variable. The relationship between company size and profitability is also supported by previous research, including Muhammad Basri and Dahrani stating that company size moderates (strengthens) the relationship between DER and LTD to ROE (Basri & Dahrani, 2017). Meanwhile, research conducted by Roni Parlindungan Sipahutar

and Dedek Kurniawan Gultom stated that company size does not moderate the relationship between DER and LTD on ROE (Sipahutar & Gultom, 2018).

The novelty of this study is to add company size as a moderator variable. Based on the references used the size of the company has a relationship with the research variables used. Based on this, the researchers raised the title of the study "The Effect of *Short Term Debt, Long Term Debt* and *Debt To Equity* on *Return On Equity* with company

size as a moderator variable in plantation sub-sector companies listed on the Indonesia Stock Exchange (IDX) for the 2018-2022 period"

## II. METHODS

The research approach uses quantitative research, research data in the form of numbers, and analysis using statistics. According to Sugiyono, quantitative

methods are research methods based on the philosophy of positivism, used to examine the population of a certain sample, data collection using research instruments, and quantitative/statistical data analysis, to test established hypotheses (Sugiyono, 2022:8).

The population of this study is all plantation sub-sector companies listed on the Indonesia Stock Exchange (IDX) totaling 32 companies. The *sampling* technique uses *purposive sampling*, namely the selection of samples based on certain considerations or criteria. The following considerations or criteria are used:

Table 1. Sampling Criteria	
Company Criteria	Sum Company
Plantation sub-sector companies listed on the Indonesia Stock Exchange (IDX)	32
<u>Reduced:</u>	
Plantation sub-sector companies that have not IPO on the Indonesia Stock Exchange since 2018	(14)
Plantation sub-sector companies that do not publish complete financial statements during the 2018-2022 period	(1)
Plantation sub-sector companies that do not present financial statements in rupiah during the 2018-2022 period	(1)
Plantation sub-sector companies that suffered consecutive losses during the 2018-2022 period	(3)
Plantation sub-sector companies experiencing capital deficit during the 2018-2022 period	(1)
Total Sample	12

The following is a list of names of plantation sub-sector companies that were sampled in the study:

Table 2. List of Research Samples		
No	Code	Company Name
1	ANDI	Andira Agro
2	MGRO	Mahkota Group
3	SSMS	Sawit Sumbermas Sarana
4	DSNG	Dharma Satya Nusantara

5	PALM	Provident Agro
6	SIMP	Salim Ivomas Pratama
7	GZCO	Gozco Plantations
8	SGRO	Sampoerna Agro
9	TBLA	Tunas Baru Lampung
10	AALI	Astra Agro Lestari
11	LSIP	Perusahaan Perkebunan London Sumatra Indonesia
12	SMAR	Sinar Mas Agro Resources and Technology

Of the 12 companies, using financial statements per semester for 5 years, the data samples collected using time series data amounted to 120 samples.

Data collection techniques use documentation techniques with secondary data sources. Secondary data in this study is the semi-annual financial statements of plantation sub-sector companies on the Indonesia Stock Exchange during the 2018-2022 period. The research data was obtained from the official IDX website and the official website of the company that was the research sample.

Moderation Regression *Analysis* (MRA) is a statistical method used to understand the influence of a third variable, called a moderator, on the relationship between two other variables. MRA introduces a third variable to determine how the strength or direction of the relationship between the two main variables can change

To test whether the moderator variable can moderate the influence of the independent variable on the dependent variable, multiply the independent variable ( $X_1, X_2, X_3$ ) by the moderator variable ( $Z$ ) to produce the interaction variable ( $XZ$ ), then regression.

Regression equation model that will be used:

*Equation 1 (Linear Regression):*

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

*Equation 2 (Linear Regression):*

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Z + \varepsilon$$

*Equation 3 (Moderated Regression):*

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Z + \beta_5 (X_1.Z) + \beta_6 (X_2.Z) + \beta_7 (X_3.Z) + \varepsilon$$

Information:

$Y$  = ROE (dependent variable)

$a$  = Constant

$\beta$  = Regression Coefficient

$X_1$  = STD (independent variable)

$X_2$  = LTD (independent variable)

$X_3$  = DER (independent variable)

$Z$  = CS (moderator variable)

$X_1 * Z = X_1.Z$  (interaction variable)

$X_2 * Z = X_2.Z$  (interaction variable)

$X_3 * Z = X_3.Z$  (interaction variable)

$\varepsilon$  = Standard Error

Test Criteria:

- 1) If the value of sig.  $\beta_4$  and  $\beta_5$  or  $\beta_6$  or  $\beta_7$  are not significant hence  $Z$  is not a moderator variable
- 2) If the value of sig.  $\beta_4$  and  $\beta_5$  or  $\beta_6$  or  $\beta_7$  are significant hence  $Z$  is a quasi-moderator variable
- 3) If the value of sig.  $\beta_4$  is insignificant and the value of  $\beta_5$  or  $\beta_6$  or  $\beta_7$  is significant or vice versa, then  $Z$  is a pure moderator variable

### III. RESULTS AND DISCUSSION

Table 3. Regression Results

Information	Coefficient	t calculate	Sig
Constant	$\alpha$ 1,87	1,67	0,10
STD ( $X_1$ )	$\beta_1$ -2,03	-0,90	0,50
LTD ( $X_2$ )	$\beta_2$ 21,9	2,56	0,03
DER ( $X_3$ )	$\beta_3$ 11,3	5,01	0,02
CS ( $Z$ )	$\beta_4$ 68,6	14,9	0,00
$X_1 * Z$	$\beta_5$ -47,96	-2,43	0,17
$X_2 * Z$	$\beta_6$ 98,7	5,61	0,00
$X_3 * Z$	$\beta_7$ -49,2	-2,94	0,40

*Regression Equation 1:*

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

$$Y = 1,61 - 2,03X_1 + 21,9X_2 + 11,3X_3 + \varepsilon$$

*Regression Equation 2:*

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 Z + \varepsilon$$

$$Y = 1,61 - 2,03X_1 + 21,9X_2 + 11,3X_3 + 68,6Z + \varepsilon$$

**Regression Equation 3:**

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4Z + \beta_5(X_1.Z) + \beta_6(X_2.Z) + \beta_7(X_3.Z) + \varepsilon$$

$$Y = 1,87 - 2,03X_1 + 21,9X_2 + 11,3X_3 + 68,6Z - 47,96X_1.Z + 98,7X_2.Z - 49,2X_3.Z$$

Results of Test F (Simultaneous), Test T (Partial), and Test Significance:

- $F_{\text{calculate}} 31.58 > F_{\text{table}} 2.09$  and sig. 0.00 < sig. 0.05, meaning that the regression equation formed is feasible to be used as a predictor (*goodness of fit*)
- $t_{\text{calculate}} \text{STD} (0,90) < t_{\text{table}} (1,98)$ ; no effect (negative direction), and sig. (0,50) > sig. (0,05); is not significant
- $t_{\text{calculate}} \text{LTD} (2,56) > t_{\text{table}} (1,98)$ ; there is effect and sig. 0,03 < sig. 0,05; is significant
- $t_{\text{calculate}} \text{DER} (5,01) > t_{\text{table}} (1,98)$ ; there is effect and sig. 0,02 < sig. 0,05; is significant
- $t_{\text{calculate}} \text{CS} (14,9) > t_{\text{table}} (1,98)$ ; there is effect, and sig. 0,00 < sig. 0,05; is significant
- $t_{\text{calculate}} X_1.Z (2,43) > t_{\text{table}} (1,98)$ ; there is the effect but negative direction, which means that there is no effect and sig. 0,17 > sig. 0,05; is not significant
- $t_{\text{calculate}} X_2.Z (5,61) > t_{\text{table}} (1,98)$ ; there is effect, and sig. 0,00 < sig. 0,05; is significant
- $t_{\text{calculate}} X_3.Z (2,94) > t_{\text{table}} (1,98)$ ; there is an effect (but negative direction) which means that there is no effect and sig. 0,40 > sig. 0,05; is not significant

**Company Size Criteria as a Moderator Variable**

Table 4. Recapitulation of Significant Values of Moderator Variables

Variable	Coefficient	Sig	Means
Z	$\beta_4$	0,00	Significant
$X_1*Z$	$\beta_5$	0,16	Insignificant
$X_2*Z$	$\beta_6$	0,00	Significant

$X_3*Z$	$\beta_7$	0,40	Insignificant
---------	-----------	------	---------------

**The Effect of Company Size in Moderating Short-Term Debt on Return On Equity**

Based on the results of regression processing regarding the effect of company size in moderating *short-term debt on return on equity*,  $t_{\text{calculate}}$  the interaction variable  $X_1.Z > t_{\text{table}} (2.43 > 1.98)$  with a negative direction, and the significant value is not significant ( $0,17 > 0,00$ ) while the significant value of company size ( $Z_{\text{sig}} 0.00 < \text{sig. } 0.05$ ) is significant, it is concluded that the size of the company moderates the effect of *short-term debt on return on equity*, and the size of the company is a pure moderator of the relationship of *short-term debt to return on equity*. (note: check moderator variable criterion number 3).

The effect of *short-term debt on return on equity* does not always depend on the size of the company. Large companies typically have more funding options, such as the bond market or venture capital. Large companies do not rely entirely on short-term debt to fund their operations. A company's capital structure can differ between large and small companies, where some may be more inclined to use equity capital while others prefer debt.

**The Effect of Company Size in Moderating Long-Term Debt on Return On Equity**

Based on the regression results regarding the effect of company size in moderating *long-term debt on return on equity*,  $t_{\text{calculate}}$  the interaction variable  $X_2.Z > t_{\text{table}} (5.61 > 1.98)$  with a positive direction, and the significant value is significant ( $0,00 < 0,05$ ) while the significant value of company size ( $Z_{\text{sig}} 0.00 < \text{sig. } 0.05$ ) is significant, it is concluded that the size of the company moderates the effect *long-term debt on return on equity*, and the size of the company is an almost moderator of the

relationship of *short-term debt* to *return on equity*. (note: check moderator variable criterion number 2).

Large companies tend to have greater resources and wider access to capital markets, allowing large companies to better manage long-term debt and allocate those resources efficiently to support growth and expansion. The larger the company, the greater the funds needed by the company for operational activities, one alternative is to use capital from creditors. On the other hand, small companies may face difficulties in managing long-term debt due to limited resources and limited access to capital markets. Therefore, the effect of long-term debt on ROE can vary depending on the size of the company.

In line with the results of previous research conducted by Muhammad Basri and Dahrani (2017), stated that the size of the company moderates the effect of *long-term debt* on *return on equity*.

### **The Effect of Company Size in Moderating Debt to Equity on Return On Equity**

Based on the regression results regarding the effect of company size in moderating *debt to equity* on *return on equity*,  $t_{\text{calculate}}$  the interaction variable  $X_3.Z > t_{\text{table}}$  ( $2.94 > 1.98$ ) with a negative direction, and the significant value is not significant ( $0.40 > 0.05$ ) while the significant value of company size ( $Z_{\text{sig}} 0.00 > \text{sig. } 0.05$ ) is significant, it is concluded that the size of the company moderates the effect *long-debt to equity* on *return on equity*, and the size of the company is a pure moderator of the relationship of *short-term debt* to *return on equity*. (note: check moderator variable criterion number 3)

Company size is a comparison of the size or size of a company, a large-scale company is usually supported by large assets, and large-sized companies also have a greater

opportunity to get funding sources from creditors. Companies that have large assets tend to use capital from within the company itself to finance its operations, so the debt will only be used if the funds owned are insufficient to finance the company's operations. Therefore, the effect of *debt to equity* on *return on equity* still depends on how well the debt is managed and used by the company to generate profits. The same is true for small companies, if the debt is not used effectively, it will hurt the company's profits. Thus, the effect of total debt on *return on equity* does not depend entirely on the size of the company, but rather on the effectiveness of the use of borrowed funds. In line with the results of previous research conducted by Roni Parlindungan Sipahutar and Dedek Kurniawan Gultom (2018), stated that company size cannot moderate the effect of *debt to equity* on *return on equity*.

From the table No. 4, the criteria for moderator variables can be classified as follows:

- 1) The company size variable (Z) is a pure moderator variable in influencing the relationship between *short-term debt* ( $X_1$ ) and *return on equity* (Y). Because, if the value of sig  $\beta_4$  is significant and the value of  $\beta_5$  is insignificant or vice versa, then Z is a pure moderator variable
- 2) The company size variable (Z) is an almost moderator variable in influencing the relationship of *long-term debt* ( $X_2$ ) to *return on equity* (Y). Because, if the value of sig.  $\beta_4$  and  $\beta_6$ , are significant hence Z is a quasi-moderator variable
- 3) The company size variable (Z) is a pure moderator variable in influencing the relationship of *debt to equity* ( $X_3$ ) to *return on equity* (Y). Because, if the value of sig  $\beta_4$  is significant and the value of  $\beta_7$  is insignificant or vice versa, then Z is a pure moderator variable

#### IV. CONCLUSION

The results of the study concluded that short-term debt has no effect and is not significant on return on equity. Long-term debt and debt to equity have an effect and are significant on return on equity. The size of the company moderates the effect of *short-term debt* ( $X_1$ ) and *debt to equity* ( $X_3$ ) on *return on equity* ( $Y$ ), and the size of the company is a pure moderator of the relationship. As for the relationship between *long-term debt* ( $X_2$ ) with *return on equity* ( $Y$ ), the size of the company is almost the moderator of the relationship.

The size of the company is a pure moderator, meaning that the size of the company does not have a direct influence on return on equity, but affects how short-term debt and debt to equity interact with return on equity. Thus, company size plays an important role in regulating how the relationship between short-term debt and debt-to-equity affects return on equity. The size of the company can strengthen or weaken the effect of debt and owner's capital on the company's financial performance.

Company size acts as a quasi-moderator variable, meaning the size of the company influences the strength and direction of the relationship between long-term debt, equity debt, and return on equity. In this case, the size of the company not only moderates the relationship but also has a direct influence on the return on equity. Thus, the meaning of the statement is that the size of the company plays an important role in regulating how the relationship between long-term debt, equity debt, and return on equity affects the company's financial performance. Company size can strengthen or weaken the effects of long-term debt and owner's capital on return on equity.

#### REFERENCES

- Agape, S. P., & Triyonowati, T. (2018). The effect of size, capital structure, and liquidity on the profitability of food and beverage companies on the IDX. *Journal of Management Science and Research (JMSR)*, 7(7). <http://jurnalmahasiswa.stiesia.ac.id/index.php/jirm/article/view/1378>
- Anggraini, R., & Fidiana, F. (2021). The effect of the implementation of good corporate governance and capital structure on company value. *Journal of Accounting Science and Research (JIRA)*, 10(7). <http://jurnalmahasiswa.stiesia.ac.id/index.php/jira/article/view/4100>
- Arfani, S. S. (2021). The Effect of Short-Term Debt, Long-Term Debt and Working Capital on Company Profitability (Survey on Food and Beverage Sub-sector Manufacturing Companies Listed on the Indonesia Stock Exchange for the 2010-2019 Period). *Thesis*. Accountancy. Siliwangi University Tasikmalaya. <http://repositori.unsil.ac.id/id/eprint/5176>
- Basri, M., & Dahrani. (2017). The moderation effect of company size on the effect of debt-to-equity ratio and long-term debt-to-equity ratio on return on equity on the Indonesia Stock Exchange for the period 2010-2015. *Journal of Business Financial Research*, 1(1), 65–78. <https://doi.org/10.5281/zenodo.1048970>
- Financial Accounting Standards Board. (2020). Statement of Financial Accounting Standards (PSAK) No. 1: *Tracking Financial Statements*. Indonesian Accounting Association (IAI). Jakarta
- Goddess, S. (2019). The effect of company size and profitability on



- sustainability report disclosure and its impact on company value. *Jurnal Studia Akuntansi dan Bisnis (The Indonesian Journal of Management & Accounting)*, 7(3), 173-186. <https://ejurnal.latansamashiro.ac.id/index.php/JSAB/article/view/361>
- Fahmi, Irham. (2017). *Financial Statement Analysis*. 6th printing. Alfabeta. Bandung.
- Gajdosikova, D., & Valaskova, K. (2022). The Impact of Firm Size on Corporate Indebtedness: A Case Study of Slovak Enterprises. *Folia Oeconomica Stetinensia*, 22(1), 63-84. <https://doi.org/10.2478/fole-2022-0004>
- Ghozali, Imam. (2021). *Applications of Multivariate Analysis with IBM SPSS 26 Program Edition 10*. Diponegoro University Publishing Board. Semarang
- Hartati, L., & Marsoem, B. S. (2021). The Effect of Short-Term Debt and Long-Term Debt on Profitability in Basic Chemical Industry Sector Companies listed on the Indonesia Stock Exchange (IDX) in 2015-2020. *JMBS UNSRAT (Scientific Journal of Business Management and Innovation, Sam Ratulangi University)*, 8(3), 635-651. <https://doi.org/10.35794/jmbs.v8i3.35718>
- Hendrani, A., & Septyanto, D. (2021). The effect of return on asset, debt to equity ratio, and company size on company value in manufacturing companies in the food and beverage sub-sector on the IDX for 2014-2018. *KnE Social Sciences*, 681-693. <https://doi.org/10.18502/kss.v5i5.8851>
- Hery. (2021). *Financial Statement Analysis. Integrated and Comprehensive Edition*. PT. Grasindo. Jakarta
- Hidayat, Wastama Wahyu. (2018). *Basics of Financial Statement Analysis*. First printing. Uwais Inspiration Indonesia. Ponorogo
- Hutabarat, Francis. (2020). *Analysis of Corporate Financial Performance*. Desanta Muliavisitama. Bantam
- Hutauruk, Martin Robert. (2019). *Accounting for Manufacturing Entities: Concepts, Techniques and Applications. Using Zahir Accounting Program 6*. UPP STIM YKPN. Yogyakarta.
- Kariyoto. (2017). *Financial Statement Analysis*. First printing. UB Press. Malang
- Cashmere. (2019). *Financial Statement Analysis*. 12th printing. PT. RajaGrafindo Persada. Depok
- Maulana, Z., & Safa, A. F. (2017). The effect of short-term debt and long-term debt on profitability at PT. Bank Mandiri Tbk. *Journal of Accounting Economic Research (JENSI)*, 1(1), 44-48. <https://doi.org/10.33059/jensi.v1i1.397>
- Mubarak, N. (2019). The Effect of Debt to Equity Ratio and Long Term Debt to Equity Ratio on Return On Equity in metal and similar companies listed on the Indonesia Stock Exchange in 2013-2017. *UMSU Research Repository*. <http://repository.umsu.ac.id/handle/123456789/6111>
- Muslih, M., & Hartati, I. (2022). The Effect of Corporate Governance and Company Size on the Performance of Lq45 Companies on the Indonesia Stock Exchange (IDX). *Journal of Entrepreneurship, Accounting and Management Tri Business*, 4(1), 165-180.

- <https://ejurnal.stietribhakti.ac.id/index.php/TRIBISNIS/article/download/155/111>
- Mutiah, R. A. (2019). Application of Financial Statement Preparation in MSMEs Based on SAK EMKM. *International Journal of Social Science and Business*, 3(3), 223–229.  
<https://doi.org/10.23887/ijssb.v3i3.21000>
- Nainggolan, M. N., Sirait, A., Nasution, O. N., & Astuty, F. (2022). The Effect of Company Size, Sales Growth, and Leverage on Profitability through the ROA ratio in the Food & Beverage sector in the IDX for the 2015-2019 period. *Owner: Accounting Research and Journal*, 6(1), 948–963.  
<https://doi.org/10.33395/pemilik.v6i1.440>
- Pancawati, N. L. P. A. (2020). The Effect of Corporate Debt on the Financial Performance of PT. Astra Agro Lestari Tbk. *Media Scientific Development*, 14(9), 3249–3260.  
<http://ejurnal.binawakya.or.id/index.php/MBI/article/view/505>
- Rozet, A. Y. D. P., & Kelen, L. H. S. (2022). Analysis of the Capital Structure Pattern of Manufacturing Companies on the Indonesia Stock Exchange During the Covid-19 Pandemic. *JMBI UNSRAT (Scientific Journal of Business Management and Innovation, Sam Ratulangi University)*, 9(1), 336–351.  
<https://doi.org/10.35794/jmbi.v9i1.39712>
- Septiana, Aldila. (2019) *Financial Statement Analysis. Basic Concepts and Description of Financial Statements*. Media Publishing Ambassador. Jakarta
- Sipahutar, R. P., & Gultom, D. K. (2018). The effect of Debt debt-equity ratio and long-term debt to Equity Ratio on Return On Equity with Company Size as a Moderating variable on the Indonesia Stock Exchange. *Collection of Research and Service of Lecturers*, 1(1).  
<https://publikasiilmiah.umsu.ac.id/index.php/publikasi-ilmiah/index>
- Suharna, J., & Sorcerer, E. (2020). Detecting the determinants of capital structure in the wholesaler and retailer sub-sectors in Indonesia that go public. *Journal of Economics: Journal of Economics*, 11(2).  
<https://jeconomics.esaunggul.ac.id/index.php/JECO/article/view/8>
- Sugiyono. (2022). *Quantitative, Qualitative, and R&D Research Methods*. 2nd edition 29th printing. Alfabeta. Bandung
- Tokoro, M. S., & Candra, N. P. (2022). Analysis of the Effect of Debt Policy on the Profitability of Manufacturing Companies in the Food and Beverages Industry Sector Listed on the Indonesia Stock Exchange for the 2017-2019 Period. *Journal of Management and Business*, 6(1), 35–50.  
<https://jurnal.man.feb.uncen.ac.id/index.php/jmb/article/view/8370>
- Wati, Lela Nurlaela. (2019). *Model Corporate Social Responsibility (CSR)*. Myria Publisher. Jawa Timur.
- Widaryanti, Budiadnyani, N. P., Murniati, S., Mahyuddin, M., Sari, R. P., Fadhilatunisa, D., Desiana, Modjaningrat, R., Alfiah, S., Nanda, U. L., Amani, T., Herawati, N. T., Ferdawati, & Indriani, A. (2022). *Introduction to Accounting I*. Media Sains Indonesia. Jawa Barat.
- Wijaya, A. T., & Fikri, M. A. (2019). Analysis of the Effect of Debt

Policy on Financial Performance in Coal Companies listed on the Indonesia Stock Exchange (IDX) for the period 2015-2017. *Jurnal Fokus*, 9(1), 35–48.  
<https://pdfs.semanticscholar.org/0e0d/306969038e5aff249e19d35a68f504ede729.pdf>

## THE INFLUENCE OF PROFITABILITY, GREEN ACCOUNTING AND ENVIRONMENTAL COSTS ON FINANCIAL PERFORMANCE WITH SUSTAINABILITY REPORT AS MODERATING VARIABLES (CASE STUDI OF THE LQ45 INDEX LISTED ON THE INDONESIAN STOCK EXCHANGE 2018-2022)

Shahnazita Andua Asan<sup>1\*</sup>, Nensi Yuniarti Zs<sup>1</sup>, Furqonti Ranidiah<sup>1</sup>, Ahmad Junaidi<sup>1</sup>

<sup>1</sup>Universitas Muhammadiyah Bengkulu, Kota Bengkulu

\*Corresponding Author: [shahnazitaanduaasan@gmail.com](mailto:shahnazitaanduaasan@gmail.com), [nensiyuniarti@umb.ac.id](mailto:nensiyuniarti@umb.ac.id), [furqontiranidiah@umb.ac.id](mailto:furqontiranidiah@umb.ac.id), [ahmadjunaidi@umb.ac.id](mailto:ahmadjunaidi@umb.ac.id)

**Abstract.** *This research aims to examine the effect of profitability, green accounting and environmental costs on financial performance with sustainability reports as a moderating variable on the LQ45 index listed on the Indonesian Stock Exchange during 2018-2022. The population in this study consisted of 45 companies, the sampling technique chosen based on certain criteria using purposive sampling was 13 companies. This research is quantitative research with secondary data. The data analysis technique uses SEM-PLS (Structural Equation Models Part Least Square) which is processed using WarpPls 7.0 software. The data collection method uses data documentation. The research results show that profitability influences financial performance in a positive direction, seen from the path coefficient value of 0.530 and the  $p$ -value of  $0.001 < 0.05$ . Green accounting has a negative effect on financial performance, seen from the path coefficient value of -0.230 and the  $p$ -value of  $0.024 < 0.05$ . Environmental costs influence financial performance in a negative direction, seen from the path coefficient value of -0.219 and the  $p$ -value of  $0.031 < 0.05$ . The sustainability report*

*does not significantly moderate the effect of profitability on financial performance, seen from the path coefficient value of -0.112 and the  $p$ -value of  $0.175 > 0.05$ . The sustainability report significantly moderates/strengthens the influence of green accounting on financial performance, seen from the path coefficient value of 0.337 and the  $p$ -value of  $0.001 < 0.05$ . The sustainability report does not significantly moderate the influence of environmental costs on financial performance, seen from the path coefficient value of 0.159 and the  $p$ -value of  $0.091 > 0.05$ .*

**Keywords:** *profitability, green accounting, environmental cost, financial performance and sustainability report*

### I. INTRODUCTION

The rapid development of science and technology in Indonesia is marked by the increasing changes in the automation environment, thus triggering intense competition among companies, ultimately motivating each company to strive for a comparative advantage over competitors,

as reflected in their financial performance (Shintia dan Yusbardini, 2021; Felicia dan Tanusdjaja, 2022).

Financial performance is the result of an evaluation of a company's achievement that requires various ratio analyses (Setyawan, 2019; Laksmi dkk., 2020; Safitri dkk., 2021; Putri dkk., 2022; Rahayudi dan Apriwandi, 2023). The phenomenon of financial performance emerges in several cases, particularly among companies included in the LQ45 index. A number of LQ45 index stocks have shown poor performance from 2018 to 2023. Out of the 45 LQ45 stocks, only 9 out of 36 issuers have achieved positive performance, while the rest have experienced a corrected performance of up to 40.5%. This decline is believed to be due to unsatisfactory performance. There are several factors that can influence financial performance, including profitability, green accounting, environmental costs, and sustainability reporting.

Profitability is a ratio that indicates a company's ability to utilize its capital to generate profits. (Yanti dan Darmayanti, 2019; Asniwati, 2020; Widiyawati dkk., 2021; Anisa dkk., 2022; Nabila dan Rahmawati, 2023). High profitability will attract investor interest, as investors will perceive that the company has good performance and is capable of maximizing profit (Aliyah dan Hermanto, 2020).

Green accounting is an accounting method that calculates the costs arising from a company's operational activities that impact the environment and society (Hamidi, 2019; Mustofa dkk., 2020; Albastiah dan Sisdianto, 2021; Putri dkk., 2022; Efria dkk., 2023). The concept of

green accounting is believed to provide stakeholders with an overview as it assists management in determining whether the company's environmental obligations have been fulfilled or not (Prena, 2021).

The environmental damage phenomenon occurred in Sidoarjo in 2021, and this damage was accused of being carried out by one of the companies included in the LQ45 index, namely the paper producer Tjiwi Kimia. This company is suspected of disposing of hazardous waste into the Porong River, Sidoarjo, based on information from environmental activists such as Ecoton (Ecological Observation and Wetlands Conservation) ([suarajatim.id](http://suarajatim.id)). Freeman. (1984) The Stakeholder Theory reveals that companies will disclose all forms of responsibility for environmental actions taken by the company. Companies are held accountable by stakeholders, as stakeholders play a role as company stakeholders (Prena, 2021).

Environmental costs are the costs allocated by a company to estimate the potential environmental damage arising from the company's operational activities (Siregar dkk., 2019; Amani dkk., 2020; Lalo dan Hamiddin, 2021; Kinasih dkk., 2022; Wulandari dkk., 2023). Environmental costs can enhance financial performance by reducing the likelihood of environmental damage that would require larger costs to address (Meiyana dan Aisyah, 2019; Ladyve dkk., 2020; Suandi dan Ruchjana, 2021; Siregar dkk., 2022; Rahayudi dan Apriwandi, 2023).

The research conducted by Mahmudah and Suprihhadi. (2022), It is revealed that profitability affects financial

performance. However, contrary to the research conducted by Anggara dan Andhaniwati. (2023) which reveals that profitability does not affect financial performance. The research conducted by Efrida dkk. (2023) It is revealed that green accounting affects financial performance. However, contrary to the research conducted by Prena. (2021) which reveals that green accounting does not affect financial performance. The research conducted by Suandi dan Ruchjana. (2021) It is revealed that environmental costs affect financial performance. However, contrary to the research conducted by Siregar dkk. (2019) which reveals that environmental costs do not affect financial performance.

The inconsistency in previous research results may be attributed to the presence of moderating or mediating variables (Otley, 1980). Handayani dan Andyarini. (2020) Explaining that contingency theory is used as a tool to reconcile differences in previous research findings, with the existence of this theory expected to develop other variables to obtain different results. Therefore, in this study, the sustainability report plays a role as a moderating variable with the assumption that this variable can strengthen or weaken the influence of the relationship between profitability, green accounting, and environmental costs on financial performance (Jecky dan Suparman, 2021; Adissa dan Septiani, 2022).

A sustainability report can be defined as a report prepared by a company that discloses the company's performance in economic, environmental, and social aspects (Sabrina

dan Lukman, 2019; Sumaryati dan Satoto, 2020; Irma dan Lestari, 2021; Putra dan Subroto, 2022; Aurelya dan Syofyan, 2023). A sustainability report is a company's effort to be accountable to all stakeholders in achieving the company's operational objectives towards sustainable development and gaining trust from stakeholders (Haq, 2020; Irma dan Lestari, 2021; Hogiantoro dkk., 2022).

### ***Stakeholder Theory***

The Stakeholder theory argues that a company is not an entity that operates solely for its own interests but should also provide benefits to its stakeholders. Therefore, the company's sustainable development heavily relies on the support provided by its stakeholders (Rusmana dan Purnaman, 2020). Recognition of the existence of various stakeholders other than shareholders who have the ability to influence the effectiveness of a company in achieving its goals can alter the dimensions of corporate social responsibility. These dimensions evolve from just economic social responsibility focusing on maximizing profits for shareholder welfare to a more inclusive concept of stakeholder responsibility that incorporates social aspects in society, known as corporate social responsibility (Pradita dan Suryono, 2019).

### **Contingency Theory**

Contingency theory posits that a company's performance reaches its peak when the organizational structure is optimally adjusted to various factors such as company size, technology utilized, and environmental conditions (Irawan, 2020).

Contingency theory implies the absence of a concept or organizational structure that can be effectively and universally applied in any situation and context. The appropriate and fitting organizational design is only relevant in specific contexts or conditions. The application of contingency theory should aim to identify the appropriate situation for a specific organizational structure and to develop a theory that can support its construct (Renaldo dkk., 2022).

### **The Influence of Profitability on Financial Performance**

Profitability is a ratio that indicates a company's ability to generate profit from its capital (Yanti dan Darmayanti, 2019; Asniwati, 2020; Widiyawati dkk., 2021; Anisa dkk., 2022; Nabila dan Rahmawati, 2023). Financial performance is the result of evaluating a company's achievements by requiring various ratio analyses to assess the company's overall performance (Setyawan, 2019; Laksmi dkk., 2020; Safitri dkk., 2021; Putri dkk., 2022; Rahayudi dan Apriwandi, 2023). Profitability is believed to have an impact on financial performance because a profitable company can reflect good company performance. Aliyah dan Hermanto. (2020) High profitability will attract investor interest, as investors will perceive that the company is capable of generating maximum profits.

Stakeholder theory posits that if a company's profitability is high, then the level of satisfaction among shareholders as stakeholders tends to be high as well, because this indicates that the company is being managed effectively (Ristanti dan Triyonowati (2021). This means that a high

profitability value will enhance financial performance and can attract investor interest to invest their capital. This is in line with the research conducted by Nisa dan Riyadi. (2023) which reveals that profitability influences financial performance (Patricia dkk., 2018; Setyawan, 2019; Asniwati, 2020; Safitri dkk., 2021; Mahmudah dan Suprihadi, 2022). Based on the explanation and the outcomes of previous research, the hypothesis proposed in this study is:

H1: Profitability has an effect on financial performance.

### **The Influence of Green Accounting on Financial Performance**

Safitri dan Sukarmanto. (2021) Green accounting can be interpreted as the provision of information regarding environmental management that facilitates management in pricing, managing overhead costs, and delivering reports on environmental aspects to the general public. Financial performance reflects the achievements, accomplishments, and operational capability of a company in creating value effectively and efficiently for the company and its shareholders (Setyawan, 2019; Laksmi dkk., 2020; Safitri dkk., 2021; Putri dkk., 2022; Rahayudi dan Apriwandi, 2023). Green accounting is hypothesized to influence financial performance because it is believed to provide stakeholders with insights, assisting management in determining whether the company's environmental obligations have been fulfilled or not (Prena, 2021).

Stakeholder theory asserts that the higher the green accounting, the better the financial performance will be due to the increase in stakeholder trust, thereby creating a positive image for the company. This is in line with the research conducted by Efria dkk. (2023) reveals that green accounting impacts financial performance (Chasbiandani dkk., 2019; Mustofa dkk., 2020; Albastiah dan Sisdiyanto, 2021; Salsabila dan Widiatmoko, 2022). Based on the explanation and outcomes of prior research, the hypothesis proposed in this study is:

H2: Green accounting affects financial performance.

### **The Impact of Environmental Costs on Financial Performance**

Environmental costs represent the expenses allocated by a company to estimate the environmental damage resulting from the company's operational activities (Siregar dkk., 2019; Amani dkk., 2020; Lalo dan Hamiddin, 2021; Kinasih dkk., 2022; Wulandari dkk., 2023). Rahayu. (2020) Financial performance is a depiction of a company's financial condition, providing insight into the actual financial state of the company. Environmental costs are hypothesized to influence financial performance by reducing the likelihood of environmental damage that would require greater expenses to address (Meiyana dan Aisyah, 2019; Ladyve dkk., 2020; Suandi dan Ruchjana, 2021; Siregar dkk., 2022; Rahayudi dan Apriwandi, 2023).

Stakeholder theory articulates a positive correlation between expenditure on

environmental aspects and the financial performance outcomes of a company. This theory posits that adapting to the diverse interests of stakeholders will yield a high level of satisfaction among them (Yulianingsih dan Wahyuni, 2023). According to research conducted by Wulandari dkk. (2023) Companies that allocate budgets for environmental costs demonstrate a serious commitment to addressing environmental issues. This includes expenditures for the prevention and management of environmental pollution caused by production activities. Meanwhile, the study conducted by Putri (2023) found that there is a significant influence of environmental costs on the financial performance of companies, afinding that is consistent with previous research (Meiyana dan Aisyah, 2019; Ladyve dkk., 2020; Suandi dan Ruchjana, 2021; Siregar dkk., 2022). Based on the discussions and findings of existing research, the hypothesis formulated for this study is:

H3: Environmental costs have an effect on financial performance.

### **The Influence of Profitability on Financial Performance Moderated by the Sustainability Report**

The Sustainability Report is a document prepared by a company to demonstrate their performance in terms of economic, environmental, and social aspects (Sabrina dan Lukman, 2019; Sumaryati dan Satoto, 2020; Irma dan Lestari, 2021; Putra dan Subroto, 2022; Aurelya dan Syofyan, 2023). High



profitability will influence investors and encourage them to purchase the company's stocks (Anisa dkk., 2022; Nabila dan Rahmawati, 2023).

Contingency theory can determine whether the sustainability report will always have the same effect under various conditions or not. Contingency theory explains that companies achieve the best results when their organizational structure is suited to address their size, technology, and environmental conditions (Irawan, 2020). The conducted research Putra dan Suarmanayasa. (2021) The sustainability report significantly moderates the influence of profitability on the company value. Based on the explanations and results of previous research, the hypothesis proposed in this study is

H4: The sustainability report moderates the impact of profitability on financial performance.

### **The Influence of Green Accounting on Financial Performance Moderated by the Sustainability Report**

The sustainability report is the practice of measuring, disclosing, and reporting to internal and external stakeholders for the purpose of achieving sustainability objectives (Lating dkk., 2019). A company will disclose information if it can influence financial performance, as part of its responsibility to obtain recognition for its existence (Prena, 2021). One form of such recognition is obtained from the allocation of green accounting for environmental management activities (Rahmadhani dkk., 2021). The allocation of green accounting through sustainability report disclosure

activities is capable of reducing the company's potential liabilities and influencing the company's image (Sarmo dkk., 2021). The presence of a positive company image is capable of increasing investors and sales volume (Chasbiandani dkk., 2019).

Contingency theory reveals that financial performance is influenced by both the internal and external environments of the company because the competitive values of strategies and innovations, which vary, are aligned with the type of environment (Aprianti dkk., 2023). The research conducted Ramadani dan Fionita. (2023) The research reveals that social responsibility is capable of moderating the influence of green accounting on financial performance. Based on the explanation and results of previous studies, the hypothesis proposed in this research is:

H5: The sustainability report moderates the effect of green accounting on financial performance.

### **The Impact of Environmental Costs on Financial Performance Moderated by the Sustainability Report**

The sustainability report is one of the ways companies attempt to demonstrate responsibility to all parties involved in achieving their operational goals and supporting sustainable development (Haq, 2020; Irma dan Lestari, 2021; Hogiantoro dkk., 2022). The budget allocated by the company for environmental purposes aims to support the company's activities, including in supporting the preparation of sustainability reports (Putri dan Tjahjani, 2023). A well-executed sustainability report

is expected to enhance public trust in the company, especially among investors and creditors. Contingency theory elucidates the balance and relationship between the internal and external business environments (Tangpong dkk., 2019). Strong corporate governance will ultimately influence a positive perception among external parties compared to a weak corporate sustainability report (Rahayudi dan Apriwandi, 2023). The research conducted Harahap. (2023) The study reveals that social responsibility moderates the impact of environmental costs on the value of the company. Based on the explanations and results of previous research, the hypothesis proposed in this study is.

H6: The sustainability report moderates the influence of environmental costs on financial performance.

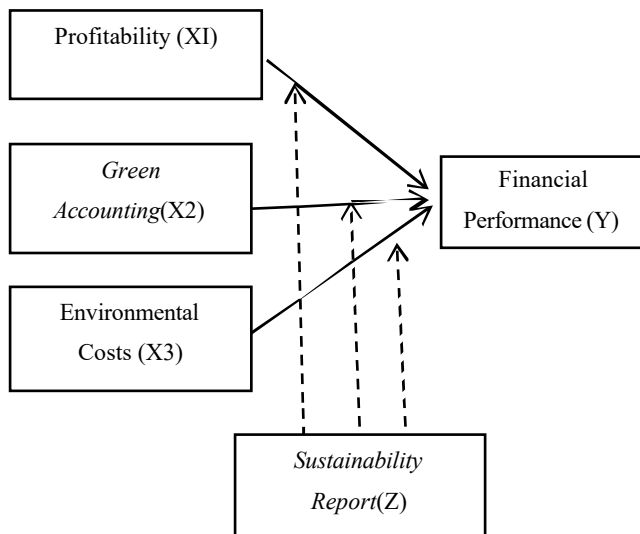


Figure 1. Conceptual Framework

## II. METHODS

The research was conducted on indices listed on the Indonesia Stock Exchange,

specifically the LQ45 index from 2018 to 2022, which was accessed through the IDX website at [www.idx.co.id](http://www.idx.co.id). The researchers limited the scope of observation from 2018 to 2022 to ensure that the results of this research met expectations. The type of research conducted in this study is quantitative descriptive research. The data used in this research are secondary data, which are numerical or quantitative data. The secondary data utilized include financial reports, annual reports, and sustainability reports.

The analytical technique employed in this research is Partial Least Square (PLS), and the data were processed using WarpPLS 7.0 software. Partial Least Square (PLS) is a variance-based structural equation modeling (SEM) analysis that can simultaneously conduct tests on both measurement and structural models (Sholihin dan Ratmono, 2013; Ghozali dan Latan, 2015). The population in this study consists of the LQ45 index companies listed on the Indonesia Stock Exchange for the years 2018-2022, totaling 45 companies. The sample obtained through purposive sampling method comprises 13 companies with 65 observations.

### Operational Definitions and Variable Measurements

This study employs financial performance as the dependent variable, with profitability, green accounting, and environmental costs as independent variables, and the sustainability report as a moderating variable, as presented in Table 1 below:

Table 1

### Operational Definitions and Variable Measurements

Variables	Definitions	Measurements
Financial Performance (Y)	Financial performance refers to the evaluation used to measure a company's success in generating profits and to assess the extent to which the company adheres to the applicable financial principles accurately.	$EPS = \frac{\text{Net Income After Taxes}}{\text{Outstanding Shares}}$ Source: (Rizqi dan Munari, 2023)
Profitability (XI)	Profitability is an indicator that reflects a company's capacity to utilize its capital in order to achieve profits.	$ROA = \frac{\text{Net Profit After Tax}}{\text{Total Assets}}$ Source: (Ardianto dan Suzan, 2021)
Green Accounting (X2)	Green accounting is an accounting method that considers the environmental and social impacts of economic activities in calculating a company's profits or losses.	PROPER (The color gold is rated 5, green equals 4, blue equals 3, red equals 2, and black equals 1) Source: (Meiriani dkk., 2022)
Environmental Costs (X3)	Environmental costs refer to the expenses that arise from potential or actual declines in environmental quality.	$BL = \frac{\text{Activity Cost CSR}}{\text{Net Profit After Tax}}$ Source: (Amani dkk., 2020)
Sustainability Report (Z)	The Sustainability Report is a document that contains information on how a company conducts its business activities responsibly towards the environment, community, and	$SRDI = \frac{\sum X_{yi}}{N_i}$ Source: (Tamara dan Khairani, 2023)

Source: Data processed (2024)

### III. RESULTS AND DISCUSSION

#### Results of Descriptive Statistical Test

relevant information contained within the data, including minimum values, maximum values, mean values, and standard deviation values. The results of the descriptive

statistical test for this study can be seen in Table 2 below:

**Table 2**

#### Descriptive Statistics Test Results

	N	Minimum	Maximum
Financial Performance	65	1.403	998.430
Profitability	65	0.000	0.138
Green Accounting	65	3.000	5.000
Environmental Costs	65	0.000	0.328
Sustainability Report	65	0.132	0.527

Sumber: Data diolah (2024)

#### Measurement Model Evaluation Results (Outer Model)

Evaluation of the measurement model or outer model for formative indicators can be done by weight significance and VIF value (Sholihin dan Ratmono, 2013; Yamin, 2021). The results of the outer model test in this study are presented in Table 3 below:

**Table 3**

#### Outer Model Test Results (OuterWeight)

	Profit	GA	BL	KK	SR	SR*Profit
Profit	(1.000)	0.000	0.000	0.000	0.000	0.000
GA	0.000	(1.000)	0.000	0.000	0.000	0.000
BL	0.000	0.000	(1.000)	0.000	0.000	0.000
KK	0.000	0.000	0.000	(1.000)	0.000	0.000
SR	0.000	0.000	0.000	0.000	(1.000)	0.000
SR*Prof	0.000	0.000	0.000	0.000	0.000	(1.000)
SR*GA	0.000	0.000	0.000	0.000	0.000	0.000

Sumber: Data diolah (2024)

The measurement model evaluation results in Table 3 above show that the outer weight value generated by each indicator is significant, namely  $\rho$ -value  $< 0.001$ , the

outer weight value is 1 because it is measured by 1 indicator. As for the Variance Inflation Factor (VIF), it shows that the output generated by each indicator has met the specified requirements  $<3.3$ , because the indicator used to measure is 1 indicator, the VIF is 0.

#### Structural Model Evaluation Results (Inner Model)

Evaluation of the structural model or inner model is a test conducted to test the hypothesis between one latent variable and another. Evaluation of the structural model or inner model includes the coefficient of determination ( $R^2$ ) and predictive relevance ( $Q^2$ ) (Sholihin dan Ratmono, 2013; Yamin, 2021). The results of the inner model test in this study are presented in Table 4 below:

**Table 4**  
 **$R^2$  and  $Q^2$**

	$R^2$	$Q^2$
Financial Performance	0.258	0.380

*Sumber: Data diolah (2024)*

Based on Table 4,  $R^2$  can be explained, namely financial performance. The coefficient of determination ( $R^2$ ) of 0.258 for financial performance means that the structural model formed is a model with a medium category ( $\leq 0.50$ ), meaning that the financial performance variable explained by the variables in the structural equation, namely profitability, green accounting and environmental costs moderated by sustainability reports has a value of 25.8%

and the remaining 74.2% is explained by other variables outside the structural model. For the relevance of predictions on financial performance variables can be seen from the  $Q^2$  value of 0.380 which means  $> 0$  indicates that the model has good predictive validity.

#### Model Fit and Quality Evaluation Results

This study uses four measures of model fit, namely Average Path Coefficient (APC), Average R-Squared (ARS), Average Adjusted R-Squared (AARS) and Average Block VIF (AVIF). APC, ARS and AARS are used to measure the average value of the path coefficient, R-Squared and Adjusted R-Squared generated in the model. The three measures of model fit are measured based on the  $p$ -value which must be  $\leq 0.05$ . While AVIF is used for collinearity issues in PLS models and the recommended value is  $\leq 3.3$  (Ghozali dan Latan, 2015). The results of model fit testing can be seen in Table 5 below:

**Table 5**

#### Model Fit Test Results

Item	Fit Criteria	Value
Average path coefficient (APC)	$\rho \leq 0.05$	0.244, $P=0.009$
Average R-squared (ARS)	$\rho \leq 0.05$	0.321, $P=0.001$
Average adjusted R-squared (AARS)	$\rho \leq 0.05$	0.287, $P=0.003$
Average block VIF (AVIF)	$\leq 3.3$ but values $\leq 5$ are still acceptable	1.125

Source: Data processed (2024)

Based on the test results in Table 5, it can be seen that the Average Path Coefficient (APC) has a  $\rho$ -value of  $0.009 < 0.05$ , Average R-Squared (ARS) has a  $\rho$ -value of  $0.001 < 0.05$  and Average Adjusted R-Squared (AARS) has a  $\rho$ -value of  $0.003 < 0.05$  which indicates that the model in this study is declared fit because  $\rho \leq 0.05$ . While the Average Block VIF (AVIF) has a value of  $1.125 < 3.3$  which indicates that there is no multicollinearity problem between the indicators and variables used. Based on these results, it shows that the results in this study have met the Goodness of Fit criteria.

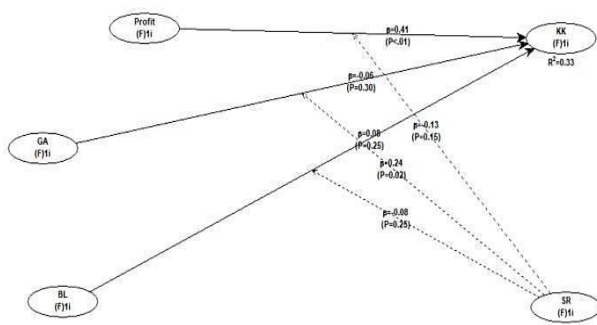


Figure 2. Research Model

### Hypothesis Testing Results

**Table 6**  
**Hypothesis Test Results**

Hipotesis	$\beta$ value	$\rho$ value	Description
Profit $\rightarrow$ KK	0.530	0.001	H1 Accepted
GA $\rightarrow$ KK	-0.230	0.024	H2 Accepted
BL $\rightarrow$ KK	-0.219	0.031	H3 Accepted
SR*Profit $\rightarrow$ KK	-0.112	0.175	H4 Rejected
SR*GA $\rightarrow$ KK	.337	0.001	H5 Accepted
SR*BL $\rightarrow$ KK	.159	0.091	H6 Rejected

Source: Data processed (2024)

### The Effect of Profitability on Financial Performance

From Table 6, it is known that profitability has a positive effect on financial performance, seen from the path coefficient value of 0.530 and the  $\rho$ -value of  $0.01 < 0.05$ . So that the first hypothesis (H1) which states that profitability affects financial performance, is accepted. The results of this study support stakeholder theory which states that when a company is able to manage its operations effectively, shareholders as stakeholders can expect a high level of satisfaction due to the correlation between profitability and management success (Ristanti dan Triyonowati, 2021). The results of this study are in line with research conducted by Nisa dan Riyadi. (2023) which reveals that profitability affects financial performance (Patricia dkk., 2018; Setyawan, 2019; Asniwati, 2020; Safitri dkk., 2021; Mahmudah dan Suprihhadi, 2022). The better the company manages its assets in making a profit, it will attract investors to invest in the company, so that it will improve financial performance. This is because investors will assume that the high profits generated by the company will be able to provide the level of profit / return that investors have achieved from each share ownership.

### The Effect of Green Accounting on Financial Performance

From Table 6, it is known that green accounting has a negative effect on financial performance, seen from the path coefficient value of -0.230 and the  $p$ -value of  $0.024 < 0.05$ . So that the second hypothesis (H2) which states that green accounting affects financial performance, is accepted. The results of this study support stakeholder theory which states that companies do not only focus on their own interests such as operating for the profit of an entity, on the contrary, they have a responsibility to prioritize the welfare of all their stakeholders related to environmental sustainability (Prena dan Muliawan, 2020). The results of this study are in line with research conducted by Efria dkk. (2023) which reveals that green accounting affects financial performance (Chasbiandani dkk., 2019; Mustofa dkk., 2020; Albastiah dan Sisdiyanto, 2021; Salsabila dan Widiatmoko, 2022). The acceptance of this hypothesis with a negative direction is because the research data shows that 54% of companies incorporated in the LQ45 index mostly get PROPER certification with a value of 4 or get a green rating, meaning that the company has contributed very well to environmental management efforts. However, in achieving these results, the company must have incurred enormous costs, which in turn will reduce company profits and have an impact on reducing the company's financial performance.

### **The Effect of Environmental Costs on Financial Performance**

From Table 6, it is known that environmental costs have a negative effect

on financial performance, seen from the path coefficient value of -0.219 and the  $p$ -value of  $0.031 < 0.05$ . So that the third hypothesis (H3) which states that environmental costs affect financial performance, is accepted. The results of this study support stakeholder theory which states that by addressing the various concerns of stakeholders regarding environmental sustainability, it will cause satisfaction to them (Yulianingsih dan Wahyuni, 2023). The results of this study are in line with research conducted by Putri. (2023) The results of this study are in line with research conducted by which revealed that environmental costs affect financial performance (Meiyana dan Aisyah, 2019; Ladyve dkk., 2020; Suandi dan Ruchjana, 2021; Siregar dkk., 2022). The acceptance of this hypothesis with a negative direction is due to the fact that the environmental costs incurred are indicated to be an additional expense by the company, because to fulfill the company's responsibility in environmental management efforts requires a lot of money and is relatively large, so that it will reduce company profits and reduce financial performance. However, environmental costs can be said to be a form of investment, because it can prevent environmental damage that may occur in the future (Rahayudi dan Apriwandi, 2023).

### **The Effect of Profitability on Financial Performance Moderated by Sustainability Report**

From Table 6, it is known that the sustainability report cannot moderate the effect of profitability on financial

performance, seen from the path coefficient value of  $-0.112$  and  $p$ -value  $0.175 > 0.05$ . So that the fourth hypothesis (H4) which states that sustainability report moderates the effect of profitability on financial performance, is rejected. The results of this study do not support the contingency theory which states that companies achieve optimal results when the company's structure is in harmony with its environmental, social and economic conditions (Irawan, 2020). The results of this study are in line with research conducted by Imantaka dan Wahyudi. (2022) which reveals that sustainability reports cannot moderate the effect of profitability on firm value. The rejection of this research hypothesis may be due to investors only focusing on looking at the company's financial statements and ignoring non-financial reports that contain information on its environmental, social and economic conditions in a sustainable manner in making investment decisions. This means that sustainability reports cannot be used as a benchmark for investors in making investment decisions because there are still many other factors that investors consider in channeling their funds.

#### **The Effect of Green Accounting on Financial Performance Moderated by Sustainability Report**

From Table 6, it is known that the sustainability report can moderate the effect of green accounting on financial performance, seen from the path coefficient value of  $0.337$  and  $p$ -value  $0.001 < 0.05$ . So the fifth hypothesis (H5) which states that the sustainability report moderates the effect of green accounting on financial

performance, is accepted. The results of the study support the contingency theory that to encourage environmental sustainability, companies must be actively involved in environmental management efforts in order to minimize the negative impacts that occur from their operations (Otley, 2016). The results of this study are in line with research conducted by Adissa dan Septiani. (2022) which reveals that the sustainability report is able to moderate / strengthen the effect of ERM disclosure on financial performance. The acceptance of this research hypothesis is due to the fact that the company has made more than the required environmental management efforts and made continuous community development efforts, this can be seen from the results of the PROPER certification that the company has disclosed through the sustainability report. This means that the sustainability report can provide an overview of how the company is responsible for its environment, social and economy, which will ultimately have an impact on improving financial performance. This can happen because the company has gained trust and a positive image from consumers and the surrounding community.

#### **Effect of Profitability on Firm Value Effect of Environmental Costs on Financial Performance Moderated by Sustainability Report**

From Table 6, it is known that the sustainability report cannot moderate the effect of environmental costs on financial performance, seen from the path coefficient value of  $0.159$  and  $p$ -value  $0.091 > 0.05$ . So the sixth hypothesis (H6) which states that the sustainability report moderates the effect of environmental costs on financial

performance, is rejected. The results of this study do not support contingency theory which states that companies achieve optimal results by aligning their organizational structure with environmental, social, and financial conditions (Irawan, 2020). The results of this study are in line with research conducted by Febriani dkk. (2022) which reveals that sustainability reports cannot moderate the effect of sustainable growth rate on stock returns and research conducted by Jecky and Suparman. (2021) which reveals that the sustainability report cannot moderate the effect of tax avoidance practices on firm value. The rejection of this research hypothesis may be due to investors focusing more on how to get maximum returns and preferring to consider their investment decisions based on financial reports alone. So that the presence or absence of sustainability report disclosure will not affect the relationship between environmental costs and financial performance.

#### IV. CONCLUSION

Based on the research findings and discussions outlined in the previous chapter, the conclusions drawn from this study are as follows:

1. Profitability has an effect on financial performance, as indicated by the path coefficient value of 0.530 and the p-value of  $0.001 < 0.05$ , thus H1 is accepted.
2. Green accounting impacts financial performance, as shown by the path coefficient value of -0.230 and the p-value of  $0.024 < 0.05$ , thus H2 is accepted.

3. Environmental costs affect financial performance, as indicated by the path coefficient value of -0.219 and the p-value of  $0.031 < 0.05$ , thus H3 is accepted.
4. The sustainability report does not significantly moderate the influence of profitability on financial performance, as shown by the path coefficient value of -0.112 and the p-value of  $0.175 > 0.05$ , thus H4 is rejected.
5. The sustainability report significantly moderates the impact of green accounting on financial performance, as demonstrated by the path coefficient value of 0.337 and the p-value of  $0.001 < 0.05$ , thus H5 is accepted.
6. The sustainability report does not significantly moderate the influence of environmental costs on financial performance, as indicated by the path coefficient value of 0.159 and the p-value of  $0.091 > 0.05$ , thus H6 is rejected.

Furthermore, it is recommended that future researchers should consider adding variables such as Good Corporate Governance (GCG), Corporate Social Responsibility (CSR), and gender diversity as independent variables or use them as moderating or mediating variables. Additionally, it is advised to expand the scope of research not only to include companies listed in the LQ45 index but also to encompass other types of companies in order to generalize the research findings, such as mining and manufacturing companies.

#### REFERENCES

- Adissa, A. R., & Septiani, A. (2022). Pengaruh pengungkapan sustainability report dalam memoderasi hubungan pengungkapan enterprise risk management terhadap kinerja



- perusahaan. *Diponegoro Journal of Accounting*, 11(3), 1–10.
- Albastiah, F. A., & Sisdiyanto, E. (2021). Penerapan green accounting dan corporate social responsibility terhadap kinerja keuangan. *Jurnal Akuntansi Dan Pajak*, 23(1), 1–7.
- Aliyah, B. J., & Hermanto, S. B. (2020). Pengaruh Profitabilitas, Ukuran Perusahaan, Kepemilikan Manajerial, Kepemilikan Institusional Terhadap Nilai Perusahaan. *Jurnal Ilmu Dan Riset Akuntansi*, 9(11).
- Amani, A., Nurleli, & Lestari, R. (2020). Pengaruh kinerja lingkungan dan biaya lingkungan terhadap kinerja keuangan. *Prosiding Akuntansi*, 6(1), 266–269.
- Anggara, I. F., & Andhaniwati, E. (2023). Pengaruh likuiditas, leverage, dan profitabilitas terhadap kinerja keuangan. *Ekonomis: Journal of Economics and Business*, 7(1), 366–371.
- Anisa, N., Hermuningsih, S., & Maulida, A. (2022). Pengaruh ukuran perusahaan, leverage, kebijakan dividen dan profitabilitas terhadap kinerja keuangan. *Reslaj : Religion Education Social Laa Roiba Journal*, 4(2), 321–335. 7
- Aprianti, S., Yuniarti, R., & Riswandi, P. (2023). Kinerja lingkungan terhadap nilai perusahaan dimediasi kinerja Keuangan. *Jurnal Riset Akuntansi Dan Auditing*, 10(2), 35–46.
- Ardianto, C. N., & Suzan, L. (2021). Pengaruh Profitabilitas, Good Corporate Governance (GCG), Dan Umur Perusahaan Terhadap Nilai Perusahaan. *E-Proceeding of Management*, 8(5), 5331–5342.
- Asniwati. (2020). Pengaruh rasio likuiditas, solvabilitas, dan profitabilitas terhadap kinerja keuangan. *Jurnal Economix*, 8(1), 246–257.
- Aurelya, R. T., & Syofyan, E. (2023). Pengaruh pengungkapan sustainability report dan intensitas modal terhadap profitabilitas. *Jurnal Eksplorasi Akuntansi*, 5(1), 56–70.
- Chasbiandani, T., Rizal, N., & Satria, I. (2019). Penerapan green accounting terhadap profitabilitas. *AFRE (Accounting and Financial Review)*, 2(2), 126–132.
- Efria, D. A., Baining, M. E., & Orinaldi, M. (2023). Pengaruh green accounting dan kinerja lingkungan terhadap kinerja keuangan. *Al Fiddhoh: Journal of Banking, Insurance, and Finance*, 4(2), 77–88.
- Febriani, N., Hayat, A., Sadikin, A., & Juwita, R. (2022). Sustainable growth rate dalam mempengaruhi returnsaham dengan covid-19 dan sustainability report sebagai variabel moderasi. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, Dan Akuntansi)*, 6(3), 352–367.
- Felicia, & Tanusdjaja, H. (2022). Pengaruh manajemen aset, pertumbuhan penjualan, leverage, dan ukuran perusahaan terhadap kinerja perusahaan. *Jurnal Multiparadigma Akuntansi*, 4(2), 877–886.

- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Pitman.
- Ghozali, I., & Latan, H. (2015). *Partialleast squares konsep teknik dan aplikasi dengan program smart pls 3.0*. Universitas Diponegoro.
- Hamidi. (2019). Analisis penerapan green accounting terhadap kinerja keuangan perusahaan. *Equilibria*, 6(2), 23–36.
- Handayani, H. T., & Andyarini, K. T. (2020). Pengaruh likuiditas dan leverage terhadap financial distress dengan profitabilitas sebagai variabel moderasi. *Jurnal Akuntansi STEI*, 5(3), 1–22.
- Haq, F. A. (2020). Pengaruh pengungkapan sustainability report terhadap kinerja keuangan. *Jurnal Akuntansi, Bisnis Dan Ekonomi*, 7(1), 1–12.
- Harahap, T. (2023). Pengaruh corporate governance, biaya lingkungan dan kinerja keuangan terhadap nilai perusahaan dengan pengungkapan corporate social responsibility sebagai variabel moderating. *Innovative: Journal Of Social Science Research*, 3(3), 4932–4947.
- Hogiantoro, C. A., Lindrawati, & Susanto, A. (2022). Sustainability report dan kinerja keuangan. *Media Mahardhika*, 21(1), 71–85.
- Imantaka, Y., & Wahyudi, I. (2022). Pengaruh profitabilitas dan perkembangan perusahaan terhadap nilai perusahaan dengan sustainability report sebagai variabel moderating. *JURNAL KELOLA: Jurnal Ilmu Sosial*, 5(1), 102–109.
- Irawan, C. A. (2020). *Moderating Variable Dalam Konsep Contingency dan Peran Mediating Effect dalam Perusahaan*.
- Irma, S., & Lestari, N. (2021). Pengaruh sustainability report terhadap kinerja keuangan. *Journal of Applied Managerial Accounting*, 5(2), 34–44.
- Jecky, & Suparman, M. (2021). Efek moderasi pelaporan berkesinambungan dalam pengaruh praktik penghindaran pajak terhadap nilai perusahaan. *Akuntansi Dan Manajemen*, 16(2), 107–122.
- Kinasih, S., Mas'ud, M., Abduh, M., & Pramukti, A. (2022). Pengaruh kinerja lingkungan, biaya lingkungan dan pengungkapan corporate social responsibility terhadap kinerja keuangan. *Center of Economic Students Journal*, 5(3), 242–257.
- Ladyve, G. M., Ask, N. S., & Mawardi, M. C. (2020). Pengaruh kinerja lingkungan, biaya lingkungan dan ukuran perusahaan terhadap kinerja keuangan. *E-Jra*, 9(6), 122–133.
- Laksmi, K. A., Sumadi, N. K., & Karyada, I. P. F. (2020). Pengaruh likuiditas dan leverage terhadap kinerja keuangan perusahaan dengan manajemen aset sebagai variabel pemoderasi (studi empiris sektor perdagangan dan jasa non keuangan yang terdaftar di bursa efek Indonesia periode 2016-2018).

- Hita Akuntansi Dan Keuangan Universitas Hindu Indonesia, 1(2), 1–28.*
- Lalo, A., & Hamiddin, M. I. N. (2021). Pengaruh biaya lingkungan dan kinerja lingkungan terhadap profitabilitas. *Kompak :Jurnal Ilmiah Komputerisasi Akuntansi, 14(1), 196–204.*
- Lating, A. I. S., Ngumar, S., & Mildawati, T. (2019). Pengaruh kinerja keuangan terhadap nilai perusahaan dengan sustainability report sebagai variabel moderating. *Equilibrium: Jurnal Ekonomi-Manajemen-Akuntansi, 15(1), 129–144.*
- Mahmudah, R., & Suprihhadi, H. (2022). Pengaruh profitabilitas, likuiditas, kecukupan modal dan aset produktif terhadap kinerja keuangan. *Jurnal Ilmu Dan Riset Manajemen, 11(9), 1–19.*
- Meiriani, I. R., Dunakhir, S., & Samsinar. (2022). Pengaruh penerapan green accounting terhadap profitabilitas. *Artikel Mahasiswa, 1(2).*
- Meiyana, A., & Aisyah, M. N. (2019). Pengaruh kinerja lingkungan, biaya lingkungan dan ukuran perusahaan terhadap kinerja keuangan dengan corporate social responsibility sebagai variabel intervening. *Nominal: Barometer Riset Akuntansi Dan Manajemen, 8(1), 1–18.*
- Mustofa, U. A., Edy, R. N. A. P., Kurniawan, M., & Kholid, M. F. N. (2020). Green accounting terhadap csr pada bus di Indonesia dengan kinerja keuangan sebagai variabel intervening. *Jurnal Ilmiah Ekonomi Islam, 6(3), 508–520.*
- Nabila, D. T., & Rahmawati, M. I. (2023). Pengaruh profitabilitas, struktur aktiva dan ukuran perusahaan terhadap struktur modal. *Jurnal Ilmu Dan Riset Akuntansi, 12(9), 1–15.*
- Nisa, T., & Riyadi, S. (2023). Pengaruh struktur modal, profitabilitas, dan tata kelola perusahaan terhadap kinerja keuangan. *Jurnal Hukum, Politik Dan Ilmu Sosial (JHPIS), 2(2), 324–341.*
- Otley, D. (2016). *The contingency theory of management accounting and control. 31, 45–62.*
- Otley, D. T. (1980). *The Contingency Theory Of Management Accounting: Achievement And Prognosis. 5(4).*
- Patricia, Bangun, P., & Tarigan, M. U. (2018). Pengaruh profitabilitas, likuiditas dan ukuran perusahaan terhadap nilai perusahaan dengan kinerja keuangan sebagai variabel intervening. *Jurnal Manajemen Bisnis, 13(1), 25–42.*
- Pradita, R. A., & Suryono, B. (2019). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Pengungkapan Corporate Social Responsibility Sebagai. *Jurnal Ilmu Dan Riset Akuntansi, 8(2), 68–79.*
- Prena, G. Das. (2021). Pengaruh penerapan green accounting, dan kinerja lingkungan terhadap kinerja keuangan. *Jurnal Akuntansi Netral, Akuntabel, Objektif, 3(2), 495–507.*

- Prena, G. Das, & Muliawan, I. G. I. (2020). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dengan Pengungkapan Corporate Social Responsibility Sebagai Variabel Pemoderasi. *Jurnal Ekonomi, Bisnis Dan Akuntansi*, 19(2), 131–142.
- Putra, I. G. A. A., & Suarmanayasa, I. N. (2021). Peran moderasi corporate social responsibility pada pengaruh profitabilitas terhadap nilai perusahaan. *Jurnal Ilmiah Akuntansi Dan Humanika*, 11(1), 69–77.
- Putra, Y. P., & Subroto, T. A. (2022). Pengaruh pengungkapan sustainability report terhadap kinerja keuangan perusahaan. *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis*, 10(2), 1327–1338.
- Putri, E. K., & Tjahjani, F. (2023). Akuntansi lingkungan dan kinerja lingkungan sebagai pengungkapan tanggung jawab sosial. *Jurnal Administrasi Dan Bisnis*, 17(1), 26–35.
- Putri, L. G. (2023). Pengaruh biaya lingkungan terhadap kinerja keuangan. *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis*, 11(1), 831–838.
- Rahayu. (2020). Kinerja keuangan perusahaan. In *Angewandte Chemie International Edition*, 6(11), 951–952. Universitas Prof. Moestopo.
- Rahayudi, A. M. P., & Apriwandi. (2023). Kinerja lingkungan, biaya lingkungan dan kinerja keuangan. *Owner: Riset Jurnal Akuntansi*, 7(1), 774–786.
- Rahmadhani, I. W., Suhartini, D., & Widoretno, A. A. (2021). Pengaruh green accounting dan kepemilikan saham publik terhadap kinerja keuangan dengan pengungkapan csr sebagai variabel intervening. *Audit and Accounting Guide*, 4(1), 557–583.
- Ramadani, R. A. P., & Fionita, I. (2023). *Pengaruh green accounting terhadap kinerja keuangan dengan csr sebagai variabel moderasi*.
- Renaldo, N., Suhardjo, Suyono, Putri, I. Y., & Cindy. (2022). How To Improve Environmental Performance Using Green Accounting? Generation Z's Perspective. *Jurnal Akuntansi Dan Bisnis*, 7(2), 134–144.
- Ristanti, A., & Triyonowati. (2021). Pengaruh Ukuran Perusahaan, Profitabilitas, dan Likuiditas Terhadap Nilai Perusahaan Food and Beverages Di BEI. *Jurnal Ilmu Dan Riset Manajemen*, 10, 1–19.
- Rizqi, M. A., & Munari. (2023). Effect esg on financial performance. *Owner: Riset Dan Jurnal Akuntansi*, 7(3), 2537–2546.
- Rusmana, O., & Purnaman, S. M. N. (2020). Pengaruh Pengungkapan Emisi Karbon dan Kinerja Lingkungan terhadap Nilai Perusahaan. *Jurnal Ekonomi, Bisnis Dan Akuntansi (JEBA)*, 22(1), 42–52.
- Safitri, A. M., & Sukarmanto, E. (2021). Pengaruh Kinerja Lingkungan dan Kinerja Keuangan terhadap Nilai

- Perusahaan. *Jurnal Akuntansi Dan Bisnis*, 7(1), 1–5.
- Safitri, N. I., Widarko, A., & Wahono, B. (2021). Pengaruh corporate social responsibility, profitabilitas dan leverage terhadap kinerja keuangan. *E-Jurnal Riset Manajemen*, 10(9), 91–104.
- Salsabila, A., & Widiatmoko, J. (2022). Pengaruh green accounting terhadap nilai perusahaan dengan kinerja keuangan sebagai variabel mediasi. *Jurnal Mirai Manajemen*, 7(1), 410–424.
- Sarmo, S., Muhdin, Darwini, S., & Negara, I. K. (2021). Pengaruh kinerja lingkungan, kepemilikan saham publik, publikasi csr terhadap kinerja keuangan. *Jurnal Ilmiah Akuntansi Indonesia*, 6(1), 73–86.
- Setyawan, B. (2019). Pengaruh good corporate governance, ukuran perusahaan dan profitabilitas terhadap kinerja keuangan. *Jurnal Mitra Manajemen (JMM Online)*, 3(12), 1195–1212.
- Shintia, I., & Yusbardini. (2021). Pengaruh leverage, likuiditas dan ukuran perusahaan terhadap kinerja keuangan indeks LQ45 di BEI. *SERINA III*, 2, 463–470.
- Sholihin, M., & Ratmono, D. (2013). *Analisis SEM-PLS dengan WarpPLS 3.0* (Seno (ed.); 1st ed.). C.V ANDI.
- Siregar, farhan H., Syahyunan, & Miraza, Z. (2022). Kinerja lingkungan, biaya lingkungan dan ukuran perusahaan terhadap kinerja keuangan dengan corporate social responsibility sebagai variabel intervening. *Inovatif: Jurnal Ekonomi, Manajemen, Akuntansi, Bisnis Digital Dan Kewirausahaan*, 1(2), 187–205.
- Siregar, I. F., Rasyad, R., & Zaharman. (2019). Pengaruh implikasi biaya lingkungan dan kinerja lingkungan terhadap kinerja keuangan. *Jurnal Ekonomi Dan Bisnis Dharma Andalas*, 21(2), 198–209.
- Sofia, N., & Nurleli. (2022). Pengaruh pengungkapan akuntansi lingkungan dan kinerja lingkungan terhadap nilai perusahaan. *Bandung Conference Series: Accountancy*, 2(1), 854–861.
- Suandi, A., & Ruchjana, E. T. (2021). Pengaruh kinerja lingkungan dan biaya lingkungan
- Sumaryati, A., & Satoto, N. P. (2020). Pengaruh sustainability reporting terhadap kinerja keuangan. *Jurnal Ilmiah Akuntansi*, 1(2), 90–99.
- Tamara, Y., & Khairani, S. (2023). Pengaruh pengungkapan sustainability report dan ukuran perusahaan terhadap kinerja keuangan. *MDP Student Conference*, 2(2), 501–506.
- Tangpong, C., Hung, K. ., & Li, J. (2019). Toward an agent-system contingency theory for behavioral supply chain and industrial marketing research. *Industrial Marketing Management*, 83, 134–147.
- Taufiq, M. (2021). *No Title*. Suarajatim.Id.
- Widiyawati, S. L., Masyhad, & Inayah, N. L. (2021). Pengaruh rasio

profitabilitas, solvabilitas, likuiditas dan aktivitas terhadap kinerja keuangan. *UBHARA Accounting Journal*, 1(1), 82–90.

Wulandari, A. R., Nurlaily, A. D., & Khoirunnisa, A. S. (2023). Pengaruh kinerja lingkungan dan biaya lingkungan terhadap kinerja keuangan. *HUBISINTEK*, 3(1), 157–164.

Yamin, S. (2021). *Tutorial statistik spss, lisrel, warppls & jasp (mudah & aplikatif)* (A. Rasyid (ed.)). PT Dewangga Energi Internasional.

Yanti, I. G. A. D. N., & Darmayanti, N. P. A. (2019). Pengaruh Profitabilitas, Ukuran Perusahaan, Struktur Modal, Dan Likuiditas Terhadap Nilai Perusahaan Makanan Dan Minuman.

*E-Jurnal Manajemen Universitas Udayana*, 8(4), 2297.

Yulianingsih, N. M., & Wahyuni, M. A. (2023). Pengaruh penerapan green accounting, intellectual capital, kepemilikan manajerial dan manajemen laba terhadap kinerja keuangan. *Jurnal Akuntansi Profesi*, 14(1), 133–146.

## INDONESIAN PUBLIC DIPLOMACY IN EFFORTS TO INCREASE LOCAL TOURISM THROUGH DIGITAL TOURISM CAMPAIGNS (TOURISM AWARENESS 5.0) IN THE ERA OF PRESIDENT JOKO WIDODO

Etik Siswati Ningrum<sup>1</sup>, Agfajrina C.P<sup>1</sup>, Gita Bhayangkari Manglili<sup>1</sup>

<sup>1</sup>Muhammadiyah university of Sorong, Indonesia

\*Corresponding Author: [etik.siswati22@gmail.com](mailto:etik.siswati22@gmail.com)

**Abstract.** *This research discusses how Indonesian public diplomacy through Wonderful Indonesia Tourism 5.0 campaign or digital tourism as an Indonesian tourism brand increases the resilience of local tourism through tourist villages as a driver of the community's economy. So, it can attract the interest of foreign tourists and have a positive influence on Indonesia. Public diplomacy is a policy that includes power, especially those related to soft power and does not directly influence culture, values and ideology. One of the public diplomacy carried out by President Joko Widodo's 2019-2023 government is the Awareness of Tourism 5.0 campaign, which is the Indonesian tourism brand. In realizing President Joko Widodo's ideals of making tourism a leading sector, the Ministry of Tourism has implemented various public diplomacy implementations in launching the Tourism Awareness campaign. Online media is currently considered one of the most effective media in disseminating information to various parts of the world, so it is useful for Indonesia to disseminate policies and information related to digital tourism and the development of Indonesian tourism. One online media that has international readers is thejakartapost.com. As an English daily from Indonesia, thejakartapost.com makes it easy to disseminate information from an*

*Keywords: Public Diplomacy, digital of Tourism 5.0 campaign, TheJakartaPost.com, Joko Widodo*

### I. INTRODUCTION

Diplomacy is one of the country's soft powers. Since it was first used in every activity between countries, diplomacy has experienced very significant developments. Diplomatic efforts carried out by countries aim to achieve peacemaking and peacebuilding in the international scope. Public diplomacy is considered to be one of the communication activities across countries, both individually and institutionally, to realize cooperation in achieving world peace. (Diamond, McDonald, 1996). Public diplomacy is considered an effective tool for diplomats or diplomatic actors to communicate at the global level with the media, government institutions, global society and other components. As a form of state soft power, public diplomacy is considered to be experiencing rapid development. (Diamond, McDonald, 1996) Public diplomacy is considered.

effective because it has the characteristic of being a non-governmental group, which is related to its informal nature and can reduce

tension, reduce fear and create interdependence between the actors involved. (Djelantik, 2008)

Ideally, public diplomacy should be able to open the way for negotiations between governments, by providing input with important information and providing perspectives that cannot be reached by the government in dealing with an issue. So cooperation between state actors and non-state actors is needed to channel state interests. Non-state actors can interact with other parties to influence the provision of input and implement foreign policy outcomes from the government. (Djelantik, 2008). One example of a non-government actor is the mass media.

According to the Ministry of Tourism and Creative Economy/Tourism and Creative Economy Agency (Kemenparekraf) in the Jokowi era (2014-2019) Arief Yahya, a nation brand is an investment. If there is an increase in the nation brand by 10%, the tourism sector will also increase by 11% and state investment will also increase by 2%. What is explained is a formula from the Reputation Institute which reveals the link between nation branding and people's desire to visit that country. Nation branding of a country is a product promise for foreign tourists, if the product is managed well it will create a reputation.

Based on the nation brand strategy promoted by Anholt-GFK Roper, there are three ways or what are called 3Cs, namely

contribution, competence and communication. In terms of global

contribution, it refers to global customers. This must be supported by science, culture, world security and peace, concern and

communication, it refers to how a country can communicate globally and locally. (kaskus.co.id, 2017)

In nation branding in the tourism sector, the Ministry of Tourism and Creative Economy (Kemenparekraf), the term Wonderful

Indonesia was born in 2011. This new campaign is a continuation of the Visit Indonesia campaign which started from 1991 to 2008. Wonderful Indonesia is promoted through official communication channels that are managed government, such as the official Indonesia Travel website ([www.indonesia.travel](http://www.indonesia.travel)). One type of promotion is through creative video posts uploaded via social media.

Apart from that, this campaign also collaborates with various parties and holds press conferences involving media crews from both local and international media.

The Indonesian Ministry of Tourism and Creative Economy explained that by carrying out promotions and the Wonderful Indonesia campaign, there had been an increase in the number of foreign tourists, but this number was only at 9 million. This figure is considered small compared to two other neighboring countries, namely Malaysia with 26 million foreign tourists and followed by Thailand with 29 million foreign tourists. In 2016, President Jokowi declared 30 new visa-free countries with additional tourism promotion funds from previously only around IDR 300 billion to IDR 1.3 trillion (Tribunnews.com, 2015). When the Covid-19 pandemic emerged in mid-2019, it greatly affected the condition of Indonesian tourism. The spread of

Covid-19 has had a major impact not only on economic activities and the mutual prosperity.



negative perceptions of Indonesian tourist destinations and damage the overall tourism image (Egsa UGM, 2021).

The Covid-19 pandemic has also had a significant impact on Indonesia's tourism image. One of them creates concerns regarding safety and health for tourists. (Supriati, 2021). The high positive number of Covid-19 in Indonesia every day gives a negative image regarding security and health in Indonesia which can influence tourists' interest in visiting Indonesia.

Apart from that, this will also give the image that the measures to prevent and deal with the pandemic taken by the Indonesian government are ineffective or lack transparency, this could affect tourists' confidence in Indonesia's safety and readiness as a tourist destination. According to data from the Central Statistics Agency, the number of visits by foreign tourists or tourists to Indonesia during 2020 amounted to 4.02 million visits. This case decreased by 75.03% compared to the number of foreign tourist visits in the same period the previous year, namely 16.11 million visits. The number of foreign tourist visits was 1.67 million air visits, 1.02 million sea visits and 1.33 million land visits (Kristianus, 2021).

The Ministry of Tourism and Creative Economy, through Sandiaga Salahudin Uno, in 2020 began to make fundamental changes in improving the tourism sector and creative economy. Wonderful Indonesian innovation with a digital tourism campaign which is still ongoing today, followed by the digital tourism campaign 5.0. Online media is one of the public diplomacy tools to achieve national interests. Online media is an effective tool in disseminating information related to a country's development. One of the local media that often provides news related to information development campaigns in Indonesia is thejakartapost.com media.

Through thejakartapost.com, Indonesian tourism campaigns can reach various countries. This daily media from Indonesia reports on developments in Indonesia, targeting domestic and foreign news. Being an English daily, updating it is clear that its target readers are foreign citizens and expatriates. According to a survey conducted by AC Nielsen, in 1991, 62% of thejakartapost.com daily readers were expatriates. In April 2012,

The Jakarta Post launched the Bali Daily which is a four-page daily and is only printed in Bali, this was done because 4,900 of its subscribers live and reside in Bali. Thejakartapost.com's daily distribution is only carried out in big cities, which are most likely to be visited by foreign tourists. By advertising Wonderful Indonesia in various media, it rose to 47th place. Following Malaysia's Truly Asia Malaysia and overtaking Thailand's Amazing Thailand. Early in 2015, Wonderful Indonesia was present on international channels such as Discovery Channel, National Geographic, BBC, CNN International, CCTV China, CNBC, Astro Malaysia, TV3 Malaysia, Asahi TV Japan and Indonesian national TV. (beritasatu.com, 2015)

In sales missions, Wonderful Indonesia has been active in international travel markets. Such as ITB Berlin, WTM London FITUR Madrid, ATM Dubai, ITB Asoa, MATA Kuala Lumpur Malaysia, ASEAN Tourism Forum (ATF 2016) Manila, PATA Mart Jakarta 2016, (beritasatu.com, 2015)

## II. METHODS

The type of research that will be used is qualitative with a descriptive model. Research using this model is research that is used to explain social phenomena in detail and in depth, and is used to explain social phenomena that have occurred or are ongoing. Primary data related to public

diplomacy as a whole is obtained through official documents from the Ministry of Foreign Affairs, while data regarding tourism and investment (TTI) each year through official documents from the Ministry of Tourism, BPS and Bappenas. In analyzing the data, the author uses a flow of data reduction, data presentation and drawing conclusions. In data reduction, there is a data selection process, data simplification so that data is the center of attention.

### III. RESULTS AND DISCUSSION

Tourism is an important sector for a country. The tourism sector can help in the areas of economic development and development of social life. Tourism has clearly proven itself as an industry with fast and prospective development. According to UNWTO (United Nation World Tourism Organization), in 1999 there were 600 million international tourists and this is always increasing. Then, in 2007 the number of tourists rose to 903 million and 2020 is predicted to be the year of a tourist boom visiting various tourist destinations throughout the world.

This tourist boom is estimated to reach 1.602 billion. (UNWTO, 2015) This is a good sign for increasing a country's foreign exchange. In an effort to increase the country's foreign exchange through the tourism sector, a country needs to establish several policies as supporting instruments in the hope of increasing the number of foreign tourist visits. (Prabowo, 2016) Indonesia's natural and cultural riches are a unique combination to attract foreign tourists to visit. The combination of a tropical climate with 17,508 islands makes Indonesia the largest archipelagic country with the most population in the world. (Nationsonline.org) There are several exotic tourism spots in Indonesia such as

the islands of Bali, diving spots in Bunaken, Mount Rinjani and several national parks in Sumatra.

These places not only provide beautiful views, but are also supported by a special cultural heritage that reflects the history and ethnic diversity of Indonesia. Indonesia has 719 regional languages throughout the Indonesian island. Komodo National Park, Borobudur and Prambanan Temples, Bukit Barisan National Park, Bali Cultural Landscape are some examples of tourist destinations from the 7 wonders of the world by UNESCO. (unesco.org) Apart from these tourist attractions, UNESCO also designated wayang, keris, batik and angklung as Intangible Cultural Heritage and the Register of Good Safeguarding Practices. (unesco.org) This shows that Indonesia is not only rich in tourist destinations, but has a cultural heritage that other countries do not have. (unesco.org) In the second Bali bomb incident there were 3 explosions in two tourist areas in Bali, two in Jimbaran and one in Kuta. This incident killed 23 victims who were foreigners, and approximately 196 people were injured. (Tuwo, 2015). The impact of the bomb terror was felt in the Indonesian tourism sector and its instruments, where restaurants, hotels, tourist attractions and others became empty of tourists, besides that, Indonesia's name in the eyes of the world was tarnished and there was a continuous decline in foreign exchange. (Tuwo, 2015)

As a result of the Bali bombing terror which occurred twice, it had many negative impacts with the issuance of travel bans and travel advisories by several countries in the world. These countries urge their citizens to temporarily not visit Indonesia, especially Jakarta and Bali (Santosa, 2012). For the Netherlands, Indonesia has a negative image due to the G30S/PKI incident. In France, Indonesia is reported negatively

due to environmental issues. Indonesia's red image in China is no different, Indonesia is

considered negative due to issues stating that Indonesia is anti-Chinese and is increasingly discriminating against citizens

of Chinese descent. (CNN Indonesia, 2016) Apart from that, many foreign tourists are worried about security. This is also accompanied by inadequate infrastructure development, so that foreign tourists think twice about visiting Indonesia. (CNN Indonesia, 2016) According to tourism observers at Jenderal Soedirman University, Purwokerto, Chusmeru, tourism is a service industry that is very sensitive to security issues and disturbances, which can have an impact on Indonesian tourism. He also explained that the government needed several steps to overcome this, such as showing and providing certainty that the bomb terror situation in the country had been resolved and the surrounding security conditions were under control. Then, the government must start planning to establish SOPs (Standard Operational Procedures) related to securing tourist destinations and tourist attract

Chusmeru also added that the government needs to collaborate with travel agencies and other policy makers including community leaders and religious leaders to create safe Indonesian tourism. (CNN Indonesia, 2018) The government also needs to intensify the promotion of Indonesian tourism to countries that issue travel advisories and travel warnings. The main thing in making Indonesian tourism a success is that the government needs to take and show strategic and tactical steps in stopping acts of terror in Indonesia. (CNN Indonesia, 2016)

Branding is an understanding of a brand. Meanwhile, activities to publicize a brand are called branding. Branding can also be interpreted as an

something through offline and online media, endorsement or public diplomacy.

(Sari, 2016) In tourism promotion, the Ministry of Tourism chose the brand 'Wonderful Indonesia' as Indonesian

action to provide information or an image related to tourism branding for the global market and 'Pesona Indonesia' as additional branding for the domestic market. (Sari, 2016) The choice of these two brand names is a form of demonstrating the identity and image of Indonesian tourism in the international arena.

Indonesia, through the Ministry of Tourism and Creative Economy, announced the rebranding of tourism through the Wonderful Indonesia and Pesona Indonesia campaigns which were inaugurated at the ASEAN Tourism Ministers' Forum in Cambodia on 17-18 January 2011. (Kontan.co.id, 2017) A brand needs a logo and has its own meaning. Wonderful Indonesia is a nation branding campaign carried out by the Indonesian government since 2011 which is a replacement for the previous campaign, namely Visit Indonesia which was launched in 1991.

The Wonderful Indonesia campaign is based on Law No. 25 of 2000 concerning the National Development Program, where the tourism sector is tasked with accelerating national economic recovery and restoring the image of Indonesian tourism in the eyes of the world. (Idriasih, 2016) The Minister of Culture and Tourism of Indonesia, Jero Wacik, explained that this brand change was carried out with the aim of strengthening the image of Indonesian tourism. Wonderful Indonesia is not only about inviting foreign tourists to come to Indonesia, but foreign tourists will be exposed to the potential for amazing tourist destinations and Indonesian culture. (Idriasih, 2016).

Since 2013, the tourism industry has been in fourth place after oil and gas, coal and

palm oil as the country's largest foreign exchange earner. In 2015, the Ministry of Tourism has also issued a target for foreign tourist visits to Indonesia of 10 million foreign tourists, then in 2016 the target for foreign tourist visits is up to 12 million, followed by 2017 targeting 15 million, so that in 2019 the target is to reach 20 million foreign tourist visits. . The continuing increase in foreign tourists has become a strategic micro-achievement target for the country. (Ministry of Tourism, 2016)

In 2015, total foreign tourist visits to Indonesia increased to 2.9% compared to the previous year, bringing the total number of foreign tourists coming to Indonesia to reach 9.7 million people. Compared with other ASEAN countries, Indonesia is ranked fourth below Thailand, Malaysia and Singapore. Based on nationality, the largest contributors of foreign tourists to Indonesia are Singapore, Malaysia and China. Meanwhile, from outside Asia from Australia, England and the United States. (Bappenas, 2016)

It can be seen that the tourism industry has great potential as a consistent contributor to the country's foreign exchange, said President Joko Widodo wants to make tourism a leading sector. As a leading sector, the tourism industry is expected to be the key to development, prosperity and happiness of the wider community. Tourism is said to be a leading sector because of several factors such as being able to increase tourism destinations and investment, where tourism itself is the key to export earnings, job creation, business

development and infrastructure development.

Tourism has also experienced continuous expansion and diversification and has become one of the fastest growing economic sectors in the world. The occurrence of the global crisis did not affect

continued to lead to positive growth. (Bappenas, 2016)

The government makes tourism the main source of foreign exchange and encourages competitiveness, ease and improvement of infrastructure and accessibility to tourist areas also needs to be considered. The Ministry of Tourism together with other Ministries always improves infrastructure development and national tourism accessibility from west to east Indonesia.

This infrastructure development has had a positive impact. This is proven by the recorded growth of the Indonesian tourism sector three times greater than regional and global growth. The growth in foreign tourist visits to Indonesia reached 22%, while for ASEAN only experienced growth of 7%, and for the world only 6.4%. Compared with neighboring countries, the growth of foreign tourist visits to Indonesia is also no less competitive. Vietnam has experienced an increase by 29%, Malaysia experienced a decrease to 4%, Singapore experienced an increase of 5.8%, and Thailand experienced an increase of around 8.7%. (S. Talib, 2017)

Joko Widodo has a Public Diplomacy Strategy related to tourism. Indonesia under Jokowi's leadership considers that tourism is believed to be effective in implementing diplomacy because in its implementation there is no coercion and it is easily accepted by foreign communities because it has universal values such as cultural values, traditions, religion, aesthetics, historical or modern heritage buildings that are unique and have power. its own attraction. (Widhasti, 2016)

In the modern era, tourism is considered an interesting issue in international relations

international tourist travel, growth because of modern communication between countries without any restrictions. Initially the tourism industry was just a travel industry in which only holiday activities were carried out.

community and encouraged the introduction of a country's culture. These factors encourage the State to continue to strive to develop tourism and make it part of its diplomatic activities. (Widhasti, 2016) The Wonderful Indonesia brand was first launched by the Minister of Culture and Tourism at the ASEAN Tourism Ministers' Forum which was held on 17-18 January 2011 in Cambodia. The three main messages that 'Wonderful Indonesia' wants to convey are (Idriasih, 2016):

#### 1. Culture (culture)

As is known, Indonesia has a large and heterogeneous cultural wealth. This is something that other countries do not have, with the diversity of ethnicities, cultures, languages, traditions and customs that are different in each region, which is a special attraction for Indonesian tourism.

#### 2. Nature (nature)

Apart from cultural diversity, Indonesia also has the beauty and diversity of sea, beaches, mountains, forests and biodiversity from Sabang to Maurake.

#### 3. Creative work (creative-man made)

Creative works are a presentation of the creations of the Indonesian people who are able to create various works, attractions and attractions so that they can attract tourists and have their own charm.

In realizing President Joko Widodo's ideals of making tourism a leading sector, the Ministry of Tourism has various kinds of public diplomacy implementations in launching the Wonderful Indonesia campaign, such as (Idriasih, 2016): (1) Implementation through Government; (2) Indonesian Public Diplomacy Through Non-Government; (3) Public Diplomacy Through Business Channels; (4) Indonesian Public Diplomacy Through Private Citizens; (5) Indonesian Public Diplomacy Through Communications and Media

With various efforts and policies put forward by President Joko Widodo's

administration, there has been an increase in the country's foreign exchange from the tourism sector by seeing an increase in foreign tourist visits to Indonesia since the nation branding Wonderful Indonesia.

It can be seen that during the Joko Widodo government era, the Indonesian tourism industry experienced an increase every year. The public diplomacy implemented by Minister Arief Yahya is believed to show Indonesia's tourism potential with adequate quality and quantity. (Kemenpar, 2019) With the increase in the number of foreign tourists, it is noted that the tourism industry is the easiest and cheapest contributor to GDP, foreign exchange and employment opportunities. For GDP, tourism contributes 10% of National GDP with the highest nominal value in ASEAN, making national tourism GDP grow to 4.8% with an upward trend reaching 6.9%, much higher than the agriculture, automotive manufacturing and mining industries. Tourism foreign exchange reached US\$ 1 million, generating GDP of US\$ 1.7 million or 170%, the highest compared to other national industries.

For foreign exchange, tourism is the 4th largest contributor to national foreign exchange, amounting to 9.3% compared to other national industries. Apart from that, the tourism industry experienced the highest foreign exchange growth of 13% compared to the natural gas, coal and palm oil industries which experienced negative growth. For the workforce, the tourism industry contributes 9.8 million jobs or 8.4% nationally. (Ministry of Tourism, 2016)

In 2015, news articles on [thejakartapost.com](http://thejakartapost.com) focused on the promotion of Indonesian tourism and the promotion of the Wonderful Indonesia Campaign. One type of effort made by the government is by carrying out digital promotions. explained how digital

promotions carried out by the Ministry of Tourism will increase the number of foreign tourists by around 6 to 7 percent in 2015. The digital media referred to include Twitter, Facebook, Instagram and other social media which can be accessed by foreign tourists to gather information related to tourism Indonesia. Moving on to 2016, the article released by thejakartapost.com focused more on reporting on the promotion of Indonesian tourism and inviting certain citizens of certain countries to come and travel to Indonesia.

The 2017 thejakartapost.com article is also different from the previous year. The articles released tend to report on the success of the Wonderful Indonesia campaign abroad and how the campaign has been successful in attracting foreign tourists. Moving on to 2020, Since the Ministry of Tourism Sandiaga Uno promoting Indonesian tourism through Wonderful Indonesia via digital platforms. (thejakartapost.com,2022) The promotion used is different from 2017 which only used festivals for promotional events, in 2018 the Ministry of Tourism used billboards, transportation services and roads to promote Wonderful Indonesia in other countries. Thejakartapost.com's role is related to the promotion of digital tourism campaigns until the end of 2023, as a place for promotions related to foreign policies implemented by the government. The promotional strategy for Wonderful Indonesia by the Ministry of Tourism is still the same as the previous year, namely carrying out promotions in public spaces that can be seen clearly by the wider community

#### IV. CONCLUSION

The public diplomacy implemented by the Ministry of Tourism is adapted to President Joko Widodo's ideals. Therefore, the Minister of Tourism Ir. Arief Yahya is trying to increase Indonesian tourism in various ways, from promotions through the media, issuing a visa-free policy to simplifying several flight regulations. The Wonderful Indonesia campaign, which is a brand for Indonesian tourism, continues to be promoted in several countries that are large tourist market targets, such as countries in Asia, North America, China and Australia.

The policies set by President Joko Widodo and the Minister of Tourism have encouraged an increase in foreign tourists visiting Indonesia. The visa-free policy, direct flights from one to one of the cities in Indonesia as well as promotions through festivals and advertising in several big cities have become an effective and efficient public diplomacy of the Ministry of Tourism.

The success of a Ministry of Tourism can be measured by how much tourist visits increase each year, whether there is an increase or a decrease. President Joko Widodo's desire to make tourism a leading sector is not just wishful thinking, but a target that can be achieved with the right regulations and policies.

The government needs overseas promotions to introduce nation branding which is Indonesia's identity on the international stage. Wonderful Indonesia is not only an identity, but represents Indonesian tourism. The Wonderful Indonesia campaign has demonstrated significant and impressive achievements. The success achieved does not solely belong to the government, but to all parties involved.

## REFERENCES

- Institute for Multi-Track Diplomacy.* (2013). Retrieved 10 30, 2019, from About Institute for Multi-Track Diplomacy: <https://www.imtd.org/about>
- A. Bryman & R. Burgess. (1994). *Analyzing Qualitative Data.*
- Alamsjah, I. (2016, September 22). Paparan Kementerian Pariwisata RI Untuk KIDi ke-6 Tahun 2016. Yogyakarta, Yogyakarta, Indonesia.
- Anholt. (2007). *Competitive Identity: The New Brand Management for Nations, Cities and Regions.* USA: Palgrave Macmillan.
- aseantourism.travel. (2015,22). Retrieved 10 10, 2019, from Indonesia Exceeds Target receiving 9.44 million tourists in 2014: Breaks December record: <http://aseantourism.travel/countryarticle/detail/indonesia-exceeds-target-receiving-9-44-million-tourists-in-2014-breaks-december-record>
- Bappenas. (2016, Maret). Pembangunan Pariwisata. Jakarta, Jakarta, Indonesia. [bkkbn.go.id](http://bkkbn.go.id). (2018). *Laporan 4 Tahun Pemerintahan Joko Widodo-Jusuf Kala.* Retrieved Desember 8, 2019, from [bkkbn.go.id](http://bkkbn.go.id):
- Badan Pusat Statistika. (2020, February 3). *Jumlah kunjungan wisman ke Indonesia Desember 2019 mencapai 1,38 juta kunjungan.* Retrieved July 3, 2023, from [https://www.bps.go.id/pressrelease/2020/02/03/1711/jumlah-kunjungan-wisman-ke-indonesia-](https://www.bps.go.id/pressrelease/2020/02/03/1711/jumlah-kunjungan-wisman-ke-indonesia-desember-2019-mencapai-1-38-juta-kunjungan-.html)
- [desember-2019-mencapai-1-38-juta-kunjungan-.html](https://www.bps.go.id/indicator/16/1821/2/jumlah-kunjungan-wisatawan-mancanegara-ke-indonesia-menurut-kebangsaan.html)
- Badan Pusat Statistika. (2021). *Jumlah Kunjungan Wisatawan Mancanegara ke Indonesia Menurut Kebangsaan (Kunjungan), 2019-2020.* Badan Pusat Statistika. Retrieved July 4, 2023, from <https://www.bps.go.id/indicator/16/1821/2/jumlah-kunjungan-wisatawan-mancanegara-ke-indonesia-menurut-kebangsaan.html>
- Badan Pusat Statistika. (2023). *Badan Pusat Statistika.* Badan Pusat Statistika. Retrieved July 6, 2023, from <https://www.bps.go.id/indicator/16/1821/1/jumlah-kunjungan-wisatawan-mancanegara-ke-indonesia-menurut-kebangsaan.html>
- CNN Indonesia. (2022, February 4). *AS Larang Warga Pergi ke Indonesia Gegara Lonjakan Covid.* CNN Indonesia. Retrieved July 4, 2023, from <https://www.cnnindonesia.com/inter-nasional/20220204103852-106-754937/as-larang-warga-pergi-ke-indonesia-gegara-lonjakan-covid>
- Egsa UGM. (2021, February 11). *Pariwisata Indonesia di Tengah Pandemi Environmental Geography Student Association.* EGSA UGM. Retrieved July 3, 2023, from <https://egsa.geo.ugm.ac.id/2021/02/11/pariwisata-indonesia-di-tengahindonesia/2022/09/15/indonesia-aims-to-lure-more-digital-nomads-to-its-shores.html>.

## BEHAVIORAL INTENTION ANALYSIS BASED ON THE MODIFIED MODEL OF UTAUT2: CASE STUDY OF ALLIANZ SMART POINT

Muhammad Yusuf Setiawan<sup>1\*</sup>, Tengku Ezni Balqiah<sup>1</sup>

<sup>1</sup>Universitas Indonesia, Indonesia

\*Corresponding Author: muhammad.yusuf06@ui.ac.id

**Abstract.** Insurance is a social tool to reduce life risks and provide protection against unexpected circumstances and risks. The growth of the insurance industry in Indonesia itself has generally shown a positive trend in recent years. Innovation in the insurance industry needs to be considered to find alternative ways to encourage public interest in insurance products and retain existing consumers. One of the efforts made by Allianz Indonesia is innovation in the form of a loyalty program application named Allianz Smart Point. Based on observation in the field, the use of this application is not evenly distributed so further research is needed. This research adapts the UTAUT2 concept which is integrated with the Delone and McLean Information System Success Model and added the Trust variable for factors that determine the behavioral intention of the Allianz Smart Point application so that it can be input for industry and can contribute to the development of science. There are eight hypotheses formed to be tested by collecting cross-sectional survey data, using quantitative descriptive methods and data analysis will be carried out using multiple regression to the 175 respondents. The research results revealed that two hypotheses were accepted, which

are performance expectancy and trust had shown a significant positive effect on behavioral intention related to the Allianz Smart Point application, while the other six hypotheses were rejected.

**Keywords:** UTAUT2, Delone and McLean Information System Success Model, Behavioral Intention, Indonesia Insurance Industry, Allianz Smart Point

### I. INTRODUCTION

The insurance industry is an industry that has an important role in the economy. Insurance itself is not a new concept in Indonesia. Insurance is a social tool to reduce life risks and provide financial protection against unexpected circumstances and risks (Komalasari et al., 2018). The growth of the insurance industry in Indonesia itself has generally shown a positive trend in recent years. Based on data from the Indonesian Insurance Development Roadmap from OJK (2023), Life Insurance has experienced a consistent increase in assets over the last 5 years of 3% on a Compound Annual Growth Rate (CAGR) basis, with a position of Rp. 585



trillion. Premium income from the Life Insurance business line also tends to be stable in the last 5 years with an income of IDR 169 trillion at the end of 2022.

The sharia insurance industry is expected to continue to develop to provide alternative investment options based on risk sharing. The successful introduction and marketing of Islamic insurance products in certain countries requires an understanding of the characteristics and environment of those countries. Indonesia has a majority Muslim population, so it is a potential sharia insurance market. However, there are many challenges that the sharia insurance industry must face in trying to market its products (Deloitte, 2013; Redhika and Mahalli, 2014; Ichsan, 2015).

One challenge is determining what form the innovation should take. Boer (2001) defines innovation as "the creation of new product-market-technology-organization combinations". According to Haron and Nursufiza (2008), innovation is not only related to new technology or new products but also includes innovation in processes and renewal of organizational or market structures.

In order to retain consumers or customers, there are many efforts that can be done. One of the efforts made by Allianz to retain its consumers is by presenting an innovation in the form of a loyalty program in the form of the Allianz Smart Point application. This application is a loyalty program that functions to give points to Allianz Indonesia customers for every transaction in an insurance policy, such as routine monthly premium payments, where later the points that have been collected can be exchanged or used for transactions at well-known outlets that have partnered with Allianz, such as clothing, electronics, food and beverage, and automotive outlets.

However, based on the author's findings in the field, there is a phenomenon that shows that many customers have not activated or joined the Allianz Smart Point loyalty program application. One of the findings in the field is that the majority of customers have downloaded a customer portal application called Allianz Eazy Connect which functions to control all policy-related needs online, but not all of them have downloaded and activated an account on the Allianz Smart Point application. Based on this phenomenon, the author intends to accurately compare the number of downloads and active users of the Allianz Eazy Connect customer portal application with the downloads and active users of the Allianz Smart Point loyalty application.

The author looks for justification by looking at the ranking of the two applications in the app store on iOS mobile devices and using Shipmunk analytical software. Then it was found that the Allianz Eazy Connect customer portal application was ranked 48th in the business category. Meanwhile, the Allianz Smart Point loyalty application is not in the top 100 applications in the lifestyle category. This indicates that Allianz Eazy Connect has a greater number of downloads and active users than Allianz Smart Point.

This research was conducted to determine what factors can ultimately influence consumer Behavioral Intention or in this case Allianz customers to use the Allianz Smart Point Loyalty program application. Given the increasingly widespread acceptance of fintech services in various industries, some scholarly emphasis has been given to understanding consumers' intentions in adopting fintech services. Nevertheless, gaps in the existing body of knowledge require further attention.

Research on how fintech relates to customer adoption of its services is still developing

and requires more comprehensive exploration. Although previous research has presented valuable findings regarding the drivers of fintech adoption by customers (Hasan et al., 2021; Najib et al., 2021; Oladapo et al., 2022), the focus is still largely centered on customers' intentions to adopt fintech from the perspective of technology. In this case, the influence of user perspective and quality dimensions need to be included to determine the influence of acceptance of fintech services.

Considering the increasing public awareness regarding security and personal data, the Perceived Risk aspect has become an important factor that impacts the use of fintech (Ali et al., 2021; Xie et al., 2021) so that it can underline the importance of evaluating the role of Perceived Risk in determining consumer or customer acceptance. insurance for services on the Allianz Smart Point application. Second, a collection of previous studies examining the Unified Theory of Acceptance and Use of Technology (UTAUT2) and the Delone and Mclean Information Systems Success Model (ISSM) have found consumer behavior in responding to changes driven by technology. Among the transformative evolutions of digital technology, fintech is the fundamental technology underlying e-commerce, mobile banking, online-to-offline (O2O) services, and fintech adoption. Only a few studies have integrated the two theories, between UTAUT2 and the Delone and Mclean Information Systems Success Model (Sholihah et al., 2023).

In the process of carrying out a comprehensive literature review, the author found that there was little research that centered on the acceptance of Fintech, especially regarding the adoption of loyalty program application services such as

Allianz Smart Point in the insurance industry. Seeing this gap, this research is different from existing research. First, the author examines the factors that influence acceptance of Allianz Smart Point services, specifically focusing on three dimensions from the UTAUT2 model (Performance Expectancy, Effort Expectancy, and Social Influence) and three other dimensions adapted from the Delone and Mclean Information System Success Model (System Quality, Service Quality, and Information Quality). Different from previous research, which generally does not include user perspectives and quality dimensions, the authors consider these dimensions. In addition, the important role of users' Perceived Risk and Trust in the field of receiving Fintech services such as Allianz Smart Point has not been widely studied in previous literature.

This research also integrates the concepts of Perceived Risk and Trust to analyze insurance customers' intentions in receiving Fintech services, in this case Allianz Smart Point. Second, previous research has mostly explored fintech adoption in the banking industry. The author here examines the Behavioral Intention of fintech service users in the context of the insurance and sharia insurance industry, so as to present a new perspective. Third, this research applies a conceptual framework, resulting in valuable policy implications, especially relevant for stakeholders in the Indonesian insurance industry such as Allianz. By conducting this research, the author aims to bridge the existing gap by explaining the factors that shape users to receive loyalty program application services called Allianz Smart Point. Therefore, the formulation of this research question has been adjusted to gain insight into Behavioral Intention towards the Allianz Smart Point application

service, so as to increase the author's understanding in this field.

### **The Unified Theory of Acceptance and Use of Technology 2 (UTAUT2)**

The concept of the Unified Theory of Acceptance and Use of Technology (UTAUT) was first formulated in 2003 by Venkatesh, Morris, and Davis. UTAUT theory was formed by Venkatesh et al. (2003), who conducted a comprehensive review and comparison of eight different models in their research. This theory was initially developed for the adoption of new technology among organizational participants. UTAUT2 is an extension of the UTAUT model, which was created in 2012 by Venkatesh, Thong, and Xu. Later, Venkatesh et al. (2012) modified the model in response to changes in consumer usage environments and introduced new components to UTAUT.

The model now includes three new constructs. These components include hedonic motivation, price value, habit, etc., in addition to performance expectancy, social influence, effort expectancy, and facilitating conditions from the UTAUT model of Venkatesh et al. (2003). The UTAUT2 model outperforms the original UTAUT model in terms of diversity for explaining behavioral intentions, increasing it to 56% – 70% and technology use to 40% – 52%. This model is often used to explain behavioral factors that influence the intention to utilize new technology (Widyanto et al., 2020). This concept has been used in applications ranging from the acceptance of non-technological services (Vila et al., 2021) to the acceptance of cloud computing technology (Nikolopoulos, 2017). The advantages of the UTAUT2 model ultimately underlie its widespread use in various research topics to date.

### **Performance Expectancy**

Performance Expectancy is described as the extent to which a person believes that the

application of technology can help them gain benefits in job performance. For example, saving time, energy, efficiency, ease of accessibility, customization and comfort (Venkatesh et al., 2003). Overall, it appears that customers have a tendency to be motivated in the use and acceptance of new technology when they believe that the technology can bring significant benefits and advantages in their daily lives. (Alalwan et al., 2016; Davis et al., 1989; Venkatesh et al., 2003). Performance Expectancy has been proven to be one of the factors that influence Behavioral Intention for the adoption and use of systems or information technology (Venkatesh et al., 2012)

### **Effort Expectancy**

Effort Expectancy can be interpreted as the level of ease for users of new technology (Venkatesh et al., 2012; Saghapour et al., 2018), along with the opinion of Davis et al. (1989) that a person's intention to accept a new system or technology is not only determined by an assessment of how good the system is, but also how easy it is and how much effort is not required for a consumer to use the system.

### **Social Influence**

Social Influence can be interpreted as how important a consumer feels that the perceptions of other people need to be followed or considered for the use of a new system (Venkatesh et al., 2003). Users will be more confident in using a new system if people around them suggest it. The influence of Social Influence on Behavioral Intention can occur due to compliance in the initial phase of technological experience (Venkatesh et al., 2003).

### **Delone and McLean Information System Success Model**

Delone and McLean developed the Delone and McLean information system success model in 1992. This model includes

Information Quality and System Quality to measure Use Intention, User Satisfaction, and Organizational Impact. Then the author revised the D&M model in 2003. Service Quality is included in the new version of the model to measure Use Intention towards information systems. Several studies adopting information technology and systems have used and validated the D&M model. This model has been used in evaluating the success of e-commerce systems (Wu & Wang, 2006), acceptance of e-learning platforms (Prasetyo et al., 2021), individual performance of mobile banking (Tam & Oliveira, 2017), and acceptance of many other technologies. The revised D&M model and the UTAUT2 model formed the basis of this research. This research will use three dimensions, Information Quality, Service Quality, and System Quality, to measure consumer usage intentions. Because the concept of information system quality is associated with system output that provides benefits to its users. In addition, System Quality is also an important dimension for assessing overall system efficiency; Good system quality will motivate consumers to use applications such as Allianz Smart Point. Apart from that, Service Quality ensures the availability of support that consumers will receive from the company in using the platform or application.

### **Perceived Risk**

Perceived Risk is the possibility of loss (or bad impact) that consumers may feel when using technology to achieve their goals. (Featherman & Pavlou, 2003). Perceived Risk is a construct that measures uncertainty beliefs regarding the possibility of dangerous negative impacts.

Perceived risk has a significant impact on user behavior when using technology services. Perceived risk in consumer innovation research has received much

attention in the literature. Due to security and financial concerns, perceived risk is one of the most important variables that may have a negative impact on the adoption of the Allianz Smart Point loyalty program application. To use fintech-like services, users must provide their personal information and financial information with third-party vendors so that they can address several concerns, including internet problems, security issues, unlawful transactions, and documentation (Bauer et al, 2005). So, this research will include perceived risk as one of the dimensions of Allianz Smart Point acceptance by Allianz Insurance Industry consumers in Indonesia.

### **Trust**

Trust is defined as “the perceived credibility and benevolence of the target of trust” (Doney and Cannon, 1997). This definition is more appropriate to use in the context of m-banking (Sankaran and Chakraborty, 2021) because it considers two important dimensions of Trust that are relevant in monetary transactions (Sankaran and Chakraborty, 2021). Trust is a predictor of Behavioral Intention that is widely used and tested in the m-banking context (Alalwan et al., 2017). According to Penney et al. (2021), Trust has a significant effect on Behavioral Intention in the context of mobile money services. However, the results are contrary to Eneizan et al. (2019) in the context of mobile marketing. In line with research findings conducted by Merhi et al. (2019), Kalinić et al. (2020), Kazancoglu and Aydin (2018), Tarhini et al. (2019) and Hanif et al. (2021), this research argues that the Trust variable will significantly influence Behavioral Intention to adopt the Allianz Smart Point application.

### Behavioral Intention

Behavioral intention is a variable that refers to the level of a person's or consumer's intention to use a technology product or service (Budu et al., 2018). Behavioral intention is an attitude of consumers who want to always use services in a sustainable manner (Liu et al., 2022). Behavioral intention is the behavior of consumers who are loyal and have high loyalty to the company because they have received good service so they are willing to make recommendations to other people. A loyal attitude and high intention towards a product, trademark or company can make it likely that consumers will initiate certain actions in the future, such as word of mouth or positive verbal recommendations about a company to other people, having the intention to repurchase in the future. will come, and be loyal to the service provider company (Islam et al., 2022).

**RQ 1.** Do Performance Expectancy, Effort Expectancy, and Social Influence influence behavioral intentions related to the Allianz Smart Point application?

**RQ 2.** Do Information Quality, System Quality and Service Quality influence behavioral intentions regarding the Allianz Smart Point application?

**RQ 3.** Do Perceived Risk and Trust influence behavioral intentions related to the Allianz Smart Point application?

## II. METHODS

This research adopts the model established by Hassan et al. (2023), and then the author further developed the model by integrating the Trust variable contained in Mer & Viridi's (2021) model. The author does this by arguing that the Trust variable is relevant and can strengthen a person's Behavioral Intention when using the Allianz Smart Point loyalty program application. This can be proven, one way, from the research results of Penney et al. (2021) that Trust has

a significant effect on Behavioral Intention in the context of mobile money services. Apart from that, it is also based on the argument that Trust from the start was included in the Unified Theory of Acceptance and Use of Technology variable developed by Venkatesh (2012). So the hope is that by integrating the reference model developed by Hassan et al. (2023) with the Trust variable to research Behavioral Intention towards the Allianz Smart Point loyalty program application, this will provide more comprehensive research results.

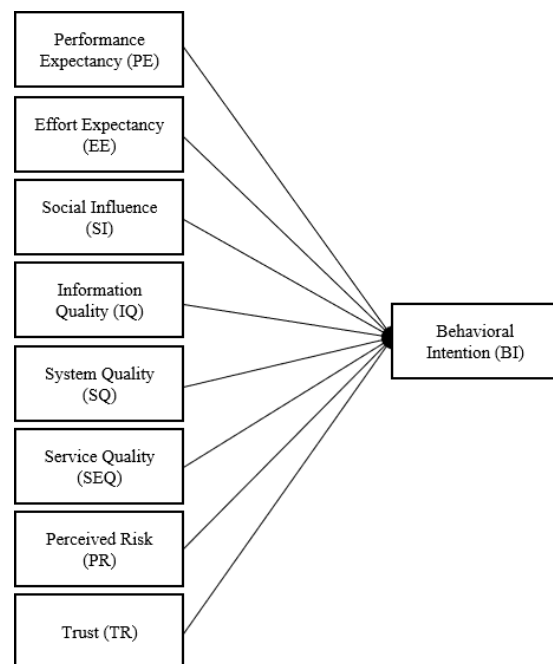


Figure 1. Research Model

### Research Hypothesis

Performance Expectancy can be interpreted as the extent to which a person's performance in carrying out any task increases due to the use of technology or systems (Venkatesh, 2012). In the context of this research, this refers to improving the performance of using the Allianz Smart Point loyalty program application to carry out activities related to insurance point transactions. Performance Expectancy is an important indicator in technology adoption. Rahim et al. (2022) investigated the

adoption of Islamic Fintech among Malaysian millennials and found that Performance Expectancy substantially influences Behavioral Intention. Furthermore, Alwi et al. (2022) investigated fintech adoption in the era of the fourth industrial revolution in Malaysia and found that Performance Expectancy significantly influenced fintech adoption. Based on previous findings in the Malaysian context, the author proposes a hypothesis for this research as follows.

### **H1. Performance Expectancy has a significant positive influence on behavioral intentions related to the Allianz Smart Point application**

Effort Expectancy measures how comfortable a system is used by an individual (Ghalandari, 2012). Effort Expectancy is considered a positive indicator in technology adoption in previous research. In the example of e-wallet adoption in Malaysia, Effort Expectancy has a fairly large positive impact on intention (Tenk et al., 2020). Furthermore, Urus et al. (2022) conducted a comparative study of acceptance of fintech payment systems among new graduates in Indonesia and Malaysia and found that Effort Expectancy had a positive effect on the adoption of fintech payment systems. Based on the discussion of previous studies related to technology adoption in Malaysia and the surrounding region, the authors of this study propose the following hypothesis. **H2. Effort Expectancy has a significant positive influence on behavioral intentions regarding the Allianz Smart Point application**

Social Influence refers to the extent to which a person believes that other people's opinions are important when using a new system (Ghalandari, 2012). Many studies use Social Influence as a positive indicator

of technology adoption. In a study focusing on open source software adoption in developing countries, Social Influence showed a positive impact (Silva et al., 2023). Likewise, social influence has a positive impact on fintech adoption in small food businesses (Najib et al., 2021). Similar conclusions were also reached in a study on internet of things (IoT) adoption (Abushakra et al., 2022). From a developing country perspective, Social Influence shows a significant impact on Behavioral Intention. Because the context of this research is based on a developing country such as Indonesia, the authors of this research, based on this discussion, propose the following hypothesis.

### **H3. Social Influence has a significant positive influence on behavioral intentions regarding the Allianz Smart Point application**

Information Quality is the level of performance that a system offers to individual users (DeLone & McLean, 2023). This can also be defined as an information system output standard (Chen & Smith, 2015). Information Quality is an important element that information systems offer to end users. Information Quality is also important for users of the Allianz Smart Point loyalty program application to be able to carry out transactions or interactions on the platform for activities related to insurance points. In a study conducted in Taiwan, Huang et al. (Huang et al., 2015) found a significant positive impact of Information Quality on Behavioral Intention to use the mobile library system. In addition, Komiak (2010) found that Information Quality perceived by users significantly impacts Behavioral Intention. From the perspective of developing countries, Information Quality shows a significant impact on Behavioral Intention. Because the context of this

research is based on developing countries such as Indonesia, the author of this research proposes the following hypothesis regarding Information Quality.

**H4. Information Quality has a significant positive influence on behavioral intentions regarding the Allianz Smart Point application**

System Quality evaluates dependability, usability, responsiveness, and availability of a system (DeLone & McLean, 2023). Good user assessment of the system can influence user attitudes and behavior. Good system quality correlates with high system reliability, which can increase the likelihood of using systems such as fintech (Wang et al., 2019). Ramayah et al. (2010) studied the continued adoption of e-learning systems in Malaysia and found that System Quality was positively related to intention to use. Apart from that, System Quality also has a positive effect on the intention to use mobile learning (Gharaibeh & Gharaibeh, 2020). Based on the results of previous research, the author of this study proposed the following System Quality hypothesis.

**H5. System Quality has a significant positive influence on behavioral intentions regarding the Allianz Smart Point application**

Service Quality is a customer's experience of a service that can be compared with expectations to determine the quality of service felt by the customer (Gronroos, 1984). Service Quality (SEQ) is considered important in differentiating services. When Abu-Taieh et al. (2022) looked at Jordanian citizens' continued intention to utilize mobile banking, they found that Service Quality had a positive impact on behavioral intention. Service Quality was also identified as a promising predictor in the implementation of online transportation systems (Zahara et al., 2021). The following Service Quality Hypothesis is proposed by the author for users of the Allianz Smart

Point loyalty program application based on findings in previous research conducted in developing countries.

**H6. Service Quality has a significant positive influence on behavioral intentions regarding the Allianz Smart Point application**

Perceived Risk is the possibility of loss or bad impact that consumers may feel when using technology to achieve their goals (Featherman & Pavlou, 2003). It is important to examine perceived risk to understand consumer behavior because people tend to minimize benefits by avoiding or reducing risks rather than maximizing rewards by using them. When customers' concerns are linked to new technologies, their perceptions of danger are likely to be amplified (Hwang & Choe, 2019). According to Al-Saedi and Al-study Emran (2021), in adopting a digital wallet, the risk is inversely proportional to the intention to adopt. Additionally, perceived risk has a negative impact on intention to use online banking in Vietnam (Nguyen & Nguyen, 2017). Risk is considered an important element in the use of technology services among Indonesian society. Based on the results of previous research and the nature of Indonesian people's concerns about risk, the authors of this study proposed the following hypothesis for Perceived Risk.

**H7. Perceived Risk has a significant negative influence on behavioral intentions related to the Allianz Smart Point application**

Trust can be said when someone has confidence and trust in another party where the two parties exchange things with each other. Consumers are willing to trust and take risks when the Trust factor exceeds the Perceived Risk. Users of online banking platforms have concerns regarding security and privacy risks, which undermine trust (Einwiller, 2003; George, 2004; Jiang et al.,

2008). Vance et al. (2008) defines institution-based trust as a person's sensitivity or belief that the environment in which they transact has appropriate safeguards and protection. Trust in this research focuses on privacy and security aspects related to transactions carried out through the Allianz Smart Point loyalty program application. Trust increases the adoption intention of e-banking and its channels (Sinha & Mukherjee, 2016). Therefore, Trust is an important construct in this research. This is related to the adoption of e-banking by the millennial generation. Several previous studies show that there is a positive and strong relationship between Trust, acceptance and use of technology (Oliveira, 2015). Thus, the hypothesis proposed is as follows.

**H8. Trust has a significant positive influence on behavioral intentions regarding the Allianz Smart Point application**

**Research Design**

This research applies a descriptive quantitative approach. The survey method was applied in this research by distributing questionnaires using a single cross-sectional survey approach. A single cross-sectional survey is an approach carried out at one time or at the same time.

In this research, the author used primary data obtained through a structured questionnaire. Primary data refers to data collected by the author with the specific aim of answering each research question (Maholtra, 2010). Apart from that, there is also secondary data obtained by the author through journals, articles and other references that are relevant to this research.

The questionnaire design that will be used consists of several statements with a Likert scale of 1 to 5. This section also explains the

research theme and asks for the willingness of potential respondents to be able to understand well the author's aims and objectives, and be able to contribute to the research by answering objectively. Followed by screening to select respondents who comply with the provisions based on the respondent criteria written in the initial description. Respondents who are entitled to participate in filling out this questionnaire are those who are active insurance customers at Allianz conventional and sharia and know about the existence of the Allianz Smart Point loyalty program application. The next section contains the main part of the statement being studied. And at the end there are questions to find out the general profile or demographics of the respondents such as age, occupation, highest level of education, domicile and monthly expenses.

Data sampling was carried out using non-probability methods. This method is used because the elements included in the sample are taken according to the conditions set by the author, namely based on the number of 35 variable or indicator items multiplied by a multiplier of 5 so that the minimum number of respondents required is 175 respondents. Furthermore, the purposive method was also applied because respondents in this study needed to have specific criteria, namely being adult men or women over 17 years old who were active customers of conventional or sharia Allianz insurance who were aware of the Allianz Smart Point loyalty program application. The sample is expected to be able to represent the population of Allianz consumers or customers in Indonesia.

On the next phase, author conducted data analysis by firstly do the pilot test to check the validity and reliability of the research instrument. After that, author conducted the



main test including the validity and reliability test of data, statistic descriptive analysis, normality test, multicollinearity test, heteroscedasticity test, linearity test, R square test, and lastly the multiple regression test to see the result of proposed hypothesis.

### III. RESULTS AND DISCUSSION

Based on the results of the questionnaire that was distributed, the author obtained 175 research respondents who met the respondent criteria. Next, the author carried out profiling to find out the general characteristics of respondents, such as occupation, age, gender, highest level of education, monthly routine expenses, and domicile.

Table 1. Respondent Profile Data

Demographic Feature	Frequency	Percentage
<b>Gender</b>		
Male	99	56.6%
Female	76	43.4%
<b>Age Range</b>		
17-25	24	13.7%
26-34	92	52.6%
35-43	39	22.3%
43-51	15	8.6%
>51	5	2.9%
<b>Education</b>		
School	17	9.7%
Bachelor	134	76.6%
Master	24	13.7%
<b>Domicile</b>		
Jabodetabek	97	55.4%
Java Island outside Jabodetabek	63	36%
Sumatera	8	4.6%
Kalimantan and Bali	5	2.9%
Sulawesi, Maluku, Papua	2	1.1%
<b>Monthly Expenses</b>		
1-5 million IDR	47	26.9%
5-10 million IDR	58	33.1%
10-15 million IDR	44	25.1%
15-20 million IDR	19	10.9%
>20 million IDR	7	4%

Occupation		
Student	19	10.9%
State Employee	39	22.3%
Private Employee	56	32%
Entrepreneur	25	14.3%
Freelancer	16	9.1%
Others	20	11.4%

### Data Validity Test

Table 2. Validity

Construct	Indicator	KMO	Anti Image	Factor Matrix
<i>PE</i>	PE1	0.805	0.777	0.807
	PE2		0.768	0.828
	PE3		0.841	0.708
	PE4		0.8862	0.650
<i>EE</i>	EE1	0.749	0.795	0.547
	EE2		0.760	0.619
	EE3		0.714	0.738
	EE4		0.748	0.634
<i>SI</i>	SI1	0.793	0.816	0.673
	SI2		0.839	0.634
	SI3		0.764	0.595
	SI4		0.761	0.756
	SI5		0.795	0.659
<i>IQ</i>	IQ1	0.727	0.751	0.557
	IQ2		0.704	0.747

Construct	Indicator	KMO	Anti Image	Factor Matrix
	IQ3		0.718	0.624
	IQ4		0.746	0.625
SQ	SQ1	0.661	0.674	0.618
	SQ2		0.631	0.758
	SQ3		0.686	0.598
SEQ	SEQ1	0.740	0.728	0.677
	SEQ2		0.720	0.716
	SEQ3		0.753	0.614
	SEQ4		0.767	0.607
PR	PR1	0.806	0.828	0.690
	PR2		0.818	0.717
	PR3		0.794	0.767
	PR4		0.791	0.778
TR	TR1	0.789	0.783	0.711
	TR2		0.810	0.657
	TR3		0.770	0.743
	TR4		0.798	0.686
BI	BI1	0.602	0.609	0.542

Construct	Indicator	KMO	Anti Image	Factor Matrix
	BI2		0.655	<b>0.463</b>
	BI3		0.570	0.898

Based on the results of validity testing in the table above, it can be seen that all variables have met the accuracy requirements in accordance with the parameters that have been determined, with the exception of the BI2 indicator which has a factor matrix below the provisions, namely 0.463 so it cannot be said to be valid. However, the author still maintains these indicators, because these indicators represent the dependent variable being tested, so it is still necessary to know measurements related to behavioral intentions.

### Data Reliability Test

Table 3. Reliability

Variable	Cronbach's Alpha	N
<i>Performance Expectancy</i>	0.884	4
<i>Effort Expectancy</i>	0.728	4
<i>Social Influence</i>	0.794	5
<i>Information Quality</i>	0.732	4
<i>System Quality</i>	0.693	3
<i>Service Quality</i>	0.748	4
<i>Perceived Risk</i>	0.827	4
<i>Trust</i>	0.792	4
<i>Behavioral Intention</i>	0.653	3

In the table above you can see the results of the reliability test carried out on data from 175 respondents which shows that the Cronbach's alpha value has passed the reliability requirements. Therefore, the collected data has good reliability and can be continued to the next analysis process.

### Normality Test

Table 4. Normality

N	Normal parameter		Test statistic	Asymp sig 2tailed
	Mean	Std dev		
175	0.000000	0.6316827	0.057	0.200

From the results of testing the normality of the data presented in the table above, it can be seen that the Asymp Sig 2 tailed (sig) significance value obtained is greater than 0.05, namely 0.200, which indicates that the data used has a normal distribution. In other words, the assumption of data normality has been met.

### Multicollinearity Test

Table 5. Multicollinearity

Construct	Tolerance	VIF
PE	0.286	3.501
EE	0.312	3.201
SI	0.422	2.372
IQ	0.283	3.533
SQ	0.320	3.124
SEQ	0.315	3.177
PR	0.918	1.089
TR	0.483	2.069

The table above shows the results of data multicollinearity testing. From the data presented in the table above, it can be seen

that the tolerance value obtained by each independent variable is  $> 0.10$  and the Variance Inflation Factor (VIF) is less than 10. This shows that there is no strong correlation found between the independent variables, so the data multicollinearity assumption is met.

The image above displays the results of heteroscedasticity testing by applying the scatter plot graphic method. From this image it can be seen that the dots or points obtained form a random, irregular pattern and spread above and below the number zero (0). This means that there are no symptoms of heteroscedasticity, so a good regression model can be formed because the data is homoscedastic. Because if heteroscedasticity occurs, every change in the dependent variable causes the residual (error) to also change, either increasing or decreasing. In other words, the consequence is that if the dependent variable increases, the error will also increase.

### Linearity Test

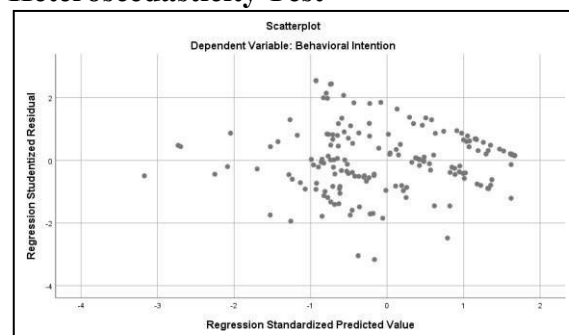
Table 6. Linearity

Model	Sig	Detail
PE to BI	0.000	Linier
EE to BI	0.000	Linier
SI to BI	0.000	Linier
IQ to BI	0.000	Linier
SQ to BI	0.000	Linier
SEQ to BI	0.000	Linier
PR to BI	0.000	Linier
TR to BI	0.000	Linier

Based on the statistical data processing that has been carried out, it is known that each

Figure 2. Heteroscedasticity

### Heteroscedasticity Test



variable relationship has a significance value below 0.05, so it can be stated that the eight independent variables tested for the Behavior Intention variable have met the linearity requirements so that they can be continued for the next analysis process.

### Hypothesis Test

After the author carried out validity and reliability tests on the 175 data collected, and carried out a series of classical assumption tests, the results of which were in accordance with the provisions. Next, the author can carry out hypothesis testing using the multiple regression analysis method. The independent and dependent variables in this research have been adjusted to the research model as previously described. For data processing, the author used SPSS software and the results can be seen in the following table:

Table 8. Hypothesis Test

Var	Unstd. Coefficients		Std. Coefficients	t-value	Sig.
	B	Std. Error	Beta		
<i>PE</i>	0.221	0.099	0.224	2.227	0.027
<i>EE</i>	0.103	0.102	0.098	1.014	0.312
<i>SI</i>	0.106	0.084	0.104	1.257	0.211
<i>IQ</i>	0.120	0.106	0.114	1.125	0.262
<i>SQ</i>	0.092	0.102	0.086	0.901	0.369
<i>SEQ</i>	0.022	0.101	0.021	0.222	0.824
<i>PR</i>	0.009	0.056	0.009	0.159	0.874
<i>TR</i>	0.206	0.079	0.202	2.608	0.010

### IV. CONCLUSION

This research aims to analyze the influence of Performance Expectancy, Effort Expectancy, Social Influence, Information Quality, System Quality, Service Quality, Perceived Risk and Trust on behavioral intentions related to the Allianz Smart Point application. Then this research moves from the UTAUT2 model by Venkatesh et al (2012) as the basic concept, to a model developed from research by Hassan et al (2023) and Mer & Viridi (2021). The analysis method used is multiple regression with the help of SPSS software. After carrying out a series of data tests and analysis processes, the author obtained results that can be concluded as follows:

1. Performance Expectancy has a significant positive influence on behavioral intentions regarding the Allianz Smart Point application so that H1 in this research can be accepted.
2. Effort Expectancy does not have a significant positive influence on behavioral intentions related to the Allianz Smart Point application so that H2 in this study is not accepted.
3. Social Influence does not have a significant positive influence on behavioral intentions related to the Allianz Smart Point application so that H3 in this research is not accepted.
4. Information Quality does not have a significant positive influence on behavioral intentions regarding the Allianz Smart Point application so that H4 in this study is not accepted.
5. System Quality does not have a significant positive influence on behavioral intentions regarding the Allianz Smart Point application so that H5 in this study is not accepted.
6. Service Quality does not have a significant positive influence on behavioral intentions regarding the Allianz Smart Point application so that H6 in this research is not accepted.
7. Perceived Risk does not have a significant negative influence on behavioral intentions related to the Allianz Smart Point application so that H7 in this study is not accepted.
8. Trust has a significant positive influence on behavioral intentions regarding the Allianz Smart Point application so that H8 in this research can be accepted.

### Future Research Opportunities

Based on the research results and limitations faced by the author, the author determines a number of suggestions that can be applied in subsequent research, namely:

1. During the data collection process, you can collaborate with marketing branch offices in other cities outside Jabodetabek so you can get respondents with a more heterogeneous profile.
2. Future research can collaborate with various other variables that are not yet included in this research, such as Use Behavior. And can be combined with other moderating and mediating variables.
3. This research was carried out using multiple regression analysis method, future research can apply different methods such as structural equation modeling.
4. This research was conducted cross-sectionally, in the future the research could be developed longitudinally.
5. Behavioral Intention in this research can only be explained by 51.9% of the factors studied. This means that there is still 48.1% other influence from variables not included in this research.

### REFERENCES

- Abushakra, A., D. Nikbin, A. Odeh, R. Abdulwahab. (2022). The effect of trust, IT knowledge, and entrepreneur's innovativeness to embrace or shun the internet of things, *Front. Psychol.* 13. 1035015.
- Abu-Shanab, Emad & Setterstrom, Andrew. (2010). Internet Banking and Customers' Acceptance in Jordan: The Unified Model's Perspective. *Communications of the Association for Information Systems.* 26. 10.17705/1CAIS.02623.
- Adapa, Apurva & Nah, Fiona & Hall, Richard & Siau, Keng & Smith, Samuel. (2018). Factors Influencing the Adoption of Smart Wearable Devices. *International Journal of Human-Computer Interaction.* 34. 399-409. 10.1080/10447318.2017.1357902.
- Ajzen, I. (2012). The theory of planned behavior. In P. A. M. Van Lange, A. W. Kruglanski, & E. T. Higgins (Eds.), *Handbook of theories of social psychology* (pp. 438–459). Sage Publications Ltd. <https://doi.org/10.4135/9781446249215.n22>
- Alalwan, A.A., Dwivedi, Y.K. and Rana, N.P. (2017), "Factors influencing adoption of mobile banking by Jordanian bank customers: extending UTAUT2 with trust", *International Journal of Information Management*, Vol. 37 No. 3, pp. 99-110.
- Almutairi, Bayan & Almutairi, Ebtihal & Almutairi, Nora & Alsheail, Meshaiel. (2022). Analysis User Acceptance of Saudi Banks Applications in Qassim Region Using UTAUT. *Communications in Mathematics and Applications.* 13. 387-400. 10.26713/cma.v13i1.1978.
- Al Nawayseh, M. K. (2020). Fintech in COVID-19 and beyond: What factors are affecting customers' choice of fintech applications? *Journal of Open Innovation: Technology, Market, and Complexity.* 6(4), 1–15. <https://doi.org/10.3390/joitmc6040153>

- Budu, K. W. A., Yinping, M., & Mireku, K. K. (2018). Investigating The Effect of Behavioral Intention on E-learning Systems Usage: Empirical Study on Tertiary Education Institutions in Ghana. *Mediterranean Journal of Social Sciences*, 9(3), 201-216. <https://doi.org/10.2478/mjss-2018-0062>
- C. Tam, T. Oliveira. (2016). Understanding the impact of m-banking on individual performance: DeLone & McLean and TTF perspective, *Comput. Hum. Behav.* 61. 233–244.
- C. Tam, T. Oliveira. (2017). Understanding mobile banking individual performance: the DeLone & McLean model and the moderating effects of individual culture, *Internet Res.* 27 (3). 538–562.
- Chan, Kwok & Gong, Min & Xu, Yan & Thong, James. (2008). Examining user acceptance of SMS: An empirical study in China and Hong Kong. 294.
- D.G. Silva, C. Coutinho, C.J. Costa. (2023). Factors influencing free and open-source software adoption in developing countries—an empirical study, *J Open Innov: Technol, Market, Complex* 9 (1) 21–33, <https://doi.org/10.1016/j.joitmc.2023.01.002>.
- D.J. Kim, D.L. Ferrin, H.R. Rao. (2008). A trust-based consumer decision-making model in electronic commerce: the role of trust, perceived risk, and their antecedents, *Decis. Support Syst.* 44 (2) 544–564, <https://doi.org/10.1016/j.dss.2007.07.001>.
- Dangelico, R. M., Schiaroli, V., & Fraccascia, L. (2022). Is Covid-19 changing sustainable consumer behavior? A survey of Italian consumers. *Sustainable Development*, 30(6), 1477–1496. <https://doi.org/10.1002/sd.2322>
- Davis, Fred & Davis, Fred. (1989). Perceived Usefulness, Perceived Ease of Use, and User Acceptance of Information Technology. *MIS Quarterly*. 13. 319-. 10.2307/249008.
- De Andrés-Sánchez J, Gené-Albesa J. Explaining Policyholders’ Chatbot Acceptance with an Unified Technology Acceptance and Use of Technology-Based Model. *Journal of Theoretical and Applied Electronic Commerce Research*. 2023; 18(3):1217-1237. <https://doi.org/10.3390/jtaer18030062>
- Deloitte (2013), “The global Takaful insurance market charting the road to mass markets”, A Deloitte ME IFKC Practice Insights Series, available at: <https://ceif.iba.edu.pk/pdf/DeloitteTheglobalTakafulinsurancemarketChartingtheroadtomassmarkets.pdf>
- Dodds, W.B., Monroe, K.B. and Grewal, D. (1991) Effects of Price, Brand, and Store Information on Buyers’ Product Evaluations. *Journal of Marketing Research*, 28, 307-319. <http://dx.doi.org/10.2307/3172866>
- Doney, M. and Cannon, J.P. (1997), “Trust examination of the nature of in buyer-seller relationship for assistance”, *Journal of Marketing*, Vol. 61 No. 2, pp. 35-51

- Development Bank Group, pp. 23-32.
- Hassan et al. (2023). Users' fintech services acceptance: A cross-sectional study on Malaysian Insurance & takaful industry
- Hanif, M.S., Wang, M., Mumtaz, M.U., Ahmed, Z. and Zaki, W. (2021), "What attracts me or prevents me from mobile shopping? An adapted UTAUT2 model empirical research on behavioral intentions of aspirant young consumers in Pakistan", *Asia Pacific Journal of Marketing and Logistics*, Vol. 34 No. 5, doi: 10.1108/APJML-09-2020-0659.
- Husin, M.M. and Rahman, A.A. (2013), "What drives consumers to participate into family Takaful schemes? A literature review", *Journal of Islamic Marketing*, Vol. 4 No. 3, pp. 264-280.
- I.A. Oladapo, M.M. Hamoudah, M.M. Alam, O.R. Olaopa, R. Muda. (2022). Customers' perceptions of FinTech adaptability in the Islamic banking sector: comparative study on Malaysia and Saudi Arabia, *J. Model. Manag.* 17 (4) 1241–1261.
- Ichsan, N. (2015), "Analisa SWOT, prospek dan strategi pengembangan asuransi Syariah Di Indonesia (SWOT analysis, prospects and development strategy for Islamic insurance in Indonesia)", available at: <https://nurulichsanaan.files.wordpress.com/2015/10/analisis-swot-asuransi-syariah-jurnal-kordinat.pdf>
- Islam, M.A., Saidin, Z.H., Ayub, M.A., & Islam, M.S. (2022). Modelling behavioural intention to buy apartments in Bangladesh: An extended theory of planned behaviour (TPB). *Heliyon*, 8.
- J.H. Wu, Y.M. Wang. (2006). Measuring KMS success: a respecification of the DeLone and McLean's model, *Inf. Manag.* 43 (6). 728–739.
- J. Hwang, J.Y.(J.) Choe. (2019). Exploring perceived risk in building successful drone food delivery services, *Int. J. Contemp. Hospit. Manag.* 31 (8) 3249–3269. <https://doi.org/10.1108/IJCHM-07-2018-0558>.
- J. Xie, L. Ye, W. Huang, M. Ye. (2021). Understanding FinTech platform adoption: impacts of perceived value and perceived risk, *J. Theor. Appl. Electr. Commerce Res.* 16 (5) 1893–1911.
- Jiang, P., Jones, D., & Javie, S. (2008). How third-party certification programs relate to consumer trust in online transactions: An exploratory study. *Psychology & Marketing*, 25(9), 839–858.
- K. Al-Saedi, M. Al-Emran. (2021). A systematic review of mobile payment studies from the lens of the UTAUT model, *Recent Adv. Technol. Acceptance Models And Theor.* 79–106.
- K. Ghalandari. (2012) The effect of performance expectancy, effort expectancy, social influence and facilitating conditions on acceptance of e-banking services in Iran: the moderating role of age and gender, *Middle East J. Sci. Res.* 12 (6). 801–807.
- K.I. Lee. (2016). Understanding Taiwan seniors' motivation to consume food-away-from-home, *J. Tourism Hospit. Manag.* 4 (1) 22–36, <https://doi.org/10.17265/2328-2169/2016.02.003>.

- K. Tamilmani, N.P. Rana, Y.K. Dwivedi. (2018). Use of 'habit' is not a habit in understanding individual technology adoption: a review of UTAUT2 based empirical studies, in: International Working Conference on Transfer and Diffusion of IT, Springer. pp. 277–294, [https://doi.org/10.1007/978-3-030-04315-5\\_19](https://doi.org/10.1007/978-3-030-04315-5_19).
- Kalinić, Z., Marinković, V., Djordjevic, A. and Liebana-Cabanillas, F. (2020), "What drives customer satisfaction and word of mouth in mobile commerce services? A UTAUT2-based analytical approach", *Journal of Enterprise Information Management*, Vol. 33 No. 1, pp. 71-94.
- Kamaghe, Juliana & Luhanga, Edith & Kisangiri, Michael. (2020). The Challenges of Adopting M-Learning Assistive Technologies for Visually Impaired Learners in Higher Learning Institution in Tanzania. *International Journal of Emerging Technologies in Learning (iJET)*. 15. 140. [10.3991/ijet.v15i01.11453](https://doi.org/10.3991/ijet.v15i01.11453).
- Kazancoglu, I. and Aydin, H. (2018), "An investigation of consumers' purchase intentions towards omni-channel shopping: a qualitative exploratory study", *International Journal of Retail and Distribution Management*, Vol. 46 No. 10, pp. 959-976.
- Khatun, N., & Tamanna, M. (2021). Factors Affecting The Adoption Of Fintech: A Study Based On The Financial Institutions In Bangladesh. *Copernican Journal of Finance & Accounting*.
- Khazaei, Hamed. (2020). Integrating Cognitive Antecedents to UTAUT Model to Explain Adoption of Blockchain Technology Among Malaysian SMEs. *JOIV: International Journal on Informatics Visualization*. 4. [10.30630/joiv.4.2.362](https://doi.org/10.30630/joiv.4.2.362).
- Kikut A, Clark D, Jesch E, Hornik R. (2022). Strengthened belief in vaccine effectiveness predicted increased COVID-19 vaccination intention and behaviour: Results from a nationally representative longitudinal survey of U.S. adults from July 2020 to April/May 2021. *Vaccine*. 6;40(42):6035-6041. doi: [10.1016/j.vaccine.2022.08.046](https://doi.org/10.1016/j.vaccine.2022.08.046).
- Liu, L., Miguel Cruz, A., Rios Rincon, A., Buttar, V., Ranson, Q., & Goertzen, D. (2015). What factors determine therapists' acceptance of new technologies for rehabilitation-a study using the Unified Theory of Acceptance and Use of Technology (UTAUT). *Disability and Rehabilitation*, 37(5), 447-455. <https://doi.org/10.3109/09638288.2014.923529>
- Liu, Jianrong & Liu, Lihua & Pei, Mingyang. (2022). Analysis of older people's walking behavioral intention with the extended theory of planned behavior. *Journal of Transport & Health*. 26. 101462. [10.1016/j.jth.2022.101462](https://doi.org/10.1016/j.jth.2022.101462).
- M. Ali, S.A. Raza, B. Khamis, C.H. Puah, H. Amin. (2021). How perceived risk, benefit and trust determine user Fintech adoption: a new dimension for Islamic finance, *foresight* 23 (4) 403–420.
- M.K. Gharaibeh, N.K. Gharaibeh. (2020). An empirical study on factors influencing the intention to use mobile learning, *Adv. Sci. Technol. Eng. Syst. J.* 5 (5) 1261–1265.
- M. Najib, W.J. Ermawati, F. Fahma, E. Endri, D. Suhartanto. (2021). Fintech in the small food business and its relation with open



- innovation, *J. Open Innov.: Technol., Market, and Complex.* 7 (1) 88, <https://doi.org/10.3390/joitmc7010088>
- M. Tenk Tt, H.C. Yew, L.T. (2020). Heang, E-wallet Adoption: a case in Malaysia, *Int J Res Commerce Manage Stud* 2 (2) 216–233.
- Malhotra. (2010). *Marketing Research: An Applied Orientation.* (6th ed). USA: Pearson Education Inc.
- Martins, C., Oliveira, T., & Popovic, A. (2014). Understanding the internet banking adoption: A unified theory of acceptance and use of technology and perceived risk application. *International Journal of Information Management*, 34(1), 1–13.
- Masa'deh, Ra'Ed & Tarhini, Ali & Bany Mohammed, Ashraf & Maqableh, Mahmoud. (2016). Modeling Factors Affecting Student's Usage Behaviour of E-Learning Systems in Lebanon. *International Journal of Business and Management*. 11. 299-312. [10.5539/ijbm.v11n2p299](https://doi.org/10.5539/ijbm.v11n2p299).
- Mer, A., & Virdi, A.S. (2021). Modeling Millennials' Adoption Intentions of E-banking: Extending UTAUT with Perceived Risk and Trust. *FIIB Business Review*, 12, 425 - 438.
- Merhi, M., Hone, K. and Tarhini, A. (2019), "A cross-cultural study of the intention to use mobile banking between Lebanese and British consumers: extending UTAUT2 with security, privacy and trust", *Technology in Society*, Vol. 59, p. 101151.
- N. Araújo Vila, J.A. Fraiz Brea, J. Pelegrín Borondo. (2021). Applying the UTAUT2 model to a non-technological service: the case of Spa tourism, *Sustainability* 13 (2). 803, <https://doi.org/10.3390/su13020803>.
- N.F. Rahim, M.H. Bakri, B.A. Fianto, N. Zainal, S.A. Hussein Al Shami. (2022). Measurement and structural modeling on factors of Islamic Fintech adoption among millennials in Malaysia, *J Islamic Mark.* Ahead of print, <https://doi-org.ezproxyunimap.idm.oclc.org/10.1108/JIMA-09-2020-0279>.
- Neslin, S.A. and Shankar, V. (2009) Key Issues in Multichannel Customer Management: Current Knowledge and Future Directions. *Journal of Interactive Marketing*, 23, 70-81. <http://dx.doi.org/10.1016/j.intmar.2008.10.005>
- Nurgiyanto, B. G. (2012). *Statistika Terapan Untuk Penelitian- Penelitian Ilmu Sosial.* Yogyakarta: Gajah Mada University Press.
- Oliveira, T., Thomas, M., Baptista, G., & Campos, F. (2016). Mobile payment: Understanding the determinants of customer adoption and intention to recommend the technology. *Computers in Human Behavior*, 61, 404–414.
- Pal, Debajyoti & Funilkul, Suree & Vanijja, Vajirasak & Papasatorn, Borworn. (2018). Analyzing the Elderly Users' Adoption of Smart-Home Services. *IEEE Access*. 6. 51238 - 51252. [10.1109/ACCESS.2018.2869599](https://doi.org/10.1109/ACCESS.2018.2869599).
- Parayil Iqbal, U., Jose, S.M. and Tahir, M. (2023), "Integrating trust with extended UTAUT model: a study on Islamic banking customers' m-banking adoption in the Maldives", *Journal of Islamic*

# INFLUENCE OF BRAND IMAGE, PRICE PERCEPTION, AND PROMOTION ON THE PURCHASING DECISION OF IPHONE 14 IN YOGYAKARTA CITY

Doan Astrian<sup>1\*</sup>, Fitroh Adhila<sup>1</sup>

<sup>1</sup>Magister Management of Economic Faculty and Business, Universitas Ahmad Dahlan, Indonesia

\*Corresponding Author: [astriandoan@gmail.com](mailto:astriandoan@gmail.com)

**Abstract.** *The increasing use of smartphones by the public has led various smartphone companies to compete in launching their latest products to the market, attracting consumers to purchase their products by providing differentiation. This research aims to determine the influence of brand image, price, and promotion on the purchasing decision of Iphone 14.*

*The hypothesis in this study is that brand image, price perception, and promotion have a positive and significant influence on Iphone 14 purchasing decisions.*

*The study used a sample of 170 respondents with a questionnaire as the data collection method. Validity test, reliability test, multiple linear regression analysis, and hypothesis testing are the data analysis methods used in this study. Validity test using 30 respondents, the result is that all statement instruments on the questionnaire are declared valid because the  $r$ -value  $>$ .  $r$ -table Reliability test using 30 respondents, and the test data is declared reliable because the Cronbach's alpha value of all variables is greater than 0.6.*

*Based on the results of multiple linear regression analysis and hypothesis testing, it can be concluded that brand image, price*

*perception, and promotion significantly influence the purchasing decision of Iphone 14. Hypotheses 1 to 4, as formulated in this research, are supported by the findings.*

*Keywords: price perception, brand image, promotion, purchasing decision*

## I. INTRODUCTION

The advancement of technology today significantly impacts human life, especially in the field of telecommunications. Smartphones have become a primary necessity for all segments of society. In Indonesia, several smartphone brands dominate the market, one of which is Apple with its iOS-based iPhone. According to Statista, the market share of iPhone in Indonesia increased from 19.4% in 2017 to 25.4% in January 2022 (Lestari & Rahmawan, 2023). Apple continues to innovate to produce the best smartphones with comprehensive features, as seen with the launch of the iPhone 14 in Indonesia in September 2022. The iPhone 14, with various models such as iPhone 14, iPhone 14 Plus, iPhone 14 Pro, and iPhone 14 Pro Max, received a positive response from

consumers, reflecting the high demand for Apple's latest products. Purchasing decisions are crucial in determining consumer actions before buying a product. According to Assauri (2013), purchasing decision is the decision-making process involving the determination to buy or not based on previous activities. The decision to purchase an iPhone smartphone is influenced by several factors, such as price. Price is the cost exchanged for the benefits and utility of the product. Another indicator is brand image. Brand image plays a crucial role in the success of the iPhone, where users can easily recognize and use the smartphone. The distinctive physical form and Apple logo make this brand desired by many people. Brand image has a positive and significant impact on purchasing decisions. Additionally, promotion is a major consideration for consumers in buying an iPhone. iPhone promotions primarily use advertisements, whether on websites or social media. iPhone 14 advertisements have captivating aesthetics and beautiful cinematography. Based on this description, the researcher is interested in further exploration with a research entitled "Influence of Brand Image, Price Perception, And Promotion On The Purchasing Decision Of Iphone 14 In Yogyakarta City."

## II. METHODS

This research was conducted in the city of Yogyakarta and aimed at iPhone 14 users in Yogyakarta City. This type of research is quantitative research categorized as explanatory research. The research population used is all iPhone users in the city of Yogyakarta with a sample of 170 respondents. The sampling technique used is non-probability sampling technique with random sampling method. Data sources include primary and secondary data. Primary data is collected through the

distribution of questionnaires via Google Forms, while secondary data is obtained from online journals, articles, websites, and previous research. Data collection techniques involve electronic surveys, namely questionnaires via Google Forms, distributed through social media platforms such as WhatsApp and Instagram. The data measurement tool uses a Likert scale, and in this study, the analysis is conducted using SPSS version 26 with multiple linear regression.

## III. RESULTS AND DISCUSSION

Based on the distributed and received questionnaires, we obtained information about the demographics of the respondents who were sampled in the survey. The demographics for this survey include domicile, gender, occupation, age, and income. The following is a summary of the descriptive statistical analysis results conducted.

Table 1. Respondent Distribution  
 Frequency

No	Category	Information	Frequency	Percentage
1	Gender	Male	110	64,7%
		Female	60	35,3%
2	Types of jobs	Private Employee	38	22,4%
		PNS	19	11,2%
		Entrepreneur	18	10,6%
		University Student	64	37,6%
		Student	18	10,6%
		Other	13	7,6%
3	Age	16-20 tahun	32	18,8%
		21-25 tahun	78	45,9%
		26-30 tahun	40	23,5%
		> 30 tahun	20	11,8%
4	Income	< Rp500.000,00	43	25,3%
		Rp500.001,00- Rp1.500.000	47	27,7%

	Rp1.500.001,00- Rp2.500.000,00	58	34,1%
	> Rp2.500.000	22	12,9%

From Table 1, it is seen that out of 170

respondents using iPhone 14 smartphones in Yogyakarta, 110 respondents (64.7%) are male, and 60 respondents (35.3%) are female. The table also shows that 38 respondents (22.4%) are private employees, 19 respondents (11.2%) are civil servants, 18 respondents (10.6%) are entrepreneurs, 64 respondents (37.6%) are students, 18 respondents (10.6%) are pupils, and 13 respondents (7.6%) are in other categories. The conclusion is that the majority of respondents are students, totaling 64 respondents (37.6%). Regarding age, 32 respondents (18.8%) are aged 16-20 years, 78 respondents (45.9%) are aged 21-25 years, 40 respondents (23.5%) are aged 26-30 years, and 20 respondents (11.8%) are older than 30 years. The conclusion is that the majority age group is 21-25 years with 78 respondents (45.9%). For income, 43 respondents (25.3%) earn less than Rp500,000, 47 respondents (27.7%) earn between Rp500,001 and Rp1,500,000, 58 respondents (34.1%) earn between Rp1,500,001 and Rp2,500,000, and 22 respondents (12.9%) earn more than Rp2,500,000. The conclusion is that the majority income group is between Rp1,500,001 and Rp2,500,000 with 58 respondents (34.1%).

The analysis of the research results on the influence of price perception, brand image, and promotion on iPhone 14 smartphone purchasing decisions was conducted using both qualitative and quantitative techniques. Quantitative analysis was used to test the proposed hypotheses using multiple linear regression analysis, while

qualitative analysis was employed to complement the quantitative analysis. This validation is intended to test the variation of a regression model used to explain the influence between one or more independent variables (X) on the dependent variable (Y) by testing the significance of the regression coefficients. The results of the data

processing using SPSS 22 (Statistical Package for Social Science 22) have been summarized in the following table:

Variable	Regression Coefficients	t value	Sig	Result
(Constant)	1,413	5,907	0,000	
Price perception	0,302	5,430	0,000	Significant
Brand Image	0,183	2,166	0,032	Significant
Promotion	0,168	2,415	0,017	Significant
Adjusted R <sup>2</sup>	0,419			
F	41,693			
Sig F	0,000			
Dependent variable purchasing decision				

Based on the results of the table above, the regression equation as follows:

$$Y = 1,413 + 0,302X_1 + 0,183X_2 + 0,168X_3 + e$$

The constant value is 1.413, in this case it can be interpreted that if the variables of price perception, brand image, and promotion are assumed not to exist, then the purchase decision by consumers is valued at 1.413. The regression coefficient value of price perception is 0.302 with a positive sign, therefore the better the price perception of a product, the higher the purchase decision. The regression coefficient value of brand image is 0.183 with a positive sign, therefore the better the brand image, the higher the purchase decision. The regression coefficient value of promotion is 0.168 with a positive sign,

therefore the better the promotion of a product, the higher the purchase decision.

Variabel	t hitung	sig	Keterangan
Persepsi Harga	5,430	0,000	Ha accepted
Citra Merek	2,166	0,032	Ha accepted
Promosi	2,415	0,017	Ha accepted

Based on the tabulation results above, it can be interpreted that the variables of price perception, brand image, and promotion have significance values of less than 0.05 and have t-count values greater than the t-table. Therefore, it can be concluded that these three variables have a positive and significant effect on purchasing decisions.

### The Influence of Price Perception on Purchase Decision

Consumers' positive perceptions of price will increase their intention to buy a Honda motorcycle. Four indicators are used to measure the influence of price perception on purchase decisions: price affordability, price suitability with purchasing power, price alignment with product quality, and price alignment with benefits. From the consumer's perspective, price perception is often used as an indicator of value when the price is associated with the perceived benefits of a good or service. Value can be defined as the ratio between perceived benefits and price. Price perception is a process involving physiological aspects such as selecting, organizing, and interpreting stimuli so that consumers can give meaning to an object (Nugroho & Astuti, 2021).

### The Influence of Brand Image on Purchase Decision

When a mobile phone product has a good and positive brand image that aligns with consumer expectations, it is considered

trustworthy. Additionally, the decision to purchase a mobile phone can be influenced by the quality of the product. Well-designed and high-quality mobile phones will attract customers to choose that particular product. Based on the explanation above, it can be said that brand image and product quality influence the decision to purchase Vivo phones at Sarijaya Cellular Banyupoh. This study is in line with the research by Wadi et al., (2021), which states that the variables of brand image, brand trust, and product quality affect purchase decisions. This study also confirms the findings of Galuh Khairunnisa & Suwena, (2023), which show that the variables of brand image, product quality, and price have a positive and significant impact on purchase decisions.

### The Influence of Promotion on Purchase Decision

Promotion is the effort made by a company to introduce products or services to consumers. The goal is to encourage consumers to purchase the offered products or services. The indicators of promotion include advertising, personal selling, sales promotion, publicity, and sponsorship. Promotion is one of the determining factors for the success of a marketing program. Regardless of the quality of a product, research conducted by Cahyono, (2018) titled "The Influence of Brand Image, Price, and Promotion on the Purchase Decision of Oppo Mobile Phones in Sleman, Yogyakarta Special Region," found that promotion has a significant partial influence on purchase decisions. Additionally, research by Widia & Ayu Norfida, (2021) revealed that promotion significantly affects purchase decisions. Another study by Sugianto & Rahman, (2019) also indicated that promotion significantly influences purchase decisions. If consumers have never heard of the product and are not convinced of its usefulness, they will never

buy it. Therefore, promotion is one of the ways to increase the demand or sales of the offered goods and services.

#### IV. CONCLUSION

Perception of price has a significant and positive influence on purchasing decisions, indicating a one-way correlation where higher price awareness increases consumer purchasing decisions. Similarly, brand image also has a significant and positive influence on Iphone 14 smartphone purchasing decisions, indicating a one-way relationship where an increase in brand image leads to an increase in purchasing decisions. Additionally, promotions also positively and significantly influence purchasing decisions, showing that higher levels of promotion result in increased purchasing decisions. All three factors, price perception, brand image, and promotions, simultaneously influence Iphone 14 smartphone purchasing decisions, highlighting the importance of these aspects in influencing consumer behavior.

#### REFERENCES

- Assauri, Sofjan. 2013. *Manajemen Pemasaran*. Jakarta : Rajawali Pers
- Cahyono, E. (2018). Pengaruh Citra Merek, Harga Dan Promosi Terhadap Keputusan Pembelian Handphone Merek Oppo Di Sleman Daerah Istimewa Yogyakarta. *Jurnal Bisnis, Manajemen, Dan Akuntansi*, *V*(1), 61–75.
- Galuh Khairunnisa, & Suwena, K. R. (2023). Pengaruh Citra Merek dan Kualitas Produk Terhadap Keputusan Pembelian Handphone Merek Vivo di Sarijaya Cellular. *Ekuitas: Jurnal Pendidikan Ekonomi*, *11*(1), 19–26. <https://doi.org/10.23887/ekuitas.v11i1.62155>
- Lestari, H. A., & Rahmawan, G. (2023). Pengaruh fanatisme, gaya hidup hedonis, dan persepsi konsumen terhadap keputusan pembelian pada produk iPhone di Indonesia. *Jurnal Ilmu Manajemen*, *11*, 129–137.
- Nugroho, A., & Astuti, P. B. (2021). Analisis Pengaruh Kualitas Pelayanan, Harga, dan Lokasi Terhadap Kepuasan Konsumen pada Warung Bakso Lumayan Pak Cipto Karanganyar. *Jurnal Ilmiah Mahasiswa Manajemen, Bisnis Dan Akuntansi (JIMMBA)*, *3*(3), 598–608. <https://doi.org/10.32639/jimmba.v3i3.900>
- Sugianto, A., & Rahman, S. (2019). The Effect of Product Quality, Price, and Promotion on Purchase Decision of Shinyoku Lights at CV. Sinar Abadi Pekanbaru. *Procuratio: Jurnal Ilmiah Manajemen*, *7*(2), 174–184. <http://www.ejournal.pelitaindonesia.ac.id/ojs32/index.php/PROCURATIO/index>
- Wadi, M. H., Fadhilah, M., & Hutami, L. T. H. (2021). Analisis Pengaruh Citra Merek, Kepercayaan Merek dan Kualitas Produk Terhadap Keputusan Pembelian Sepatu Specs (Studi Kasus Pada Konsumen Sepatu Specs Di Kota Lombok Timur). *J-MAS (Jurnal Manajemen Dan Sains)*, *6*(1), 172. <https://doi.org/10.33087/jmas.v6i1.223>
- Widia, N., & Ayu Norfida, F. (2021). Muhammadiyah Riau Accounting and Business Journal Pengaruh Promosi, Kualitas Pelayanan dan Kelengkapan Produk Terhadap Keputusan Pembelian Konsumen di Guardian Store Pekanbaru. *Muhammadiyah Riau Accounting and Business Journal*, *3*(1), 1–9. <http://ejournal.umri.ac.id/index.php/MRABJ>

## CUSTOMER SATISFACTION AS A CONSEQUENCE OF PRICE, SERVICE QUALITY, PRODUCT QUALITY, PEOPLE AND PHYSICAL EVIDENCE (CASE STUDY AT COUVEE YOGYAKARTA)

Sherly Maulida Fitria<sup>1</sup>, Suryana Hendrawan<sup>1</sup>, Fitroh Adhila<sup>1</sup>

<sup>1</sup>Magister Management of Economic Faculty and Business, Universitas Ahmad Dahlan, Indonesia

\*Corresponding Author: sherlymaulidha29@gmail.com

**Abstract.** This study aims to determine the effect of customer satisfaction on price, service quality, product quality, people and physical evidence (a case study at Couvee Yogyakarta) either partially or simultaneously. This research is a research with a quantitative approach. This research was conducted in Yogyakarta in March 2023. The sample in this study was 145 respondents. The data collection technique in this study was distributing questionnaires. Statistical analysis techniques in this study using multiple linear regression, *t* test, *f* test and the coefficient of determination. The results of the study show that price (*X1*) has a positive but not significant effect on customer satisfaction of Couvee Yogyakarta customers. Service quality (*X2*) has a positive and significant effect on customer satisfaction of Couvee Yogyakarta customers. Product quality (*X3*) has a positive and significant effect on customer satisfaction of Couvee Yogyakarta customers. People (*X4*) has a positive but not significant effect on customer satisfaction of Couvee Yogyakarta customers. Physical Evidence (*X5*) has a positive but not significant

effect on customer satisfaction of Couvee Yogyakarta customers. Price (*X1*), service quality (*X2*), product quality (*X3*), people (*X4*) and physical evidence (*X5*) have a joint effect on consumer satisfaction (*Y*).

**Keywords:** Price, Service Quality, Product Quality, People, Physical Evidence

### I. INTRODUCTION

The economy in Indonesia continues to experience development, especially in the food industry sector. According to data from the Ministry of Industry in 2022, the food and beverage industry grew by 3.57% and recorded itself as the sub-sector with the largest contribution to the Gross Domestic Product of the non-oil processing industry in the third quarter of 2022, accounting for 38.69%.

Couvee is one of the cafés or coffee shops located in Yogyakarta. In terms of concept and design, Couvee has a futuristic and aesthetic concept with a contemporary design, even though it is not very spacious in size, as can be seen from its colors and

interior. To support the comfort of the customers who come, Couvee provides facilities such as air conditioning, power outlets, wifi, and parking space. In the midst of tight competition among café business players, effective and efficient marketing strategies are certainly needed. Facing tough competition, pricing becomes one of the important factors to ensure the business remains sustainable and smooth. For consumers, price plays a role as a consideration in making purchasing decisions. Because the price of a product affects consumers' perceptions of the product (Simamora, 2005).

Of course, consumers will feel very satisfied if the goods or services they receive are of good quality. The presence of good service quality and product quality that can satisfy consumers will certainly influence consumer trust. Service quality, as a measure of how good the level of service provided is, should meet consumer expectations. Consumers do not always articulate what they want, and many products fail because of a lack of understanding of the aspects that truly matter to their customers, such as reliable product quality (Umar, 2013).

To understand how the service provided by the company impacts consumer satisfaction, this satisfaction will be measured through the marketing mix, specifically people and physical evidence. The people who interact directly with consumers in delivering services are a crucial part of building satisfaction and even loyalty. Meanwhile, physical evidence or tangible facilities significantly influence consumers' decisions to purchase and use the offered products. When consumer expectations are met, they will naturally feel satisfied. If consumers are satisfied, they will make repeat purchases. A company must have strategies for marketing its products to retain existing

consumers or increase their numbers. To provide satisfaction to consumers, a company must be able to sell goods and services of the highest quality at a fair price corresponding to the value received. Good quality encourages consumers to build a positive relationship with the company. Thus, the company can enhance consumer satisfaction by minimizing unpleasant experiences for consumers.

## II. METHODS

This research was conducted in Yogyakarta using a quantitative research method. The sample in this study consists of some consumers who have purchased Couvee products in Yogyakarta, totaling 145 respondents. The sampling technique used in this research is Non-Probability Sampling, specifically Purposive Sampling, with criteria being male or female, at least 17 years old, and having purchased Couvee products in Yogyakarta at least twice. The data sources used in this study are primary data obtained directly from questionnaire responses collected via Google Forms.

The data collection technique employed is a questionnaire, which involves giving respondents a set of written questions or statements to answer (Sugiyono, 2019). These indicators serve as benchmarks for creating instrument items, which can be questions or statements. The measurement scale used in this study is the Likert scale.

The analytical tool used in this study is SPSS. The instrument tests employed include the validity test using the product moment; the reliability test conducted using Cronbach's Alpha; and the multiple linear regression test using the statistical formula:

$$Y = a + b_1.X_1 + b_2.X_2 + b_3.X_3 + b_4.X_4 + b_5.X_5 + e$$

The hypothesis tests in this study include the Partial Test (T), the Simultaneous Test



(F), and the Coefficient of Determination Test (R<sup>2</sup>).

### III. RESULTS AND DISCUSSION

#### ➤ RESULTS

##### Respondent Characteristics

Based on the data from the distributed questionnaires, the description of respondent characteristics in this study includes gender, age, occupation, monthly income, and product purchases. The following is a summary of the questionnaire results from this study.

Table 1. Respondent Characteristics

No	Category	Information	frequency	%
1	Gender	Male	59	40,7
		Female	86	59,3
2	Age	17-20 year	23	15,9
		21-23 year	112	77,2
		24-26 year	9	6,2
		≥ 27 year	1	0,7
3	Occupation	Student	128	88,3
		PNS/TNI-POLRI	2	1,4
		Private Employed	5	3,4
		Entrepreneur	2	1,4
		Other	8	5,5
4	Income	≤ Rp.500.000 - Rp.1.499.000	69	47,6
		Rp.1.500.000 - Rp.2.499.000	41	28,3
		Rp.2.500.000 - Rp.3.499.000	18	12,4
		Rp.3.500.000 - Rp.4.999.000	11	7,6
		≥ Rp.5.000.000	6	4,1
5	Purchas	2-4 times	114	78,6

No	Category	Information	frequency	%
	e of Products	5-7 times	24	16,6
		>7 times	7	4,8

Based on the table above, it is known from the respondents' results by gender that 40.7% are male and 59.3% are female. It can be concluded that Couvee Yogyakarta's consumers in this study are predominantly female. It is known from the respondents' results by age that 15.9% are aged 17–20 years, 77.2% are aged 21–23 years, 6.2% are aged 24-26 years, and 0.7% are aged ≥27 years. It can be concluded that Couvee Yogyakarta's consumers in this study are predominantly respondents aged 21-23 years. It is known from the respondents' results by occupation that 88.3% are students, 1.4% are civil servants/military/police, 3.4% are private employees, 1.4% are entrepreneurs, and 5.5% chose other occupations. It can be concluded that Couvee Yogyakarta's consumers in this study are predominantly students. It is known from the respondents' results by monthly income that 47.6% have an income of ≤Rp.500,000-Rp.1,499,000, 28.3% have an income of Rp.1,500,000-Rp.2,499,000, 12.4% have an income of Rp.2,500,000-Rp.3,499,000, 7.6% have an income of Rp.3,500,000-Rp.4,999,000, and 4.1% have an income of ≥Rp.5,000,000. It can be concluded that Couvee Yogyakarta's consumers in this study are predominantly respondents with an income of ≤Rp.500,000-Rp.1,499,000. It is known from the respondents' results by the number of product purchases that 78.6% have purchased Couvee products 2-4 times, 16.6% have purchased Couvee products 5-7 times, and 4.8% have purchased Couvee products more than 7 times. Therefore, it can be concluded that Couvee Yogyakarta's consumers in this study are predominantly respondents who have made 2-4 purchases.

### Instrument Tests

The instrument tests in this study used validity tests, reliability tests, and multiple linear regression tests. The hypothesis tests in this study included the Partial Test (T), the Simultaneous Test (F), and the Coefficient of Determination Test (R<sup>2</sup>). The results of the data processing using SPSS have been summarized in the following table:

Table 2. Validity Test Results

Variable	Question	R-value	Status
Customer Satisfaction (Y)	1	0,888	Valid
	2	0,856	Valid
	3	0,858	Valid
	4	0,722	Valid
	5	0,719	Valid
Price (X1)	1	0,760	Valid
	2	0,814	Valid
	3	0,919	Valid
	4	0,933	Valid
	5	0,915	Valid
Service Quality (X2)	1	0,782	Valid
	2	0,841	Valid
	3	0,952	Valid
	4	0,823	Valid
	5	0,804	Valid
Product Quality (X3)	1	0,887	Valid
	2	0,900	Valid
	3	0,806	Valid
	4	0,800	Valid
	5	0,762	Valid
People (X4)	1	0,866	Valid
	2	0,821	Valid
	3	0,956	Valid
	4	0,856	Valid
Physical Evidence (X5)	1	0,858	Valid
	2	0,777	Valid
	3	0,933	Valid
	4	0,902	Valid
	5	0,855	Valid

The number of respondents selected for the validity test was 30 respondents; therefore, the critical r-value for 30 respondents is 0.361. A sig. value (2-tailed) of <0.05

indicates validity. Based on the results of the validity test analysis, it can be concluded that all statements in the questionnaire are deemed valid. This is evident from the Pearson correlation value or calculated r-value being greater than the critical r-value, demonstrating that the questionnaire items are considered valid.

Table 3. Reliability Test Results

Variable	Cronbach's Alpha	Standard Cronbach's Alpha	Status
Customer Satisfaction (Y)	0,890	0,6	Reliabel
Price (X1)	0,924	0,6	Reliabel
Service Quality (X2)	0,900	0,6	Reliabel
Product Quality (X3)	0,915	0,6	Reliabel
People (X4)	0,935	0,6	Reliabel
Physical Evidence (X5)	0,921	0,6	Reliabel

An instrument or variable is considered reliable if it has a Cronbach's Alpha value greater than 0.6 (Ghozali, 2018). Based on the results of the reliability test analysis, it can be concluded that the statements are suitable for use in the study. This can be seen from the Cronbach's Alpha value exceeding 0.6.

Table 4. Multiple Linear Regression Analysis Results

Model	Unstandardized Coefficients
	B
(Constant)	0,805
Price (X1)	0,129
Service Quality (X2)	0,300
Product Quality (X3)	0,262
People (X4)	0,035
Physical Evidence (X5)	0,074

Based on the calculation, the multiple linear regression equation obtained is as follows:

$$Y = 0.805 + 0.129X_1 + 0.300X_2 + 0.262X_3 + 0.035X_4 + 0.074X_5 + e$$

From this regression equation, the interpretation can be as follows:

1. The coefficient of Customer Satisfaction (Y) is 0.805, which is the constant value. If the values of (X1), (X2), (X3), (X4), and (X5) are considered to be 0, then Customer Satisfaction (Y) would be 0.805.
2. The regression coefficient of Price (X1) is 0.129 with a positive sign, indicating that the higher the Price, the higher the Customer Satisfaction. The coefficient of the Price variable being 0.129 means that if the other variables remain constant and the Price variable increases by 1 unit, then Customer Satisfaction increases by 0.129.
3. The regression coefficient of Service Quality (X2) is 0.300 with a positive sign, indicating that the higher the Service Quality, the higher the Customer Satisfaction. The coefficient of the Service Quality variable being 0.300 means that if the other variables remain constant and the Service Quality variable increases by 1 unit, then Customer Satisfaction increases by 0.300.
4. The regression coefficient of Product Quality (X3) is 0.262 with a positive sign, indicating that the higher the Product Quality, the higher the Customer Satisfaction. The coefficient of the Product Quality variable being 0.262 means that if the other variables remain constant and the Product Quality variable increases by 1 unit, then Customer Satisfaction increases by 0.262.
5. The regression coefficient of People (X4) is 0.035 with a positive sign, indicating that the higher the People, the higher the Customer Satisfaction. The coefficient of the People variable being 0.035 means that if the other variables remain constant and the People variable increases by 1 unit, then Customer Satisfaction increases by 0.035.
6. The regression coefficient of Physical Evidence (X5) is 0.074 with a positive sign, indicating that the higher the Physical Evidence, the higher the Customer Satisfaction. The coefficient of the Physical Evidence variable being 0.074 means that if the other variables remain constant and the Physical Evidence variable increases by 1 unit, then Customer Satisfaction increases by 0.074.

### Hypothesis Testing

Table 5. Partial Test Results (t)

Independent Variables	T - Value	Sig.
Price (X1)	1,736	0,085
Service Quality (X2)	2,919	0,004
Product Quality (X3)	2.619	0,010
People (X4)	0,419	0,676
Physical Evidence (X5)	0,755	0,452

The t-test is conducted by observing the significance results of the calculation. If the significance level is  $>0.05$ , then  $H_0$  is accepted and  $H_a$  is rejected, and if the significance level is  $<0.05$ , then  $H_0$  is rejected and  $H_a$  is accepted. Based on Table 4.11 above, the results are as follows:

1. Price has a significance value of 0.085  $> 0.05$ , thus  $H_0$  is accepted and  $H_1$  is rejected. The t-value is  $1.736 < t$ -table value of 1.977. It can be concluded

- that there is no significant influence of Price on Couvee's Customer Satisfaction.
- Service Quality has a significance value of  $0.004 < 0.05$ , thus  $H_0$  is rejected and  $H_2$  is accepted. The t-value is  $2.919 > t$ -table value of 1.977. It can be concluded that there is a positive and significant influence of Service Quality on Couvee's Customer Satisfaction.
  - Product Quality has a significance value of  $0.010 < 0.05$ , thus  $H_0$  is rejected and  $H_3$  is accepted. The t-value is  $2.619 > t$ -table value of 1.977. It can be concluded that there is a positive and significant influence of Product Quality on Couvee's Customer Satisfaction.
  - People has a significance value of  $0.676 > 0.05$ , thus  $H_0$  is accepted and  $H_4$  is rejected. The t-value is  $0.419 < t$ -table value of 1.977. It can be concluded that there is no significant influence of People on Couvee's Customer Satisfaction.
  - Physical Evidence has a significance value of  $0.452 > 0.05$ , thus  $H_0$  is accepted and  $H_5$  is rejected. The t-value is  $0.755 < t$ -table value of 1.977. It can be concluded that there is no significant influence of Physical Evidence on Couvee's Customer Satisfaction.

Table 6. Simultaneous Test Results (f)

Model	F	Sig.
Regression	41,007	0,000

The F-test is conducted by observing the significance results of the calculation. If the significance level is  $>0.05$ , then  $H_0$  is accepted and  $H_a$  is rejected, and if the significance level is  $<0.05$ , then  $H_0$  is rejected and  $H_a$  is accepted. Based on the data in the table above, the significance value is 0.000. Since the significance value

is less than 0.05,  $H_6$  is accepted. This means that the variables Price (X1), Service Quality (X2), Product Quality (X3), People (X4), and Physical Evidence (X5) simultaneously influence the dependent variable, which is Customer Satisfaction (Y).

Table 7. Coefficient of Determination Test Results ( $R^2$ )

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,772 <sup>a</sup>	0,596	0,581	0,3632

Based on the table above, the coefficient of determination or R Square value is 0.596, which is equivalent to 59.6%. This figure means that the (X1), (X2), (X3), (X4), and (X5) simultaneously influence the Customer Satisfaction (Y) variable by 59.6%. The remaining 40.4% ( $100\% - 59.6\%$ ) is influenced by other independent variables.

## ➤ DISCUSSION

Based on the data analysis results, the Price variable does not have a partial effect on Couvee's Customer Satisfaction, which means that the higher the price offered by Couvee, the lower the satisfaction of its customers. This indicates that the price offered has not been able to provide satisfaction to customers. This is supported by the findings of research conducted by Yulianto (2017) in his study titled "The Effect of Price, Product Quality, and Service Quality on Customer Satisfaction of Kentucky Fried Chicken (KFC) Surabaya" and Soliha et al. (2015) in their study titled "The Influence of Price Perception, Company Image, and Brand Image on Customer Satisfaction and Customer Loyalty at Dela Pharmacy in Semarang," which show that price has a

positive but not significant effect on customer satisfaction. Based on the study findings, previous research, and the justification provided, it can be said that price has various impacts on customer satisfaction.

Based on the data analysis results, the Service Quality variable has a positive partial effect on Customer Satisfaction. This is supported by the findings of research conducted by Afrianti & Haviz (2022) in their study titled "The Influence of Service Quality Level and Transportation Service Prices on Passenger Satisfaction at PT. Ayu Transportasi Sungai Penuh" and by Rosinta et al. (2010) in their study titled "The Influence of Service Quality on Customer Satisfaction in Forming Customer Loyalty," which show a significant and positive effect of service quality on customer satisfaction.

Based on the data analysis results, the Product Quality variable has a positive partial effect on Customer Satisfaction. This is supported by the findings of research conducted by Puspitasari & Ferdinand (2018) in their study titled "Analysis of the Influence of Product Quality and Service Quality on Customer Satisfaction to Encourage Repurchase Intentions (Study on Nokia Users in Semarang)" and by Ammerin (2017) in their study titled "The Effect of Product Quality and Service Quality on Customer Satisfaction at Nadindra Beauty Clinic in Bandar Lampung," which show a significant and positive effect of product quality on customer satisfaction.

Based on the data analysis results, the People variable does not have a partial effect on Customer Satisfaction. This is supported by the findings of research conducted by Farida et al. (2016) in their

study titled "Analysis of the Effect of the 7P Marketing Mix on Customer Satisfaction of Gojek Online Users," which shows that People does not have a partial effect on Customer Satisfaction. People interact directly with customers in providing services, which is an important aspect in building satisfaction and even customer loyalty. Through good, fast, friendly, thorough, and accurate service, customer satisfaction and loyalty to the company can be created, ultimately enhancing the company's reputation. Based on the study findings, previous research, and the justification provided, it can be said that People have various impacts on customer satisfaction.

Based on the data analysis results, the Physical Evidence variable does not have a partial effect on Customer Satisfaction. This is supported by the findings of research conducted by Farida et al. (2016) in their study titled "Analysis of the Effect of the 7P Marketing Mix on Customer Satisfaction of Gojek Online Users," which shows that the Physical Evidence variable does not have a partial effect on Customer Satisfaction. Physical evidence can shape customer perceptions and become the identity of the company if it is considered attractive, distinctive, and memorable. Therefore, having Physical Evidence as a visual identity will facilitate customers in recognizing and remembering the company. Based on the study findings, previous research, and the justification provided, it can be said that Physical Evidence has various impacts on customer satisfaction.

Based on the data analysis results, the Price, Service Quality, Product Quality, People, and Physical Evidence variables collectively influence Customer Satisfaction. This is also supported by the

significance value of 0.000. Since the significance value is smaller than 0.05,  $H_0$  is accepted. The contribution of the Price, Service Quality, Product Quality, People, and Physical Evidence variables to customer satisfaction is ( $R^2$ ) 0.596. Therefore, these variables collectively contribute 59.6% to customer satisfaction, while the remaining percentage is influenced by other independent variables.

#### IV. CONCLUSION

The variables Price, People, and Physical Evidence have a positive but not significant influence on Couvee's customersatisfaction, indicating that there is no significant effect of Price, People, and Physical Evidence on Couvee's customersatisfaction. Meanwhile, the variables Service Quality and Product Quality have a positive and significant partial influence on Couvee's customer satisfaction, indicating that Service Quality and Product Quality have an impact on Couvee's customer satisfaction. Simultaneously, the variables Price, Service Quality, Product Quality, People, and Physical Evidence have a simultaneous influence on Customer Satisfaction.

For future research, it is recommended to develop and select variables that can enhance customer satisfaction as new variables, such as using Customer Experience and incorporating several of its dimensions. For example, "sense" relates to verbal and visual styles that can create feelings through touching, tasting, and smelling—in other words, those related to the senses. Next, "feel" pertains to mood and emotional states. Positive moods and feelings of joy that arise during consumption. Furthermore, "think" involves the creative thoughts that come to consumers' minds about a brand/company or engaging customers in creative thinking.

According to the research by Ira and Muhammad (2016) titled "The Influence of Customer Experience on Customer Satisfaction at Java Cuisine Restaurant Rantauprapat," the results of the Partial Test (t-test) showed that the variables sense, feel, and think have a positive and significant effect on customer satisfaction.

#### REFERENCES

- Afrianti, F., & Haviz, M. (2020). "The Influence of Service Quality Level and Transportation Service Prices on Passenger Satisfaction at PT. Ayu Transportasi Sungai Penuh". *Jurnal Akrab Juara*.
- Akbar Dwi Yulianto. (2017). "The Influence of Price, Product Quality, and Service Quality on Customer Satisfaction at Kentucky Fried Chicken (KFC) Surabaya".
- Ammerin, T. (2017). "The Influence of Product Quality and Service Quality on Customer Satisfaction at Nadindra Beauty Clinic in Bandar Lampung". *Jurnal Akrab Juara*.
- Aryani, D. dan Rosinta, F. (2010). "The Influence of Service Quality on Customer Satisfaction in Forming Customer Loyalty". *Journal of Administration and Organization Sciences*. 17(2), 114-126.
- Bilson Simamora. (2005). *Multivariate Marketing Analysis*. Jakarta: Gramedia Pustaka Utama.
- Farida, I. Tarmizi, A. & November, Y. (2016). "Analysis of the

- Influence of the 7P Marketing Mix on Customer Satisfaction of Gojek Online Users". *Journal of Management and Business Research*". Vol.1, No.1, Juni 2016: 31-40.
- Ghozali, Imam. (2018). *Application of Multivariate Analysis with SPSS Program*. Semarang: UNDIP.
- Ira, Triyana. D., dan Muhammad, Irwansyah. H., (2016). "The Influence of Customer Experience on Customer Satisfaction at Rantauprapat Javanese Culinary Restaurant". *Jurnal Ecobisma*.
- Puspitasari, A. N., & Ferdinand, A.(2018). "Analysis of the Influence of Product Quality and Service Quality on Customer Satisfaction to Encourage Repurchase Intentions (Study on Nokia Users in Semarang)". <http://eprints.undip.ac.id>. (In Accessed on April 5, 2023).
- Sugiyono. (2019). *The Methods of Quantitative, Qualitative, and R&D Research*. Bandung: Alfabeta.
- Sulistiyanto, F.X., dan Euis Soliha. (2015). "The Influence of Price Perception, Company Image, and Brand Image on Customer Satisfaction and Customer Loyalty at Apotek Dela in Semarang". Sekolah Tinggi Ilmu Farmasi Semarang. Universitas Stikubank.
- Umar, H. (2013). *Business Feasibility Study: Comprehensive Analysis Techniques for Business Plans*. Jakarta: PT. Gramedia Pustaka Utama.

## THE INFLUENCE OF INFLUENCER MARKETING, CUSTOMER EXPERIENCE AND CUSTOMER RATING ON PURCHASING DECISIONS FOR SKINTIFIC PRODUCTS AT SHOPEE MARKETPLACE

Shifa Silvia Salim<sup>1</sup>\*, Ade Tiara Yulinda<sup>1</sup>\*, Islamuddin<sup>1</sup>

<sup>1</sup>Department of Management, Faculty of Economic, Universitas MuhammadiyahBengkulu

\*Corresponding Author: [silviashifa578@gmail.com](mailto:silviashifa578@gmail.com)

**Abstract.** *This research aims to determine the influence of Influencer Marketing, Customer Experience, and Customer Rating on Purchasing Decisions for Skintific products on the Shopee marketplace. Basedon the research results, Influencer Marketing has a t-value greater than  $t_{(\alpha/2)}$  ( $2.431 > 1.984$ ) and ( $\text{sig } \alpha = 0.017 < 0.050$ ), indicating that there is an influence of Customer Rating on Purchasing Decisions for Skintific products on the Shopee marketplace. Customer Experience has a t- value greater than  $t_{(\alpha/2)}$  ( $5.578 > 1.984$ ) and ( $\text{sig } \alpha = 0.000 < 0.050$ ), indicating that there is an influence of Customer Experience on Purchasing Decisions forSkintific products on the Shopee marketplace. Customer Rating also has a t-value greater than  $t_{(\alpha/2)}$  ( $2.228 > 1.984$ ) and ( $\text{sig } \alpha = 0.028 < 0.050$ ), indicating that there is an influence of Customer Rating on Purchasing Decisions for Skintific products on the Shopee marketplace. Through the hypothesis testwith the F-test, it is obtained that the F- value is 72.442 with an F-table value of 3.890 ( $72.442 > 3.890$ ) and ( $\text{sig } \alpha = 0.000 < 0.050$ ). Therefore, it can be concluded that H4 is accepted, meaningthat simultaneously the variables of Influencer Marketing (X1), Customer Experience (X2), and Customer Rating (X3) significantly influence thePurchasing*

*Decision (Y) for Skintific products on the Shopee marketplace.*

*Keywords: Influencer Marketing, Customer Experience and Customer Ratings and Purchasing Decisions*

### I. INTRODUCTION

At this time the progress of science and technology is increasingly widespread, thus people will be more critical in choosing and fulfilling the very diverse needs of life. With these developments will lead to a new era in the business world. Currently, information technology, especially the Internet, is growing very rapidly. The Internet is the implementation of information technology and telecommunications, one of the benefits of which is as a marketing medium.

The development of online business in Indonesia is now very rapid, thus many people are shopping online. The development of this business world can cause intense business competition between one another. The emergence of the internet is one of the factors for consumers when determining purchasing decisions. Thus, business people can see the business potential in using the internet as a strategy



to promote products and conduct trade transactions.

According to Rafidah and Djowoto, (2017) Purchasing decisions are stages in the decision-making process where at that time consumers actually buy the product they want. According to (Kuat et al., 2014). Purchasing decisions are the stage of the consumer purchasing decision process where consumers actually make purchases. There are two factors that arise between purchasing tendencies and purchasing decisions, namely the first factor is the attitude of others and the second factor is unexpected situations.

According to Kotler & Keller, (2016) influencer marketing is a person who has a very important influence in influencing purchasing decisions by helping and providing information. Influencer marketing is used by companies as the most effective marketing strategy in influencing, of course, the influencer marketing used must meet the company's qualifications and match the characteristics of the product to be marketed.

According to Dewi & Nugroho, (2020) Customer Experience is the previous customer experience through direct or indirect interaction with the company. According to Jumawar & Nurmartian, (2022) Customer Experience is how users or potential users receive and interact with each business contact point of a company. Customer Experience as a whole includes perceptions about the brand. As well as the experience of interacting with digital touchpoints and the entire customer journey. Customer experience is an aspect of the company's captivity to a product and service that occurs when consumers consume or use the product or service. Thus, consumers who feel a positive customer experience will create a desire for consumers to come back again to buy the product.

According to Siregar et al., (2022) Customer Rating is the customer's opinion

on a certain scale. A popular rating scheme for ratings in online stores is by giving stars. The more stars you give, the better the seller's rating. Ratings are made by consumers who have made purchases online and published on the website or stall of the seller. The number of stars can be associated with the quality of an item sold online.

The Skintific brand stands for "skin" and "scientific" and was founded by Kristen Tveit and Ann-Kristin Stokke in 1957. It was originally marketed in Oslo, Norway, but was developed by Canadian scientists. Marketplace is a website or online application that has buying and selling facilities from various stores. Marketplaces currently available in Indonesia are very diverse such as Tokopedia, Shopee, Bukalapak, Blili, JD.ID, and so on. Shopee is the number one e-commerce in Indonesia and mobile application-based buying and selling, which is increasingly growing in Indonesia, Shopee offers fun, free shipping and reliable online buying and selling via cellphone.

## II. METHODS

The type of research taken by researchers is quantitative research, because in this study describes a variable, symptom, or condition studied and uses numerical data obtained from a questionnaire (questionnaire). Quantitative research is a research method based on the philosophy of positivism, used to test certain populations or samples with the aim of testing predetermined hypotheses.

In this study, the population is the people of Bengkulu City who have bought Skintific products at Shopee, with an unknown number. The sampling technique used in this study is purposive sampling, which is a way of taking samples from the population using certain criteria or considerations.

Hair et al. (2010) revealed that the minimum sample size used is 5

observations for each estimated parameter and a maximum of 10 observations of each estimated parameter. In this study, the number of indicators is 16 indicators, so the number of samples required:

$$\begin{aligned} \text{Number of samples} &= \text{Number of indicators} \\ &\times 6 \\ &= 16 \times 6 \\ &= 96 \text{ samples} \end{aligned}$$

With the expectation that there will be questionnaires that are discarded because they do not meet the requirements, the number of samples is rounded up to 100. This number has met the appropriate sample size requirements according to Hair et al. (2010).

The data collection techniques in this study are observation and questionnaires filled out by respondents using a Likert scale to obtain the main research data. The data analysis technique uses the Classical Assumption Test, multiple linear regression regression analysis, Determination ( $R^2$ ), t test and f test.

Multiple Linear Regression Analysis This test is used if there are more than one independent variable with one dependent variable (Riyanto & Hatmawan, 2020). This analysis technique is used to see the extent to which the independent variable can affect the dependent variable. The formula is as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e$$

(Sugiyono, 2013)

Description:

Y = Purchase decision

a = Constant

$\beta_1$  = Regression Coefficient of  $X_1$

$\beta_2$  = Regression Coefficient of  $X_2$

$\beta_3$  = Regression Coefficient of  $X_3$

$X_1$  = Influencer Marketing

$X_2$  = Customer Experience

$X_3$  = Customer Rating

e = standard error

### III. RESULTS AND DISCUSSION

This section will explain matters relating to the data collected, the results of data processing and discussion of the results of data processing. The systematic discussion in this chapter consists of respondent characteristics, classical assumption tests, multiple linear regression analysis and hypothesis testing.

#### Characteristics of Respondents Characteristics of Respondents Based on Gender

**Table 1**

**Characteristics of Respondents Based on Gender**

Gender Total Percentage	Jumlah	Persentase
Female	100	100%
Total	100	100%

Source: Processed data 2024

Based on the table above, it is known that the characteristics of the respondents are the number of female respondents as many as 100 respondents or 100%. From this data, it states that in Skintific Products in the Shopee Marketplace there are more women who use shopping at Shopee.

#### Characteristics of Respondents by Age

**Table 2**

**Characteristics of Respondents by Age**

Age	Total	Percentage
20-30	70	70%
31-40	30	30%
Total	100	100%

Source: Data processed 2024

Based on table 2, it is known that the characteristics of respondents based on age dominate the age of 20-30 respondents with a percentage of 70%. From this data, it states that the most Skintific Products in Marketplace Shopee are aged 20-30 because at that age teenagers feel their

facial skin is suitable for using Skintific products.

### Characteristics of Respondents Based on Education Level

**Table 3**  
 Characteristics of Respondents Based on Education

Last Education	Total	Percentage
Diploma	43	43%
S1	57	57%
Total	100	100%

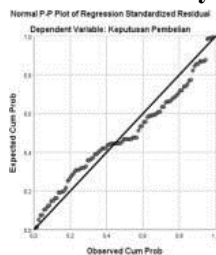
Source: Processed data 2024

Based on table 3, it is known that the characteristics of respondents based on the most dominating last education are S1 as many as 57 respondents with a percentage of 57%. From this data it can be concluded that users of Skintific products in Bengkulu City have a fairly high education.

### Classical Assumption Test Results Normality Test

In the normality test table using the P.P Plot below:

**Figure 1**  
 P.P Plot Normality Test



Source: Primary Data Processing Results, 2023

Based on the SPSS output image, it can be seen that the P.P Plot shows a normal distribution pattern.

### Multicollinearity Test Results

Testing for multicollinearity can be done by looking at the tolerance value above 0.1 and the VIF is smaller than 10, there is no tendency for multicollinear symptoms to occur.

**Table 4**  
 Multicollinearity Test Results

No	Variabel	Tolerance	VIF	Keterangan
1	Influencer Marketing	,308	3,249	Non Multicollinearity
2	Customer Experience	,365	2,740	Non Multicollinearity
3	Customer Rating	,357	2,797	Non Multicollinearity

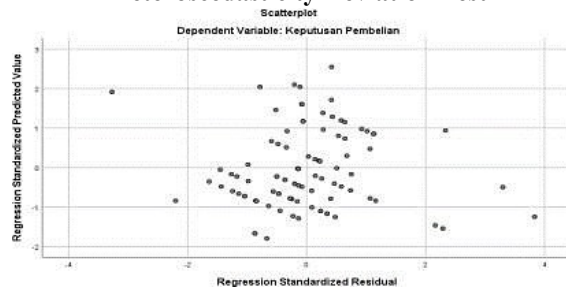
Source: Data processed 2024

Based on table 4 above, it can be seen that all variables have a tolerance value above 0.1 and a VIF value below 10, thus it can be concluded that the variables in this study are free of multicollinearity.

### Heteroscedasticity Test

The heteroscedasticity test aims to test whether the regression model has unequal variances.

**Figure 2**  
 Heteroscedasticity Deviation Test



Source: Processed data 2024

From the Coefficients image displayed for the heteroscedasticity test, it shows the Residual regression output with the independent variables as shown in the table above, the output shows that there is no significant relationship between all independent variables on the absolute residual value, so it can be concluded that the non-heteroscedasticity assumption is met

### Multiple Linear Regression Analysis

The results of multiple linear regression analysis from this study are:

**Table 5**  
 Multiple Linear Regression Analysis Results

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	2,266	1,354		1,674	,097
	<i>Influencer Marketing</i>	,162	,067	,234	2,431	,017
	<i>Customer Experience</i>	,584	,105	,492	5,578	,000
	<i>Customer Rating</i>	,300	,135	,199	2,228	,028

a. Dependent Variable: Keputusan Pembelian

Source: SPSS 24 output

From the calculation of the results above, the regression equation is obtained as follows:

$$Y = 2.266 + 0.162 (X_1) + 0.584 (X_2) + 0.300 (X_3)$$

### Analysis of the Coefficient of Determination (R<sup>2</sup>)

To determine the percentage contribution of the influence of the independent variables Influencer Marketing (X<sub>1</sub>), Customer Experience (X<sub>2</sub>), and Customer Rating (X<sub>3</sub>) on the dependent variable Purchasing Decision (Y).

**Table 6**  
 Value of the Coefficient of Determination (R<sup>2</sup>)

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,853 <sup>a</sup>	,727	,719	1,48682

a. Predictors: (Constant), *Influencer Marketing*, *Customer Experience*, *Customer Rating*  
 b. Dependent Variable: Keputusan Pembelian

Source: SPSS 24.0 output

Based on the table above, the correlation coefficient (R) = 0.853 is obtained, which means that there is a relationship between the independent

variable and the dependent variable. The correlation coefficient is 0.853, which means that the correlation between the independent variables (InfluencerMarketing (X<sub>1</sub>), Customer Experience (X<sub>2</sub>) and Customer Rating (X<sub>3</sub>) with the dependent variable Purchasing Decision is high. The coefficient of multiple determination (R Square) R<sup>2</sup> obtained a value of 0.727. This value means that the Influencer Marketing (X<sub>1</sub>), Customer Experience (X<sub>2</sub>) and Customer Rating (X<sub>3</sub>) variables to the Purchasing Decision variable contribute 0.727 or 72.7% to the Purchasing Decision on Skintific Products in the Shopee Marketplace while the remaining 0.273 or 27.3% is influenced by other variables that are not included in this research model.

### Hypothesis Testing with the t Test

To test the effect of the independent variables partially on the dependent variable, the t test is used as follows:

**Table 7**  
 Hypothesis Testing Results with the t Test

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,266	1,354		1,674	,097
	<i>Influencer Marketing</i>	,162	,067	,234	2,431	,017
	<i>Customer Experience</i>	,584	,105	,492	5,578	,000
	<i>Customer Rating</i>	,300	,135	,199	2,228	,028

a. Dependent Variable: Keputusan Pembelian

Through calculations carried out using the SPSS program, the comparison between  $t_{hit}$  and  $t_{(a/2)} (n-k-1) = 100-3-1 = 96 (1.984)$  for each variable is as follows:

Influencer Marketing, namely  $t_{hit} > t_{(a/2)} (2.431 > 1.984)$  and  $(sig \alpha = 0.017 < 0.050)$ , this states that there is an influence of Customer Rating on Purchasing Decisions on Skintific Products in the Shopee Marketplace.

Customer Experience, namely  $t_{hit} > t_{(\alpha/2)}$  ( $5.578 > 1.984$ ) and ( $\text{sig } \alpha = 0.000 < 0.050$ ), this states that there is an influence of Customer Experience on Purchasing Decisions on Skintific Products in the Shopee Marketplace.

Customer Rating, namely  $t_{hit} > t_{(\alpha/2)}$  ( $2.228 > 1.984$ ) and ( $\text{sig } \alpha = 0.028 < 0.050$ ), this states that there is an influence of Customer Rating on Purchasing Decisions on Skintific Products at Marketplace Shopee.

### Hypothesis Testing with the F Test

To test the effect of the independent variables partially on the dependent variable, the F test is used as follows:

Table 8  
 Hypothesis Testing Results with the F Test

ANOVA <sup>a</sup>						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	565,939	3	188,646	85,336	,000 <sup>b</sup>
	Residual	212,221	96	2,211		
	Total	778,160	99			
a. Dependent Variable: Impulsevi Buying						
b. Predictors: (Constant), <i>Influencer Marketing</i> , <i>Customer Experience</i> , <i>Customer Rating</i>						

Source: SPSS 24.0 output

Based on the hypothesis testing table with the F test above, the  $F_{count}$  is 85.336 with an  $F_{table}$  value of 2.70, namely ( $85.336 > 2.70$ ) and ( $\text{sig } \alpha = 0.000 < 0.050$ ), so it can be concluded that  $H_4$  is accepted, meaning that simultaneously the Influencer Marketing ( $X_1$ ), Customer Experience ( $X_2$ ) and Customer Rating ( $X_3$ ) variables have a significant effect on Purchasing Decisions ( $Y$ ) on Skintific Products in the Shopee Marketplace.

## DISCUSSION OF RESEARCH RESULTS

### The Influence of Influencer Marketing ( $X_1$ ) on Purchasing Decisions ( $Y$ )

Influencer Marketing has an influence on Purchasing Decisions. This is in accordance with research conducted by

previous researchers According to Wahyudi & Mulyati, (2023) influencers on social media greatly influence consumer confidence, so that they can influence consumers' mindsets to buy their products. Purchasing decisions are influenced by the need factor felt by consumers in terms of decisions and how consumers experience when finding out product information through Influencer Marketing as a marketing medium that is believed to increase repeat purchase decisions.

This is in line with previous research conducted by Triyani Rahmadewi, Naili Farida and Reni Shinta Dewi (2017), Nadea Apriliani & Sri Ekowati. (2023), Agung Tri Wahyudi & Awin Mulyati (2023) and Arti Sukma Lengkawati & Taris Qistan Saputra (2021) Which states that influencer marketing affects purchasing decisions.

### The Effect of Customer Experience ( $X_2$ ) on Purchasing Decisions ( $Y$ )

Customer Experience has an influence on Purchasing Decisions. From the results of the research conducted in accordance with previous research conducted by Asri Nugrahani Ardianti and Dr. Widiartanto, M.AB (2019). states that Customer Experience has a significant effect on Purchasing Decisions. According to Sandi, (2017) Customer experience refers to the customer's overall impression of all the experiences they have with the brand over time. A consumer who feels a positive experience or experience when buying a product will create the possibility for that consumer to come back again to buy the product.

This is in line with previous research conducted by Dwi Dina Rahma Vitry (2016), Triyani Rahmadewi, Naili Farida and Reni Shinta Dewi (2017) and Nadya Septi Aulia, Yeni Priatna Sari, Fitri Amaliyah (2021) The results showed that customer experience has a positive effect on product purchasing decisions in Shopee e-commerce.

### **The Effect of Customer Rating (X<sub>3</sub>) on Purchasing Decisions (Y)**

Customer Rating (X<sub>3</sub>) has a significant influence on Purchasing Decisions. The results of previous research conducted by Asri Nugrahani Ardianti and Dr. Widiartanto, M.AB (2019), state that Customer Rating research has a significant effect on Purchasing Decisions. According to Auliya et al., (2017) Customer Rating is part of consumer reviews which are usually presented in the form of star values. Rating is a more specific consumer review that facilitates purchasing decisions made by potential consumers.

This is in line with previous research conducted by Desi Intan Komariyah (2022), and Frederick Alvi Herzegovino Sianipar, Dr. E. Dra. Hj. Yoestini, M.Si (2021) The results showed that customer reviews and customer ratings have a positive and significant effect on product purchasing decisions in the online marketplace.

### **The influence of Influencer Marketing (X<sub>1</sub>), Customer Experience (X<sub>2</sub>), and Customer Rating (X<sub>3</sub>) has an influence on Purchasing Decisions (Y).**

The results of this research can be seen in the F test which states the value of  $F_{hitung} > F_{tabel}$ , namely  $(85.336 > 3.890)$  and  $(\text{sig } \alpha = 0.000 < 0.050)$ , so it can be concluded that  $H_5$  is accepted, meaning that simultaneously the Influencer Marketing (X<sub>1</sub>), Customer Experience (X<sub>2</sub>), Customer Rating (X<sub>3</sub>) variables have an influence on Purchasing Decisions (Y) on Skintific Products in the Shopee Marketplace.

This is in line with previous research Asri Nugrahani Ardianti and Dr. Widiartanto, M.AB (2019), Triyani Rahmadewi, Naili Farida and Reni Shinta Dewi (2017), Nadea Apriliani & Sri Ekowati. (2023). Which states that

Influencer Marketing (X<sub>1</sub>), Customer Experience (X<sub>2</sub>), Customer Rating (X<sub>3</sub>), has a significant influence

## **IV. CONCLUSION**

From the results of the discussion that has been described and based on the data obtained from the research, the following conclusions can be drawn:

1. Influencer Marketing has a significant effect on Purchasing Decisions on Skintific Products at Marketplace Shopee.
2. Customer Experience has a significant effect on Purchasing Decisions on Skintific Products at Marketplace Shopee.
3. Customer Rating has a significant effect on Purchasing Decisions on Skintific Products in the Shopee Marketplace.
4. Influencer Marketing (X<sub>1</sub>), Customer Experience (X<sub>2</sub>), and Customer Rating (X<sub>3</sub>) together have an effect on Purchasing Decisions (Y) on Skintific Products at Marketplace Shopee.
5. Based on the correlation coefficient test, the value of  $R = 0.853$  and the coefficient of determination  $R^2 = 0.727$ , this value means that Influencer Marketing (X<sub>1</sub>), Customer Experience (X<sub>2</sub>), and Customer Rating (X<sub>3</sub>) contribute a significant influence of 0.727 or 72.7% on Purchasing Decisions (Y) on Skintific Products at Marketplace Shopee while the remaining 0.273 or 27.3% is influenced by other variables not included in this study.

### **ADVICE**

Based on the results of the research that has been conducted, the researchers provide the following suggestions:

The results showed an influence from 4 variables so it is recommended that it be further improved, such as increasing

understanding of the product, the impact of the product and the ease of accessing the product and affordable shipping costs that occur and paying attention to the relaxed consumer buying system, unexpected surprises and the number of discounts that attract customers, in order to increase Purchasing Decisions on Skintific Products at Marketplace Shopee.

It is recommended that future researchers, especially the same research, need to consider Influencer Marketing (X<sub>1</sub>), Customer Experience (X<sub>2</sub>), and Customer Rating (X<sub>3</sub>) on Purchasing Decisions (Y) on Skintific Products at Marketplace Shopee to measure strength, need to add in terms of variables included that are outside of the variable Factors on Purchasing Decisions and can develop the number of respondents so that it will produce better research and in accordance with improving the quality of further research.

## REFERENCES

- Apriliansi, N., & Ekowati, S. (2023). Pengaruh Influencer Marketing, Brand Awareness Dan Komunikasi Pemasaran (Viral Marketing) Di Sosial Media Terhadap Keputusan Pembelian. *Jurnal Entrepreneur Dan Manajemen Sains (JEMS)*, 4(2), 501–515.  
<https://doi.org/10.36085/jems.v4i2.5491>
- Ardianti, A. N., & Widiartanto, M. A. (2019). Pengaruh Online Customer Review dan Online Customer Rating terhadap Keputusan Pembelian melalui Marketplace Shopee. *Jurnal Ilmu Administrasi Bisnis*, 1–11.
- Auliya, Z. F., Rifqi, M., Umam, K., & Prastiwi, S. K. (2017). *Online Customer Review (OTRs) dan Rating Kekuatan baru pada Pemasaran Online di Indonesia*. 89–98.
- Azmi, M. W., & Patrikha, F. D. (2022). *PENGARUH ONLINE CUSTOMER EXPERIENCES TERHADAP KEPUTUSAN PEMBELIAN DENGAN KEPERCAYAAN SEBAGAI INTERVENING (STUDI PADA PEMBELIAN ELEKTRONIK DI MARKETPLACE SHOPEE)*. 10(1).
- Chaffey, D., & Smith, P. (2013). *Emarketing Excellence Planning and Optimizing your Digital Marketing* (4th editio).  
<https://doi.org/https://doi.org/10.4324/9780203082812>
- Dewi, T. U., & Nugroho, P. N. A. (2020). Pengaruh Customer Experience terhadap Customer Satisfaction dan Customer Loyalty Institut Français Indonesia di Surabaya. *Jurnal Teknologi Dan Terapan Bisnis (JTTB)*, 3(2), 30–39.
- Hardiawan. (2012). Pengaruh Kemudahan Belanja Online Terhadap Keputusan Pembelian Secara Online. *Sketsa Bisnis*, 4(2), 97–107.  
<https://doi.org/10.35891/jsb.v4i2.1600>
- Jumawar, E., & Nurmartian, E. (2022). PENGARUH CUSTOMER EXPERIENCE DAN CUSTOMER VALUE TERHADAP CUSTOMER LOYALTY INDIHOME (Pada Pelanggan Indihome Area Gegerkalong). *Journal Competency of Business*, 5(02), 102–111.  
<https://doi.org/10.47200/jcob.v5i02.1094>
- Kotler, & Keller. (2016). *Prinsip-prinsip pemasaran*. airlangga jakarta.
- Kotler, P., & Armstrong, G. (2012). *Prinsip-prinsip pemasaran*. (12th ed.). Jakarta Erlangga.
- Lackermair, G., Kailer, D., & Kanmaz, K. (2013). Importance of Online Product

- Reviews from a Consumer's Perspective. *Advances in Economics and Business*, 1(1), 1–5. <https://doi.org/10.13189/aeb.2013.010101>
- Lengkawati, A. S., & Saputra, T. Q. (2021). Pengaruh Influencer Marketing terhadap Keputusan Pembelian (Studi pada Elzatta Hijab Garut). *Prismakom*, 18(1), 33–38.
- Oktavia, E. (2020). (2020). Pengaruh Digital Marketing, Brand Image Dan Influencer Marketing Pada Keputusan Pembelian Online. *Doctoral Dissertation, STIE Malangkucecwara*, 1(69), 5–24.
- Pasaribu, Y. M. A. (2018). Pengaruh Brand Equity dan Customer Experience terhadap Customer Loyalty di Waroeng Steak and Shake Melati Pekanbaru. *Jom Fisip*, 5(1), 1–15.
- Rafidah dan Djowoto. (2017). Analisis Keamanan, Kemudahan, dan Kepercayaan Terhadap Keputusan Pembelian Secara Online di Lazada. *Jurnal Ilmu Dan Riset Manajemen*, 6(2), 1–17.
- Sandi, B. (2017). Pengaruh E-Wom dan customer experience terhadap keputusan pembelian produk pakaian di situs jual beli online Tokopedia. *Management and Business Review*, 1(2), 106–115. <https://doi.org/10.21067/mbr.v1i2.4766>
- Sianipar, A. H. F., & Yoestini. (2021). Analisis Pengaruh Customer Review dan Customer Rating Terhadap Keputusan Pembelian Produk di Online Marketplace (Studi Pada Mahasiswa Pengguna Tokopedia di Kota Semarang). *Diponegoro Journal of Management*, 10(4), 1.
- Siregar, R., Isa, M., Murroh Nasution, A., Agama Islam Negeri Padangsidempuan, I., Rizal Nurdin, J. T., & -Kota Padangsidempuan, S. (2022). Pengaruh Penggunaan Tagline Gratis Ongkir Dan Online Costumer Rating Terhadap Minat Beli Produk Pakaian Muslim (Studi Pada Mahasiswa FEBI IAIN Padangsidempuan). *Proffes*, 1(1), 133–149.
- Smuda, C. (2018). *Influencer Marketing. A Measurement Instrument to determine the Credibility of Influencers: Revealing the Effect of specific Factors on Consumers' Product Preferences and Buying Decisions*.
- Sugiyono, D. (2010). Metode penelitian kuantitatif kualitatif dan R&D. In *Penerbit Alfabeta*.
- Vitry, D. D. R. (2013). Analisis Customer Experience dan Lifestyle Model terhadap Keputusan Menonton Film. *Ilmu Manajemen & Bisnis*, 04(01), 1–11.
- Wahyudi, A. T., & Mulyati, A. (2023). *Pengaruh Influencer Marketing dan Online Customer Review terhadap Keputusan Pembelian produk Fashion melalui Marketplace Shopee*. 2(2), 311–324.
- Yulinda, A. T., Ranidiah, F., & Jauhari, W. R. R. (2020). Pengaruh Customer Experience Dan Trust Terhadap Loyalitas Pelanggan Kfc Di Kota Bengkulu. *Jurnal Ilmiah Akuntansi, Manajemen Dan Ekonomi Islam (JAM-EKIS)*, 3(2), 153–168. <https://doi.org/10.36085/jam-ekis.v3i2.966>



## QUALITY OF SERVICE TO INTEREST AND PURCHASE OF PRODUCTS IN ONLINE BUSINESS (E-COMMERCE)

Fathurrahman Fadhil Al-Amin<sup>1</sup>, Jelita Miranda Noor Istiqamah<sup>1</sup>, Nuraini<sup>1\*</sup>

<sup>1</sup>Universitas Muhammadiyah Kalimantan Timur, Indonesia

\*Corresponding Author: [nur849@umkt.ac.id](mailto:nur849@umkt.ac.id)

**Abstract.** *This research aims to know the customer's decision in the interest of buying and choosing on the product selected at the time of shopping online or indirectly. Quality of Service may affect Customer Decisions in Online Purchases and Online Purchase Interests in Products. The method of writing the Literature Review article is using the library research method, which comes from online media like Google Scholar, and other online media. The result of this article aims to 1) clearly explain the quality of the online product, quality of service on online products, customer satisfaction and customer re-purchase intention on online business. 2) to test the impact of product quality and service quality on customer content and buy-back intentions on online. 3) to test how quality of product and service is affected by customer content on online companies.*

**Keywords:** *Product quality, quality of service, customer satisfaction, intention to buy back on online business.*

### I. INTRODUCTION

In the current era of globalization, technology causes various jobs to be done more effectively and efficiently. can be done more effectively and efficiently. The development of technology has a big impact. for the business world, one of which is the development of a new type of business, namely e-commerce. Ecommerce is a digital processing of information and communication technology in conducting business transactions to create, change, and redefine new relationships between sellers and buyers. between sellers and buyers. E-commerce allows buying and selling transactions to be carried out. Online, so that trading activities are possible over long distances, not only limited to cross-province but also not only limited to cross-province but also cross-country.

Technological advancement has increased tremendously. One of them is the internet technology that is increasingly developing makes it easier for people to communicate. Making various daily activities such as shopping, searching for various information, and meeting other needs can be done practically and quickly just by accessing the internet. Other needs can be met practically and quickly just by accessing the internet. This can be seen with the availability of various online-based

services that can facilitate the community. facilitate the community. One of them is the availability of markets and e-commerce. With the increase in internet users today, the competition in the business world is getting tougher. The business world is tougher. One of the developments in internet technology is the With this online marketplace, every company has the opportunity to run a business online. company has the opportunity to run a business online.

Online shopping is a transaction activity to buy or sell products and services. This provides convenience for buyers to be able to buy products directly on the internet through the available marketplace. products directly on the internet through the available marketplace. Customers can see reviews and items first before making a purchase on the marketplace without having to pay a fee. and goods first before making a purchase on the marketplace without having to come to the store. need to come to the store. The internet provides a channel to market products or services. Online, namely e-commerce. E-commerce is all marketing activities and transactions. buying and selling goods or services that are carried out through electronic systems

One of the e-commerce applications is Shopee, the most popular e-commerce application among all social media users today. Among social media users today. Because this application is an online marketplace that allows sellers and buyers to make buying and selling transactions easily, quickly, and comfortably. convenient, and this convenience makes online shopping a favorite of many people. Products include items such as electronics, food, home appliances, and fashion.

In running a business, product quality is one of the factors that can influence purchasing decisions. Product quality, according to Kotler and Keller in the journal research journal (Lathiifa &

Hapzi Ali, 2013), is defined as the expertise of a product to provide performance results that are right or even exceed what is expected by customers. Before making a purchase, some customers strongly consider the quality of the product of the product. In addition, service quality is also an action offered by one party to another that is basically intangible and causes ownership of something. other parties, which are basically intangible and cause ownership of something. In In this case, consumers tend to choose companies that can provide good-quality service. n terms of service, when shopping online, customers want a good response. Customers who have a positive experience will also leave a positive review on the online shopping site. Online shopping site, so that this can influence other customers who have not tried to shop. Try to shop. Customer satisfaction is very important for the company. the continuity of its business.

So, when online shopping sites are able to create a pleasant shopping experience for consumers, this not only has an impact on customer satisfaction but also on customer satisfaction. For consumers, this not only has an impact on customer satisfaction, but also on repurchase intentions. And by building a positive experience, it will not only impact on customer satisfaction, but it can also have a greater impact on customer thinking, namely repurchase intentions. in the form of creating customer thinking, namely the intention to repurchase the product.

## II. METHODS

The revision of this article is done using a qualitative method with a literature study approach aimed at obtaining a series of ideas about factors that can influence the variable to be studied. The step taken on this research is the collection of information that

has been obtained from the literature of online journal articles that are sourced from Google Scholar and reference books related to this article. The author will also study the impact of product quality (X1) and service quality (X2) on purchasing decisions (Y1) through consumer satisfaction. (Y)

### III. RESULTS AND DISCUSSION

#### 1. Influence of Product Quality on Purchase Decision

The quality of the product offered by E-commerce or marketplace has different product quality. Assessment of the quality of the product received by the consumer, whether suitable or not suitable for the product offered becomes a matter of personal consideration for the potential consumer before making a purchase decision. The results of research according to (Meilina Boediono & sari Immanuel, 2018) show that the quality of the product can have a significant influence on the decision of purchase. This proves that product quality is also a matter of consideration before consumers decide to make a purchase. The quality of product influences the purchase decision, this statement can be supported on the basis of relevant research results namely (Hamidi & Prakoso, 2018) (Habibah, 2016) (Ikhsani & Ali, 2017) (Weenas, 2013) (Brata et al., 2017)

#### 2. Impact of Service Quality on Purchase Decisions

When the company provides the best service, which can be a quick response when responding to complaints given by the consumer and a response in accordance with what is expected by the customer, then the customer will feel satisfied with the service or service provided, and it will be the placeto

which the customer will make a purchase. The results of research, according to Sriyanto and Utami (2016) show that the quality of service has a significant influence on the decision to buy products. In addition, according to 7 Article Introduction to Management 3, November 2023, companies with good quality of services will make consumers loyal to the company, and the goal of consumers is to make a purchase decision. Quality of service influences purchasing decisions. This statement can be supported by relevant research findings, namely: Amrullah et al. (2016), Meliana et al. (2013), Agussalim & Ali (2017), Limakrisna & Ali 2016), Yunita & Ali (2016), Ali & Mappesona (2016), Ali et al. (2018), Sitio & Ali (2019), and Anggita & Ali (2017).

#### 3. Impact of Product Quality on Consumer Satisfaction

The quality of the product needs to be taken care of by the entire online business, as it is necessary for the business to survive and meet the wishes of the consumer. Then the company has to make good-quality products according to the consumer's wishes, and then consumers will feel satisfied. According to research results (Ibrahim & Thawil, 2019), there is a significant influence between product quality and consumer satisfaction. So the quality of the product can affect the improvement of customer satisfaction because consumers consider the quality received. The better the product quality, the greater the consumer's satisfaction; otherwise, if the product is of poor quality, consumers will be disappointed. Product quality influences consumers' satisfaction; this statement can be supported on the basis of relevant research results, namely (Saidani & Arifin, 2012), (Limakrisna & Ali, 2016), and (Wulandari et al., 2020).

#### 4. Impact of the Quality of Tea Service on Customer Satisfaction

Quality of service is a factor that must be a matter of attention for every company

in trying to meet the expectations of consumers. Consumers will be more selective in choosing marketplaces because a quick service will make the consumer not have to wait long for his complaints; otherwise, if the service is long, consumers will not feel satisfied with the service provided. Quality of service is also the key to creating consumer satisfaction after shopping. The results of the study (Arianty, 2016) show that the quality of the service affects consumer satisfaction. This proves that when the quality of service received by consumers is in line with what consumers expect, it can affect customer satisfaction (Wulandari et al., 2020). (Handoko, 2017)

#### 5. Effect of Consumer Satisfaction on Purchase Decisions

Consumer satisfaction is the expectation of business operators; consumer satisfaction becomes the goal of the success of a business operator. Consumer satisfaction has an important influence on purchasing decisions. Companies also strive to make the quality of products and services meet the expectations of consumers so that they feel satisfied and decide to make a purchase. Research results, according to Halim & Syamsuri (2016). Demonstrates that consumer satisfaction variables have a positive and significant influence on purchasing decisions. Consumer satisfaction influences purchasing decisions based on theory or previous research. (Guidelines, 2015) (AZ, 2018)

#### 6. Conceptual Framework

Based on the study theory and review results of the relevant article, the conceptual framework is then: quality of product (X1), quality of service (X2), influence on customer satisfaction (Y1),

and purchasing decision (Y2), directly or indirectly. In addition to the free variables in this study that influence purchasing decisions to meet consumer satisfaction, there are other variables that can influence, among them: a. Price: (Ikhsani & Ali, 2017) (Habibah, 2016) (Lestari et al., 2020) (Novansa & Ali, 2017) (Damayanti, 2019) (Cahyani & Sitohang, 2016) (Gofur, 2019). b. Brand images: (Fatmawati & Soliha, 2017); (Haryono & Octavia, 2020); (Supriyadi et al., 2017); (Indrawati, 2015); (Ikhsani & Ali, 2017).

#### IV. CONCLUSION

1. Based on the formula of the problem, the theory, and the argument, the conclusion of this article is to produce a hypothesis, which will proceed to further research: The quality of the product affects the purchase decision. The better the prescription of product quality by the consumer will affect the decision to purchase a product.
2. The better the quality of the service provided, the more confident the more confident the consumer will be to make the purchase decision, which can improve the evaluation of the company.
3. Product quality affects consumer satisfaction. The higher the quality of the product provided by the company, the more consumers feel satisfied, according to their expectations.
4. The quality of service affects consumer satisfaction. The better the quality of service received by the consumer, the greater the satisfaction perceived by the customer.
5. Consumer satisfaction influences purchasing decisions. Satisfaction that meets consumer expectations will influence the purchasing decision.

## REFERENCE

- Cesariana, C., Juliansyah, F., & Fitriyani, R. (2022). Model of Purchasin Decisions Consumer Satisfaction on the Market Place: Product Quality and Service Quality (Literature Review of Marketing Management). *Journal of Management Education and Social Sciences*, 211-220.
- Yolandari, N.D., & Kusumadewi, NW. 2018 Impact of Customer Experience and Trust on Online Re-Buy Intentions Through Customer Satisfaction (Studi Pada Situs Online Berrybenka.com). *E-Journal Unud Management*.

## ANALYSIS OF PERTAMINA'S PERFORMANCE AND STRATEGY IN FACING ENERGY INDUSTRY CHALLENGES

Muhammad Nur Riva'i<sup>1</sup>, Lisa Agus Tina<sup>1</sup>

<sup>1</sup>Universitas Muhammadiyah Kalimantan Timur, Indonesia

\*Corresponding Author: [lisaagustus16@gmail.com](mailto:lisaagustus16@gmail.com), [muhammadnurrivai96@gmail.com](mailto:muhammadnurrivai96@gmail.com)

**Abstract.** *This study analyzes the challenges faced by Pertamina, an Indonesian state-owned oil and gas company, in achieving environmental sustainability while maintaining profitability amidst global oil price fluctuations. The purpose of this study is to evaluate Pertamina's Corporate Social Responsibility (CSR) initiatives and their impact on the company's image and operational sustainability. The methods used include descriptive and analytical designs, with primary data collection through semi-structured interviews, focus group discussions, and annual report document analysis. The results show that Pertamina's CSR initiatives, such as the electricity assistance program and investment in renewable energy, have succeeded in improving the company's image and reducing the environmental impact of its operations. Despite facing significant environmental challenges, Pertamina has been able to maintain stable financial performance thanks to portfolio diversification and investment in green technologies. This study emphasizes the importance of media communication strategies and public image management in building public trust, as well as enhancing Pertamina's reputation as a socially and environmentally responsible entity.*

**Keywords:** *Corporate Social Responsibility (CSR), Environmental Sustainability, Corporate Image, Pertamina*

### I. INTRODUCTION

The global oil and gas industry plays a pivotal role in the economic development of many countries, but it is also one of the sectors most responsible for environmental degradation. This industry faces several challenges, such as fluctuating oil prices, geopolitical issues, and rising pressure to adopt more sustainable practices. As the world increasingly shifts towards cleaner and renewable energy sources, companies in the oil and gas sector are required to adapt to these changing dynamics. They must implement innovative solutions to mitigate their environmental impact while maintaining profitability and operational efficiency (Irzanova, 2023).

In Indonesia, Pertamina, the country's state-owned oil and gas company, holds a unique position in the national energy landscape. It is not only the main player in the oil and gas sector but also a key contributor to Indonesia's economy. Pertamina supplies the bulk of the country's fuel needs, contributing significantly to state revenue through taxes and dividends. In addition to

these financial contributions, Pertamina has been instrumental in developing energy infrastructure across the archipelago, ensuring energy access to both urban and rural areas (Arifin, 2023).

However, as a national oil company, Pertamina faces a range of challenges, especially concerning environmental sustainability. The company operates in an industry known for its high greenhouse gas emissions, water contamination, and industrial waste generation. Recognizing this, Pertamina has started to embrace sustainability initiatives and has integrated Corporate Social Responsibility (CSR) programs into its operations. These CSR efforts are aimed at mitigating the environmental impact of its activities while enhancing its corporate image both locally and globally (Elvadri et al., 2023).

Pertamina's strategy to address these challenges includes a strong focus on media relations and public image management. Through effective communication and strategic CSR campaigns, the company aims to present itself as an environmentally conscious and socially responsible entity. This study aims to assess how Pertamina's Corporate Social Responsibility (CSR) initiatives improve its sustainability and corporate image while addressing environmental and social issues. It will identify key factors affecting Pertamina's operational and financial performance and explore how the company tackles efficiency and profitability challenges amid fluctuating oil prices. The research will also examine opportunities and challenges in Pertamina's transition to renewable energy and its adoption of green technologies. Finally, the study will evaluate the effectiveness of Pertamina's media relations and public image strategies in managing its reputation and engaging stakeholders on environmental matters.

## II. METHODS

This research employs a descriptive and analytical design, utilizing both qualitative and quantitative methods to assess Pertamina's performance and strategy in addressing challenges within the energy industry (Bradburn et al., 2020). Primary data were collected through semi-structured interviews with key stakeholders, including CSR managers and operational heads, along with focus group discussions with community representatives and environmental activists. Secondary data included document analysis of Pertamina's annual reports and media coverage to understand its CSR initiatives, operational efficiency, and financial performance. A purposive sampling technique was employed to select participants based on their expertise, supplemented by snowball sampling to identify additional stakeholders. Thematic analysis was used to extract recurring themes from qualitative data, while descriptive statistics provided insights into financial performance, comparing it with industry benchmarks. Ethical considerations were paramount, ensuring participant confidentiality and informed consent throughout the study. Limitations include potential subjectivity in qualitative interpretations and the generalizability of findings beyond Pertamina's unique context in the Indonesian energy sector.

## III. RESULTS AND DISCUSSION

### A. Corporate Social Responsibility (CSR) Initiatives

Corporate Social Responsibility (CSR) has become an essential component for companies in industries that have significant environmental and social impacts. For Pertamina, CSR is not merely a public relations exercise but a strategic

imperative to enhance its sustainability profile and corporate image. As a state-owned enterprise in Indonesia, Pertamina is expected to not only drive economic growth but also to contribute positively to society and the environment (Nurjani & Resnawaty, 2023).

Pertamina's CSR initiatives cover a wide array of sectors, but key areas of focus include environmental sustainability, community empowerment, and energy conservation. One of the most prominent CSR programs of Pertamina is the provision of electricity assistance through its collaboration with Badak LNG under the Home Electricity Assistance Program (HEOP). This initiative aims to provide sustainable energy solutions to underserved communities, thereby promoting equitable access to energy resources across Indonesia. Such programs have been instrumental in improving the company's reputation, particularly in regions where energy poverty remains an issue (PT. Pertamina, 2023).

In addition to addressing energy needs, Pertamina has committed itself to reducing its environmental footprint. The company has launched initiatives to minimize industrial waste and reduce greenhouse gas emissions, aligning its objectives with national and international environmental standards. These efforts are part of a broader strategy to ensure that Pertamina's operations do not compromise the environment. For instance, Pertamina has invested in clean energy projects and is exploring the potential of biofuels and geothermal energy as part of its commitment to sustainable development.

## **B. Performance Analysis of Pertamina**

### **B1. Operational Efficiency**

Pertamina has long been a key player in meeting Indonesia's energy needs, especially in fuel supply for the transportation, industrial, and household sectors. Its vast infrastructure, which includes refineries, pipelines, terminals, and depots, supports the distribution of energy across the Indonesian archipelago. However, operational efficiency remains an area of continuous improvement. The company has been making significant investments to modernize its aging infrastructure and implement digital transformation initiatives aimed at optimizing its supply chain and reducing operational bottlenecks.

### **B2. Financial Performance**

Financially, Pertamina plays a pivotal role in supporting Indonesia's economy. The company contributes significantly to government revenue through taxes and dividends. Over the past decade, Pertamina's financial performance has been shaped by fluctuating global oil prices, currency exchange rates, and domestic fuel price subsidies. Despite these challenges, the company has managed to maintain stable revenues, largely due to its diversified portfolio, which includes upstream and downstream activities (PT. Pertamina Hulu Energi, 2023).

## **C. Challenges and Opportunities in the Energy Sector**

### **C1. Environmental Challenges**

The oil and gas industry is inherently linked to environmental degradation due to its high levels of *greenhouse gas emissions*, *water pollution*, and *industrial waste*. These issues are compounded by Indonesia's vulnerability to the effects of climate change, such as rising sea levels and extreme weather events. Pertamina, as a major energy producer, must address these



challenges while meeting the country's growing energy demands.

## C2. Opportunities in Renewable Energy

Despite the environmental challenges, the energy transition also presents numerous opportunities for Pertamina, particularly in the realm of *renewable energy*. Indonesia is rich in natural resources such as geothermal energy, biofuels, and solar power, all of which offer significant potential for clean energy development. Pertamina has already begun to capitalize on these resources by investing in renewable energy projects, which not only help to reduce the company's carbon footprint but also diversify its energy portfolio (PwC, 2023).

One of Pertamina's most notable ventures is its *geothermal energy projects*. Indonesia has some of the largest geothermal reserves in the world, and Pertamina is playing a key role in developing these resources. By expanding its geothermal capacity, Pertamina can reduce its reliance on fossil fuels while contributing to Indonesia's renewable energy targets. In addition to geothermal energy, Pertamina has explored opportunities in *biofuels*, particularly from palm oil, which can be used as an alternative to traditional diesel (Irzanova, 2023).

Pertamina's exploration of *solar energy* also presents significant potential. Indonesia's tropical climate provides abundant solar resources, which can be harnessed to generate electricity for rural and urban areas alike. While solar energy currently makes up only a small portion of Indonesia's energy mix, Pertamina's investments in this area are expected to grow as technology improves and the cost of solar energy continues to decline.

## C3. The Role of Green Technologies

In addition to investing in renewable energy, Pertamina has also embraced *green technologies* aimed at making its existing operations more sustainable. These technologies include carbon capture and storage (CCS) and energy-efficient machinery designed to reduce emissions and energy consumption. By integrating these technologies into its operations, Pertamina can mitigate some of the environmental damage associated with oil and gas production (Ministry of Environment and Forestry Republic of Indonesia, 2022).

The adoption of green technologies is not only beneficial for the environment but also for Pertamina's bottom line. As global demand for cleaner energy grows, the company's investments in green technology will position it as a competitive player in the future energy market. Furthermore, these technologies can help Pertamina meet *international environmental standards*, making it easier for the company to secure partnerships and contracts with foreign investors who prioritize sustainability.

## D. Media Relations and Public Image Management

### D1 Media Relations Strategy

Pertamina's *media relations strategy* revolves around ensuring transparency, fostering positive relationships with the media, and actively controlling the narrative around its operations. This is particularly important when dealing with environmental concerns, where negative media coverage can quickly escalate into public distrust or protests. To mitigate such risks, Pertamina employs several key media relations tactics (Timotius & Sukmarani, 2021):

**Press Visits and Releases:** Pertamina frequently invites journalists to visit its operational sites, particularly during significant CSR events such as environmental clean-up initiatives or the launch of new renewable energy projects. These visits help to create positive media coverage, as journalists can witness firsthand the company's efforts toward sustainability. Additionally, Pertamina issues press releases that highlight milestones, achievements, and CSR initiatives. This helps the company stay in control of the narrative, allowing them to emphasize the positives and downplay any negative perceptions.

**Social Media and Digital Platforms:** In recent years, Pertamina has increasingly turned to social media platforms to communicate with the public. Through channels such as Twitter, Instagram, and LinkedIn, the company engages directly with various stakeholders, providing real-time updates on projects and responding to public concerns. Social media allows Pertamina to craft a more direct and personalized image, engaging with a younger audience that values transparency and sustainability (Trusnawati et al., 2019).

## D2. Managing Corporate Image

Managing corporate image involves not only reactive measures to counter negative publicity but also proactive efforts to build a reputation as a responsible and sustainable corporation. Pertamina has adopted several strategies to strengthen its public image (Elvadri et al., 2023):

**Crisis Communication:** In an industry prone to operational risks such as oil spills, accidents, or environmental violations, having a solid crisis communication plan is essential. Pertamina has developed protocols to respond swiftly and

transparently in the event of a crisis. This includes issuing timely statements, cooperating with regulatory authorities, and launching investigations to mitigate damage to its reputation.

**Highlighting Sustainability Initiatives:** Given the increasing global focus on environmental issues, Pertamina strategically highlights its *sustainability initiatives* to position itself as a leader in the energy transition. By publicizing its investments in renewable energy and green technologies, the company seeks to shift the focus away from its traditional oil and gas operations and toward its role in driving innovation in the clean energy sector.

**Community Relations:** Building trust within local communities is another critical aspect of managing corporate image. Pertamina conducts community outreach programs that focus on education, healthcare, and environmental conservation. These programs are designed not only to meet immediate community needs but also to foster long-term relationships that can serve as a buffer against potential public criticism. Positive relations with local communities are essential in maintaining a stable operational environment, particularly in areas where Pertamina's oil and gas activities might pose risks to public health or the environment.

In analyzing Pertamina's efforts to build a positive corporate image, Table 1 shows the frequency distribution of student performance in various categories. The table reveals that 28.36% of students scored between 85 and 100, which is categorized as "Very Good," while 44.71% scored between 75 and 84, considered "Good." A total of 17.78% of students were in the "Average" category, and only 9.15% were in the "Poor" category. This distribution of

performance reflects the effectiveness of educational programs that are in line with Pertamina's efforts to build relationships with the community through education and health programs.

These data demonstrate the importance of strong community ties, as a high percentage of students with good performance can help create a stable operating environment and reduce criticism of Pertamina's oil and gas activities. By investing in community education, Pertamina not only builds trust but also improves its public image, strengthening proactive measures in corporate reputation management.

#### IV. CONCLUSION

Pertamina demonstrates its commitment to Corporate Social Responsibility (CSR) by integrating social initiatives into its business strategy. As a state-owned company, Pertamina not only focuses on economic growth but also contributes to community welfare and environmental sustainability. Through programs such as electricity assistance and investment in renewable energy, Pertamina seeks to create a positive impact on communities, especially in areas experiencing energy access issues. These efforts not only enhance the company's reputation but also contribute to broader social development.

Pertamina has invested significantly to improve its operational efficiency and financial performance. Despite challenges such as global oil price fluctuations and domestic fuel price subsidies, Pertamina has managed to maintain stable revenues thanks to its diversified portfolio. Investments in infrastructure modernization and digital transformation demonstrate the company's steps to overcome operational constraints and ensure reliable energy supply throughout Indonesia. This is important to support national economic

growth and meet the energy needs of the community.

Pertamina faces significant environmental challenges, including greenhouse gas emissions and water pollution. However, the transition to renewable energy also opens up great opportunities for the company to utilize Indonesia's natural resources, such as geothermal energy and biofuels. By developing renewable energy projects, Pertamina can not only reduce its dependence on fossil fuels but also support the national renewable energy target. This shows that Pertamina has the potential to play a leading role in clean energy innovation.

Pertamina's image management strategy involves proactive efforts in managing relationships with the media and the community. Through press visits and information releases, Pertamina creates a positive narrative about its sustainability efforts. The use of social media to interact with the public, especially the younger generation who care about environmental issues, further strengthens these relationships. By emphasizing sustainability initiatives and community service programs, Pertamina not only addresses criticism but also strengthens its image as a responsible company. These efforts are important to maintain public trust and create a stable operating environment.

Suggestions for future research are to conduct further studies on the long-term impact of Pertamina's Corporate Social Responsibility (CSR) program on public opinion and public trust. This research can use a method that observes changes in public attitudes before and after the CSR program is carried out, as well as paying attention to other factors such as economic and social conditions around the program location. In this way, researchers can provide a clearer picture of how effective

Pertamina's CSR strategy is and how it helps build the company's image and good relationships with the local community.

## V. ACKNOWLEDGEMENT

This research was made possible by the support of numerous individuals and institutions. We would like to express our deepest gratitude to the management and staff of Pertamina RU IV Badak and Badak LNG, who provided invaluable insights into their *Corporate Social Responsibility* (CSR) initiatives and operations. Their cooperation has been critical in understanding the energy sector's challenges and opportunities.

We are also grateful to the Indonesian Ministry of Energy and Mineral Resources and the Indonesian Ministry of Environment and Forestry for providing access to essential data and reports that informed the environmental and operational analysis within this research.

Lastly, we would like to thank our academic advisors and colleagues at the Universitas Muhammadiyah Kalimantan Timur for their continuous support, as well as the organizers of the International Student Conference on Economics, Business, and Politics 2024, for providing a platform to discuss these important issues.

## REFERENCES

- Arifin, F. (2023). Revolutionizing Efficiency: The Path to Sustainable Oilfield Services in Indonesia's Energy Landscape – The Case of Pertamina Drilling Services. *Heliyon*, 4(5), 110984. <https://doi.org/10.1016/j.heliyon.2024.e39181>
- Bradburn, N. M., Sudman, S., & Wansink, B. (2020). Asking questions: The

Definitive Guide to Questionnaire Design— For Market Research, Political Polls, and Social and Health Questionnaires, Revised Edition. In *Jossey Bass* (Vol. 70, Issue 697). Jossey Bass. <https://doi.org/10.3399/bjgp20X711881>

Elvadri, A. B., Karimah, A. U., Midaria, I. U., Shela, J. D., Deden, M., Adhani, M., & Susanti, N. M. (2023). Penerapan CSR (Corporate Social Responsibility) Pada PT. Pertamina dalam Meningkatkan Tanggung Jawab Lingkungan Perusahaan. *Jurnal Manajemen Dan Akuntansi*, 1(2), 223–231.

<https://doi.org/XX..XXXXX/wanargi>

Irzanova, A. (2023). Case Study Of Pertamina Subholding Establishment: Restructuring Multi-Business Company To Support Corporate Strategy. *Jurnal Scientia*, 12(3), 2142–2151.

<http://infor.seaninstitute.org/index.php>

Ministry of Environment and Forestry Republic of Indonesia. (2022). *The State of Indonesia'S Forests 2022* (Vol. 1). <https://phl.menlhk.go.id/publikasi/the-state-of-indonesias-forests-2022-towards-folu-net-sink-2030/>

Nurjani, M., & Resnawaty, R. (2023). Implementasi Corporate Social Responsibility (Csr) Pt Pertamina Melalui Program Pertamina Cerdas. *Share : Social Work Journal*, 13(1), 74. <https://doi.org/10.24198/share.v13i1.46499>

PT. Pertamina. (2023). *Maju Bersama Menggapai Asa: TENTANG LAPORAN TAHUNAN 2023* (Vol. 1857, Issue 021).

PT. Pertamina Hulu Energi. (2023). *STRENGTHENING ENABLER &*

*SHARED VALUE FOR A  
SUSTAINABLE FUTURE.*

- PwC. (2023). Mining in Indonesia: Investment, Taxation and Regulatory Guide. In *Mining Magazine* (Issue May).
- Timotius, E., & Sukmarani, G. (2021). Industrial Waste Treatment Management: A Review. *Journal of*

*Science and Applied Engineering*,  
4(1), 1.  
<https://doi.org/10.31328/jsae.v4i1.240>  
0

- Trusnawati, N., Nursiti, N., & Navanti, D. (2019). International Review of Management and Marketing. *International Review of Management and Marketing*, 9(3), 64–68.

# THE INFLUENCE OF SELF EFFICACY AND ORGANIZATIONAL CULTURE ON EMPLOYEE PERFORMANCE THROUGH JOB SATISFACTION AS AN INTERVENING VARIABLE AT PT. DAYA SURYA SEJAHTERA PONOROGO

Lina Fatika Sari<sup>1\*</sup>, Umi Farida<sup>1</sup>, Diana Pramudya Wardhani<sup>1</sup>

<sup>1</sup>Faculty Of Economics, Muhammadiyah Ponorogo University, Indonesia

\*Corresponding Author: [fatikalina@gmail.com](mailto:fatikalina@gmail.com)

**Abstract.** *With job satisfaction serving as an intervening variable at PT. Daya Surya Sejahtera Ponorogo, the purpose of this study is to characterize the impact of organizational culture and self- efficacy on employee performance. This study employs a quantitative methodology, utilizing a Google Form to disseminate a questionnaire to 65 participants through a straightforward random sampling procedure. A five-point Likert scale is used to measure data. In this study, the SMART PLS 4.0 tool is utilized for SEM (Structural Equation Modeling) data analysis. The study's findings indicate that organizational culture has a major impact on job satisfaction at PT Daya Surya Sejahtera Ponorogo, self-efficacy has a significant impact on employee performance at PT Daya Surya Sejahtera Ponorogo, and job satisfaction has a significant impact on employee performance at PT Daya Surya Sejahtera Ponorogo. self-efficacy has a big impact on worker performance; at the same time, organizational culture has a big impact on worker performance. Additionally, at PT Daya Surya Sejahtera Ponorogo, confidence in oneself has a big impact on worker performance with*

*job satisfaction acting as an intervening variable, and organizational culture has a big impact on worker performance with job satisfaction acting as an intervening variable*

*Keywords: Employee performance, job satisfaction, organizational culture, and self-efficacy*

## I. INTRODUCTION

A firm is impacted by current developments in the social, cultural, digital, and economic spheres extremely quickly; yet, this situation offers a company both positive and negative values. Companies must overcome each of these obstacles if they want to stay competitive in the 5.0 era. Human resources are the most crucial factor whose development must be taken into consideration in order to overcome the requirement placed on many businesses as a result of globalization to be able to improve employee performance. This requires businesses to be able to analyze the factors that can influence employee performance. Whether a business is in the commerce, manufacturing, or services, human resources are crucial to achieving its objectives and success because having strong.

Employee performance, according to Robbins (2015), is a work outcome attained by an individual or group that helps a firm develop and progress in order to meet the goals of an organization. The accomplishment of organizational goals will be impacted by performance since it can demonstrate how far an organization has come in its operations and how much each person has contributed. Every business wants to see an improvement in performance since happy workers produce better work and bring in more money for the business.

In actuality, not every employee performs to the standards set by the business. Low job satisfaction, an unfavorable company culture, and low employee self-efficacy are some of the elements that contribute to subpar performance. Priyantono (2017) defines self-efficacy as a person's confidence in their capacity to complete and plan out tasks in order to accomplish a goal. Self-efficacy is more closely associated with how someone feels about their own skills. According to research by Khaerana (2020) titled *The Influence of Self-Efficacy on Employee Performance at the Luwu Regency Regional General Election Commission (KPUD) Secretariat*, employees' performance at the Luwu Regency Regional General Election Commission (KPUD) Secretariat is positively and significantly impacted by self-efficacy. Consequently, the greater an employee's sense of self-efficacy, This suggests that an employee's performance increases with their level of self-efficacy; however, the findings of this study differ from that of Agus Prasetyono, Dewi Indriasih, and Ahmad Hanfan's (2023) study, *The Influence of Self-Esteem and Self-Efficaciousness on Employee Performance with Satisfaction*. According to *Work as an Intervening Variable at PT. Bank Syariah Indonesia Tbk in Tegal City*, employee performance at the bank was not

significantly impacted by the self-efficacy variable.

Organizational culture is another element that influences worker performance. Edy Sutrisno (2019) defines organizational culture as the beliefs and attitudes that employees uphold to the point where they serve as the foundation for their conduct and attitudes at work. Employees will be guided to think, act, and behave in accordance with the attitudes and values they believe in by the attitudes and values that have solidified throughout the firm. According to Werni Sarumaha's research, *The Influence of Organizational Culture and Competence on the Performance of Employees at the Telukdalam Subdistrict Office*, published in 2022, The Telukdalam Subdistrict Office in South Nias Regency reports that employee performance is positively and significantly impacted by organizational culture. These findings differ from those of a study by Ary Ferdian and Alya Rismi (2020) titled *The Influence of Organizational Culture and Knowledge Management on Employee Performance at the Telkom Pension Fund*, which reports that employee performance at the Telkom Pension Fund is unaffected by organizational culture.

Job satisfaction is another major aspect that affects employee performance. Job satisfaction, according to Robbins (2015), is the general opinion that workers have about their entire workday. If an employee has positive thoughts about their work and other aspects of their job, they will feel satisfied with their job. based on the findings of a study named *The Influence of Satisfaction, Motivation, and Leadership on PT Employee Performance* that was carried out in 2022 by Hasrudy Tanjung, Adit Prasetyo, and Zulaspan Tupti. According to the *Silangit Airport Branch Office of Angkasa Pura II (Persero)*, job satisfaction has a major and powerful impact on PT employees' performance. The research by Zulkifli Azhari, Erwin Resmawan, and

Muhammad Ikhsan (2021) titled *The Effect of Job Satisfaction on Employee Performance at the Berau Regency Manpower and Transmigration Service* differs from *Angkasa Pura II (Persero) Silangit Airport Branch Office*. The latter study indicates that job satisfaction work has a positive, albeit not statistically significant, effect on employee performance at the Berau Regency Manpower and Transmigration Service.

According to Hasrudy Tanjung (2022), there is a strong correlation between job happiness and employee performance. Specifically, higher job satisfaction levels are associated with greater work performance and outcomes, or vice versa. Someone's morale at work will rise if they are happy with what they are doing. However, if workers are not as happy with their jobs, it will undoubtedly affect their motivation to work, which will lead to subpar output. As a result, job satisfaction is crucial for employees to feel content, which will increase their focus and enthusiasm at work. Employee job satisfaction plays a critical function that affects the longevity of the organization. This demonstrates that for employee performance to increase, job happiness is a prerequisite for all employees.

One of the BUMM (Muhammadiyah Owned Enterprises) is PT. Daya Surya Sejahtera Ponorogo, where the object of this investigation is located. Based on the author's interviews with the manager of PT. Daya Surya Sejahtera Ponorogo, information was gathered that employee performance was deemed subpar, leading to management dissatisfaction. This was caused by the fact that a number of employees were unable to finish work by the deadlines established by the company because they were uncertain of their own capacity to finish the tasks assigned by their superiors, so they turned to other employees for assistance, this results in assigning

responsibilities to other team members, which causes delays in completing work. Of course, this affects the end result and satisfaction a person feels from their work. An unhealthy organizational culture can be caused by excessive competitive behavior among employees, making some employees reluctant to share ideas or information. This is another issue related to organizational culture, It is crucial for employees to comprehend organizational culture, which can offer positive value to achieve company goals, as it can foster satisfaction at work and support better performance. They fear that their colleagues will use the information to establish superiority. An unhealthy organizational culture will undoubtedly have a negative impact on job satisfaction, which naturally also has an impact on performance. The impact of job satisfaction and organizational culture on self-efficacy and job satisfaction as intervening variables at PT. Daya Surya Sejahtera Ponorogo will be covered in this research. Companies, particularly PT. Daya Surya Sejahtera Ponorogo, should take note of these findings and keep them in mind in order to enhance employee performance.

## II. METHODS

### **Population, Sample, and Data Collection**

The population under study for this study is all 260 employees of PT. Daya Surya Sejahtera Ponorogo, who operates in a variety of specialized fields. An online survey was disseminated as part of the study. Simple random sampling is the sampling approach that uses the probability method to get sample data. The formula from Arikunto (2017) was applied in this study, which specifies that if there are more than 100 research subjects, then 10 can be taken-15% or 15% or 25% of the population, while if there are less than 100 research subjects, then the entire population becomes the research sample. Given that



there are more than 100 participants in this study, the research sample size was 25% of the whole population, or 260 employees x 25% = 65 employees. Google Form is used to provide questionnaires to study participants online as part of the data gathering technique. Four variables, from one for strongly disagreeing to five for strongly agreeing, are measured on a linear scale with five points in this study. Every item was reported and every response was given voluntarily, honestly, and without coercion by the respondents. These four variables were modified to create a questionnaire with statement items that were in line with each variable's indicators and written in a way that was simple and straightforward for responders to comprehend.

### Data Analysis Technique

In this study, partial least square (PLS)-based structural equation modeling (SEM) is used for hypothesis testing. The outer model and the inner model are the two measuring models used in this test. The validity and reliability of the research are assessed by the outer model in this study, while the influence between variables is examined by the inner model, which also uses the path coefficient for hypothesis testing and the R-square value to gauge the strength of exogenous variables against endogenous variables.

## III. RESULTS AND DISCUSSION

### Conceptual Framework

In this study, the SmartPLS 4.0 application program is used to analyze partial least squares (PLS). An illustration of the PLS program model is provided below:

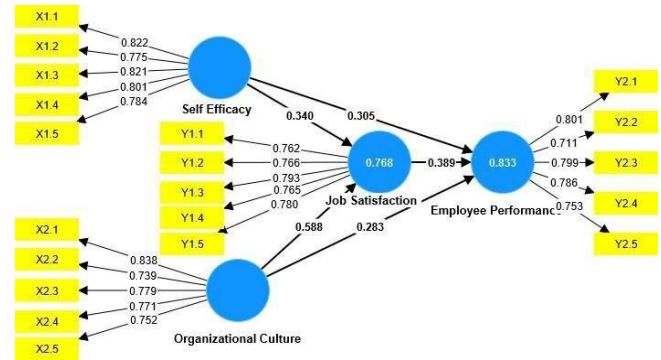


Figure.1 Conceptual Framework

### Measurement Model (Outer Model) Convergent Validity

Ghozali and Latan (2015) state that outer loading > 0.7 is the criterion utilized to determine convergent validity. Table 1 shows that all indicators have outer loading values greater than 0.7, indicating that they are all legitimate and contribute to the variables.

Table 1. Convergent Validity

No.	Statement Items	Outer Loadings Value	Status
1.	X1.1	<b>0,822</b>	Valid
2.	X1.2	<b>0,775</b>	Valid
3.	X1.3	<b>0,821</b>	Valid
4.	X1.4	<b>0,801</b>	Valid
5.	X1.5	<b>0,784</b>	Valid
6.	X2.1	<b>0,838</b>	Valid
7.	X2.2	<b>0,739</b>	Valid
8.	X2.3	<b>0,779</b>	Valid
9.	X2.4	<b>0,771</b>	Valid
10.	X2.5	<b>0,752</b>	Valid
11.	Y1.1	<b>0,762</b>	Valid
12.	Y1.2	<b>0,766</b>	Valid
13.	Y1.3	<b>0,793</b>	Valid
14.	Y1.4	<b>0,765</b>	Valid
15.	Y1.5	<b>0,780</b>	Valid
16.	Y2.1	<b>0,801</b>	Valid
17.	Y2.2	<b>0,711</b>	Valid
18.	Y2.3	<b>0,799</b>	Valid
19.	Y2.4	<b>0,786</b>	Valid
20.	Y2.5	<b>0,753</b>	Valid

### Discriminant Validity

Ghozali and Latan (2015) state that in order for this measurement to be deemed legitimate and appropriate for inclusion in this investigation, it must have an Average Variant Extracted (AVE) value of  $> 0.5$ . Table 2 shows that all variables have Average Variant Extracted (AVE) values greater than 0.5, indicating that all variables are deemed legitimate.

Table 2. Diskriminant Validity

No.	Variable	AVE Value	Status
1.	Self Efficacy	0,641	Valid
2.	Organizational culture	0,603	Valid
3.	Job satisfaction	0,598	Valid
4.	Employee performance	0,594	Valid

### Reliability Test

A statement item is deemed dependable, according to Ghozali and Latan (2015), provided it satisfies the rule of thumb standards. To meet these requirements, the Cronbach'Alpha and Composite Reliability values must both be greater than 0,7. The conditions are met since, according to table 3, all Cronbach's Alpha and Composite Reliability values are more than 0,7.

Table 3. Reliability Test

Variable	Cronbach's Alpha	Composite Reliability
<i>Self Efficacy</i>	<b>0,860</b>	<b>0,899</b>
Organizational culture	<b>0,835</b>	<b>0,884</b>
Job satisfaction	<b>0,832</b>	<b>0,882</b>
Employee performance	<b>0,829</b>	<b>0,880</b>

### Structural Model (Inner Model)

#### R-Square ( $R^2$ )

Table 4's R-Square value indicates that the job satisfaction variable, with a value of 0.768, falls into the "very strong" category, indicating that the model demonstrates a

strong exogenous variable effect on endogenous variables. This means that all of the variables in the model can affect the job satisfaction variable by 0.768, or 76.8%, with the remaining 23.2% being influenced by variables outside of this research model. Meanwhile, the employee performance variable's R-Square ( $R^2$ ) value is 0.833. When considering the R-Square ( $R^2$ ) criterion, 0.833 falls into the "very strong" category, this equals 83.3%, and other factors not included in this study model may have an impact on the remaining 16.7%.

Table 4. R-Square ( $R^2$ )

No.	Variable	R-Square	Adjusted R-Square
1.	Job Satisfaction	0,768	0,761
2.	Employee Performance	0,833	0,825

### Hypothesis Test

In this study, the estimated path coefficient (path coefficient), T-statistics, and p-value (level of significance) results provide information about the relationship between the variables directly (direct effect), while the indirect effect output results, T- statistics, and p-value (level of significance) provide information about the relationship between the variables indirectly (indirect effect). Table 5 below displays the findings of the hypothesis test.

Table 5. Hypothesis Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-statistic (O/STDEV)	P Value
$X_1 \rightarrow Y_2$	0,305	0,300	0,137	2.231	<b>0,026</b>
$X_2 \rightarrow Y_2$	0,283	0,283	0,122	2.318	<b>0,020</b>
$Y_1 \rightarrow Y_2$	0,389	0,395	0,129	3.007	<b>0,003</b>
$X_1 \rightarrow Y_1$	0,340	0,347	0,086	3.951	<b>0,000</b>
$X_2 \rightarrow Y_1$	0,588	0,585	0,086	6.803	<b>0,000</b>
$X_1 \rightarrow Y_1 - > Y_2$	0,132	0,136	0,056	2.376	<b>0,018</b>
$X_2 - > Y_1 > Y_2$	0,229	0,233	0,088	2.590	<b>0,010</b>

### Self-efficacy's impact on workers' performance at PT. Daya Surya Sejahtera Ponorogo

The study's findings indicate that the significant value for self-efficacy, which is 0.026, is less than  $\alpha = 0.05$ . These findings show that self-efficacy has a positive and significant impact on employee performance at PT. Daya Surya Sejahtera Ponorogo, meaning that the higher an employee's self-efficacy, the higher their performance at PT. Daya Surya Sejahtera Ponorogo. The T-statistic is  $2,231 > T\text{-table } 1.96$ , and the p-value is  $0.026 < 0.05$ , indicating that  $H_0$  is rejected and  $H_a$  is accepted. This is inconsistent with a study by Venna Trilolita, Endang Siti, and M. Cahyo (2017) titled "The Influence of Self-Efficacy on Employee Engagement and Employee Performance in Employees of PT Telekomunikasi Indonesia Regional V Surabaya," which explains the importance of self-efficacy in employees by enhancing their capacity to complete tasks as assigned, allowing the business to run smoothly and encouraging high performance from staff members. Self-efficacy can be considered to enhance individual performance since it motivates people to work harder and consistently create their bestwork when they believe in their own abilities and the success they will ultimately attain. The findings of the self-efficacy variable's perception analysis, which demonstrate that workers at PT. Daya Surya Sejahtera Ponorogo have self-confidence in finishing tasks or doing

their jobs well, corroborate this. As can be seen, the first question, "Are you sure you can complete the task or work given to you well?" had the highest average score (4.25) on the self-efficacy variable, indicating that PT employees' level of self-efficacy is positive based on the analysis's findings. Sejahtera Daya Surya Ponorogo. This strong sense of self-worth can be leveraged to boost productivity on an individual basis as well as to positively impact the company's overall development. The research conducted by Khaerana (2020) titled The Influence of Self-Efficaciousness on Employee Performance at the Secretariat of the Luwu Regency Regional General Election Commission (KPUD) supports the linear output results of this study and indicates that the performance of Secretariat employees is positively and significantly impacted by self-efficacy. According to research by Iwan Restu Ary and Anak Agung (2019) titled The Influence of Self-Efficacy and Locus Control of Employee Performance at Ramayana Mall Bali, self-efficacy has a positive and significant effect on employee performance at Ramayana Mall Bali. This is in line with the findings of the Luwu Regency Regional General Election Commission (KPUD) that higher employee self-efficacy results in higher performance.

### Organizational culture's impact on workers' performance at PT. Daya Surya Sejahtera Ponorogo

The findings of the study indicate that the significant value established in organizational culture is 0.020, which is less than  $\alpha = 0.05$ . These results show that the T-statistic is  $2,318 > T\text{-table } 1.96$  and the p-value is  $0.020 < 0.05$ , indicating that  $H_0$  is rejected and  $H_a$  is accepted. Since the conclusion is based on variable test data, organizational culture at PT is shown to have a positive impact on employee performance. Daya Surya Sejahtera consistently becomes better, it indicates that there is a rise in work habits and is supported by employees'

improved performance on company-provided work. growing PT workers' organizational culture. Daya Surya Sejahtera demonstrates the cohesion and demeanor of workers who are engaged in their work and are able to be effectively managed, as a result, worker quality is enhanced. This is consistent with research by Made Ary and M. Rudi (2017), titled "The Influence of Organizational Culture on Employee Performance at KSU Tabungan Nasional, Singaraja," which found that, in the absence of an organization's culture, organizational culture can positively impact employee performance. organization, it is only natural that its members will struggle to fulfill the objectives of the group. Organizational operations in a corporation are driven by its employees. Organizational performance will rise in tandem with high personnel performance. Every employee in an organization is expected to have values, beliefs, and behavior consistent with the organization; this is known as organizational culture. As a result, organizational members are more focused on accomplishing organizational goals as a result of organizational culture. Healthy organizational or business environments will undoubtedly be created in order to achieve organizational goals and maximize personnel performance. The findings of the examination of employee perceptions of organizational culture variables, which demonstrate that PT. Daya Surya Sejahtera Ponorogo employee performance can be enhanced by highlighting the significance of high productivity in accomplishing corporate goals, lend support to this. Question five, "To what extent do you agree that emphasizing the importance of high productivity in achieving company goals can improve employee performance?" provides evidence of this. who received the highest average score 4.29% on the organizational culture variable. This high average score indicates that workers at PT. Daya Surya

Sejahtera Ponorogo believe that the organizational culture they have adopted pays enough attention to productivity and acknowledges that raising productivity can improve worker performance as a whole. The findings of the study by Made Ary and M. Rudi (2017) are linear and corroborated by additional research by Werni Sarumaha (2022) titled The Influence of Organizational Culture and Competence on the Performance of Employees at the Telukdalam Subdistrict Office, South Nias Regency, which demonstrates the positive and significant impact that organizational culture has on employee performance at the Telukdalam Subdistrict Office, South Nias Regency. Additionally, research by Kardinah Andriana and Cahyadi Husada (2019) titled The Influence of Organizational Culture and Organizational Commitment on Employee Performance also demonstrates the positive and significant effect that organizational culture has on employee performance.

#### **Job satisfaction's impact on workers' performance at PT. Daya Surya Sejahtera Ponorogo**

The study's findings indicate that the significant value for job satisfaction is 0.003, which is less than  $\alpha = 0.05$ , because the job satisfaction test data at PT. Daya Surya Sejahtera shows that the job satisfaction variable is a variable that significantly influences the emergence of a feeling of joy and love for one's work, it can be concluded that job satisfaction has a positive and significant influence on employee performance. Based on these results, it can be seen that the T-statistic is  $3.007 > T\text{-table } 1.96$  and the p-value is  $0.003 < 0.05$ , meaning that  $H_a$  is accepted and  $H_o$  is rejected, because of this sense of responsibility at work, the company's good reputation, and each employee's expectations, job satisfaction at PT. Daya Surya Sejahtera is a factor that increases the

opportunity for better performance and encourages employees to be more committed to the company. A study by Santi Octaviani and Rahmah Hamni (2022) titled "The Influence of Job Satisfaction and Workload on PT Inkabis Indonesia Employee Performance" clarifies how an individual's views about their work are reflected in their workplace contentment. This is seen in the worker's upbeat outlook on their work and all of the challenges they encounter in terms of job satisfaction. Workers who are dissatisfied with their jobs will never feel psychologically satisfied, and eventually, bad attitudes or behaviors will surface. Conversely, contented workers will be able to perform well. Therefore, job happiness has a significant impact on employee performance. Happy employees are more energetic, enthusiastic, and capable of performing better than dissatisfied employees. Naturally, those who are really satisfied with their jobs will give their all. The findings of the perception analysis of the job satisfaction variable, which indicate that workers are content with PT Daya Surya's policies and procedures for facilitating the efficient operation of their work, lend credence to this. The majority of employees feel very satisfied with the rules and procedures that have been implemented at PT. Daya Surya Sejahtera Ponorogo, as can be seen from the first question, "Are you satisfied with the rules and procedures at PT Daya Surya to support the smooth running of your work?" which received the highest average score on the job satisfaction variable, namely 4.37. This could be taken to suggest that these guidelines help ensure that employee tasks are carried out smoothly and that performance goals are met. Hasrudy Tanjung, Adit Prasetyo, and Zulaspan Tupti's study, "The Influence of Satisfaction, Motivation, and Leadership on PT Employee Performance," from 2022 lends credence to this. According to the Silangit Airport Branch Office of Angkasa Pura II (Persero), job happiness has a major and

powerful impact on PT employees' performance. Branch Office of Angkasa Pura II (Persero) at Silangit Airport. This is consistent with the findings of Rosmaini and Hasrudy Tanjung's 2019 research employment happiness has a good and significant impact on employee performance in the Department, according to a study titled "The Influence of Competence, Motivation, and employment happiness on Employee Performance in the Aceh Tamiang Regency Public Works and Public Housing Service. Public Housing and Works in Aceh Tamiang Regency."

### **Self efficacy's impact on job satisfaction at PT. Daya Surya Sejahtera Ponorogo**

The study's findings indicate that the significance value for self-efficacy is less than 0.000, or  $\alpha = 0.05$ . These findings show that the T-statistic is  $3.951 > T\text{-table } 1.96$  and the p-value is  $0.000 < 0.05$ , indicating that  $H_0$  is rejected and  $H_a$  is accepted. These findings support the notion that self-efficacy at PT. Daya Surya Sejahtera Ponorogo significantly and favorably influences job satisfaction. Job happiness may be influenced by self-efficacy. A key factor in generating work happiness is self-efficacy. The degree to which each employee believes in their own abilities will positively impact their level of job satisfaction. Job satisfaction is directly impacted by self-efficacy. High self-efficacy will promote greater job satisfaction because, for instance, when workers feel confident in their ability to complete new tasks assigned by the organization, they will always be prepared to improve themselves if they are still not meeting performance standards. An employee's self-efficacy is a good indicator of their level of satisfaction with their work performance. The study by Putu Eka and I Made Artha 2016 "The Influence of Self-Efficacy and Work Motivation on Job Satisfaction of Employees in the Equipment Section of the Klungkung Regency Secretariat" states that their research's

hypothesis testing indicates that there is a strong and favorable influence from because self-efficacy is the foundation of an employee's confidence when performing a job, employees with low self-confidence typically perform below par at work. The self-efficacy variable on employee job satisfaction demonstrates that self-efficacy is directly linked to job satisfaction. For this reason, increasing employee self-efficacy is crucial to raising performance levels. Research titled "The Influence of Self-Efficacious and Work Environment on Employee Job Satisfaction" (Utami, Ella, Rahayu, and Didit, 2020) supports this, showing that self-efficacy has a major and influential impact on employee job happiness. According to a study titled "The Influence of Self-Efficacy and Work Motivation on the Job Satisfaction of Happy Bali Tour & Travel Denpasar Employees" by Putu Eka and I Gusti (2015), self-efficacy significantly and favorably affects the job satisfaction of Happy Bali employees at Bali Tour & Travel Denpasar.

### **Organizational's culture impact on job satisfaction at PT. Daya Surya Sejahtera Ponorogo**

The findings of the study indicate that the significant value established in organizational culture is less than 0.000, or  $\alpha = 0.05$ . The T-statistic is  $6.803 > T\text{-table } 1.96$  and the p-value is  $0.000 < 0.05$ , indicating that  $H_0$  is rejected and  $H_a$  is accepted. These findings lead to the conclusion that organizational culture at PT. Daya Surya Sejahtera Ponorogo has a positive and significant impact on job satisfaction. Employees can work in a welcoming and comfortable setting if their organization has a strong and positive culture. An organization's working climate can be positively impacted by an organizational culture that is appropriate for the circumstances, which in turn can raise employee job satisfaction. Employees that

are more satisfied with their jobs will feel more at ease at work and be less under pressure from superior management or their peers. One significant element influencing job behavior, such as employee satisfaction, is organizational culture. Job satisfaction is directly impacted by organizational culture because of its accuracy in designing desirable employment and work settings, assigning duties, and effectively enforcing regulations. Employee job satisfaction increases with the implementation of a better company culture. The study "The Influence of Work Motivation, Organizational Commitment and Organizational Culture on the Job Satisfaction of Elementary School Teachers in School Cluster VI, Kejayan District, Pasuruan Regency" by Didit Darmawan (2016) clarified that organizational cultures serve as guidelines or rules for thinking and acting in a way that accomplishes predetermined objectives. This implies that if the organizational culture grows successfully, the organization will move toward greater development. Organizational culture agreements will make it easier for agreements to be created for individual interests in a larger organization. The primary function of organizational culture is to direct and manage the attitudes and behaviors of people who work in organizations. Job happiness is influenced by an adequate and well-functioning organizational culture. A robust culture demonstrates that members share a common understanding of the values the organization upholds. Thus, it is easy to achieve professional satisfaction, a sense of unity, loyalty, and organizational dedication when relationships are harmonious. The study "The Influence of the Work Environment and Organizational Culture on Employee Job Satisfaction" by Mila and Yusuf (2021) provides evidence in support of this claim, showing that organizational culture significantly and

favorably affects employee work happiness. This is consistent with research that was done in 2015 by Koko Herawan, Djudi Mukzam, and Gunawan Eko at PT. Bank Rakyat Indonesia (Persero) and titled The Influence of Organizational Culture on Employee Job Satisfaction Study. That study found that organizational culture significantly and favorably affects employee job satisfaction.

### **The impact of job satisfaction as a intervening variable between self efficacy and employee performance at PT. Daya Surya Sejahtera Ponorogo**

The sixth study hypothesis posits that job satisfaction may function as a mediating factor in the relationship between self-efficacy and worker performance. The work satisfaction analysis test findings indicate that the self-efficacy significance value is 0.018, which is less than  $\alpha = 0.05$ . The T-statistic is  $2,376 > T\text{-table } 1.96$  and the p-value is  $0.018 < 0.05$ , indicating that  $H_0$  is rejected and  $H_a$  is accepted based on these results. It is therefore possible to conclude that job satisfaction may operate as an intervening variable in the relationship between self-efficacy and performance for employees at PT. Daya Surya Sejahtera Ponorogo. Job satisfaction is correlated with high self-efficacy because these individuals believe they can prepare for any situation that may arise. When workers are confident in their abilities, whether they are used in a group setting or alone, they will be more motivated to work efficiently, meet goals set by the organization, and try to improve their performance. This is known as self-efficacy. If workers are happy with their abilities, they will perform at their best and keep getting better. Each employee's sense of self-efficacy will determine their level of satisfaction, which will then affect their output. The study "The Influence of Self-Efficacious on Employee Performance Through Job Satisfaction as a Mediating Variable at the Trenggalek Regency

Population and Civil Registration Service" by Zumrotul Masruroh and Prayekti (2021) supports this, stating that self-efficacy is an individual's assessment of their own abilities. personal ability to complete a task, reach a goal, and solve an issue. Self-assurance in one's skills can affect a person's emotions, mindset, drive, and conduct. Therefore, in order to achieve business objectives, the organization must be able to please its workforce, as job satisfaction affects morale, productivity, and discipline. This is consistent with a study titled "The Influence of Self-Efficacy on Performance Through Job Satisfaction as an Intervening Variable for UD Employees" that was carried out by Nur Siamita & Iriani Ismail in 2021. According to the "Indah Collection," job satisfaction acts as a mediating factor between the self-efficacy variable's positive and significant impact on employee performance. This is consistent with a study by Mansur, Edi Jusriadi, and Muchryadi (2023) titled The Influence of Self-Efficacy, Mastery of Information Technology on Employee Performance at the Tirta Bantimurung Drinking Water Company, Maros Regency: The Study Shows That Job Satisfaction as an Intervening Variable Has a Positive and Significant Effect on Employee Performance.

### **The impact of job satisfaction as a intervening variable between organizational culture and employee performance at PT. Daya Surya Sejahtera Ponorogo**

The seventh research hypothesis posits that job satisfaction may function as a mediating factor in the relationship between corporate culture and worker performance. The work satisfaction analysis test findings indicate that the organizational culture significance value is less than  $\alpha = 0.05$ , namely 0.010. Based on these findings, it is evident that the p-value is  $0.010 < 0.05$ , the T-statistic is  $2,590 > T\text{-table } 1.96$ , and  $H_0$  is rejected

while  $H_0$  is accepted. These findings suggest that work satisfaction may function as an intervening variable in the relationship between organizational culture and performance. workers at PT. Daya Surya Sejahtera Ponorogo. A company with the correct organizational culture will be able to eliminate social inequalities within the workforce, foster positive working relationships between employees, and provide a comfortable work environment for all parties involved, including the employees themselves. When they work in environments that meet their expectations and provide favorable conditions, employees will feel content. Naturally, once job satisfaction needs are addressed, employee performance will be impacted. Employee work satisfaction will rise with a positive organizational culture, and if an employee is content, their performance will rise as well. Workers that experience high levels of job satisfaction as a result of a positive organizational culture will perform better overall. The impact of leadership style and organizational culture on employee performance through job satisfaction as an intervening variable at PT. Bank Syariah Mandiri Sampang Branch, a study by Silahlul Mukmin and Indra Prasetyo (2021) that explains how a strong organizational culture will help the organization provide certainty to all employees to develop together, grow, and develop the company, supports this. Employees must be instilled with an awareness of corporate culture from a young age. Employees will feel united and connected to their company if the process of internalizing organizational culture into personal culture is successful. They will also feel free to perform at their best. It goes without saying that this is a win-win situation that can satisfy the employer and the workforce. The study "The Influence of Work Ethics, Organizational Culture, and Workload on Employee Performance with

Job Satisfaction as an Intervening Variable" by Nurhasanah, Jufrizen, and Zulaspan (2022) provides evidence in support of these output results. It indicates that organizational culture variables have a positive and significant impact on employee performance, which is mediated by job satisfaction. The findings of the study The Influence of Motivation, Transformational Leadership and Organizational Culture on Employee Performance Through Job Satisfaction as an Intervening Variable for Studies at PT. Champion Kurnia Djaja Technologies (2020) by Setria Feri, Adi Rahmat, and Bambang Supeno support this assertion. The study shows that organizational culture variables have a positive and significant effect on employee performance when job satisfaction is used as an intervening variable.

#### IV. CONCLUSION

The study's findings indicate that at PT. Daya Surya Sejahtera Ponorogo, employee performance ( $Y_2$ ) is significantly impacted by self-efficacy ( $X_1$ ). At PT. Daya Surya Sejahtera Ponorogo, it has been demonstrated that organizational culture ( $X_2$ ) significantly affects employee performance ( $Y_2$ ). At PT. Daya Surya Sejahtera Ponorogo, it has been demonstrated that job satisfaction ( $Y_2$ ) significantly affects staff performance ( $Y_2$ ), at PT. Daya Surya Sejahtera Ponorogo, it is established that job satisfaction ( $Y_1$ ) is significantly impacted by self-efficacy ( $X_1$ ), At PT. Daya Surya Sejahtera Ponorogo, it has been demonstrated that organizational culture ( $X_2$ ) significantly affects job satisfaction ( $Y_1$ ), at PT. Daya Surya Sejahtera Ponorogo, it has been demonstrated that the self-efficacy variable ( $X_1$ ), with job satisfaction ( $Y_1$ ) acting as an intervening variable, has a positive and substantial effect on employee performance ( $Y_2$ ). At PT. Daya Surya Sejahtera



Ponorogo, it has been demonstrated that the organizational culture variable ( $X_2$ ), with work satisfaction ( $Y_1$ ) acting as an intervening variable, has a positive and

substantial effect on employee performance ( $Y_2$ ).

## REFERENCES

- Ardi, V. T. P., Astuti, E. S., & Sulistyono, M. C. W. (n.d.). *PENGARUH SELF EFFICACY TERHADAP EMPLOYEE ENGAGEMENT DAN KINERJA KARYAWAN (Studi pada Karyawan PT Telekomunikasi Indonesia Regional V Surabaya)*.
- Ary, I. R., & Sriathi, A. A. A. (2019). *PENGARUH SELF EFFICACY DAN LOCUS OF CONTROL TERHADAP KINERJA KARYAWAN (Studi Pada Ramayana Mal Bali)*. *E-Jurnal Manajemen Universitas Udayana*, 8(1), 30. <https://doi.org/10.24843/EJMUNU.D.2019.v08.i01.p02>
- Azhari, Z., Resmawan, E., & Ikhsan, M. (2021). *Pengaruh kepuasan kerja terhadap kinerja karyawan*.
- Darmawan, D. (2018). *PERANAN MOTIVASI KERJA, KOMITMEN ORGANISASI DAN BUDAYA ORGANISASI TERHADAP KEPUASAN KERJA*. <https://doi.org/10.31227/osf.io/e32dz>
- Ferdian, A., & Devita, A. R. (2020). *Pengaruh Budaya Organisasi Dan Knowledge Management Terhadap Kinerja Karyawan*. *Jurnal Penelitian IPTEKS*, 5(2), 187–193. <https://doi.org/10.32528/ipteks.v5i2.3657>
- Champion Kurnia Djaja Technologies. *INOBI: Jurnal Inovasi Bisnis dan Manajemen Indonesia*, 4(1), 134–151. <https://doi.org/10.31842/jurnalinobis.v4i1.172>
- Herawan, K., Mukzam, M. D., & Nurtjahjono, G. E. (n.d.). *PENGARUH BUDAYA ORGANISASI TERHADAP KEPUASAN KERJA KARYAWAN STUDI PADA PT. BANK RAKYAT INDONESIA (PERSERO) KANTOR CABANG KOTA MALANG KAWI*.
- Jusriadi, E., & Muchran, M. (2023). *PENGARUH SELF EFFICACY, PENGUASAAN TEKNOLOGI INFORMASI TERHADAP KINERJA PEGAWAI DENGAN KEPUASAN KERJA SEBAGAI VARIABEL INTERVENING*. 2(9).
- Khaerana, K. (2020). *Pengaruh Self Efficacy terhadap Kinerja Pegawai pada Sekretariat Komisi Pemilihan Umum Daerah (Kpud) Kabupaten Luwu Timur*. *Jurnal Ecoment Global*, 5(1), 80–89. <https://doi.org/10.35908/jeg.v5i1.835>
- Lestari, U. P., Sinambela, E. A., Mardikaningsih, R., & Darmawan, D. (2020). *Pengaruh Efikasi Diri Dan Lingkungan Kerja Terhadap Kepuasan Kerja Karyawan*. 3(2).
- Masruroh, Z., & Prayekti, P. (2021). *Pengaruh Self Efficacy terhadap Kinerja Karyawan Melalui Kepuasan Kerja Sebagai Variabel Mediasi*. *Jurnal Syntax Transformation*, 2(04), 565–571. <https://doi.org/10.46799/jst.v2i4.265>

- Meitriana, M. A., & Irwansyah, M. R. (2018). PENGARUH BUDAYA ORGANISASI TERHADAP KINERJA KARYAWAN (Studi Kasus pada KSU Tabungan Nasional, Singaraja). *Ekuitas: Jurnal Pendidikan Ekonomi*, 5(1). <https://doi.org/10.23887/ekuitas.v5i1.15570>
- Nurhasanah, N., Jufrizen, J., & Tupti, Z. (2022). Pengaruh Etika Kerja, Budaya Organisasi Dan Beban Kerja Terhadap Kinerja Karyawan Dengan Kepuasan Kerja Sebagai Variabel Intervening. *Jesya (Jurnal Ekonomi & Ekonomi Syariah)*, 5(1), 245–261. <https://doi.org/10.36778/jesya.v5i1.618>
- Pps, J., Mukmin, S., & Prasetyo, I. (2021). PENGARUH GAYA KEPEMIMPINAN DAN BUDAYA ORGANISASI TERHADAP KINERJA KARYAWAN MELALUI KEPUASAN KERJA KARYAWAN SEBAGAI VARIABEL INTERVENING. *Jurnal Manajerial Bisnis*, 4(2), 123–136. <https://doi.org/10.37504/jmb.v4i2.297>
- Prasetyono, A., Indriasih, D., & Hanfan, A. (2023). *Pengaruh Self Esteem Dan Self Efficacy Terhadap Kinerja Karyawan Dengan Kepuasan Kerja Sebagai Variabel Intervening (Studi Kasus Pada PT. Bank Syariah Indonesia Tbk Di Kota Tegal)*. 1.
- Priyantono, P. (n.d.). *PENGARUH SELF-LEADERSHIP, SELF-EFFICACY DAN MOTIVASI TERHADAP KINERJA (Studi pada Independent Bussines Owner PT. AMWAY Indonesia di Semarang, Jawa Tengah)*. 6(2).
- Putri, P. E. V., & Wibawa, I. M. A. (n.d.). *PENGARUH SELF-EFFICACY DAN MOTIVASI KERJA TERHADAP KEPUASAN KERJA PEGAWAI BAGIAN PERLENGKAPAN SEKRETARIAT KABUPATEN KLUNGKUNG*. 5(11).
- Sarumaha, W. (2022). Pengaruh Budaya Organisasi dan Kompetensi Terhadap Kinerja Pegawai. *Jurnal Akuntansi, Manajemen dan Ekonomi*, 1(1), 28–36. <https://doi.org/10.56248/jamane.v1i1.10>
- Tanjung, H., Hardita, A. P., & Tupti, Z. (2022). PENGARUH KEPUASAN KERJA, MOTIVASI, DAN KEPEMIMPINAN TERHADAP KINERJA PEGAWAI PT. ANGKASA PURA II (Persero) KANTOR CABANG BANDAR UDARA SILANGIT. *Niagawan*, 11(2), 121. <https://doi.org/10.24114/niaga.v11i2.33186>

# THE ROLE OF HUMAN RESOURCE DEVELOPMENT, INFRASTRUCTURE, AND DIGITAL-BASED CULTURAL PROMOTION IN GENERATING THE CREATIVE ECONOMY OF THE SUNGAI BAWANG CULTURAL VILLAGE COMMUNITY

Titin Ruliana<sup>1</sup>, Andriawan<sup>1</sup>, Eni Rosita<sup>1</sup>, Majuliyati<sup>1</sup>

<sup>1</sup>Universitas 17 Agustus Samarinda 1945, Indonesia

\*Corresponding Author: [titin@untag-smd.ac.id](mailto:titin@untag-smd.ac.id), [benua9174@gmail.com](mailto:benua9174@gmail.com)

**Abstrack.** *The problems generally faced by the management of Lamin Sungai Bawang Cultural Village are the lack of human resource development, inadequate infrastructure and minimal promotion resulting in slow economic development based on the local wisdom possessed by the residents of this village. The research method used in this research is a qualitative description approach. Talking about promotion via digital, the village has two Instagram accounts, one of which is the private property of one of the people of Sungai Bawang Cultural Village, which could be said to be less promotional and less active in marketing the culture of Sungai Bawang Cultural Village. It would be a shame if Sungai Bawang Cultural Village cannot compete internationally because this village has the potential to advance in the era of creative economic development which is currently popular among Indonesian people.*

**Keywords:** *Creative Economy; Sungai Bawang Cultural Village; Human Resources Development, Infrastructure and Promotion.*

## I. INTRODUCTION

Benua Etam is a popular nickname among Indonesian people. East Kalimantan is one of the provinces in Indonesia located on the island of Kalimantan at the eastern tip which directly borders Sarawak (East Malaysia), North Kalimantan, Central Kalimantan, South Kalimantan, West Kalimantan, and Sulawesi. The total area of East Kalimantan reaches 127,346.92 km<sup>2</sup>, it is no wonder that East Kalimantan is famous for its marine tourism and the cultural wisdom of the Dayak tribe which provides its own attraction for local and foreign tourists. One of the Cultural Villages that was inaugurated on January 14, 2008 (Satrio, 2021). The name Sungai Bawang Cultural Village, which is located in Muara Badak District, Kutai Kartanegara City, East Kalimantan Province, Indonesia. The journey for 15 years has not progressed in the sense that many local people still do not know that there is a Sungai Bawang Cultural Village. The infiltration of Western culture that is slowly enveloping

Indonesian society is a threat to the native culture that depicts the typical locality of the regions, especially this Sungai Bawang Cultural Village. There are still many who do not know about the village. Activities to maintain, inherit, disseminate and realize the creative economy from cultural products are often overlooked by the indigenous agenda and attention. The creative economy is one of the important concepts in economic empowerment in the midst of the era of globalization (Alhada et al., 2021a). Ideas become expensive goods in the creative economy, because these creative ideas will encourage the creation of breakthrough innovations that then become new solutions and new products that will become souvenirs typical of East Kalimantan (sari, 2018). In the creative economy, the role of digitalization is very influential in promoting the results of the industry that has been produced by individuals or BUM owned by the Sungai Bawang Cultural Village with the aim of improving the local economy.

When talking about promotion, namely activities that have efforts to convey types of products and attract attention to buy the products offered, it cannot be separated from the promotional mix, namely advertising, sales promotion, and public relations (Kotler, 2016).

Talking about the creative economy cannot be separated from digitalization which is a tool for cultural promotion, especially in the Sungai Bawang Cultural Village. The era of digital technology has encouraged new ways to interpret knowledge space, marketing culture or products, and information for local and foreign communities with the aim of preserving culture in order to realize the creative economy (Halum et al., 2021). The Sungai Bawang Cultural Village presents several cultural riches including dance, music, and various high-value handicrafts (Satrio, 2021). This will realize the creative

economy while preserving local culture. The development of digitalization has brought mass media to develop and foster innovations in people's awareness of information needs (Arifin, 2023). Currently, Indonesian society is very open to the world of media because of the ease of accessing information and news in real time, causing the growth of digital media to be very rapid (Arifin, 2023). This growth has resulted in influences from various aspects of people's lives, both from the side of users, business people, traders, to non-profit organizations. With the development of media technology digital, such as the internet, blogs, social media (Facebook, Instagram, Whatsapp, Line, Path, Twitter, Tiktok, and others). With this digitalization, people must maintain their local culture amidst the onslaught of globalization, by formulating several strategies and steps to strengthen and maintain local cultural identity. The existence of social media will facilitate the promotion of Sungai Bawang Cultural Village. Tourists are a source of foreign exchange that can increase state and community income in the local area (Indriastuty, 2020a). The development of the creative economy through tourism is one of the strategies used by non-governmental organizations to promote certain areas as tourist attractions in order to realize the creative economy.

## II. METHODS

This study uses a qualitative description approach. Data collection techniques are carried out by observation, interviews, and documentation. Observation according to Hardani, 2020, quoted by Kartika in his research, observation is a technique or way to collect data systematically on research objects, both directly and indirectly (Kartika et al., n.d.). An interview is a verbal question and answer session between two or more people directly with a specific purpose and the type of question will

determine the information to be obtained (Rachmawati, n.d.). Documentation is a way of collecting data by recording existing data. In addition to using existing official documents, researchers also take photos/pictures with related objects (Kartika et al., n.d.). The data analysis techniques used are data reduction, data presentation, and drawing conclusions.

### III. RESULTS AND DISCUSSION

#### 1. History of Sungai Bawang Cultural Village

The origin of Sungai Bawang Crocodile Village was with the plantation program. At that time, there were only pepper plantations and the people who became farmers settled in the village. The people who lived in the area were migrants from North Kalimantan (Tanah Ulu) whose dominant community was Dayak Kenyah and the majority were Christian.

In 1987, a settlement was formed which was initially called Karang Mumus Dalam which was still part of Sungai Siring Village. At that time, the Samarinda City government paid less attention to the village so that the village moved to Kutai Kartanegara Regency in 2006, and changed its name to Sungai Bawang Cultural Village. In 2008, it was inaugurated that Sungai Bawang Cultural Village became a Cultural Village owned by Kutai Kartanegara Regency. This is expected to be able to provide assistance in terms of infrastructure in Sungai Bawang Cultural Village, such as the construction of roads, elementary schools, bridges and so on.

The origin of the name of Sungai Bawang Cultural Village is the name Sungai Bawang comes from the Dayak Kenyah language which means river (water) and bawang (swamps). This village is

surrounded by swamps so that the local people agree to name the village as Sungai Bawang. There are those who think otherwise, namely that some people come from Apau Kayan (Tanah Hulu) and in that area there are those who named Sungai Bawang then transferred to the community settlement as a sign of remembering the area of origin of the community that first came to the area.

Uniquely, the Sungai Bawang Cultural Village strongly maintains the cultural heritage that has been born from ancestors such as the attitude of mutual cooperation, fine arts, music, farming systems and so on. In addition, the family nature built by the community creates harmony and integrity of the Dayak Kenyah tribe who live in the village.

List of Creative Economy of Sungai Bawang Village

No. Type

1. Beaded hat
2. Rattan knitted bag
3. Beaded wallet
4. Beaded bracelet
5. Key chain
6. Beaded bag
7. Dayak machete
8. Beaded ring
9. Beaded necklace
10. Beaded earrings
11. Dayak vest

Craft products that have high value to be able to compete with foreign countries must be maintained and developed in order to realize a creative economy with high sales value.



Picture 1. Handicraft Trade



Picture 2. Handicraft Trade

No Dance Documentation

1 Lemada Lasan Dance, tells of cleansing the land from evil spirits when the event is about to start, so that the event can run smoothly;



2 Nyelama Sakai Dance, comes from the Dayak Kenyah language which means a grand welcome for guests of honor, the Nyelama Sakai dance is a dance that must be performed during visits from special guests such as kings or great leaders who are respected;



3. Pita Ba'I Dance & Uyan Uma Dance, meaning young men and women looking for land to make fields and plant rice;



4. Ajay Dance, meaning a Dayak Kenyah tribe dance which means a war cry to defend the tribe;



5. Datu Peno Dance, meaning gratitude when the harvest is finished;



6. Leleng Dance, meaning a Dayak girl dance who is forced to marry a man she does not love;



7. Anyam Tali Dance, meaning a dance to welcome guests using colorful strands of cloth;



8. Hudoq Kiba Dance, is one of the typical dances of the Dayak Kenyah tribe which is played by several old and young women. Udoq Kiba is a mask made from rattan basket elbows and decorated with beads and hornbill feathers which have the meaning of warding off evil spirits and purifying.



Figure 1. Speed Changing Tool

The art performance is held every Sunday or can be held when there are visits from foreign guests or some other activities. There are several dances that are performed during the art performance, the following is a list of the dances performed, namely: Foreign tourists and exchange students from various islands in Indonesia have visited the Sungai Bawang Cultural Village.



## 2. Development of Human Resources in Sungai Bawang Cultural Village

The Kutai Kartanegara Government has not been optimal in optimizing the development of human resources in Sungai Bawang

Cultural Village. If the government has a work program to develop the quality of human resources by prioritizing local wisdom, then this village is very suitable to be used as a cultural tourism destination if there are foreign or local guests.

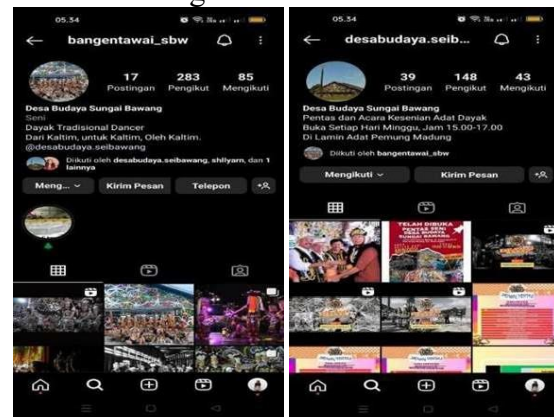
### 3. Infrastructure of Sungai Bawang Cultural Village

The location of Sungai Bawang Cultural Village is quite strategic, namely on a busy route for land and air traffic. Samarinda City as a business area that will be run and various companies that sell their businesses in Samarinda City. The benefits of road infrastructure development, especially in Samarinda City, do have positive impacts, including (Ministry of Public Works of the Republic of Indonesia, 2010):

- Accelerating travel time between sub-districts in Samarinda City;
- Streamlining travel time between cities around Samarinda City;
- Increasing land prices around road infrastructure development; and
- Reducing population density in Samarinda City due to satellite cities around Samarinda.

4. Digitalization-Based Cultural Promotion Promotion comes from the word promote in English which means developing or improving (Indriastuty, 2020b). Promotion is one component of the marketing mix. The purpose of promotion is to achieve various communication goals with consumers, one of which is to introduce to the market share. Promotion is an effort to increase the individual's attraction to something, for example cultural promotion (Indriastuty, 2020b). To realize the creative economy, promotion has a role in promoting the culture of the Sungai Bawang Cultural Village. Cultural promotion is very crucial to increase the attraction of tourist attractions and handicrafts owned by the Sungai Bawang Cultural Village to potential local and foreign tourists. The form of promotion is not only tourism maps, guidebooks, brochures, leaflets, the internet

but also includes organizing exhibition events, as well as cultural performances and handicrafts produced (Indriastuty, 2020b). The social media owned by the Sungai Bawang Cultural Village is Instagram which is personally owned by the local community. The Instagram name is @desabudaya.seibawang and @bangentawai\_sbw. The lack of promotion on this social media makes local residents in Samarinda and Kutai Kartanegara still unfamiliar with the Sungai Bawang Cultural Village.



## IV. CONCLUSION

In short, promotion is an activity to communicate information from sellers to consumers or other parties in the sales channel to influence attitudes and behavior (Hanggraito et al., 2020). Through advertising, a company directs persuasive communication to target buyers and the public through media called social media such as Instagram, Facebook, Youtube, Tiktok, Twitter, Line, and WhatsApp. The promotion carried out by Sungai Bawang Cultural Village is still not going well. The awareness of the lamin administrators is still minimal regarding the importance of social media for promotion in order to realize the regional creative economy. Instagram name The Instagram names owned are @desabudaya.seibawang and @bangentawai\_sbw which are owned by individuals from one of the people of



Sungai Bawang Cultural Village. There are still no other social media.

The limited cultural promotion carried out by Sungai Bawang Cultural Village has resulted in a lack of local and foreign tourists. Nearby residents such as those in Samarinda still do not know that there is a Cultural Village other than Pampang Cultural Village. Sometimes, if there are visits or guests from outside the city, the committee usually visits Sungai Bawang Cultural Village. There are several foreign guests, as well as students from outside the region who participate in the MBKM program at universities in East Kalimantan.

#### CONCLUSION AND SUGGESTIONS CONCLUSION

There are still many problems that are generally faced by the Lamin management of Sungai Bawang Cultural Village, namely the development of human resources, infrastructure, and minimal promotion resulting in slow information owned by residents in Samarinda and Kutai Kartanegara regarding the existence of this village. The two Instagrams that exist are owned by individuals from the people of Sungai Bawang Cultural Village who can be said to be less promotional and less active in marketing the culture of Sungai Bawang Cultural Village. It is very unfortunate if the Sungai Bawang Cultural Village cannot compete internationally because the village has the potential to advance in the era of creative economic development that is currently popular with the Indonesian people. By having works of art and typical Dayak dances that can be an Art performance every Sunday in the Sungai Bawang Cultural Village.

#### SUGGESTIONS

Theoretically, it is hoped that the people of the Sungai Bawang Cultural Village can form a Lamin Management Organizational Structure, have a Social Media division so that they can actively develop in promoting

the Sungai Bawang Cultural Village, participate in activities that can be widely recognized such as festivals or expos that are held and establish a joint showroom for entrepreneurs in the Sungai Bawang Cultural Village who are members of the creative economy and work together with the government to brand the Sungai Bawang Cultural Village.

Practically, it is expected to be able to commit and be consistent in disseminating and promoting the Sungai Bawang Cultural Village. The suggestion for researchers who will conduct research in the Sungai Bawang Cultural Village is expected to be able to completely obtain the data needed, so that the data obtained can complement the shortcomings of the article that the author has done. With the ultimate goal, it can help the community or administrators of the Sungai Bawang Cultural Village Customary Lamin to conceptualize cultural promotion in the Sungai Bawang Cultural Village to international countries.

#### REFERENCES

- Alhada, M., Habib, F., Kunci, K., Masyarakat, P., Kreatif, E., Bumdesa, ;, Pengembangan, ;, Pemberdayaan, E., & Masyarakat, E. (2021a). Ar Rehla: Journal of Islamic Tourism, Halal Food, Islamic Traveling, and Creative Economy THEORETICAL STUDY OF COMMUNITY EMPOWERMENT AND CREATIVE ECONOMY. |, 82(2), 2776–7434.
- Alhada, M., Habib, F., Kunci, K., Masyarakat, P., Kreatif, E., Bumdesa, ;, Pengembangan, ;, Pemberdayaan, E., & Masyarakat, E. (2021b). Ar Rehla: Journal of Islamic Tourism, Halal Food,

- Islamic Traveling, and Creative Economy THEORETICAL STUDY OF COMMUNITY EMPOWERMENT AND CREATIVE ECONOMY. |, 82(2), 2776–7434.  
 Arifin, J. (2023). The Role of Digital Media in Maintaining Indonesian Local Culture in the Era of Globalization. *Kanderang Tingang Scientific Journal*, 14(1), 8–16. <https://doi.org/10.37304/jikt.v14i1.202>
- Halum, Y. S., Selamat, E. H., Rondas, T. F., Mbohong, Y. C., & Nagi, Y. D. (2021). DIGITAL MEDIA-BASED CULTURE AND TOURISM PROMOTION: INCREASING YOUNG PEOPLE'S AWARENESS OF LOCAL CULTURAL HERITAGE. *Randang Hanggraito, A. A., Wiratama, A. S., & Saifuddin, R. A. (2020). Alternative Marketing Mix Strategy 7P Museum Batik Yogyakarta. Journal of Tourism: Destination, Hospitality and Travel*, 4(2), 72–83. <https://doi.org/10.34013/jk.v4i2.50>  
<https://doi.org/10.21274>  
<https://doi.org/10.21274>
- Indriastuty, N. (2020a). The effect of promotional mix on visitor interest in Erau traditional festival cultural tourism. *Journal of Communication Management*, 4(2), 61–80.
- Indriastuty, N. (2020b). The effect of promotional mix on visitor interest in Erau traditional festival cultural tourism. *Journal of Communication Management*, 4(2), 61–80.
- Kartika, R., Bomba, A., Wisdoman, F., Amalia Putri, Z., Sofwan Rabbani, A., Novita Dewi, A., Christian Balan, D., Yuliani, I., Meigiyanti, N., Ubung, S., & Marwah Bardis, F. (n.d.). PROFILE BOOK OF SUNGAI BAWANG CULTURAL VILLAGE.
- Kotler. 2016. *Marketing Management*. London: Pearson Education LimitedK.
- Rachmawati, I. N. (n.d.). DATA COLLECTION IN QUALITATIVE RESEARCH: INTERVIEW.
- Sari, novita. (2018). Creative Economy 2. *Journal of Socio-Human Sciences*, 2, 1–10. <https://mail.online-journal.unja.ac.id/JSSH/article/view/5281/8997>
- Satrio, G. (2021). COMMUNITY INTERVENTION (Vol. 2, Issue 2). October-March.
- Tana - *Journal of Community Service*, 4(3), 91–100. <https://doi.org/10.36928/jrt.v4i3.874>



**PROCEEDING**  
**ISCEBP**

INTERNATIONAL STUDENT CONFERENCE ON  
ECONOMICS, BUSINESS AND POLITICS

PRESENTED BY:



BUKU INI TIDAK DIPERJUALBELIKAN.