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A PRELIMINARY DYADIC STUDY ON WORK-LIFE BALANCE, PROBLEMATIC INTERNET USE AND PROCRASTINATION

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ABSTRACT

As technological culture continues to evolve, the virtual world has risen to prominence as the most effective medium for global communication. To date, the present study identified problematic internet use (PIU) as a multifaceted phenomenon. The purpose of this study is to address a preliminary dyadic study to examine parent-child relationships, including the determination of external and internal factors such as stressful life events, parental approaches to children and bond of attachment approaches between parent-child. The present study was carried out on 51 pairs of dyadic participants between parents and children aged 13-17 years who studying in secondary schools. The data were analysed using latest version of Smart-PLS. Findings have shown that parent PIU has a significant influence on child PIU, which also has significant impact on procrastination. These findings demonstrated the need of developing and implementing PIU preventive strategies on students, teachers, psychologists and parents as well as social workers and researchers working in the subject of addiction prevention. However, there are two (2) moderators in this study: parental methods and stressful life events. Both of these moderators exhibited no statistical significance, which does not support the conclusions of present study.

Keywords: *Work life balance, Problematic internet use, Parent-child, Parent-child dyads, Procrastination, Parental approaches, Stressful-life event, Pilot result*

1.0 INTRODUCTION

There is a rising global worry about Problematic Internet Use (PIU) whether it is an issue or a genuine addiction. Problematic internet use is currently being modelled on the basis of a non-pharmacologically addicted behavior (Gao et al., 2020). Though, it is not yet included in the fifth edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM-5), PIU has been evaluated for inclusion. To date, this PIU occurs due to the existing of virtual world or named as 'Internet' (Hinojo et al., 2019).

In the middle of technology culture, the virtual world has emerged as the ideal medium for worldwide communication. Throughout the decades of Internet development, devices including smartphone, computer or tab use have provided society with a plethora of knowledge with only a few hand touch or mouse clicks. Users with PIU has symptoms like chemical addiction; however, it does not include the use of any chemical substance unlike other drug addiction, alcohol addiction and so on. It may be well described by observing one's behavior (Ayar et al., 2018). The definition of behavioral addiction varies; nevertheless, users with high level may consider behavioral addictions to be the repeating of a habit that has the potential to produce an imbalance in one's lifestyle, social troubles or worst of all impact the health. When addicts strive to limit or reduce the quantity of addictive usage, there is always an indication of uncontrollable force. It has been proposed that PIU may serve as a means of escaping from underlying emotional stress. In the last several years, PIU has become a worldwide health concern for the general population (Balhara et. al, 2019)

PIU has been linked to poor lifestyle choices and personality damage, particularly in adult and children. These may also lead people with PIU to have severe procrastination issue in life. In children perspective, the current situation of the pandemic has made the educational system grown to include the use of technology in studies even though most of them are being exposed to internet technology at an early age. Despite the fact that the research of PIU is not new to clinical investigations, previous studies had always been linked to psychological concepts (Alt & Boniel, 2018). Do computer scientists ever consider how the growth of technology has had such a significant influence on people's lives? Despite the fact that there were several heated conversations going on at all times there was no clear-cut solution to this topic. Malaysians use the Internet, but are they aware of the ramifications of doing so for an extended period of time? Are they glued to the Internet's dream without realizing it? What are the activities that long-term Internet users participate in? As a result of the aforementioned issues, we are compelled to investigate Malaysian Internet usage focuses on parent (adult) and children.

A study on citizens in Malaysia indicated that up to one in twelve adults are considered addicted (Zheng et al., 2020). However, the frequency of the problem among Malaysian children is unknown. Adults and children are particularly vulnerable to behavioural addictions, according to previous research. Estimates of children Internet use vary greatly around the globe. One percent to ten percent prevalence has been observed in Europe country, one percent to thirteen percent in the Middle East and two percent to seven percent in Asia (Gao et al., 2020). As a result, it is important to interpret these results with caution as there are many varied scales with doubtful validity and inconsistent findings. Children who have unrestricted, unsupervised access to the Internet and autonomous control over their time by parents may be particularly susceptible to addiction. Pediatricians and parents, on the other hand, continue to report problematic internet use among their patients and children (Balhara et al., 2018). This generation's youngsters have become so immersed in the digital world that concerns about their addiction to the Internet are valid and demand a rigorous assessment of the problem's magnitude in a defined group (D'Hondt, & Mauraige, 2017).

Data on PIU in present study was obtained from a representative sample of high school students.

Therefore, the present study aims to examine a preliminary dyadic study in parent-child relationships, including the determination of external and internal factors such as stressful life events, parental approaches to children and bond of attachment approaches between parent-child. The importance of this study is explained by the fact that it will give a solution and the execution of an intervention to control procrastination among parents and children. Aside from that, the findings of this study will be useful in the formulation of internet policy. From an economic standpoint, resolving the issue of problematic internet use among parents would minimize procrastination at the workplace and further increase their employees' overall efficiency (Graafland, 2018). Furthermore, it will assist the parent in comprehending the significance of subsystem traits in the parent-child relationship in terms of impacting the children's life, particularly when technology is being evaluated by youngsters.

2.0 LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1 The overview of work-life balance

Since a few decades ago, the issue of work – life balance (WLB) has arisen in the literature and has been a significant issue among academicians and researchers (Cacioppo et al., 2019). It is defined as a concept that emphasizes work-life balance with particular attention given to employees' productivity and effectiveness in the workplace as well as the balance between their professional and personal life (Abendroth, 2018). This topic has acquired traction in the public debate and is beginning to be recognised as a critical concern. However, it remained as the least researched topic in the context of excessive research online. Whether WLB is at lower or higher quality is determined by how well these workers manage and balance their professional and personal lives.

The conflict between fulfilling the demands of the job while also balancing the demands of personal life has raised the level of stress which has had a variety of consequences including disruption of personal life and work exhaustion. All of these factors might increase the degree of stress in the workplace and reduce the productivity and well-being of employees (Brough et al., 2020). To date, work-life balance (WLB) is actually related to employee productivity and performance in a business, having a poor or high quality of WLB being based on how effectively the employees manage their work and private lives. However, as an organization, we play a critical role in developing policies that were effective and efficient in terms of providing care for all of our employees. The relevance of WLB has been recognised by many firms in European countries such as England and Ireland, who have provided their employees greater flexibility in terms of work schedules, regulations and bureaucracy (Pawlicka et al., 2020).

Workers that have a high level of WLB can contribute to increasing the productivity of their employers. Furthermore, married employees particularly those who have children should spend additional more time together (Pawlick et al., 2020). More precisely, according to a research conducted by Braun et al. (2018) the majority of workers currently choose to have WLB rather than receiving high earnings. It was demonstrated in a previous study that WLB was the most concerning issue among employees all over the world particularly among those from Eastern countries even if the prevalence of WLB is still understated (Laconi, 2018).

2.2 The overview of Parent-Child PIU

Parents, who are classified as adults, are more conversant with technology devices later in their lives than children, who began at a very young age. Previous study by Fuentes et al. (2019) found that the child's internet usage is reflected by the parent. Parents or adults in particular, use the internet for a variety of purposes including information sharing and emotional support. Furthermore, because of the broad use of technology and had compelling reasons to be used it begun to inadvertently impact everyday activities and has resulted in a growing trend of Problematic Internet Use (PIU) (Cacioppo et al., 2019).

Vlaovich (2020) drew notice when he stated that parents with PIU affected their children's internet usage. In other words, a strong 'connection' in a parent's behaviour inspires their children to act similarly. The circumstance began to slowly destroy the family institution from inside (Wartberg & Lindenberg, 2020). According to recent study, children with PIU have behavioural issues that might become unmanageable if there are no incentives from the parent's side to minimise their exposure to online risks (Lai & Kwan, 2017). According to the same study, parents who restrict their children's internet usage reduce their children's chances of PIU. These findings indicate that there is a high likelihood that PIU in parents is caused by the parents themselves. As a result, it is their responsibility to control their children's internet usage until the children have developed their own self-control (Van Rooij et al., 2017). In addition, since parents are often the first to introduce online technologies to their children they become the most powerful influencers in children's lives (Lam & Emmy, 2015). Many parents are still unsure how much their children have used the internet on a daily basis owing to a lack of monitoring and concern. Similarly, most parents are unaware that they are silently ingesting this unexpected 'drug' until they influence their children (Fuentes et al., 2019).

2.3 The overview of Procrastination

Procrastination has been characterised by some scholars as a disjunction between intention and behaviour (Yockey, 2016). What a person wants to do is not the same as what he or she really does. The bigger the gap between intention and action the more chances to become procrastination (Rozenal et al., 2018). To date, procrastination has been labelled as "one of the least known minor human sufferings" and practically affects everyone at some time in their lives. According to previous studies, about a quarter of individuals suffer with procrastination (Svardal & Steel, 2017). Talking to friends instead of doing schoolwork or spend personal time by playing games instead of doing homework are just a few examples of how procrastination may affect a person's daily life. In fact, a research by Peter and Honea (2017) found that procrastination had an adverse relationship with characteristics including self-esteem, self-efficacy and motivation (Doty et al., 2020).

Furthermore, procrastination that happens in the workplace where employees prefer to delay tasks and projects until the last minute. The lack of ideas, inventions, improvements and human initiative until tomorrow, next week, next month or next year killed more lives than all other flaws together' (Pinxten et al., 2019). It is very surprising how little scientific study there is on procrastination (Steel, 2017). Accordingly, "procrastination is a psychologically widely undefined structure" (Kandemir, 2016). The lack of study is remarkable given that procrastination affects nearly one in every four individuals and has been on the rise among the general population (Nwosu et al., 2020). When growing delays are combined with increasingly organised and unstructured professions in the United States, it appears that delays can be an unrelenting source of distraction at work (Steel, 2017). Problems may emerge if employees do not work and do not come to work. If companies could design a consistent scale for identifying procrastinators, they could save a lot of money on recruiting,

retention and training programmes by not targeting someone with high procrastination (Svartdal & Steel, 2017).

2.4 Stressful-life Event and Parental Approaches

Parental approaches are a combination of parenting style, monitoring and behaviour. Children under strict parenting approaches were it has low possibility to get PIU compare to non-strict parenting style (Brough et al., 2020). When clear regulations given by parent, the children show low chances to be PIU. Previous study has found that most of the children have spent significant portion of their daily activities online surfing without a big concern from the parent, especially working's parent after the percentage from conservative estimates, marked increases in children's problematic internet from year to year (Ke & Wong, 2018).

Far too little attention has reported a strong significant evidence between the relationship of parent behaviour and children PIU. The study explained in depth, from the result it showed that child under strict parenting behaviour has low possibility to get PIU compare to non-strict parenting style (Chowdhury & Pychyl, 2018). In terms of stressful-life event, it can be defined as any occurrences which can bring requiring or readjustment in an individual's usual activities. Study focuses on SLE as moderator remained limited in current research area. However, there are still studies that focus on general mechanism stress and PIU. A series of previous research has indicated that stress has shown significant result on PIU until disruption an individual normal lives and the people around (Parada-Fernández et al., 2020). In placing more emphasis, study by eastern researcher claimed that adolescent with PIU are more stressed than adolescents without PIU's signed. There is an underexplored study in observing stress as a mediator or moderator in PIU.

2.5 Hypothesis Development

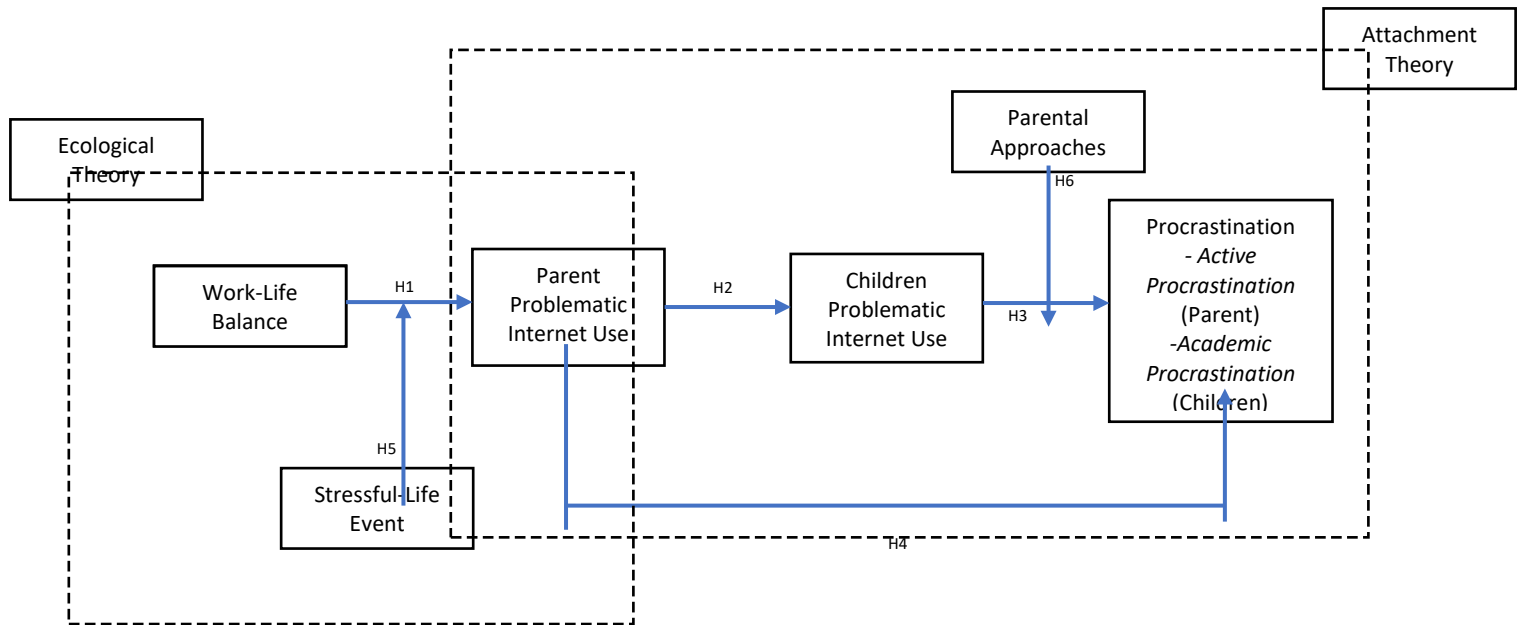


Figure 1 Conceptual framework of study

3.0 METHODOLOGY

Data collection for the pilot study were collected through online Surveys Questionnaire. This type of data collection completely adjustable in terms of structure, duration and style. The data collected from online questions is saved in a database given by the survey programme along with helpful findings for data analysis. In this method, the respondents will be able to conveniently complete the form by using an internet connection. All instruments were adapted from existing literature to ensure reliable and valid results as stated in Table 1.1.

Table 1.1 Adapted Instruments

Instruments	Adapted
Work – Life Balance Scale (WLBS)	<i>Haar (2013)</i>
Problematic Internet Use Scale (PIUS)	<i>Kelly & Gruber (2010)</i>
Parental Approaches Instruments	<i>Van Rooji and Van der Eijnden (2007)</i>
The Procrastination Scale (GPS)	<i>Lay (1986)</i>
Stressful-life Events Screening Questionnaire	<i>Goodman et. al (1988)</i>

Quantitative data from parents and their children were obtained to validate the study model , while from parents were acquired to cross-validate and provide more insight into the potential links. We sought consent from the adults (parents) before surveying their children because this study involved secondary school students. To do this, we created a matched pair survey. When the parent accessed the survey Web site, he or she was asked to consent their child in completing the survey. If the parent clicks the button granting permission, he or she will then be sent to the parent survey. At the conclusion of the survey, the parent was prompted to provide the email address of one of their children.

This survey focuses on children between the ages 13 to 17 years old and living at the same house. Once the parent finished the survey, the child will immediately can answer the survey in the same page. Parents and their children were informed that their answers would remain private. The researchers did gather certain identifying information from parents (such as name, telephone number/email and living area) and children (i.e., name and age) in order to match the replies for each parent–child combination. After matching the replies, any personally identifiable information from our records were erased. As a result, proper required precautions were exercised to ensure the respondents' confidentiality. There were 59 pair replies from parents and child. After deleting missing data replies, the final sample had 51 valid matched pairs for data analysis. The parents' average age was 44.67 years (SD = 7.05).

4.0 RESULTS

4.1 Profile of Respondents

The respondent's profile was represented by nine (9) total items and was divided into two sections: first section focuses on information of parent while the second section refers to the information of children. For the first (1st) section, the respondents' background was varied according to gender, age, regions, marital status, work sectors and numbers of children in secondary school. The sample in present study comprises a total 51 pair respondents in which for section (1) mainly answered by mother side. The age of participants ranged from 29 years old to 58 years with average age was 44.67 years (SD = 7.05). With regards to place of origin, majority of the respondents came from Central (Selangor, Kuala Lumpur and Putrajaya). Table 1.2 and 1.3 display the profile of respondents.

Table 1.2 Profile of Respondents (Parent)

Measures	Items	Frequency (N=51)	%
Gender	Male (Father)	10	19.61
	Female (Mother)	41	80.39
Age	Age Range	29 - 58 years	
Place of Origin	Northern (Perlis, Kedah, Penang, Perak)	6	11.76
	East Coast (Kelantan, Terengganu, Pahang)	7	13.73
	Central (Selangor, Kuala Lumpur, Putrajaya)	30	58.82
	Southern (N.Sembilan, Malacca, Johor)	7	13.73
	Sabah & Sarawak	1	1.96
Marital Status	Married	49	96.08
	Single	0	0.00
	Widowed / Divorced	2	3.92
Work Sectors	Private	37	72.55
	Semi-Government	5	9.80
	Government	6	11.76
	Self-Work	3	5.88
No. of Child in Secondary School	1 - 3 children	49	96.08
	4 - 6 children	2	3.92
	7 - 9 children	0	0.00

The second section in online survey questionnaire is arranged by gender, age of the children, and location of secondary school. In terms of the number of children enrolled in secondary school, the majority of parents currently have 1-3 children enrolled, with children ranging in age majority from 13 to 14 years old.

Table 1.3 Profile of Respondents (Children)

Measures	Items	Frequency (N=51)	%
Gender	Male	16	31.37
	Female	35	68.63
Age	13 - 14 years	27	52.94
	15 - 16 years	18	35.29
	17 years	6	11.76
School Area	Northern (Perlis, Kedah, Penang, Perak)	5	9.80
	East Coast (Kelantan, Terengganu, Pahang)	11	21.57
	Central (Selangor, Kuala Lumpur, Putrajaya)	14	27.45
	Southern (N.Sembilan, Malacca, Johor)	21	41.18
	Sabah & Sarawak	0	0.00

4.2 Assessment of Measurement Model

4.2.1 Discriminant Validity

Present study tests the discriminant validity using the HTMT ratio of correlations technique proposed by Henseler et al. (2015). The results below showed that discriminant validity exists in this study. To measure the discriminant validity, the HTMT value should not be greater than the HTMT .85 value (Clark and Watson, 1995; Kline, 2011) or the HTMT.90 value (Gold et al., 2001; Teo et al., 2008). Table 1.4 shows the discriminant validity of constructs.

Table 1.4 Discriminant validity of constructs

Constructs	CP	CPIU	M.E (SLE)	M.E (PA)	PA	PP	PPIU	SLE	WLB
CP	0.41								
CPIU	-0.75	0.40							
PA	0.47	-0.16	0.02	0.13	0.57				
PP	-0.63	0.62	-0.04	0.09	-0.03	0.45			
PPIU	-0.70	0.81	-0.32	0.18	-0.26	0.68	0.45		
SLE	-0.60	0.68	-0.41	0.20	-0.27	0.56	0.85	0.53	
WLB	-0.45	0.41	0.09	-0.01	-0.21	0.55	0.56	0.66	0.52

Notes: CPIU = Children Problematic Internet Use; CP = Children Procrastination; PPIU = Parent Problematic Internet Use; PP = Parent Procrastination; CPA = (Children) Parental Approaches; SLE = Stressful-life event; M.E (SLE) = Existing effects between WLB & PPIU; M.E (PA) = Existing effects between CPIU & CP; WLB = Work-Life Balance

^aThe criterion for HTMT ratio is below .85; ^b The criterion for HTMT upper confidence intervals (CI) is below 1

As summarized in Table 1.4, present study examined the factorial validity of the existing scales in PIU. It shows that convergent validity is frequently reported. However, a reanalysis from the original data with more accurate extraction criteria would be necessary to find conclusive evidence.

4.2.2 Composite Reliability

Cronbach's alpha was utilized as an indication to determine the degree of consistency in present study. To date, the Cronbach's alpha should be more than 0.7 *but* due to the nature of the present study that assesses the level of problematic internet use, it is stated that the Cronbach's alpha coefficient of a scale can be acceptable if greater than 0.6 (Nunnally, 1967). All of the items in this study are consistent and reliable. Table 1.5 shows all constructs/variables are > 0.6. Therefore, we can infer that they are all consistent and reliable. The reliability test is summarized in table below.

Table 1.5 Summary of the Cronbach's Alpha of Each Constructs

Constructs	Composite Reliability
CP	0.68
CPIU	0.61
PA	0.66
PP	0.73
PPIU	0.62
SLE	0.64
WLB	0.65

A Composite reliability of equal to .60 or higher is considered acceptable (Nunnally, 1967; Fornell and Larcker, 1981; Hulland, 1999; Tenenhaus et al., 2005; Hair et al., 2010). Smart-PLS was run to test the measurement model and analyse the reliability. The results demonstrated that all values were ranged from .61 to 1.0 and according to Fornell and Larcker (1981) and Nunnally (1967) it is considered acceptable. Therefore, all the constructs in this study were considered reliable.

4.3 Assessment of Structural Model

4.3.1 Path Coefficient

The path coefficient significance level will be established by calculating t-statistics on the path loadings between constructs. In present study, bootstrap resampling technique was used to calculate the t-statistics.

Table 1.6 Summary of Path Coefficient

Constructs	M	SD	T Value	P Values
CPIU → CP	0.72	0.32	1.15	0.00
PA → CP	0.33	0.26	1.38	0.17
PPIU → CPIU	0.84	0.22	3.68	0.00
PPIU → PP	0.66	0.21	1.81	0.00
SLE → PPIU	0.67	0.24	3.70	0.00
WLB → PPIU	0.69	0.20	2.44	0.00

Notes: CPIU = Children Problematic Internet Use; CP = Children Procrastination; PPIU = Parent Problematic Internet Use; PP = Parent Procrastination; CPA = (Children) Parental Approaches; SLE = Stressful-life event; M.E (SLE) = Existing effects between WLB & PPIU; M.E (PA) = Existing effects between CPIU & CP; WLB = Work-Life Balance

The bootstrapping technique is a non-parametric way for assessing the precision of the PLS-SEM estimates, which resulted in the stability of the PLS-SEM estimates. Following the approach proposed by Hair et al., all data in this analysis were run using 5000 bootstrapped samples with the same number of cases. Table 1.6 shows that children's problematic internet use to children's procrastination ($t = 1.15$; $p = 0.00$), parent's problematic internet use to children's problematic internet use ($t = 3.68$; $p = 0.00$), parent's problematic internet use to parent's procrastination ($t = 1.81$; $p = 0.00$), work-life balance to parent's problematic internet use ($t = 2.44$; $p = 0.00$), stressful - life event ($t = 3.70$; $p = 0.00$) and parental approaches ($t = 1.38$; $p = 0.17$). Accordingly, it can be said that parent and children both have the the same level of problematic internet use and procrastination.

5.0 DISCUSSION

In this study, the relationship between work-life balance, parent-child problematic internet use, procrastination and two moderators (stressful-life event and parental approaches) was investigated. The first variable that has been discovered, work-life balance has showed a positive and significant contributing element to the PIU issue. In light of the COVID-19 epidemic, the workers' work and family routines have been more disrupted, which has given them new normal daily work life. Majority of the adult respondents revealed that they continue to be constrained by working from home. This can make them use internet more frequently including access all the documents needed and online meeting. Even though the new daily work life let them work from home however most of the respondents revealed that it is does not change anything and become more stressful to handle which is in the end it significantly impact on PIU.

According to the findings of this study, PIU is not an issue that just affects adults or only affects children but is rather a problem that affects the entire family. The findings revealed that the children's PIU have both direct and indirect impacts on the parent's PIU implying that the level of the children's PIU may be affected by the level of the parent's PIU. The results of this study may be considered significant since it is the first time that the relationship between dyadic group (parent-child) that is linked to procrastination has been investigated. According to this viewpoint, procrastination occurs prior to PIU in a guided route.

Procrastination was shown to be positive and significant associated with parental and child PIU according to the findings of this study, which provided some empirical support for this connection. Researchers will be able to have a better grasp of the dynamics of parental and personal influences on children with PIU as a result of this discovery. The methodology of the study has produced evidence that may be used to support an interpretation of the findings that is more directed at this point in time.

Furthermore, there are two (2) moderators in this study: parental methods and stressful life events. Both of these moderators exhibited no statistical significance, which not supports the conclusions of present study. The implementation of preventative measures, including informing and educating parents about how their own behaviour influences the Internet usage patterns of their children is essential to achieving the objective of study.

6.0 CONCLUSION

The outcomes of results of the pilot study provided fresh insights into the previously theorised connections. In addition, this study investigated the causes and repercussions of problematic internet use from a dyadic perspective, namely from the perspective of a parent and children. It is a relatively recent phenomena that has not been thoroughly investigated by major Internet researchers.

These were some of the study's shortcomings in this pilot result. First and foremost, information on exposure and outcome is gathered through a self-reported questionnaire, which may result in a bias in reporting these variables though this bias is likely to be non-differential; second, data collection is limited, with less than 60 pairs of participants participating. Despite the fact that the current study has successfully reached more than the bare minimum number of respondents required for data collection, a large number of pair respondents can help to improve the accuracy of the data collected (Rothman & Greenland, 1998; Rothman & Greenland, 1998).

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CONFLICT OF INTEREST

The authors confirm that this article content has no conflict of interest.

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IMPACT OF MANAGEMENT INFORMATION SYSTEM QUALITY AND STRATEGIC RISK MANAGEMENT ON PERFORMANCE MANAGEMENT MEDIATED BY GOOD CORPORATE GOVERNANCE AT CHIEF OF VILLAGE

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ABSTRACT

Village development aims to improve the welfare of rural communities and the quality of human life as well as poverty alleviation through the fulfillment of basic needs, development of village facilities and infrastructure, development of local economic potential, and sustainable use of natural resources and the environment. Hypothesis testing analyzes the influence of the variable performance management system, good corporate governance, quality of management system and strategic risk management. Based on the level of involvement of researcher in research, this study uses research with a minimum level of involvement (minimal interference), that is, research is carried out in a natural scope with minimal involvement and a natural framework. In terms of the research situation, it is carried out in a neutral and natural place (noncontrive sellings), this study was conducted without the involvement of the researcher in the normal activities of the research subject. The population in this study was 2853 village heads in Banten Province, the tool used was SEM.

Keywords : *Quality management information systems, strategic risk management, performance management, good corporate governance*

1.0 INTRODUCTION

Identification of the main problems related to the development and empowerment of the village community becomes the basis for work and systematic intervention action through the programs and activities carried out by the Directorate General of Village Community Development and Empowerment (Ditjen PPMD). On the other hand, these efforts are also expected to be able to be developed as a stimulus for villages in improving village welfare and independence, and the targets set in the 2015-2019 RPJMN can be achieved, namely reducing the number of underdeveloped villages to 5,000 villages and / or increasing the number of independent villages by at least 2,000. village. Law of the Republic of Indonesia Number 6 of 2014 concerning Villages is a product of the reform era which has marked the beginning of an era towards village independence, both in government administration and in managing village finances. The objectives of village development are to improve the welfare of rural communities and the quality of human life and alleviate poverty through fulfilling basic needs, building village facilities and infrastructure, developing local economic potential, and utilizing natural resources and the environment in a sustainable manner.

Currently, the Village Order is the formal government of the Village community unit, and the village government has power and authority as a delegation from the above government, where the Village is the place for all affairs of all elements of the Village community unit. The success or failure of the Village development program is largely determined by the exemplary level of the Village Head regarding its performance, to what extent the Village Head in planning, mobilizing, motivating, directing, communicating, organizing and implementing can be carried out properly. The Village Government is always synonymous with various community complaints about services that are not optimal.

Table 1.1. RPJMN Village Development Achievements

MAIN PERFORMANCE INDICATORS	2015		2016		2017		2018		Total
	Target	Result	Target	Result	Target	Result	Target	Result	
Increasing the Number of Independent Villages	200	168	400	570	600	825	600	1.102	2.665*
Reducing the number of disadvantaged villages	500	420	1.000	1.425	1.500	2.133	1.500	2.540	6.518*

*) BPS Podes data for 2018 which is an accumulation of achievements from 2015-2018

From this background, the research problems can be described as follows:

1. Is there a positive influence of the Quality of Management Information System on good corporate governance?
2. Is there a positive influence of strategic risk management on good corporate governance?
3. Is there a positive influence of the quality of management information system on the performance management system?
4. Is there a positive effect of strategic risk management on the performance management system?
5. Is there a positive influence of good corporate governance on the performance management system?

2.0 LITERATURE REVIEW

Village can be defined as a legal community unit that has an original composition based on special rights of origin. The rationale for governance is diversity, participation, genuine autonomy, democratization and community empowerment. Villages can take legal actions, be it public law or civil law, own property, property and buildings and can be prosecuted. The village has a source of financing in the form of village income, government and local government assistance, other legal income, third party contributions and village loans. An autonomous village will provide wide space for development planning which is a real need of the community and is not burdened by work programs from various agencies and the government. Village autonomy is genuine, unified and complete autonomy and is not a gift from the government. On the other hand, the government is obliged to respect the original autonomy that the village has. As a form of democracy, a Village Representative Body is formed in the village which functions as two institutions and supervisors for the implementation of village regulations, the Village Revenue and Expenditure Budget and Village Head Decrees.

Performance Management System

Performance becomes the real foundation in an organization because if there is no performance, the goals of the organization cannot be achieved. Performance needs to be used as evaluation material for leaders to determine the level of HR performance in the organization. The level of performance of an employee is of course determined by the factors that influence it, either directly or indirectly. According to Mangkunegara (2014), it is formulated that the internal factors that affect performance are human performance, motivation and ability. Meanwhile, external factors that influence performance are behavior, attitudes, job satisfaction, actions of colleagues, work facilities, and organizational climate. This is the importance of this HR performance issue, so it is not wrong if the essence of human resource management is how to manage HR performance. Managing humans in an organizational context means managing people so that they can produce optimal performance for the organization, so that it becomes a concept of performance management. An important factor that determines employee performance and organizational ability to adapt to environmental changes according to Bass et al (2006), is leadership. Leadership describes the relationship between the leader (leader) and the being led (follower) and how a leader directs followers will determine the extent to which followers achieve the goals or expectations of the leader (Locander et. al. 2002; Yammarino et. al. 1993). The concept of leadership that is rapidly developing is the concept of transactional and transformational leadership popularized by Bass in 1985 (Locander et. al. 2002). Both leadership concepts are based on styles, behaviors and situations that include a leader (Locander et. al. 2002).

Definition of Performance

The following are some definitions of performance:

1. According to Mangkunegara (2014) performance is the result of work produced by an employee to achieve the expected goals.
2. Handoko (2012), terminates performance with work performance, namely the process through which the organization evaluates or assesses employee work performance. Performance has a broader meaning, not only as a result of work, but also how the work process takes place. Performance is about what to do and how to do it. It is the result of work that has a strong relationship with the organization's strategic objectives, customer satisfaction and makes an economic contribution.
3. According to As'ad (2004), performance is the result achieved by someone according to the size that applies to the job concerned.
4. Withmore (2002) concludes that performance is an expression of a person's potential in fulfilling their responsibilities by set certain standards and one of the total collections of work that is within the worker.

(Bernardin and Russel, 2006 as cited in Ruky, 2011) provide the following definition or performance: "Performance is defined as the record of outcomes produced on a specified job function or activity during the time period." obtained from certain job functions or activities during a certain period of time. Another definition of performance was put forward by Simanjuntak (2011) which states that performance is the level of achievement of results for the implementation of certain tasks. Company performance is the level of achievement of results in order to achieve company goals. Performance management is the overall activity carried out to improve the performance of a company or organization, including the performance of each individual and work group in the company.

Performance Appraisal Requirements

There are approximately two main requirements needed to carry out an effective performance assessment, namely the existence of performance criteria that can be measured objectively and the existence of objectivity in the evaluation process (Gomes, 2013), that for individuals, performance appraisal acts as feedback on various things such as abilities, fatigue, shortcomings and potential which in turn is useful for determining goals, pathways, plans and career development.

Key Performance Indicators (KPI)

Parmenter (2007) defines key performance indicators as a set of measurements that are created to focus on aspects of organizational performance that are most critical to organizational success in present and future conditions. Key performance indicator is a measurement that assesses how an organization executes its strategic vision. The strategic vision in question refers to how the organizational strategy is interactively integrated into the overall organizational strategy. According to Banerjee and Buoti (2012), key performance indicators are both scale and quantitative measures used to evaluate organizational performance in order to achieve organizational targets. KPIs are also used to define measurable objectives, see trends and support decision making. Key performance indicators are quantitative and gradual measures for companies that have various perspectives and are based on concrete data, and serve as a starting point for setting goals and formulating organizational strategies. So based on the description above, it can be concluded that the key performance indicator is a quantitative measurement in evaluating organizational performance that has various perspectives and becomes a reference for achieving organizational targets.

Good Corporate Governance

Governance ensures that all the needs and expectations of the stakeholders of the organization have been evaluated when it determines the goals that must be achieved by the organization. It also provides directions related to priorities and important decisions that need to be taken so that organizational goals can be achieved. Then governance conducts monitoring of the performance and achievement of the targets and directions that have been set. While the management reduces the directions given by governance into actions that the organization needs to take, in order to achieve the targets that have been set.

Quality of Management Information System

According to the term of management information system (MIS), systems have also been defined by experts in a number of different ways. These differences occur because of differences in perspective and the scope of the system being reviewed. The system is a single set of interconnected components with clear boundaries that work together to achieve a set of goals (O'Brien and Marakas 2010). Information system in a simple understanding can be defined as a computer-based system that provides information for several users with similar needs (Sutono, 2007). Information systems are a combination of people, hardware, software, communication networks, data sources, procedures and policies that are well organized which can store, re-organize, store and disseminate information within an organization (O'Brien and Marakas 2010).

Strategic Risk Management

Understanding risk management enables management to engage effectively in facing uncertainty with associated risks and opportunities and enhance the organization's ability to provide added value, (COSO, 2013)

Previous Study

Studies on factors that affect good corporate governance and performance management system have been conducted in the past, with several of them related to financial performance as cited from several sources.

Ristifani (2009), with the research title "Analysis of the Implementation of the Principles of Good Corporate Governance (GCG) and Their Relationship to the Performance of PT Bank Rakyat Indonesia (Persero) Tbk." The results showed that the implementation of GCG principles (PT. Bank Rakyat Indonesia (Persero) Tbk has a value of 84.65%. This is in accordance with the calculation of the results of the questionnaire which shows that the principles of GCG in this company have been implemented well. PT. Bank Rakyat Indonesia (Persero) Tbk has a value of 84%. The result is derived from the calculation of the Spearman rank correlation of 0.914 or 91.40%, which means that it has a very strong unidirectional relationship. 83.53%, where the implementation of GCG principles affects the performance of 83.53% and s the amount of 16.47% is influenced by other factors outside the principles of GCG.

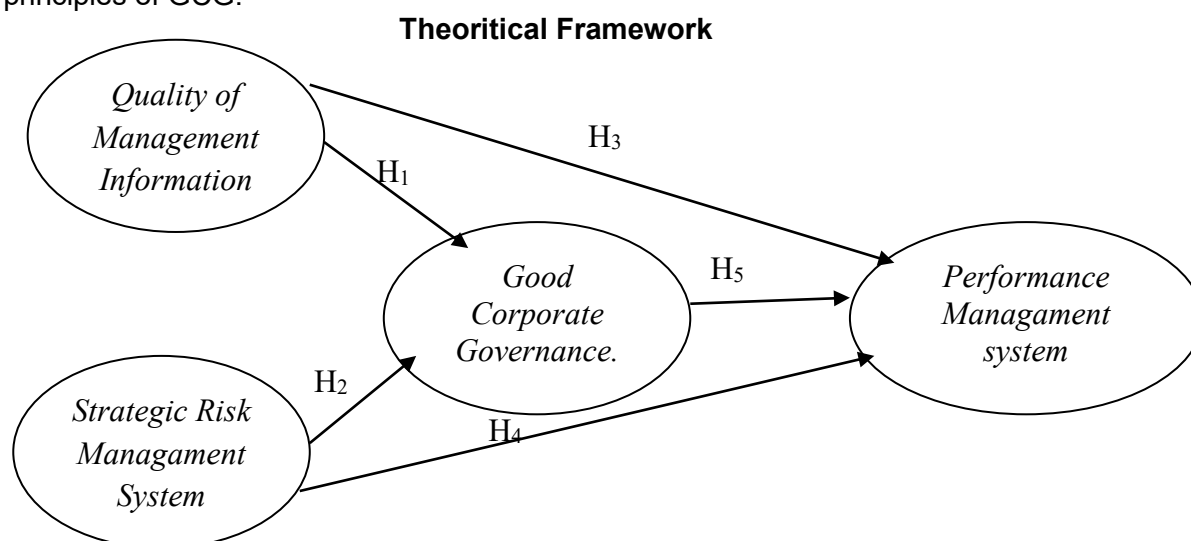


Figure 1: Theoretical Framework

Research Hypothesis

- H₁ : There is a positive influence of the Quality of Management Information System on good corporate governance.
- H₂ : There is a positive influence of strategic risk management on good corporate governance.
- H₃ : There is a positive influence of the quality of management information system on the performance management system
- H₄ : There is a positive influence of strategic risk management on the performance management system
- H₅ : There is a positive influence of strategic risk management on the performance management system

3.0 METHOD

Based on the strategy in conducting research, this study used a survey (survey research), namely using data collection techniques by compiling questions and asking the respondents (Sekaran and Bougie, 2013). Based on the unit of analysis, this study uses an individual analysis unit, namely collecting data from each individual (Sekaran and Bougie, 2013). Based on time, this study uses cross sectional studies, which is done with data collected once daily, weekly or monthly period in order to answer research questions (Sekaran and Bougie, 2013). The questionnaire distribution period was carried out in December 2019. This research uses explanatory research, which is to analyze the concepts and problems under study to see the causal relationship, then explain the variables that cause the problem under study. Structural Equation Modeling (SEM) is used to test the relationship between variables. SEM is a multivariate analysis method which is a combination of path analysis and factor analysis to empirically test measurement models and structural models built through certain theoretical studies. Some other terms of SEM are Latent Variable Analysis, Covariant Structural Analysis, Linear Structural Relationship (LISREL) (Hair et. al. 2013).

Sekaran and Boogie (2013) define population as: "The entire group of people, events or things of interest that the researcher wishes to investigate". The total population in this study was 2853 village heads in Banten Province. Meanwhile, the sample was a small part of the population, trying to represent all the important components of the population, because the population was 2853 village heads in Banten Province, so the sampling in this study used a proportionate stratified random sampling (Sinambela, 2014).

**Table 1: Research Questionnaire
Performance Management System (Balance Scorecard)**

No	Items
1.	Financial
	Village funds obtained are very helpful in village development
	The village funds obtained are very helpful in optimizing the village budget
2.	Customer
	The village funds obtained are very helpful for the village community
	Villagers benefit greatly from the village funds they receive
3.	Environmental / Community
	Village funds greatly empower communities and the environment
	With village funds it can help environmental development
4.	Internal
	Village funds are used with the right mechanism
	Village funds have a mechanism for use in accordance with applicable regulations
5.	Employee Satisfaction
	The correct use of village funds according to the regulations can improve the image of the Village.
	The use of transparent village funds will make the village community happy.
6.	Learning & Growth
	Village funds can empower and create health care for rural communities
	Village funds help village communities adapt to the outside environment.

Source: *Balanced Scorecard* (2019)

4.0 RESULTS AND DISCUSSION

In this study, 351 respondents used village heads in Banten through the distribution of proportional randomly selected questionnaires (Proportionate stratified random sampling technique).

Questionnaire Distribution

Characteristics of respondents based on gender can be seen in the following table:

**Table
Gender**

No	Gender	Participant	Percentage
1	Men	230	65,5 %
2	Women	121	34,5 %
	Total	351	100,0 %

Source: Processed data (2019)

The results of the validity test for all indicators in the quality of management information variable were declared valid because the loading factor was more than 0.7. The test results for the convergent validity of the quality of management information variable can be seen in the table below:

**Tabel
Result of Convergent Validity Test
Variabel Quality Of Management Information**

Variable	Dimension	Indicator	Loading Factor	AVE
Quality Of Management Information (X₁)	<i>Accuracy of Information</i>	QM1.1	0,79	0,99
		QM1.2	0,84	
	<i>Relatedness of Information</i>	QM1.3	0,99	0,77
		<i>Completeness of Information</i>	QM1.5	
			QM1.6	0,93

Source: Data processed with Lisrel 8.70 (2019)

The results of validity testing for all indicators in the strategic risk management system variable are declared valid because the loading factor is more than 0.7. The test results for the convergent validity of the strategic risk management system variables can be seen in the table below:

**Table
Result of Convergent Validity Test
Variable of Strategic Risk Management System**

Variable	Dimension	Indicator	Loading Factor	AVE
Strategic Risk Management System (X₂)	<i>Uncertainty</i>	SRM1	0,81	0,95
		SRM2	0,68	
		SRM3	0,86	
	<i>Impact on the objectives of the Project</i>	SRM4	0,83	0,96
		SRM5	0,88	

Source: Data processed with Lisrel 8.70 (2019)

**Result of Convergent Validity Test
Variable of Good Corporate Governance**

Variable	Dimension	Indicator	Loading Factor	AVE
Good Corporate Governance (Z)	Transparancy	GCG1	0,90	0,96
		GCG2	0,92	
	Accountability	GCG3	0,89	0,97
		GCG4	0,89	
	Responsibility	GCG5	0,85	0,97
		GCG6	0,88	
	Independency	GCG7	0,81	0,98
		GCG8	0,88	
	Fairness	GCG9	0,89	0,96
		GCG10	0,78	

Source: Data processed with Lisrel 8.70 (2019)

**Table
Result of Convergent Validity Test
Variable of Performance Management System**

Variable	Dimension	Indicator	Loading Factor	AVE
Performance Management System (Y)	Financial	PMS1	0,74	0,97
		PMS2	0,87	
	Customer	PMS3	0,91	0,98
		PMS4	0,74	
	Environmental / Community	PMS5	0,83	0,93
		PMS6	0,88	
	Internal	PMS7	0,82	0,96
		PMS8	0,88	
	Employee Satisfaction	PMS9	0,85	0,98
		PMS10	0,87	
	Learning & Growth	PMS11	0,80	0,92
		PMS12	0,86	

Source: Data processed with Lisrel 8.70 (2019)

Hypothesis testing is done using structural equation model analysis, here are the results of hypothesis testing:

1. The impact of *quality of management information* and *good corporate governance*
In Figure 4.6, the t-value between the quality of management information on good corporate governance is 2.25, greater than 1.96 (table t value at $\alpha = 5\%$). This means that the quality of management information has a significant effect on good corporate governance, thus H1 is accepted and H0 is rejected.
2. The impact of *strategic risk management system* and *good corporate governance*
In Figure 4.6, the t-value between the strategic risk management system and good corporate governance is 5.26, greater than 1.96 (t-table value at $\alpha = 5\%$). This means that the strategic risk management system has a significant effect on good corporate governance, thus H1 is accepted and H0 is rejected.
3. The impact of *quality of management information* and *performance management system*
In Figure 4.6, the t-value between the quality of management information on the performance management system is 2.61, greater than 1.96 (table t value at $\alpha = 5\%$). This means that the quality of management information has a significant effect on the performance management system, thus H1 is accepted and H0 is rejected.
4. The impact of *strategic risk management system* and *performance management system*
In Figure 4.6, the t-value between the strategic risk management system and the performance management system is 3.14, greater than 1.96 (table t value at $\alpha = 5\%$). This means that the quality of management information has a significant effect on the performance management system, thus H1 is accepted and H0 is rejected.
5. The impact of *good corporate governance* and *performance management system*

In Figure 4.6, the t-value between good corporate governance and performance management system is 3.62, greater than 1.96 (table t value at $\alpha = 5\%$). This means that good corporate governance has a significant influence on the performance management system, thus H1 is accepted and H0 is rejected.

5.0 CONCLUSIONS

Village agencies must implement a good quality management information system, namely having an integrated system, producing and disseminating information for decision making, having a good quality management information system will support the creation of good corporate governance as well. Village agencies must also be able to implement a quality management information system as a system that provides facilities to organizational managers in the form of data and information relating to the implementation of employees' duties in carrying out their work, so that the effectiveness of employees' work can run well. Leaders in village agencies can apply risk management by making work guidelines for their employees that must be applied consistently and responsibly and apply it in organizational activities, so village agencies can apply good corporate governance as well. With the application of professional and responsible risk management, the work carried out can be controlled to reduce and inhibit problems that arise in the future. Village institutions must implement good governance and directly increase the value of the management performance system of village agencies. The higher the implementation of good governance, the higher the level of obedience to village agencies and resulting in good agency performance.

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IMPACT OF CORPORATE GOVERNANCE ON FINANCIAL PERFORMANCE AMONG GOVERNMENT - LINK COMPANIES IN MALAYSIA AND SINGAPORE

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ABSTRACT

The aim of this research was to investigate the impact of Corporate Governance on financial performance among Government – Link companies in Malaysia and Singapore as a comparative study for a period of 15 years from 2005 to 2019. A sample of 60 Government-Link companies consisting of 34 from Malaysia and the balance 26 from Singapore was taken. A total of 900 firm years was observed. Panel data analysis using EViews was carried out to examine the effect of Corporate Governance components which comprise the percentage of independent directors, the percentage of independent directors on the audit committee, the frequency of board meetings and the composition of women directors, effect on firm performance. Tobin's Q was used as the measurement for firm performance. The outcome from this research indicated that Corporate Governance in Malaysia Government-Link Companies have a greater effect on financial performance compared to Singapore Government-Link Companies. In summary, this study has been beneficial by providing an understanding of Corporate Governance practices to stakeholders, policy makers, shareholders, Board of Directors of Government-Link Companies and the government itself.

Keywords: Government – Link Companies, Corporate Governance, Financial Performance, Panel Data Analysis, Malaysia, Singapore.

1.0 INTRODUCTION

The main objective of Malaysian Government-Link Companies (GLCs) is for commercial purposes whereby the Malaysian government owns the controlling share and the power over important decisions such as management engagements, restructuring, diversified investments, contract allocations, acquisition and financing. GLCs' influence the economy in Malaysia in a pervasive way (Menon, 2018).

In Singapore, the GLCs or better known as the State-Owned Enterprises (SOEs) was established for the purpose to stimulate industrialization and growth among strategic business in 1960 (Chen, 2016). "The Malaysian Code of Corporate Governance 2017" and "The Singapore Code of Corporate Governance 2018" define Corporate Governance as having the appropriate people, system and composition to manage and operate a company in order to ensure increase in shareholders wealth in the long-run. The importance of Corporate Governance has been highlighted and brought to the foresight since the Asian Financial Crisis in 1997 (Soei, 2019). Malaysia seeks to increase the foreign investments and compete in the global platform. Best practices of Corporate Governance are needed to gain the confidence of investors and this can be considered as a critical element in establishing investors' confidence. The Auditor General's Report 2010, stated that numerous Government-Link Companies where accountability was lacking, especially in the area of board efficiency (Arifina, 2016). The mismanagement of funds in many Government-link companies led to a loss of public trust on the government as well as the Government-Link companies (Vithiatharan, 2014). Research from the past which was carried out on the impact of Corporate Governance on companies' performances yielded mixed outcome. Consequentially, this research is aimed to reduce the gap by carrying out further studies and make a comparison on the impact of corporate governance practices in Malaysia and Singapore Government - Link Companies. This comparison was carried out as Malaysia and Singapore are neighboring countries with similarities in certain cultural and economic aspects (e.g. economic institutions, legal traditions, religion and ethnicity).

2.0 LITERATURE REVIEW

2.1 Corporate Governance

Corporate governance can be defined as the manner in which companies are governed, administered and overseen by policies, regulations and guidelines (Sarun, 2019). The charter of Corporate Governance is designed to cater for the achievement of the organization's goal and heightening the appeal as well as value for long-term shareholdings. During the "Asian Economic Crisis" in 1997, many companies in Malaysia became aware that they had poor corporate governance practices especially in the areas of accountability, transparency, high leverage, lack of disclosure and cronyism (Sejati, 2019). The Malaysian Code of Corporate Governance 2017 came into effect with the aim to improve the quality of corporate governance among Malaysian companies (Abidin, 2019). Singapore was positioned the highest in the Asia Pacific region for transparency and governance policies followed by Hong Kong, Japan and Taiwan (Ministry of Finance Singapore., 2016). The 2018 code superseded the 2012 code and was implemented on 1 January 2019.

2.2 Independent Variables and Hypothesis Development

2.2.1 Relationship between Percentage of Independent Directors and Financial Performance

Independent directors can be said to be someone without any personal association with the organization that can influence their judgement, behavior and integrity towards the organization. A study carried out by Farooque, Buachoom and Sun in 2020, showed the presence of independent directors enhanced the financial position of companies. In another study carried out by Kweh, Ahmad and Ting in 2019, established that there was an insignificant correlation between the composition of independent directors and the financial performance of the companies. This is due to that independent director were external directors and have no control over decisions taken by the executive directors on operational matters (Naciti, 2019). The hypothesis developed for this variable is stated below

H1: The composition of Independent Directors has a higher significance on financial performance in Government-Link Companies in Malaysia as compared to Singapore.

2.2.2 Relationship between Composition of Independent Directors on The Audit Committee and Financial Performance

According to the Malaysian Code of Corporate Governance 2017, the best composition for an audit committee should consist of non-executive independent directors. In Singapore, The Code of Corporate Governance 2018 also mentioned that the audit committee should comprise of a majority of non-executive independent directors. An audit committee strength is the level of independence it exercises (Norzaiton, 2019). It was concluded that audit committee's independent members increased the efficiency on activities such as internal audit functions (Farooque, Buachoom and Sun, 2020), matters regarding risk management and nomination of auditors (Farooque, 2020).

In the parallel outcome from research conducted by Hassan, Molla and Khan in 2019, showed an insignificant affect between the proportion of independent directors and Tobin's Q among the Pharmaceutical Industries in Bangladesh (Hassan, 2019). The development of the hypothesis for this independent variable is:

H2: The composition of Independent Directors on the Audit Committee has a higher significance on the financial performance in Government Link Companies in Malaysia compared to Singapore.

2.2.3 Relationship between Frequency of Board Meetings and Financial Performance

Board meetings can be considered as a straightforward activity carried out by the board and it is compulsory for all public listed companies to improve board efficiency (Ji, 2020). According to the study carried out by Alhares, Elamer and Alshbili in 2020, board meetings tends to have a negative correlation with financial performance due to the increase in cost related to the meetings i.e. travelling claims, management time cost and directors' allowances for the meetings (AlHares, 2020). The frequency of board meetings showed a favorable impact on Tobin's Q among firms in Jakarta (Buchudadi, 2019). The hypothesis developed for this variable is stated below:

H3: The frequency of board meetings had a greater significance on the financial performance in Government Link companies in Malaysia compared to Singapore.

2.2.4 Relationship between Composition of Women Directors and Financial Performance

Malaysian Code of Corporate Governance Practice 4.5 states that public listed companies should have at the minimum 30% composition of women directors on their board. According to the study conducted by Larkin, in 2020, women directors have a unique supervision method and understanding that would create a force within the board which would lead to the improvement of the firm performance (Larkin, 2020). According to Duppati, Rao and Matlani (2019), women directors have an impact on Tobin’s Q (Duppati, 2019). On the other hand, (Rehka, 2019) stated that women directors could not contribute to the increase of firm performance due to the increase in conflicts and misunderstanding within the board as a result of board diversity. The hypothesis developed for this variable is stated below:

H4: The composition of women directors has a greater significance impact on the financial performance among Government Link Companies in Malaysia compared to Singapore.

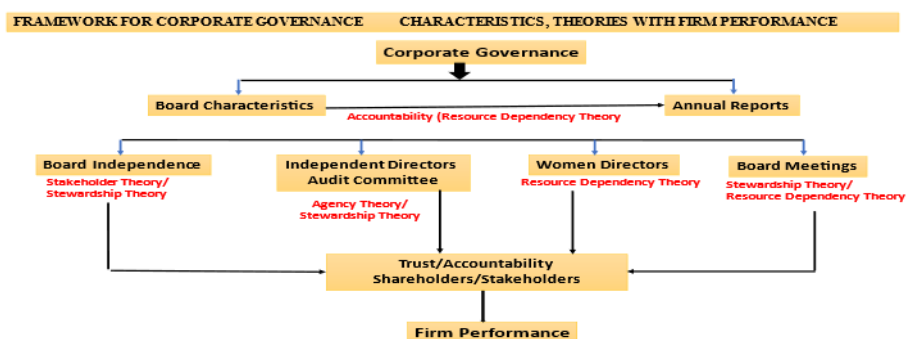


Figure 1: Theories for the study

3.0 METHODOLOGY

According to Vijayamohan (2016), panel data analysis was defined as a data set containing observations on multiple phenomena over multiple periods. Thus, it has two categories of analysis, which were the time series and cross-sectional series that allow observing the behaviour of the GLCs over time. Panel data analysis allows the CVs to be analysed because the CVs cannot be measured like the business practices among the companies, and the variables were varied on overtime but not across entities. The advantage of using panel data analysis as it will provide more data information, more significant variability, less collinearity among the variables, more degrees of opportunity and more efficient. The cross-sectional information in different variables representing the CG and IC, where else the time-series information of 15 years period was determined. In this study, random effect and fixed effect model will be attempted to be applied in solving the problem. There were two categories of panel data analytic model used in this study; the fixed-effect model and random effect model (Fitrianto & Musakkal, 2016). The fixed-effect model can be used to analyse the influences of variables change over time. In addition, the random effect model variation among the GLCs was assumed to be random and uncorrelated with the IVs included in the model.

The Hausman test was critical, as a result of this test would be used in determining whether to select the fixed effect model or the random effect model. This test was mainly testing whether the disturbance was correlated with other explanatory variables. If the p-value in the

Hausman test is less than 0.05, the fixed-effect model was used; on the other hand, if the p-value is more than 0.05, the random effect model will be used.

The general equation for a panel analysis is

$$y_{it} = \beta_1 x_{it1} + \beta_2 x_{it2} + \dots + \beta_k x_{itk} + \epsilon_{it}$$

4.0 RESULTS AND DISCUSSION

Table 1 Summary of Result of Panel Data Analysis

Independent Variables	Dependent Variable	
	Tobin's Q Malaysian GLC	Tobin's Q Singapore GLC
Frequency of Board Meetings	0.0066***	0.0814*
Independent Directors	0.9385	0.0240**
Women Directors	0.0002***	0.0850*
Independent Directors in Audit Committee	0.4261	0.7573

Note: Significant at ***1%, **5%, *10% level.

Table 2 Hausman Test Result for Malaysia Table 3 Hausman Test Result for Singapore

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	14.430116	6	0.0252

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.234654	6	0.5141

The outcome of the Hausman Test shows P-value of 0.0252, a value lower than 0.05 for Malaysia. Therefore, which means that the “Fixed Effect Model” is a better option. The outcome of the Hausman Test shows P-value of 0.5141, a value higher than 0.05, for Singapore. Therefore, the “Random Effect Model” is a better option. According to the results displayed, it can be seen that the frequency of board meeting in Malaysian Government Link companies has a significant correlation with Tobin's Q at 1% level and the findings also showed that the frequency of board meetings in Singapore Government Link companies had an significant correlation with Tobin's Q at 10%. The p-value Tobin's Q the percentage of independent directors in Malaysian GLC was 0.9385, whereas the p-value Tobin's Q for Singapore GLC was 0.0240. This shows that the percentage of independent directors have a greater impact on financial performance in Singapore as compared to Malaysia. The proportion of women directors on the board in Malaysian Government-Link companies influences Tobin's Q at 1% level and in Singapore Government Link companies at a significant level of 10%. The proportion of independent directors on the audit committee has an insignificant impact on Tobin's Q for both countries at 1%, 5% or 10%.

5.0 CONCLUSION

In general, the CG variables of Malaysia GLCs have less impact on Financial Performance compared to Singapore GLCs. From the findings, only two variables (BM and WD) are significant with Tobin's Q. The panel data analysis corresponded to the results of previous researchers, which stated that the CG variables (BM and WD) were statistically significant with the particular indicators of Financial Performance. As some of the CG variables (IDAC and ID) of Malaysia GLCs had no significant impact on FP, this showed that others external or internal factors might be included in the study in order to evaluate their effects on FP. It can also be concluded that Malaysia GLCs should improve on implementing appropriate CG recommendation in order to maximize shareholders' wealth.

Comparatively, the CG variables of Singapore GLCs have more impact on FP compared to Malaysia GLCs. Based on the research findings, there are three variables (BM, ID and WD) significant with Tobin's Q. The panel data analysis was similar to the findings of past studies, indicate the CG variables IDAC had no effects on FP. As most of the CG variables (ID, BM and WD) of Singapore GLCs were found significant with FP, this concluded that the CG variables of Singapore GLCs have more impact on FP as compared to Malaysia GLCs. This could also indicate that Singapore GLCs are more stringent in implementing CG recommendations in their companies.

The contribution of this research would benefit the enhancement of Corporate Governance practices for stakeholders and legislator. It also promotes theoretical knowledge towards academic understandings. Corporate Governance would also assist Government-Link companies to utilize funds efficiently, nature a more positive bonding with shareholders and management and lead to improvement in the business environment and performances. A good Corporate Governance would encourage sustainable economic growth because of greater performance by companies and their ability to attract foreign capital. This study is carried out to establish whether Corporate Governance has an effect on Government-Link Companies in Malaysia and Singapore to provide added information and understanding to Board of Directors as well as other stakeholders. In addition, it can also generate and encourage a better connection between the Board of Directors, workforces, investors and management.

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THE SUSTAINING OF SARAWAK CULTURAL FASHION AMONG THE YOUTHS OF SARAWAK

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ABSTRACT

"Culture" fashion, especially from different ethnicities, evolves from one side of ethnicity beliefs and culture itself. "Culture" fashion is not just for the trend, but it represents ethnicity through the concepts, detailing, preserving, and accepting the youths in Sarawak. Preserving the "culture" also ensures that the new generation will further follow the "culture" preserved today. As the "culture" fashion keeps changing, it is most important to figure out how to maintain or sustain it so the Sarawak culture will be the most priceless asset that should never be faded away. The study has executed survey questionnaires, and 160 respondents have participated. The result shows specific patterns towards the acceptance of Cultural Fashion in Sarawak among the youths. It shows that youths have different perspectives on accepting cultural fashion as part of their daily lives. Thus, it is important to consider multiple strategies to execute cultural fashion to sustain it as part of Sarawak Fashion Industries.

Keywords: *Cultural Fashion, Sustainable Culture, Sarawak's Youth, Fashion Retailing.*

1.0 INTRODUCTION

The initial intention for this article was to define the Sarawak Cultural fashion among the youths. It is essential to sustain the Sarawak Culture to contribute to the culture degradation among the youths (Leichenko, & O'Brien, 2020). Meanwhile, maintaining the culture will also empower and increase community development (Suharti, Kartika & Sugiyanta, 2021). The Sarawak market is considered still in maintaining their culture, and it is also called the recreation of traditional crafts and inheritance (Jiajia, 2019). Thus, many extortionate expenses to preserve and expand this rich culture and civilisation by Sarawak youths (Jiajia, 2019).

As youths are essential to the Sarawak future economy, they should accept cultural fashion and benefit from its aesthetic and cultural values. Youths are starting to open their minds concerning cultural fashion, regardless of the arduous tasks of acquiring the garments. The Sarawak Socio-Economic report stated that with an average population growth rate of 0.5 per cent, Sarawak's population grew from 2.79 million in 2018 to 2.81 million in 2019. In 2019, the resident population accounted for 93.9 % of Sarawak's total population. The population is divided into three age groups: young age, working-age, and old age. Sarawak saw an increase in working-age people and the elderly population between 2015 and 2019. In 2019, the number of people under the age of 18 fell to 22.7% (2018: 23.3%), while the percentage

of people of working age and the elderly population increased to 69.7% (2018: 69.4%) and 7.6%, respectively (2018: 7.3%). Bumiputeras made up 75.5% of the population in 2019. (2018: 75.6%). On the other hand, the Chinese decreased to 23.7% (2018: 23.8%) in 2019, while Indians and other ethnicities accounted for 0.3 % of Sarawak's total population (Jabatan Perangkaan Malaysia, 2019).

According to the perspective on design expressed in this research, cultural fashion in youth maintained expressing an idea and is an inescapable theme in modern-day social concerns and art (Clark, 2019). Sarawak Cultural fashion is deeply associated with the cultural context of this society and embodies the culture in Sarawak ancient garments by combining the handcraft, designs, and colours. Most identity representatives are significant and impressive designs to preserve by the generations (Schindel & Cook, 2018). Based on the existing evidence, the patterns' design resembles prehistoric stone reliefs that have augmented this unique cultural art.

2.0 LITERATURE REVIEW

The concept of Sarawak cultural fashion has a variety of meanings and connotations for both academics and the public. The intentions are to obscure rather than clarify the processes that underlie the phenomenon. It is often used to refer to specific forms of cultural dissemination (Bekele & Champion, 2019). Thus, cultural fashion can be conceptualised as symbolic values to material culture and creations. However, it is also linked to the sociology of cultural production in which new interpretations of symbolic values were created and attributed to the material culture (Stephenson, 2018). A sociologist has largely neglected the study of the values for several decades (Robinson, Martins, Solnet, & Baum, 2019) and they tend to assume the values are primarily associated with social statuses, such as social class, gender and ethnicity. Unlike sociological studies, they are generally associated with people and only secondarily with material objects. (Robinson, Martins, Solnet, & Baum, 2019); Stephenson (2018).

Consequently, clothing or any garments can be a vehicle for socialisation and social control to liberate cultural constraints. Garments or clothing as a form of material culture is especially suitable for studying the relationship between personal values and values attributed to material goods because of its association with human perceptions. It also affects and expresses our perceptions of ourselves. Researchers found that clothing has a special character as a material object because of its location on our bodies, "acting as a filler between the person and the surrounding social world (Robinson, Martins, Solnet, & Baum, 2019); Stephenson, (2018). Material can be seen as a type of text that expresses symbols and contributes to discourses and cultural repertoires. Hence, the meaning is also attributed to clothing as a form of material culture controversial Stephenson, (2018).

2.1 Research Objectives

- This study seeks to explain the factor of youth preferences and attitudes that can influence the acceptance of Sarawak Cultural Fashion and its impact on sustaining cultural fashion in Sarawak.
- The study analyzes the relationship of design and cultural preferences, which may influence the youth attitudes towards sustaining cultural fashion of Sarawak.
- This research explains the perceived outcomes of the acceptance of Sarawak cultural fashion amongst the youths.

Theoretical Contribution

The results of the study would fill in the gaps by explaining the emerging phenomenon of youth perceptions of sustainable Sarawak cultural fashion (i.e., attitudes and ethical beliefs).

The findings will enhance:

- The introduction of new variables in the sense to sustain the Sarawak Cultural fashion, which will help to advance research in this nascent field.
- the development of a comprehensive research model that incorporates a diverse collection of factors of youth attitudes toward Sarawak Cultural fashion Culture acceptance, which have rarely been investigated in previous studies.
- In an advanced transactional economy, experience of the outcomes of Sarawak Cultural fashion by the Youth of Sarawak will be investigated. The variables in this analysis are arranged in such a way that they incorporate all the related factors that explain the youth attitudes into a theoretical research model. The effect of these attitudes on the implementation and long-term use of Sarawak Cultural fashion will be studied.

Practical Contribution

The findings of this study will be useful to various practicing groups (e.g., government, NGOs, and private sector organizations) in their efforts to implement Sarawak Cultural fashion in the fashion industry, in addition to their academic interest. These findings will direct them in their management and attitudes toward more successful acceptance and use of Sarawak Cultural fashion as core builders of the Sarawak economy. Hence, the acceptance of the cultures will be maintained generation by generation if they play an important role by wearing it.

Conclusion

This chapter has presented background information on the research project, as well as an explanation of how culture advancement can improve youth interest. Since cultural fashion is a part of radical progress, many key points in this analysis necessitate a clear description of the influences and factors examined.

3.0 METHODOLOGY

The science of methods, which deals with identifying, classifying, comparing, implementing, confirming, and critiquing methods, is referred to as "methodology" (Fetters, 2019). The methodology of design research in the field of inquiry is concerned with the method susceptible to be used to conduct research projects in the fields or discipline of design, in other terms called the expressions "research in design" or can be referred to as "design research" are synonymous. This study will cover the research design, the study's scope, and the concept of cultural fashion. The researcher has executed a survey questionnaire for a quantitative approach. A sample size of 160 participants was allocated for the study to be tested to find the relationship of the proposed variables of the study. Upon completing the data collection, the acquired data were analysed by executing PLS- SEM Algorithm using SmartPLS.

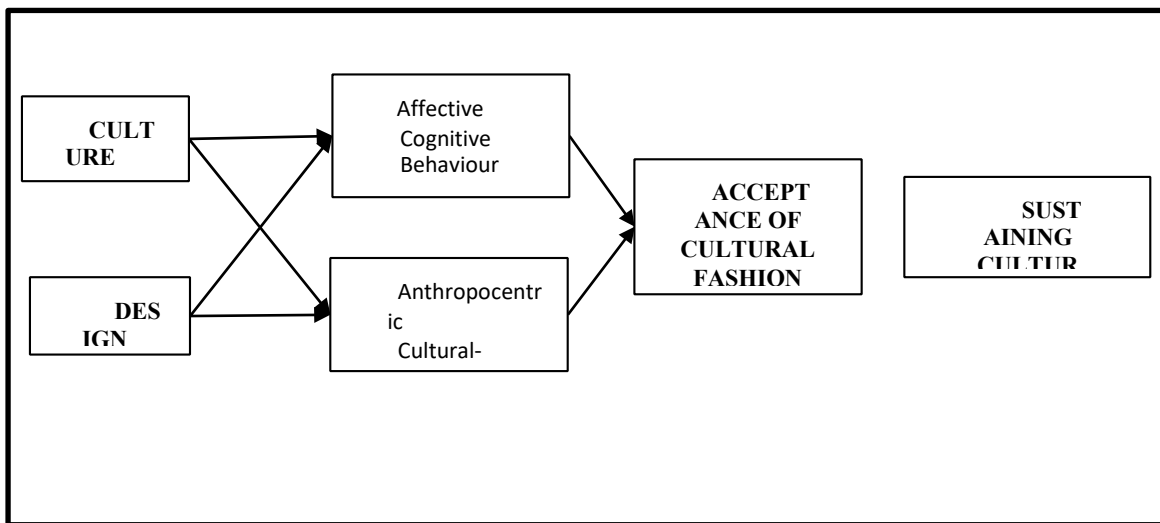


Figure 1: The Proposed Theoretical Research Framework

As this research focuses on the youths and cultural fashion in Sarawak, the researcher added independent variables of "Design" and "Culture" to test which factors cater best to the youths' intention to accept Cultural Fashion as part of their intention to purchase in the Study of Fashion Retailing. The youths' perceptions were added to the advanced theoretical research framework as the mediator to explain the level of acceptance to ensure a sustainable cultural fashion among the youth in Sarawak.

4.0 RESULTS AND DISCUSSION

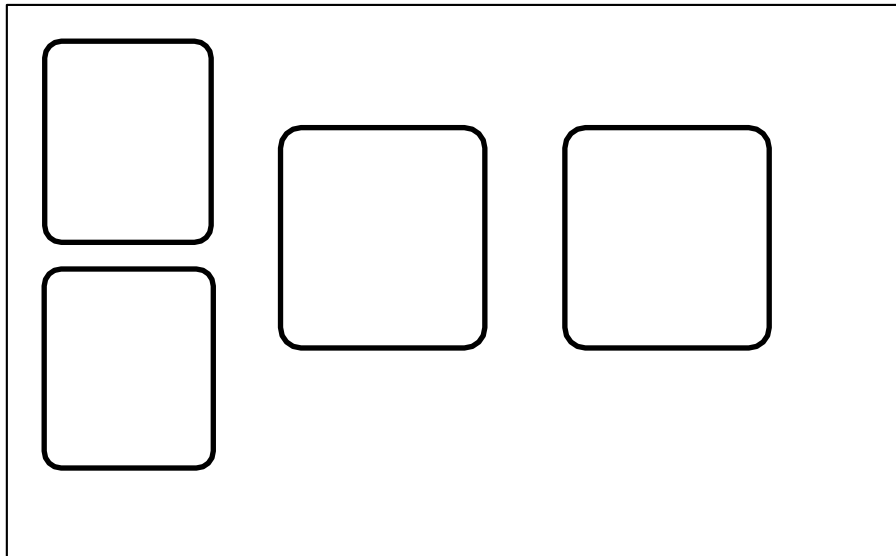


Figure 2: The Acceptance of Cultural Fashion Among the Youth in Sarawak

All results and analysis were gathered from 160 respondents among the Sarawak youth in this research. The result indicates that most culture, culture-centric and design had a significant and positive correlation towards maintaining the cultural fashion in Sarawak.

There are few outcomes from adoption that are viewed from different categories of factors – Affective, Anthropocentric, Behavior, Cognitive, Culture-Centric, Culture and Design were investigated whether they affected the youth's decision-making process when it comes to accepting and maintaining the Sarawak Cultural fashion.

The results from PLS-SEM, path analysis in a general display that culture, culture-centric and design showed positive and significant effects. The more favourable feelings there are about passing down culture to future generations, and the prettier the design is, the more opportunities there will be to keep the cultural fashion alive.

Furthermore, the results also showed that cultural fashion among the youth in Sarawak have high culture-centric values. The greater the influence of pride in their culture, the more motivated they will preserve it. Current cultural issues are caused by exploitative and not too exposing into design culture, and preserving the Sarawak culture will allow youths to receive unlimited usage of resources (Rozaimie, Bolhassan, Abdullah, & Johari (2020).

According to Allen (2020), these emotional states can drive individuals and even youth by making decisions to maintain the culture's ethnicity. In this discussion, the behaviour was the most contributing to the acceptance from the results when an individual's behaviour state is confronted with a challenge or an opportunity, it can emerge in the phenomenon. Behavioural attitudes can be explained as the obligation youths feel to change their

behaviour by taking action for a purpose or benefit. It is associated with youths' responsibility in acting on a certain value Allen (2020). The youth's capabilities to react and perform a certain action, approach or avoid a certain situation are considered their behavioural instincts. Behavioural attitudes also affect the socioeconomic decision-making system and change youth's structural lifestyles (Medojevic, Medojevic, & Delic, 2021). Research has shown that the youth's beliefs and emotions may trigger their actions but, depending on the situation, when it comes to the cultures, their actions will determine their emotions and beliefs (Wamsler, Schöpke, Fraude, Stasiak, Bruhn, Lawrence, & Mundaca 2020). Youths' behaviour plays an important role, as actions determine environmental outcomes. Social and personal norms generally impact youth behaviour Shek, Dou, Zhu, & Chai 2019). According to Camacho-Otero, Boks, & Pettersen (2019), Sarawak Cultural fashion has evolved from being things that youths can do to becoming obligatory actions. Beliefs and emotions are not required to trigger the adoption of Sarawak Cultural fashion, but as shown (Camacho-Otero, Boks, & Pettersen, 2019), youths should get involved in Sarawak cultural fashion to help prevent further damage to the cultures.

5.0 LIMITATION AND AVENUE OF STUDIES

Every study has limitations, which are acknowledged as such, followed by ideas and recommendations for future research. Even though the same study is conducted in different settings, the results, data might be differ. Nonetheless, this study examined a model based on ideas and literature that was backed up by empirical evidence. Thus, this study's methodology is a natural extension of earlier research and the variables and correlations examined are reasonable.

As the fashion trends change, by preserving Sarawak culture as the greatest way to preserve originality. It is critical to maintain cultural fashion particularly among the youth. This is because they are the only ones who can bring the image into the future by attracting the younger generation. Majority younger generation has the imaginations and strong vibes to realise and accept the reality that they can preserve culture. It is going to have a great impact for the youth towards their behavior and perceptions.

The qualitative technique is relevant to employ since it is more precise and may explain the present situation in greater depth simply by using online. It has the potential to represent subjective attitudes and to better explain broad perspectives. The youth could always share their perspective on the acceptability of Sarawak culture. Hence, the respondent will be able to freely disclose their thoughts and experience without constraint. However, in this study it is time consuming as well so the respondent can presume what to say, do and interpret the world. The researcher can identify the problems and yield the greatest understanding by the methods of observations.

The study will be conducted within Sarawak, amongst all the youth. As youths are essential to the Sarawak future economy, it is advisable that they accept cultural fashion and benefit from its aesthetic and cultural values. Youths are starting to open their minds with regard to cultural fashion, regardless of the arduous tasks involved in acquiring the garments. There will be a comprehensive set of all the data findings that were analyzed for the Sarawak Culture Fashion among Sarawak youth. The observations were statistically tested using data from a questionnaire that was distributed and collected over a two-month period (September until October 2021). The information was gathered from each of the students at the University Malaysia Sarawak (UNIMAS) via an online survey. The findings aided in the analysis of Sarawak's diverse youth culture.

6.0 CONCLUSION

It is critical to maintain Sarawak Cultural fashion to promote cultural degradation among the youth in Sarawak. Keeping the culture will also empower and boost community development, and maintaining the culture will allow for traditional enjoyment, preservation and expansion of the culture for future generations.

The research has added to knowledge in three ways: by developing a new comprehensive research model in diverse corporate collections by introducing new variables in the sense of sustaining Sarawak Cultural Fashion and allowing the youth to experience the outcomes of Sarawak Cultural Fashion. As for practical applications, this study will be valuable to various practising organisations in their efforts to apply Sarawak Cultural fashion in the fashion industry and their academic interest. These findings will guide their management and acceptance toward greater recognition and usage of Sarawak Cultural Fashion as a key component of the state's economy.

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FUNCTIONALLY PUBLIC ACCOUNTABILITY, MANAGEMENT CONTROL SYSTEMS AND ORGANIZATIONAL CULTURE TO INCREASE ORGANIZATIONAL PERFORMANCES

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ABSTRACT

This study aims to examine the effect of public accountability, management control systems and culture organization to organizational performance. The type of research is descriptive quantitative using multiple linear regression. While, data collection uses questionnaires and purposive sampling with 60 respondents. As for the research results: Public accountability has a positive effect on organizational performance. Management control system has a positive effect on organizational performance. Organizational culture moderates relationship between public accountability and organizational performance and Organizational culture moderates relationship between management control systems and organizational performance. Public accountability, management control system and organizational culture play important roles in improving organizational performance.

Keywords: Organizational Performance, Public Accountability, Management Control System, Organizational Culture

Preliminary

Organizational performance is a result achieved by the organization in fulfilling its obligations according to certain criteria that apply to a particular task and function. Good organizational performance will definitely result in good activities and provide more usability. The benchmark of an organization is said to be good if it is able to fulfill all the tasks and functions that have been regulated. One of the important tools to support optimal organizational performance of a local government agency is public accountability. Public accountability is an obligation to manage resources, reports, and disclose all activities and activities related to the use of public resources to the party giving the mandate/public. Public accountability also means the obligation to be responsible for what has been done or not done. This can help the leadership of local government agencies to provide assessments in the context of decision making in order to improve organizational performance.

The management control system is a tool to create cooperation, both collectively and individually and it becomes a channel for various efforts that are made to achieve the specific goals of a local government agency. Leadership sets goals, designs and implements control mechanisms, monitors and evaluate controls. Thus, the performance of the organizations in local government agencies plays an important role for achievement goals. In reality, it is often found that a local government agency has a good management control system guideline, but it is not implemented properly, so that the designed management control does not make a positive contribution to local government agencies.

The importance of a performance is needed to assess how far the organization can implement its vision and mission so that organizational goals can be realized. A good organizational culture needs to be applied to all parties within the organization, because organizational culture cannot be separated from organizational strategy, including the vision and mission of the organization itself and is one of the important factors in implementing strategy in improving organizational performance. The relationship between public accountability and management control systems on organizational performance with organizational culture as a moderating variable is also closely related. The leaders of local government agencies will uphold organizational culture as an effort to increase local government participation in the process of realizing the vision and mission of the organization,

The regional secretariat is an auxiliary element of the regional government led by a regional secretary. The task of a regional secretary is to assist regional heads in realizing the vision and mission which is the main goal in his reign. Likewise with the duties and functions of the South Tangerang City Regional Secretariat, based on South Tangerang Mayor Regulation No. 46 of 2016 concerning Regional Apparatus Organizations, the South Tangerang City Regional Secretariat has the task of assisting the Mayor in formulating policies and coordinating regional apparatus. In carrying out these tasks, the Regional Secretariat of South Tangerang City has the following functions: (a) Coordinating the preparation of regional policies, (b) Monitoring and evaluating the implementation of regional policies. (c) Coordinating the implementation of the tasks of regional apparatus organizations. (d) Administrative services and development of state civil apparatus in local governments. (e) Preparation and formulation of periodic performance reports to the Mayor.

Based on the duties and functions of the South Tangerang City Regional Secretariat described above, the South Tangerang City Regional Secretariat has a very important role to realize the goals that have been planned by the regional leadership in this case the Mayor. Judging from the Performance Accountability Report of the South Tangerang City Regional Secretariat in 2019, the main problems faced by the South Tangerang City Regional Secretariat based on their duties and functions include: (1) The policies produced by local governments have not been fully effective because the level of implementation of regional policies carried out by regional officials is still not optimal. (2) Performance of regional apparatus is important, where every government agency in this case all regional apparatus in South Tangerang City must have results-oriented performance and provide optimal benefits for the community. (3) The emergence of the new public the service paradigm, which places the apparatus as a servant for the community, has changed the orientation of government services to become community-oriented. This has resulted in few implications for the performance of government administration, placing community service satisfaction as an indicator of the success of government officials and agencies. This paradigm shift has become a strategic issue because it has not been fully understood by the State Civil Apparatus (ASN) and the community in South Tangerang City. (4) The low work culture of the state civil apparatus has become a growing issue in various central and local government agencies.

The problem that is being faced by the Regional Secretariat of South Tangerang City is regarding organizational performance, then the problem of regional policy is related to the management control system that is applied, because coordinating the preparation of regional policies is a task that must be completed and is the final goal of the establishment of the South Tangerang City Regional Secretariat. The management control system functions for the purpose of the organization to be achieved, then problems regarding regional policies can be influenced by the management control system as it will affect the organizational performance of the Regional Secretariat of South Tangerang City.

The problem of performance accountability is related to the applied public accountability, where the problem involved Performance accountability is due to the lack of results-oriented

performance and provides optimal benefits for the community. Likewise with the function of public accountability, namely requiring results-oriented and accountable performance, so that performance accountability issues can be influenced by public accountability and affect the organizational performance of the South Tangerang City Regional Secretariat. The problem of the paradigm of the apparatus as a public service and the competence of the apparatus is related to the organizational culture that is applied, where the problem is caused by the weak work culture that is applied, so that the problem occurs. Organizational culture serves to provide norms and support to all members of the organization to work according to what has been expected.

Many researches on the effect of public accountability on organizational performance have been carried out, including research conducted by Puspayani (2019), Pandeni, Sujana, & Sinarwati (2017), and Indarwati (2017) all three obtained the results that public accountability had a significant effect on organizational performance. However, it is different from the research conducted by Rahayuni (2013) which found that public accountability has no effect on organizational performance. Then research on the influence of management control systems on organizational performance has been widely carried out including research conducted by Suntoro (2017), Ningrum, Sari & Susilatri (2017), and Sandanafu & Tjokro (2017) all three obtained the results that the management control system had a significant effect on organizational performance. However, it is different from the research conducted by Anjami & Yaya (2016) which obtained the results that the management control system has no effect on performance. And research that uses organizational culture as a moderating variable has been widely carried out including research conducted by Permadi (2018), Rusmita & Badera (2018), Sucitrawati & Sari (2017), and Novatama (2019), all of which have the result that organizational culture is a moderating variable. has moderated the independent variable on the dependent variable. However, it is different from the research conducted by Mardiansyah (2018) which found that organizational culture was not a moderating variable. However, it is different from the research conducted by Anjami & Yaya (2016) which obtained the results that the management control system has no effect on performance. And research that uses organizational culture as a moderating variable has been widely carried out including research conducted by Permadi (2018), Rusmita & Badera (2018), Sucitrawati & Sari (2017), and Novatama (2019), all of which have the result that organizational culture is a moderating variable. has moderated the independent variable on the dependent variable. However, it is different from the research conducted by Mardiansyah (2018) which found that organizational culture was not a moderating variable. And research that uses organizational culture as a moderating variable has been widely carried out including research conducted by Permadi (2018), Rusmita & Badera (2018), Sucitrawati & Sari (2017), and Novatama (2019), all of which have the result that organizational culture is a moderating variable. has moderated the independent variable on the dependent variable. However, it is different from the research conducted by Mardiansyah (2018) which found that organizational culture was not a moderating variable. And research that uses organizational culture as a moderating variable has been widely carried out including research conducted by Permadi (2018), Rusmita & Badera (2018), Sucitrawati & Sari (2017), and Novatama (2019), all of which have the result that organizational culture is a moderating variable. has moderated the independent variable on the dependent variable. However, it is different from the research conducted by Mardiansyah (2018) which found that organizational culture was not a moderating variable. and Novatama (2019) all four of them obtained the results that organizational culture as a moderating variable had moderated the independent variable on

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The formulation of the research problem is (a) How is the effect of public accountability on organizational performance. (b) How is the influence of the management control system on organizational performance. (c) Does organizational culture moderate public accountability on organizational performance, and (d) Does organizational culture moderate the management control system on organizational performance. Furthermore, the purpose of this study is (a) to determine the effect of public accountability on organizational performance. (b) to determine the effect of the management control system on organizational performance. (c) to determine the effect of public accountability on organizational performance with organizational culture as a moderating variable.

Contingency Theory

Islam and Hu (2012) said that contingency theory is an approach to describe organizational behavior as an explanation given for contingent factors such as technology, culture and the external environment that affect the design and functioning of the organization. Thus, it can be said that the underlying assumption of contingency theory is that there is no one type of organizational structure that is the same for all organizations. On the other hand, organizational effectiveness depends on the type of technology, the environment around the organization, the size of the organization, the features of the organizational structure, and its information system. The contingency theory becomes the grand theory in this study. The aim of the researcher using the contingency approach is to identify various contingent variables that affect organizational performance. The use of the contingency approach allows other variables to act as moderating variables or intervening variables. Thus, through a contingency approach, this study argues that the success of public accountability and management control systems on organizational performance is influenced by organizational culture.

Stewardship Theory

Donaldson & Davis (1991) said that: stewardship theory is a theory that describes a situation where managers are not motivated by individual goals but are more focused on their main outcome goals for the benefit of the organization. This theory has a psychological and sociological basis which is designed so that executives as stewards are motivated and act according to the wishes of the principal. In addition, steward behavior will not leave the organization because the steward will try to achieve the goals of the organization. The purpose of the researcher using the stewardship theory is to explain the existence of the South Tangerang City Regional Secretariat as an institution that can be trusted to act in accordance with the public interest and carry out its duties and functions appropriately, responsible for what has been entrusted to him, so that organizational goals can be achieved optimally. To carry out these responsibilities, the stewards (regional secretaries) mobilize all their abilities and expertise in streamlining the performance of the South Tangerang City Regional Secretariat in completing their duties and functions.

Organizational Performance

Moehariono (2012) said that performance is a description of the achievement level of the implementation of an activity, program or policy. This is in realizing the goals, objectives, vision, and mission of the organization as outlined in an organization's strategic planning. Rivai & All

(2013) said that performance is a general term used in part or all of the actions or activities of an organization in a period with a reference to a number of standards such as projected past costs on the basis of efficiency, accountability or management accountability and the like. . Regarding the concept of performance, Rummler and Brache in (Sudarmanto, 2009: 7-8) suggested that there are three levels of performance, namely: (a). Organizational performance where it is the achievement of results at the level or unit of organizational analysis. Performance at the organizational level is related to organizational goals, organizational design, and organizational management. (b). Process performance is the performance of the process stages in producing a product or service. Performance at this process level is influenced by process objectives, process design and process management. (c). Individual/job performance represents achievement or effectiveness at the employee or job level. Performance at this level is influenced by job objectives and job management as well as individual characteristics. Performance at this process level is influenced by process objectives, process design and process management. (c). Individual/job performance represents achievement or effectiveness at the employee or job level. Performance at this level is influenced by job objectives and job management as well as individual characteristics. Performance at this process level is influenced by process objectives, process design and process management. (c). Individual/job performance represents achievement or effectiveness at the employee or job level. Performance at this level is influenced by job objectives and job management as well as individual characteristics.

Public Accountability

Mahmudi (2013) stated that public accountability is the obligation of agents (government) to manage the resources, report, and disclose, all activities and activities related to the use of public resources to the giver of the mandate. While, Halim & Kusufi (2012) stated that public accountability is the obligation to provide accountability and explain the performance and actions of a person, legal entity or organizational leader to other parties who have the right and obligation to ask for accountability and information obligations. Based on the definitions of the experts above, it can be said that public accountability is the embodiment of the obligation of the recipient of the mandate to account for the management, control of resources and implementation of policies entrusted to him in the context of achieving the goals that have been set through the media of accountability periodically. Policies are basically provisions that must be used as guidelines, or instructions for every business of local government agency employees so that the smoothness of the goals that have been set can be achieved as well as an effort to provide accountability that is carried out by the organizational units or interested parties. This is also open to those who provide accountability. From the perspective of the accountability system, there are several main characteristics of this accountability system, namely: or instructions for every effort from employees of local government agencies so that smoothness is achieved in achieving the goals that have been set and an effort to provide accountability carried out by organizational units or interested parties openly to those who provide accountability. From the perspective of the accountability system, there are several main characteristics of this accountability system, namely: or instructions for every effort from employees of local government agencies so that smoothness is achieved in achieving the goals that have been set and an effort to provide accountability carried out by organizational units or interested parties openly to those who provide accountability. From the perspective of the accountability system, there are several main characteristics of this accountability system, namely:

1. Focus on results (outcomes)
2. Using selected indicators to measure performance
3. Generate useful information for decision making on a program or policy
4. Generate data consistently over time
5. Report results (outcomes) and publish them regularly

Management Control System

Mulyadi (2012) stated that the management control system is a system used to plan future goals to be achieved by the organization, plan activities to achieve these goals, and implement and monitor the implementation of the plans that have been set. Meanwhile, Sutarman (2012) stated that the management control system is a collection of interrelated elements and interacts in a single unit to carry out a process of achieving a main goal. The management control system activities include activities to plan, control and direct the organization's operations according to plans and objectives. So the management control system is a system designed to ensure that the organization has implemented its strategy effectively and efficiently.

Purpose of Management Control System

Samarsan (2013) emphasised that, the purpose of designing a management control system is as follow:

1. Obtained reliability and information integration

Information systems are very important for organizations in order to respond to fast-paced changes in conditions and the existing environment and the increasing sophistication of information technology means to make decisions. Generally, information systems are divided into two aspects, namely:

- a. Financial accounting information that produces the organization's financial statements and various other reports such as budget usage.
- b. An activity information system that collects information related to aspects of activities that produce reports on the level of success of performance.

2. Compliance with applicable policies, plans, procedures, rules and regulations. Compliance with applicable policies, plans, procedures, regulations, and provisions can be achieved through the management control system. Failure to comply with applicable policies and regulations can jeopardize coordination efforts designed in a control system.

3. Protect company property In general, controls are developed and implemented to protect company assets.

4. Achievement of economical and efficient activities

Limited resources encourage organizations to apply economic principles, the principles applied to organizational management are to obtain certain results with minimal costs. operating standards should provide measurement criteria to assess the level of economy and efficiency.

Organizational culture

Tampubolon (2012) claimed that an organization needs a culture which is a collection of general perceptions of all employees as members of the organization, which is the dominant culture of all cultures owned by employees, which is absorbed from the majority of members of the organization and specifically describes a personality. (personality) in the organization. Robbins & Judge in Sunyoto (2015) also stated that organizational culture is a system of shared meanings held by members of an organization that distinguishes the organization from other organizations.

According to Umi, et al (2015: 02) Organizational culture is a norm and values that are formed and applied by the company to influence the characteristics or behavior in leading its employees to be able to do tasks on time and guide employees in achieving organizational goals. Organizational culture is how members or a group of employees are able to deal with external and internal problems, therefore organizational culture must be developed and taught to members to be used as behavioral guidelines for members in dealing with problems. Robbins in Tika (2010: 06) states that organizational culture is a set of value systems that are recognized and created by all its members that distinguish one company from another.

Framework

Suriasumantri (1986) in Sugiyono (2013) said that the framework of thought is a temporary explanation of the symptoms that are the object of the problem. This research framework is used to facilitate the way of thinking on the problems discussed related to the relationship between independent, dependent, and moderating variables. The following is a model of the framework of this research:

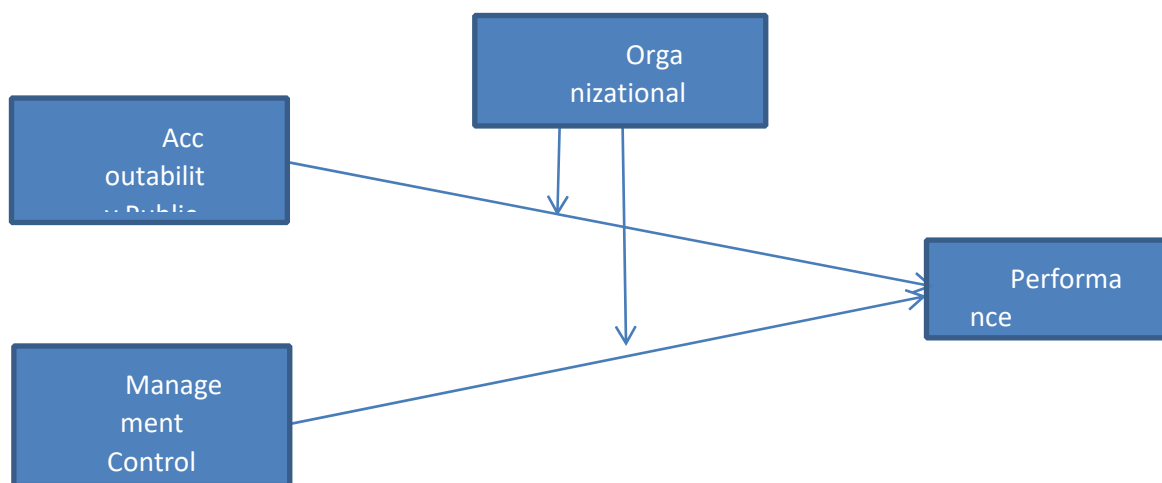


Figure 2.1 Framework research

Hypothesis

The Effect of Public Accountability on Organizational Performance

Stewardship theory argues that managers are not motivated by individual goals but rather by their primary outcome goals for the benefit of the organization. The existence of a relationship between public accountability and stewardship theory is thought to have an effect on organizational performance. Mahmudi (2013) stated that public accountability is the obligation of agents (government) to manage resources, report, and disclose all activities and activities related to the

use of public resources to the mandate giver. Previous research conducted by Puspayani (2019), Pandeni, Sujana, & Sinarwati (2017), and Indarwati (2017) concluded that public accountability affects organizational performance. Based on the description, proposed hypotheses, namely:

H1: Public accountability has an effect on organizational performance.

Effect of Management Control System on Organizational Performance

Contingency theory argues that the design and system of controls are dependent on the organizational context in which the controls are implemented. The relationship between management control systems and contingency theory is expected to improve organizational performance. Mulyadi (2012) stated that the management control system is a system used to plan future goals to be achieved by the organization, plan activities to achieve these goals, and implement and monitor the implementation of the plans that have been set. Research by Khirawati (2017), Ningrum, Sari & Susilatri (2017), and Sandanafu & Tjokro (2017) concluded that management control systems affect organizational performance. Based on this description, the research hypotheses are:

H2: Management control system has an effect on organizational performance.

Influence Public Accountability of Organizational Performance through Organizational Culture as Moderating Variable

Tampubolon (2012) says, an organization needs culture as a collection of general perceptions of all employees. The dominant culture of all cultures owned by employees, absorbed from the majority of members of the organization describes a personality that exists in the organization. Research by Permadi (2018) and Rusmita & Badera (2018) conclude that organizational culture as a moderating variable moderates public accountability on organizational performance. This means that public accountability plays a role in improving organizational performance through organizational culture. Based on the description, the research hypotheses are proposed, namely:

H3: Public accountability has an effect on organizational performance through organizational culture.

The Effect of Management Control System on Organizational Performance through Organizational Culture as a Moderating Variable

Robbins & Judge in Sunyoto (2015) claimed that organizational culture is a system of shared meanings held by members of an organization that distinguishes the organization from other organizations. Previous research conducted by Sucitrawati & Sari (2017), and Novatama (2019) both obtained the results that the management control system affects organizational performance through organizational culture as a moderating variable. This means that the management control system affects organizational performance through organizational culture

as a moderating variable. Based on the description, the research hypotheses are proposed, namely:

H4: Management control system affects organizational performance through organizational culture

Types of research

The type of research used is quantitative research with an associative approach. The process of data processing with SPSS software version 25. The population in this study were all employees of the South Tangerang City Regional Secretariat which were divided into 10 work sections. Attached table 3.1

Sample

The sampling technique used in this research is purposive sampling. The reason for selecting the sample using purposive sampling is because not all samples have criteria that are in accordance with what the researcher has determined. The selected sample is deliberately determined based on certain criteria that have been previously determined by the researcher to get a representative sample. The criteria for employees who were used as samples in this study were as follows:

1. Has become a Civil Servant (PNS).
2. Have worked for at least one year.
3. Have a functional position.

Based on the above criteria, the sample in this study was 60 employees, with positions as head of sub-section (head of sub-section) and executor (staff) at the Regional Secretariat of South Tangerang City.

Data collection technique

The data used in this study is primary data, obtained using questionnaires distributed directly to respondents at the Regional Secretariat of South Tangerang City

Public Accountability

According to Hopwood & Tomkins, 1984, Elwood, 1993 in Mahmudi (2011) states that accountability is measured using indicators: (1) Legal accountability and honesty (a) Compliance with the law and (b) Avoidance of corruption and collusion. (2) Process accountability; (a) There is compliance with procedures. (b) The existence of responsive public services. (c) The existence of careful public services. (d) The existence of low-cost public services. (3) Program accountability: (a) Alternative programs that provide optimal results and (b) Accountability for programs that have been made. (4) Policy accountability; (a) Account for the policies that have been taken and (b) Consider the impact in the future.

Management Control System

Mulyadi (2001) said that the dimensions of the management control system are:

(a) Management control structure, (1) organizational structure, (2) Information network. (3) Reward system. (2) Management control process, (a) strategic formulation. (b) strategic planning. (c) programming. (d) budgeting. (e) implementation. (f) monitoring.

Organizational Performance

Mahsun (2006) said that, the dimensions of organizational performance are as follows: (1) Input, is everything that is needed so that the implementation of activities can run to produce outputs. This indicator measures the amount of resources such as funds, human resources, and resources owned. (2) Process, in the process indicator, the organization formulates the size of the activity, both in terms of speed, determination, and level of accuracy of the implementation of the activity. The most dominant sign in the process is the level of efficiency and economy in the implementation of organizational activities. Efficiency means the magnitude of the results obtained by utilizing a number of inputs. While economical is that an activity is carried out cheaper than the standard cost and time that has been determined for it. (3) Output, is something that is expected to be directly achieved from an activity which can be either physical or non-physical. Output benchmarks are used to measure the outputs resulting from an activity. (4) Outcomes are everything that reflects the functioning of activity outputs in the medium term (direct effects). Output indicators are more important than just output. Outcomes describe the level of achievement of higher outcomes that may be in the interests of many parties. (5) Benefit is something related to the ultimate goal of implementing activities. Benefit indicators describe the benefits derived from outcome indicators. These benefits will be felt after some time, especially in the medium and long term. (6) Impact (impact).

Organizational Culture Moderating Variables

Denison in Musyafidah (2018) explained that the dimensions of organizational culture are: (1) Involvement (involvement), empowerment (empowerment); (a) Team orientation (team work), (b) Capability development (ability to develop). (2) Consistency (consistency); (a) Agreement core value and (b) Coordination and integration. (3) Adaptability: (a) Creating change (change), (b) Customer focus (customer focus) and (c) Organizational learning (organizational state). (4) Mission (mission): (a) Strategic direction and intent and (b) Goals and objective vision.

Measurement Scale

The measurement scale used in this study is a Likert scale. Where the measured variables are translated into variable indicators. The value of the variable with the instrument expressed in the form of numbers. The answers to each instrument item using a Likert scale have gradations: (1) Strongly Disagree (STS) with notation 1, Disagree (TS) with notation 2, Disagree (KS) with notation 3, Agree (S) with notation 4 and Strongly Agree (SS) with notation 5.

Multiple Linear Regression Test

Sugiyono (2017) claimed that multiple linear regression analysis is used by researchers, if the researcher predicts how the ups and downs of the dependent variable (criteria), if two or more independent variables as predictor factors increase and decrease in value (manipulated). Multiple regression analysis will be carried out if the number of independent variables is at least two. The regression model of this research is arranged in multiple regression equation as follows:

$$Y = + 1X_1 + 2X_2 + e$$

Information:

Y = Organizational performance. α = constant.

1, 2 = coefficientien regression. X1 = Public accountability.

X2 = Management control system. e = Error standard.

Moderated Regression Analysis

Moderated regression analysis or interaction test is a special application of linear multiple regression where the regression equation contains an interaction element (multiplication of two or more independent variables). Moderated regression analysis is used to answer H3 and H4 with the regression equation formula containing the following interaction elements:

$$Y = + 1X_1 + 2X_2 + 3X_1Z + b_4X_2Z + e$$

Where:

Y = Organizational performance.

α = Constant.

1, 2, 3, 4 = Regression

coefficient, X1 = Public accountability.

X2 = Management control system.

Z = Organizational culture.

X1Z = Interaction between public accountability and organizational culture.

X2Z = Interaction between management control system and organizational culture.

e = Standard error.

Discussion of research results Reliability Test

Reliability test aims to measure whether the questionnaire is consistent or not in the research used. The results of the reliability test can be seen in the table below:

Table 4.8 Reliability Test Results

Variable	r alpha	r critical	Criteria
Public Accountability	0.898	0.600	Reliable
Management Control System	0.663	0.600	Reliable
Organizational Performance	0.693	0.600	Reliable
Organizational culture	0.861	0.600	Reliable

Source: Primary Data Processed With SPSS Version 25, 2020

Based on the results in the table above, it shows that the variables of public accountability, management control systems, organizational performance, and organizational culture are declared reliable, it is evidenced by each variable having a Chronbath Alpha value (r alpha) > 0.600.

Multiple Linear Regression Test

The results of multiple linear regression can be seen in the table below:

Table 4.13 Multiple Linear Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,418	2,162		1,581	0,120
	Public Accountability	0,058	0,067	0,089	0,858	0,395
	SPM	0,821	0,106	0,802	7,738	0,000

a. Dependent Variable: Organizational Performance

Source: Primary Data Processed With SPSS Version 25, 2020

Based on the results of the regression analysis in the table above, the regression equation $Y = 3,418 + 0,058X_1 + 0,821X_2$ can be obtained. From the above equation, it can be concluded as follows:

1. The constant value of 3.418 means that if the variables of public accountability (X1) and management control systems (X2) do not exist, then there is an organizational performance value (Y) of 3.418 points.

2. The value of public accountability (X1) 0.058 means that if the constant is fixed and there is no change in the management control system variable (X2), then every 1 unit change in the accountability variable (X1) will result in a change in organizational performance (Y) of 0.058 points.
3. The value of the management control system (X2) 0.821 means that if the constant is fixed and there is no change in the public accountability variable (X1), then every 1 unit change in the management control system variable (X2) will result in a change in organizational performance (Y) of 0.821 points .

T test

The T test aims to determine the role of each independent variable, namely public accountability (X1) and management control systems (X2) on the dependent variable, namely organizational performance (Y) partially. t table used with a two- way significance level (Sig.) of 5% with the formula $df = nk$. So the value of t table is 2.007. The results of the T test can be seen in the table below:

Table 4.14 T . Test Results

Variable	t count	t table	value	Sig.	Information
Public Accountability	6,840	2.007	0.000	0.050	Take effect
SPM	12,637	2.007	0.000	0.050	Take effect

Dependent Variable: Organizational Performance

Based on the test results in the table above, it is obtained that the t value of the public accountability variable is greater than t table. Where the t-count value of the public accountability variable is 6.840, which is greater than the t-table value of 2.007, it is also strengthened by the value of 0.000 which is smaller than the value (Sig.) of 0.05. Thus H0 is rejected and H1 is accepted, this shows that there is a partially significant effect between public accountability on organizational performance at the Regional Secretariat of South Tangerang City. While the t value of the management control system variable is 12.637 which is greater than the t table value of 2.007, it is also strengthened by the diperkuat value of 0.000 which is smaller than the value (Sig.) of 0.05. Thus H0 is rejected and H2 is accepted,

Coefficient of Determination Test

The coefficient of determination test is intended to determine the percentage strength of the relationship between public accountability (X1) on organizational performance (Y) and management control system (X2) on organizational performance (Y). The results of the coefficient of determination can be seen in the table below:

Table 4.15 Coefficient of Determination Test Results

Variable	R-Square
Public Accountability	0.474
Management Control System	0.754

Dependent Variable: Organizational Performance

Based on the results of the coefficient of determination above, it shows that the R- Square value of public accountability is 0.474 or 47.4%. This means that the public accountability variable is able to contribute or influence 47.4% of the organizational performance variable. While the remaining 52.6% is influenced by other variables outside this research model. While the R-Square value of the management control system variable was obtained at 0.754 or 75.4%. This means that the management control system variable is able to contribute or influence 75.4% of the organizational performance variable. While the remaining 24.6% is influenced by other variables outside this research model.

Moderated Regression Analysis

Moderated regression analysis aims to determine whether a variable that is used as a moderating variable is a moderator variable or not. The results of the moderated regression analysis can be seen in the table below:

Table 4.16 Results of Moderated Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	7,956	3,230		2,463	0.017
	Public Account	0.989	0.409	1,520	2,418	0.019
	SPM	-0.583	0.512	-0.569	-1,138	0.261
	Moderation_1	-0.026	0.010	-2.875	-2.464	0.017
	Moderation_2	0.034	0.013	2,806	2,713	0.009

a. Dependent Variable: Organizational Performance

Based on the results of the moderated regression analysis above, it shows that the value (Sig.) Moderation_1 is the effect of public accountability on organizational performance with organizational culture as the moderating variable having a value of 0.017. This means that it is smaller than 0.050 then the hypothesis is proven. While the value (Sig.) Moderation_2 is the influence of the management control system on organizational performance with organizational culture as a moderating variable has a value of 0.009. This means that it is smaller than 0.050, meaning that the hypothesis is proven. To determine the existence of moderation between the independent variable and the dependent variable, it is done by comparing the R-Square value before the moderating variable and after the moderating variable as follows:

Table 4.17 Results of Comparison of R-Square . Values

R-Square		Difference	Information
X1 Against Y (H1)	X1 Against Y With Z (H3)		
0.474	0.616	0.142	Strengthen
R-Square		difference	Information
X2 Against Y (H2)	X2 Against Y With Z (H4)		
0.754	0.785	0.031	Strengthen

Source: Primary Data Processed With SPSS Version 25, 2020

Based on the results of the comparison of the R-Square values above, it shows that the R-Square H1 value of 0.474 is smaller than the R-Square H3 value of 0.616, and the difference is 0.142. Which means that the influence of public accountability on organizational performance was successfully strengthened by organizational culture by 0.142 or 14.2%. While the results of the comparison of the R-Square H2 value of 0.754 is smaller than the R-Square H4 value of 0.785, and the difference is 0.031. Which means that the influence of the management control system on organizational performance was successfully strengthened by organizational culture by 0.031 or 3.1%.

Discussion of Research Results

Public Accountability of Organizational Performance

Based on the results of the analysis, the value of the regression equation $Y = 3.418 + 0.058X_1$, with the t_{count} value of the public accountability variable of 6.480 greater than the value of t_{table} which is 2.007, also strengthened by the value of value of 0.000 which is smaller than the value (Sig.) of 0.050. So the hypothesis H_0 accepted, meaning that partially public accountability has a positive and significant effect on organizational performance. This study can prove that public accountability has a positive and significant effect on organizational performance. The results of the study are in line and consistent with research by Puspayani (2019), Pandeni, Sujana, & Sinarwati (2017), and Indarwati (2017) which state that public accountability affects organizational performance. The implication of this research for the Regional Secretariat of South Tangerang City is to encourage continuous improvement of the performance of the State Civil Apparatus through understanding the important role of public accountability in organizational management.

Management Control System on Organizational Performance

Based on the results of the analysis, the regression equation value $Y = 3.418 + 0.821X_2$, with the t_{count} value of the management control system variable of 12,637 which is greater than the value of t_{table} which is 2,007, also reinforced by the value of value of 0.000 which is smaller than the value (Sig.) of 0.050 . So the hypothesis H_0 accepted that partially the management control system has a positive and significant effect on organizational performance. This research can prove that the management control system has an effect on organizational performance. The results of this study are in line and consistent with research by Khirawati (2017), Ningrum, Sari & Susilatri (2017), and Sandanafu & Tjokro (2017) which stated that the management control system has a positive and significant effect on organizational performance. The implication of the research on the Regional Secretariat of South Tangerang City is that it can improve performance monitoring so that organizational performance can improve better. The State Civil Apparatus gains an understanding of the importance of a management control system in maintaining efficient and effective organizational operations.

Public Accountability of Organizational Performance With Organizational Culture as Moderating Variable

Based on the results of moderated regression analysis, the value (Sig.) for the moderation model of public accountability on organizational performance is 0.017, which is smaller than the specified criteria of 0.050. This shows that the organizational culture variable plays a role in strengthening or moderating public accountability for organizational performance. The research hypothesis which states that public accountability affects organizational performance through organizational culture variables can be proven. This means that organizational culture strengthens or affects the relationship of public accountability to organizational performance. The results of this study are consistent and in line with the research of Permadi (2018) and Rusmita & Badera (2018) which stated that organizational culture plays a role in moderating public accountability on organizational performance.

Management Control System Against Organizational Performance With Organizational Culture As Moderating Variable

Based on the results of moderated regression analysis, the value (Sig.) for the moderation model of the management control system on organizational performance is 0.009, which is smaller than the specified criteria of 0.050. This means that organizational culture plays a role in moderating or strengthening the relationship or influence of the management control system on organizational performance through organizational culture. The results of this study are consistent and in line with the research of Sucitrawati & Sari (2017), and Novatama (2019) which stated that organizational culture moderates the management control system on organizational performance. The research implication for the Regional Secretariat of South Tangerang City is to strengthen organizational performance through understanding management control systems and being strengthened or supported by organizational culture.

Conclusions, Limitations and Research Suggestions

Based on statistical analysis, the following conclusions are obtained (a) Public accountability has a positive and significant effect on organizational performance. This means that public accountability is an important factor that can encourage the performance of the State Civil Apparatus on organizational performance. (b) Smanagement control system has a positive and significant effect on organizational performance. This means that the better the management control system will have a positive impact on the performance of the State Civil Apparatus South Tangerang City Regional Secretariat. (c) Organizational culture moderates

and strengthens the relationship of public accountability to the performance of the State Civil ApparatusSouth Tangerang City Regional Secretariat. This means that organizational culture is an important factor that strengthens the relationship between public accountability and organizational performance. (d) organizational culture strengthens the relationship or influence of the management control system on organizational performance. This means that organizational culture as a moderating variable has a role in strengthening the relationship between the management control system and the performance of the State Civil ApparatusSouth Tangerang City Regional Secretariat.

This study uses a questionnaire, sometimes the answers given by respondents do not show the real situation so that the results of the study cannot generalize the situation at the Secretariat of the Regional Representatives Council in other local governments in Indonesia. The results of this study provide direct benefits for local government agencies where local governments in particular to pay special attention to public accountability, management control systems and organizational culture because these things have an influence on organizational performance. In particular, the management control system is an important variable in improving the performance of the public sector. Suggestions for the next research is to link the factors of integrity and capability of the State Civil Apparatus to organizational performance.

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THE COMMERCIAL ADVERTISING FREQUENCY ON TELEVISION AND THE ROLE OF FOOD VLOGGER (YOU TUBER) TOWARDS ECONOMIC IMPROVEMENT DURING THE COVID-19 PANDEMIC IN INDONESIA

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ABSTRACT

The research aims to know whether the small and middle businesses can struggle against the situation of the Covid-19 pandemic in Indonesia nowadays. One of the factors that influence the increase in small and medium-sized economic enterprises during this condition is the Commercial Advertising Frequency on Television and the Role of the Food Vlogger. The research was conducted by giving questionnaires to 200 respondents from the students of the Management Program, Faculty of Economics and Business, University of Bhayangkara Jakarta Raya Class 2020. The research methodology used was descriptive quantitative and multiple linear regression analysis. The results of this study are that the Commercial Advertising Frequency on Television variable has a negative and no significant effect on Economic Improvement while the Role of Food Vlogger variable has a positive and significant effect on Economic Improvement. The uniqueness of this study is that the Economic Improvement variable can be more affected by the Role of Food Vlogger variable of 4.7% than the other factors.

Keywords: *Commercial Advertising Frequency; Role of Food Vlogger; Economic Improvement*

1.0 INTRODUCTION

Before discussing the current Industrial Revolution 4.0, it is being talked about all over the world because its impact is so very broad and covers all aspects of human life. In the beginning, we know the era of the Industrial Revolution 3.0 which is marked by the world starting to enter the era of digitalization which has an impact on healthcare, manufacturing, agriculture, and so on. At that time, within the scope of the world economic context of marketing, especially advertising, marketers still have a target in the form of advertising in the form of brochures, and pamphlets that have used digital technology to make it attractive to the consumer's attention. Colors and images are the results of technological work computers are already installed in.

More and more advertising began to enter the world of radio and even television. Advertising in the form of visual forms began to be displayed with various concepts and the specified duration. With the use of advertising forms visually, marketers are increasingly aggressive in attracting consumers' attention by using models. The model is enabled so that the ad gets the first attention of consumers and is finally immersed in that advertising. And computer digital games are also being developed.

Now, the world is facing the Industrial Revolution 4.0 when the government begins to prepare all aspects of the economic, cultural, social, and political to be prepared for these times. According to the news reported by the latest detik.com (www.detik.com, accessed on February 19, 2019) period, the Industrial Revolution 4.0 is marked by all life being digitalized and automated. This is already visible at this time. An example is in the economic aspect that the emergence of e-money is increasingly making it easy for people to make transactions, and in the scope of marketing in particular advertising appears as an unexpected new form of advertising.

In the current era of development, the form of advertising is not only formal and traditional in the form of a few minutes on television before consumers watch the show, but also with social media which is now present, as a medium of communication and platform that can be used for advertising. Facebook brings some features specifically for business. Instagram, the social media with an Instax camera symbol, can package that advertising is not only something that is displayed clearly but also blended into something ambiguous and clear target.

By using Instagram, users who are now called endorsers or celebrities (in the culinary industry on Instagram called foodies) can make consumers hypnotized that "what is held" can suit them too. It goes hand in hand with a lot of people, especially in Indonesia, who are actively using the internet, particularly social media. This is supported by statistical data conducted by *We Are Social* in 2018. According to these statistical data, Youtube is the number one most used social media platform with a percentage of 43%.

Youtube is a site where video sharing began to develop in February 2005 founded by Steve Chen, Chad Hurley, and Jawed Karim, and in 2006 Youtube turned into a Google- owned site. Word "Tube" itself means a TV set in non-standard words, now it's changed into a symbol with the right arrow with the intention that Youtube is no longer directly related to the television industry. With the first function as a place for video sharing, Youtube is starting to be in demand with creations presented, it changed into a site that can now be done multi-functionally.

In addition, Youtube also began to become a site for celebgrams (Instagram's celebrities), switching platforms from being just an image form or a second video, into the form of an unlimited video duration to doing product promotion now.

Not only Instagram's celebrities, but the general public has also started to enliven Youtube by sharing videos for various purposes. By that, the term Youtuber is growing faster. Youtuber or vlogger is a person who makes vlogs. Youtubers are not only a term for celebrities but also non-celebrities (community) generally. A vlog (video blog) itself is a form of documentation informing of online published videos which include related content vary. There is a lot of content created by vloggers ranging from documenting their lifestyle to the various products that they used daily. The vlog content is mostly in the form of opinions and knowledge gained is based on personal experience that the vlogger delivered through a combination of videos, images, and text (Johnson, n.d.).

Currently, the content that is dominating Youtube is culinary-themed content, which when viewed from the type of vlog is a food vlog, it is called a food blogger. Food vlog has content about a vlogger who provides a review of food or drink that is currently hitting or

that characterizes an area randomly. As the vloggers give reviews of culinary products, it makes an indirect and informal form of promotion formed from vlogger attributes (attractiveness, expertise, and trustworthiness). When consumers watch the vlog, it makes them curious about the taste of the food or drink.

2.0 LITERATURE REVIEW

2.1 Communication Concept

Communication is a transaction, a symbolic process that requires people to regulate their environment by (1) building relationships among human beings ; (2) through the exchange of information; (3) strengthening the attitude and the behavior of others; and (4) trying to change those attitudes and behaviors (Cangara, 2016). Communication is the process of changing/modifying the behavior of other individuals, according to sociologists and communications from the United States, Carl I. Hovland. Moreover, changing behavior is the highest goal of communication activities in the perspective of an individual, the lower level goal is the change of attitude and view (Sumadiria et al., 2014).

From the definition of communication that had been stated, it is clear that communication among humans can only happen if there is someone who conveys a message to other people with a specific purpose, it means that communication can occur if there are elements of communication, such as :

- a) **Source:** All communication events will involve the source as the maker or sender of information.
- b) **Message:** The message in question is something the sender conveys to a receiver.
- c) **Media:** The media referred to here is a tool used to transfer messages from the source to the media.
- d) **Receiver:** The recipient is the party to whom the message is sent by the source.
- e) **Influence:** Influence or effect is the difference between what is thought, felt, and done by the recipient before and after receiving a message.
- f) **Feedback:** Some people think that feedback is a form of influence that comes from the recipient. However, feedback can also come from other elements such as messages and media, even though the message has not yet reached the recipient.
- g) **Environment:** The environment or situation are certain factors that can affect the course of communication.

According to Cangara (2016), there are four types of communication, such as Self-Interpersonal Communication, Public Communication, and Mass communication.

1.2 New Media Context

Today, media channels are characterized by a large number of choices available - there are hundreds of cable television channels and appropriate broadcast program requests that can be found every day, not to mention the internet which has an unlimited variety of content. Next and perhaps, more importantly, this time is the new media technologies that provide opportunities to taste and create media content such as blogs, Facebook pages, portals, and Youtube video diaries (Berger & Roloff, 2014).

According to McQuail (2011) the main characteristic of new media is the existence of interconnectedness, access to individual audiences as recipients and senders of messages, its interactivity, multiple uses as an open character, and its ubiquitous nature. As for the difference between new media and old media, i.e. the new media ignores the limitations of the printing and broadcasting model by allowing conversations among many parties, allowing simultaneous reception, changing and redistributing of cultural objects, interfering with the act of communication from the importance of the relationship territoriality and modernity, providing

instant global contact, and incorporating modern/late modern subjects into a networked apparatus machine.

2.3 Social Media

Mandibergh defines social media as “a medium that facilitates cooperation among users who generate content” (Rulli Nasrullah, 2015).

Social media has the following characteristics:

- 2.3.1 The message conveyed is not only for one person but also for many people, for example, messages via SMS or the internet.
- 2.3.2 Messages are delivered freely, without going through a Gatekeeper.
- 2.3.3 Messages delivered tend to be faster than other media.
- 2.3.4 The recipient of the message determines the interaction time.

2.4 You Tube

Launched in May 2005, YouTube has made it easy for billions of people to find, watch and share videos. YouTube provides a forum for people to connect, provide information, and inspire others around the world, and acts as a distribution platform for original content creators and advertisers, both big and small ones. YouTube is a company owned by Google. YouTube was created by three former employees of PayPal (commercial online website), Chad Hurley, Steve Chen, and Jawed Karim in February 2005. Since its launch, YouTube immediately received a good response in the community.

Youtube is an online video and the main use of this site is as a medium for searching, viewing, and sharing original videos to and from everything around the world through the web (Budiargo, 2015). YouTube's presence had a tremendous impact on society, especially those who have a passion in the field of making videos, ranging from short films, and documentaries, to video blogs, but have no place/site "to publish their work". YouTube is easy to use, doesn't cost much, and can be accessed anywhere, of course with a compatible gadget. That matter allows amateur video creators to upload their videos content freely for publication. If their video gets a good reception, the number of viewers will increase. Viewers will invite many advertisers to advertise in their next videos. Similar to television, the content of television programs that are liked by the public, in this case, the rating is high, it will attract advertisers automatically.

2.5 Video Blogs (Vlogs)

Video-Blogging, or vlogging for short, is a form of blogging activities using the medium of video over the use of text or audio as the primary media source. According to the Education Learning Initiative, various devices such as camera phones, digital cameras that can record video, or an inexpensive camera equipped with a microphone are easy equipment to do vlog activity. Commonly known Vlog Maker as Vloggers. As reported in Wikipedia, on January 20th, 2000, people named Adam Kontras uploaded a video together with a blog post informing friends and family about moving to Los Angeles to pursue show business, marking the first post which will be the longest vlog in history. In November of

the same year, Adrian Miles uploaded a video that replaces the text with a still image and mentions the term Vlog as a video blog. In 2004, Steve Garfield created his video blog and declared the year to be "the year of video blogging".

The platforms that vloggers can use to upload their video content are various. When someone is already active on the blog by using one of the blogging platforms such as Tumblr, Blogspot, WordPress, etc, they can upload video content there too because indeed there are features that make it possible to do so. However, as for now, other platforms are devoted to uploading videos only, such as YouTube.

2.6 Attitude Concept

Secord & Backman defines attitude as a certain regularity in terms of feelings (affects), thoughts (cognitions), and predispositions to one's actions (conations) towards an aspect in the surrounding environment (Saifuddin Azwar, 2010). The three components collectively organize individual attitudes and are known as the name of the triadic schema, also called the tricomponent approach.

According to Jalaluddin Rahmat (2018) several things can be concluded from the definition of attitude: Firstly, attitude is a tendency to act, perceive, think and feel in the face of objects, ideas, situations, or values. Attitude is not behavior, but the tendency to behave in certain ways of the attitude object. Secondly, an attitude has a driving force or motivation. Thirdly, attitude is relatively more stable. Fourth, attitude contains an evaluative aspect: it means that it contains pleasant or unpleasant values (Likes and Dislikes). Fifth, attitude arises from experience, and is not brought from birth but is a learning outcome. Therefore attitudes can be strengthened or changed.

3.0 RESEARCH METHODS

The method of this type of research is quantitative descriptive. Quantitative descriptive research is a type of research in which the data that have been collected are analyzed quantitatively using descriptive or inferential statistics, so it can be concluded whether the formulated hypotheses are proven or not (Sugiyono, 2017). Quantitative research is generally being carried out on samples taken at random so that the conclusions of research results can be generalized to the population where the samples were taken. The sampling technique in this research is using a simple random sampling technique.

The researchers researched to obtain data and information used as material for analysis. In this case, the types of data needed are primary data sourced from the class of 2020 students of the Management Program of the Faculty of Economics and Business, University of Bhayangkara Jakarta Raya, by distributing google forms questionnaires, and respondents' answers were measured using Likert's scale measurement scale.

The population is a generalization area that consists of objects/subjects that have certain qualities and characteristics determined by the researchers to be studied and then to be drawn conclusions (Sugiyono, 2017). The sample in this study was from the class of 2020 students of the Management Program of the Faculty of Economics and Business, University of Bhayangkara Jakarta Raya during May 2021 with as many as 200 respondents using the Slovin formula.

According to Wiradi et al al.(2014)states, "quantitative research, such as quantitative methodology research procedures that produce data in numbers and generally analyzed by using descriptive or inferential statistics."

To get more accurate data, a validity test was first performed to test the validity of each item in question (content validity). A Validity is a measure that shows the levels of validity of an instrument (Arikunto, 2014). A questionnaire is said to be valid if the questions on the questionnaire can reveal something that will be measured by it. The validity test was done with the help of SPSS software program version 22.00. Validity values can be seen in the Corrected Item - Total Correction column. If the correlation number obtained was greater than the critical number ($r_{\text{count}} > r_{\text{table}}$), then the instrument was valid.

A reliability test is a tool to measure a questionnaire which is an indicator of a variable. Question items are said to be reliable or reliable if one's answer to the question is consistent. If a measuring instrument or research instrument can be used twice to measure the same symptoms with the measurement results obtained relatively consistent, then the measuring instrument or instrument is reliable. To test the reliability or reliability of measuring instruments or instruments in this study, the Cronbach's Alpha coefficient was used. To find out the consistency or confidence of the measurement results that contain the accuracy of the measurement, then the reliability or construct test of a construct is said to be reliable if it gives a Cronbach Alpha > 0.60 .

The normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution or not. For normality use, it can be done by graphical analysis, namely the Normal P-P Plot of Regression Standardized Residual and histogram graphs.

The multicollinearity Test aims to test whether the regression model found a correlation between independent variables (Independent). A good regression model should not result in a correlation between the independent variables. Multicollinearity can be seen from the value of the Variance Inflation Factor (VIF). If the VIF is < 10 , it can be concluded that there is no multicollinearity between the independent variables in the regression model. The heteroscedasticity test can be done with scatterplot charts. Through graph analysis, a regression model is considered to not create heteroscedasticity if the points spread randomly and do not form a certain pattern that is clear and spread above or below zero on the Y-axis between the predicted values of the dependent variable and the independent variables. The data analysis model used in this study is a Multiple Linear Regression test with the following models:

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

Y = Economic Improvement a = Constant

X₁ = Commercial Advertising Frequency On Television X₂ = Role of Food Vlogger

b₁-b₂ = Variable Coefficient e = Error Value

The hypothesis F test simultaneously shows that all independent or independent variables entered in the model have a joint influence on the dependent variable. To test the significance of the influence of the dimensions of the independent variables together on the dependent variable is done by the F test.

In this study, the F count will be compared with the F table at a significant level (α) = 5%. The research criteria for the hypothesis in this F test are:

1.) The hypothesis is rejected if $F_{\text{count}} < F_{\text{table}}$, and 2.) The hypothesis is accepted if $F_{\text{count}} > F_{\text{table}}$.

The t-test statistics show how far the influence of one explanatory/independent variable is individually in explaining the variation of the dependent variable. A T-test was conducted to determine the significant effect of each independent variable on the dependent variable. To know whether the proposed hypothesis is accepted or rejected is done by comparing

the value of t_{count} with t_{table} at a 90% confidence level. Criteria for research hypothesis in the t-test are:

a.) If $t_{count} < t_{table}$ then H_0 is rejected, and b.) If $t_{count} > t_{table}$ then H_1 is accepted.

The coefficient of determination essentially measures how far the model's ability to explain the variation of the dependent variable. The coefficient of determination is between zero and one. The small coefficient of determination means that the ability of independent variables in explaining the variation of the dependent variable is very limited. A value close to one means that the independent variables provide almost all of the information needed to predict variations in the dependent variable.

4.0 RESULTS AND DISCUSSION

4.1 Validity Test

A validity test is used to measure the validity of a questionnaire. Validity testing is done using the correlation analysis method.

Table 4.1.1. Validity Test

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's alpha if Item Deleted
Commercial Advertising Frequency On Television	43.14	6.336	0.590	0.590	0.383
Role of Food Vlogger	42.99	6.874	0.673	0.601	0.291
Economic Improvement	42.54	10.019	0.215	0.057	0.864

Source: Data processed with SPSS

Table 4.1.2. Validity Test Results of Commercial Advertising Frequency on Television, Role of Food Vlogger and Economic Improvement Variables
 With $n = 200$, $df = 200 - 2 = 198$, so r_{table} is equal to 0.1388

VARIABLE	R COUNT	R TABLE	RESULT
Commercial Advertising Frequency on Television	0.590	0.1388	Valid
Role of Food Vlogger	0.673	0.1388	Valid
Economic Improvement	0.215	0.1388	Valid

Source: Data processed with SPSS

Table 4.1.3. Correlations

		Commercial Advertising Frequency on Television	Role of Food Vlogger	Economic Development
Commercial Advertising Frequency on Television	Pearson Correlation	1	0.768*	0.171
	Sig. (2-tailed)		0.000	0.015
	N	200	200	200
Role of Food Vlogger	Pearson Correlation	0.768**	1	0.237*
	Sig. (2-tailed)	0.000		0.001
	N	200	200	200
Economic Improvement	Pearson Correlation	0.171*	0.237* ¹	1
	Sig. (2-tailed)	0.015	0.001	
	N	200	200	200

Source: Data processed with SPSS

Judged from the outputs, the significance results (Sig. 2-tailed) for all indicators show significant results (0.000, 0.001, and 0.015 < 0.05), so it is concluded that each question indicator is **Valid**.

4.2 Reliability Test

This test is carried out to find out the consistent results of an answer about the respondents' responses. The table below presents the results of the reliability test for the Commercial Advertising Frequency on Television, the Role of Food Vlogger, and Economic Improvement.

Table 4.2. Reliability Test of Commercial Advertising Frequency on Television, Role of Food Vlogger, and Economic Improvement

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.660	0.659	3

Source: Data processed with SPSS

Based on Table 1.4 above, it is shown the results of the reliability test. The table above can be explained because the Cronbach's Alpha value is greater than 0.60, then it can be concluded that the measuring instrument is Reliable.

4.3 Normality Test

The normality test aims to test whether in the regression model, confounding or residual variables have a normal distribution or not.

Table 4.3.
Normality Test One-Sample Kolmogorov-Smirnov Test

		Commercial Advertising Frequency on Television	Role of Food Vlogger	Economic Improvement
N		200	200	200
Normal Parameters ^b	Mean	21,19	21.35	21.80
	Std. Deviation	1.794	1.571	1.629
Most Extreme Differences	Absolute	0.143	0.183	0.174
	Positive	0.136	0.183	0.166
	Negative	-0.143	-0.177	-0.174
Test Statistic		0.143	0.183	0.174
Asymp. Sig. (2-tailed)		0.000 ^c	0.000 ^c	0.000 ^c

Source: Data processed with SPSS

To test whether the data is normally distributed or not the Kolmogorov-Smirnov Test statistical test was performed. Residuals distribute normally if it has a significance value > 0.05 (Ghozali, 2016).

The table above shows that the variable values Asymptot Significant (2-tailed) of Commercial Advertising Frequency on Television (0.000), Role of Food Vlogger (0.000), and Economic Improvement (0.000) are less than $\alpha = 0.05$, so those variables' data are **Not Normally Distributed** but **Having Significant Effect**.

4.4 Multicollinierity Test

This test aims to test whether the regression model found a correlation between independent variables. According to Sunyoto (2016) explaining the test of multicollinearity was applied to multiple regression analysis consisting of two or more independent variables or independent variables ($X_1, X_2, X_3, \dots, X_n$) where the closeness of the relationship between the independent variables will be measured through the quantity correlation coefficient (r). A good regression model should not result in a correlation between independent variables. Multicollinearity can be seen from the value of the Variance Inflation Factor (VIF). If the VIF is < 10, then it can be concluded that there is **No Multicollinearity** between the independent variables in the regression model in this study.

Table 4.4. Multicolinierity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIEW
1 (Constant)	16.610	1.555		10.685	0.000		
Commercial Advertising Frequency on Television	-0.024	0.098	-0.027	-0.247	0.805	0.410	2.438
le of Food Vlogger	0.267	0.112	0.258	2.385	0.018	0.410	2.438

Source: Data processed with SPSS

By looking at the analysis results in the table above, it is shown that there are no independent variables that have a Variance Inflation Factor (VIF) > 10 and also there are no independent variables that have a Tolerance value < 0.10. Therefore, it can be concluded that there is **No Multicollinearity** between the independent variables in the regression model.

4.5 Heteroscedasticity

The heteroscedasticity test can be done with scatter plot charts. Through graph analysis, a regression model is considered to result in **No Heteroscedasticity** if the points spread randomly and do not form a certain pattern that is clear and spread above or below zero on the Y-axis.

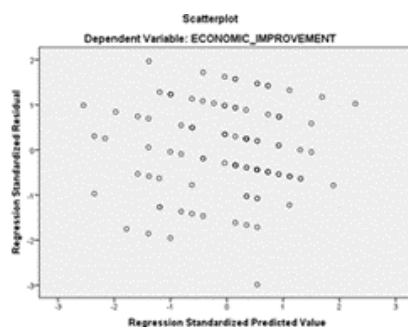


Figure 2. Heteroscedasticity Test
Source: Data processed with SPSS

Finding out the presence or absence of heteroscedasticity symptoms can be done using a heteroscedasticity graph between the predicted values of the dependent variable and the independent variable. From the scatterplot above, it can be seen that the points spread randomly and spread both above and below the number 0 and the Y-axis. It can be concluded that there is **No Heteroscedasticity** in the regression model, so the regression model is feasible to be used in testing.

4.6 Multiple Linear Regression Analysis

According to Sarwono and Narimawati (2020), the definition of multiple linear regression analysis is: "An association analysis that is used simultaneously to examine the effect of two or more independent variables on one dependent variable with an interval scale". The results of the multiple linear regression analysis equations are presented below:

Table 4.6.
Multiple Linear Regression Test Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	16.610	1.555		10.685	0.000
Commercial Advertising Frequency on Television	-0.024	0.098	-0.027	-0.247	0.805
Role of Food Vlogger	0.267	0.112	0.258	2.385	0.018

Source: Data processed with SPSS

Economic Improvement = 16.610 - 0.024 Commercial Advertising Frequency on Television + 0.267 Role of Food Vlogger + error

The regression equation model can be interpreted as follows:

- A constant of 16.610 states that Economic Improvement is 16.610 if the Commercial Advertising Frequency on Television and the Role of Food Vlogger variables are considered constant or equal to zero.
- The Commercial Advertising Frequency on Television regression coefficient is - 0.024, which means that if the value of the Commercial Advertising Frequency on Television does not increase (0), then Economic Improvement will decrease by 0.024.
- The Role of Food Vlogger variable regression coefficient is 0.267, which means that if the value increases by one unit, then Economic Improvement will increase by 0.267.

4.7 Simultaneous F Test

In this research, the F test is used to determine the level of significance of the simultaneous effect of Commercial Advertising Frequency on Television and the Role of Food Vlogger variables on the Economic Improvement variable. The F test is carried out to see if the influence of the independent variables (free) together affects the dependent variable (Ferdinand, 2016).

Table 4.7.
Simultaneous Hypothesis Test (F test)

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.863	2	14.931	5.905	0.003 ^b
	Residual	498.137	197	2.529		
	Total	528.000	199			

Source: Data processed with SPSS

The results of statistical calculations show the value of $F_{\text{count}} = 5.905 > F_{\text{table}} = 3.04$ and a significant value of $0.003 < 0.05$, which shows that Commercial Advertising Frequency on Television and the Role of Food Vlogger variables **Significantly Influenced** Economic Improvement.

4.8 Partial T-Test

To partially test the significance of the regression model for each variable can be obtained using the t-test as can be seen in the following table:

Table 4.8. Partial Hypothesis Test (t-test) Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	16.610	1.555		10.685	0.000
Commercial Advertising Frequency on Television	-0.024	0.098	-0.027	-0.247	0.805
Role of Food Vlogger	0.267	0.112	0.258	2.385	0.018

Source: Data processed with SPSS

- Hypothesis test partial results for the Commercial Advertising Frequency on Television variable show the value of $t_{\text{count}} = -0.247 < t_{\text{table}} = 1.97$ with a significance value of $0.805 > 0.05$, which can be concluded that the Commercial Advertising Frequency variable has a Negative and Not Significant Effect on Economic Improvement.
- Hypothesis test partial results for Role of Food Vlogger variable indicate the value of $t_{\text{count}} = 2.385 > t_{\text{table}} = 1.97$ with a significance value of $0.018 < 0.05$, which can be concluded that the Role of Food Vlogger variable has a Positive and Significant Effect on Economic Improvement.

4.9 Coefficient Determination Test (R^2)

This coefficient of determination is used to find out how much influence the independent variables have on the dependent variable. The coefficient of determination is determined by the adjusted r-squared (r^2) value.

Table 4.9.
Determination Coefficient Test (r^2) Model Summary

Model	r	r Square	Adjusted r Square	Std. Error of the Estimate
1	0.238 ^a	0.057	0.047	1.590

Source: Data processed with SPSS

5.0 Conclusions

Based on the results of the research, it can be drawn research conclusions as follows:

- a) Commercial Advertising Frequency on Television Variable has a negative and no significant effect on Economic Improvement.
- b) Role of Food Vlogger Variable has a positive and significant effect on Economic Improvement.

Based on the results of the study, it is shown that the Role of the Food Vlogger Variable was only able to affect Economic Improvement by 4.7%, and the next researchers should add other factors that are not examined in this study or other kinds of variables.

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DISCIPLINE, MOTIVATION, AND OB SATISFACTION ON EMPLOYEE PERFORMANCE AT PT XX

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ABSTRACT

Humans are assets for companies that must be directed and guided to have the ability according to the desired expectations, integrity, loyalty, and high morale need to be applied to employees to have a sense of responsibility for work discipline, motivation, and job satisfaction they do. Poor work discipline, motivation, and job satisfaction can cause various problems in a company, such as employee performance. This study aims to determine whether work discipline, work motivation, and job satisfaction affect employee performance. The method used is the PLS method. All indicators of the work discipline variable have a significant negative effect on employee performance with a path coefficient of 0.476. Meanwhile, work motivation has a negative and insignificant effect on employee performance with a path coefficient of 0.065. Furthermore, the variable job satisfaction has no significant positive effect on employee performance with a path coefficient of 0.495.

Keywords: Discipline, Motivation, Job Satisfaction, Employee Performance

1.0 INTRODUCTION

Human Resources (HR) is one of the important and main factors in all forms of the organization so it needs special attention, handling, and treatment in addition to other beneficial factors. According to the book (Sedarmayanti, 2017), the purpose of human resources is to advise management on human resource policies to ensure the organization or company has highly motivated and high-performing human resources, equipped with the means to deal with change. Human resources have a very large role in an organization, especially in achieving the goals of the organization. Organizations are created with certain goals to be achieved (Rohaeni, 2019). The success of achieving organizational goals is fully supported by employee behavior, therefore employees have an important role in forming and managing organizations and utilizing existing technology and knowledge insights in achieving organizational goals.

Work discipline is a reflection of the behavior of an employee in a company to follow the rules that have been determined in the company, if there is no good work discipline in employees, then there is nothing that the company can expect. Work discipline is a tool used by leaders to communicate with employees so that they are willing to change behavior according to the rules of the game that have been set according to Lijan Poltak Sinambela (2018:335). The application of work discipline to employees aims to encourage employees to

want to follow various standards or rules that apply in a company so that abuse of work can be overcome (Arenofsky, 2017). The importance of work discipline is to realize the attitude of a high sense of responsibility towards the tasks assigned to employees. Therefore, it is necessary to evaluate employee performance as a reference to employees which will later refer to the sanctions that will be given, either verbal warnings or written warning letters for violations of work discipline that have caused the employee's performance to be less good. In a company, both large and small companies must have a way of making efforts to improve employee performance, one of which is to increase employee performance by providing work motivation.

Motivation encourages someone to work better by applicable procedures and also the target standards that have been set. Motivation is a valuable thing because the motivation of each individual can encourage employees to be willing to work hard and be enthusiastic in achieving high work productivity (Intan Ummu & TynaYunita, 2020). Work motivation is directing the power and potential of subordinates so that they want to work together productively to achieve and realize the goals that have been determined (Lecturer, 2018). Motivation gives a person reason to work well in doing his job, for example, a harmonious work environment, a nurturing work leader, adequate work facilities, great salary, and work incentives, as well as protected occupational health and safety and career development according to job evaluations. or the appointment of employees as permanent employees and others, related to this, the company must actively respond to all deficiencies and the needs needed to support the motivation and performance of its employees. According to Robbins in the book (Wibowo, 2016) states motivation is a process that causes intensity, direction, and individual persistence towards achieving goals.

Job satisfaction can be triggered by factors such as salary earned, supportive coworkers, comfortable work environment, adequate facilities, and working conditions that support information (Ashar Sunyoto, 2014).

In the results of the observation that the existing problem is a discipline problem, there are still some employees who do not comply with the applicable regulations in the company, such as arriving late and not on time, not coming to work without explanation, and approaching break time, employees are still carelessly playing cell phones and also the lack of a sense of responsibility for the tidiness and cleanliness of the store this can later trigger employee performance appraisals.

Based on the data, it can be seen that in a span of 5 years from 2017 to 2021, there was an increase in late attendance at work in 2018 as many as 74 cases from the previous 2017 as many as 346 cases to 420 cases in 2018, and also the same thing happened again in 2020 experienced an increase in the number of late attendance at work as many as 29 cases, from previously in 2019 as many as 230 cases to 259 cases, but in 2021 there was a decrease in the number of late attendance at work by 93 cases from the previous year in 2020 as many as 259 cases to 166 cases late attendance At work, this is what must be considered about how to manage discipline and also motivate employees at work.

2.0 LITERATURE REVIEW

2.1 Employee Performance

Performance is the result obtained by an organization, whether the organization is profit-oriented or non-profit oriented, which is produced during a certain period according to Fahmi in the journal (Novita & Nur, Endah, 2018). Meanwhile, according to Mathis and Jackson in the journal (Efendi, Rifai, Bahrun, et al, 2020), performance is what employees do or do not do in a job.

Performance is the result of work that can be achieved by a person or group of people in a company in accordance with their respective authorities and responsibilities in an effort to achieve organizational goals illegally, not violating the law and not contradicting morals and ethics according to the book (Afandi, 2018). Meanwhile, performance according to Rivai and Sagala in the journal (Ryani and Muhamd, 2020) states that performance is a real behavior that is displayed by everyone as work performance produced by employees in accordance with their role in the organization.

According to the book (Afandi, 2018), the performance indicators are as follows:

1. Quantity of Work

All kinds of units of measure related to the amount of work can be expressed in numerical measures or other numerical equivalents.

2. Quality of Work

All kinds of units of measure related to the quality or quality of the work can be expressed in numbers or other numerical equivalents.

3. Efficiency in Carrying Out Tasks

Diversify resources wisely and in a cost-effective manner.

4. Work Discipline

Comply with applicable laws and regulations.

5. Initiative

The ability to decide and do the right thing without having to be told, being able to find what should be done with something around, trying to keep moving to do some things even though the situation is getting more difficult.

6. Accuracy

The level of suitability of the work measurement results in whether the work has achieved its goals or not.

7. Leadership

The process of influencing or setting an example by the leader to his followers to achieve organizational goals.

8. Honesty

One of human nature that is quite difficult to apply.

9. Creativity

Mental processes that involve generating ideas or those involving generating ideas.

2.2 Work Discipline

Work Discipline is a tool used by managers to change behavior as well as an effort to increase one's awareness and willingness to obey all company regulations and applicable social norms according to Rivai (as cited in Afandi, 2018), according to Hartatik in the journal (Novita, 2018). Endah, Nur, 2018) discipline is a tool or means for organizations to maintain their existence.

According to Trijanuar (as cited in Andi et al., 2020), discipline is the starting point of all success in order to achieve the goals of an organization. The application of work discipline to employees aims to encourage employees to want to follow various standards or rules that apply in a company so that work abuse can be overcome according to Arenofsky in the journal (Razak et al., 2018)

According to Drs. H. Malay S.P. Hasibuan in the journal (Ryani & Muhamad, 2020) explains that work discipline is the sixth most important operational function of human resource

management because the better the employee discipline, the higher the level of discipline so that the employee's work performance is better.

The purpose of work discipline according to the book (Afandi, 2016) is as follows:

1. So that the workforce occupies all labor regulations and policies as well as applicable company regulations and policies, both written and unwritten, and carries out management orders.
2. Can use and maintain the facilities and infrastructure, goods, and services of the company as well as possible. As for employees, they will get a pleasant working atmosphere so that it will add to the atmosphere of morale in carrying out their work.
3. Can act and behave in accordance with the norms that apply to the company. If the work environment is disciplined, an employee will be disciplined, but if the organizational work environment is not disciplined then an employee will also be undisciplined.
4. The workforce is able to produce high productivity in accordance with company expectations, both in the short and long term.

According to Fauzia Agustin in the journal (Siswadi, 2016) indicators of work discipline can be described as follows:

1. Attendance rate
2. How to work
3. Work obedience
4. Work consciousness
5. Responsibility

2.3 Work Motivation

Motivation is a set of attitudes and values that influence individuals to achieve specific things according to individual goals. Rivai (as cited in Rukhyati, 2018). Meanwhile, according to Samsudin (as cited in Sulila, 2019), motivation is the work done by managers in providing inspiration, enthusiasm, and encouragement to other people, in this case, employees, to take certain actions.

According Siagian (2017) says that motivation is a psychological state that encourages, activates, or moves as well as motivation to direct and channel a person's behavior, attitudes, and actions that are always associated with the achievement of goals, both organizational goals and personal goals of each member. Meanwhile, according to Indahingwati in the journal (Paais, & Pattiruhu, 2020,), motivation is the power that allows a person to act towards certain goals.

According to Robbins and Mary (as cited in Rukhayati, 2018) Motivation is the willingness to make a high-level effort to achieve organizational goals conditioned by the ability of the business to satisfy the needs of a number of individuals. Furthermore, Robbins and Coulter (2018) described motivation is a process where a person tries to increase the energy and enthusiasm for something which is then maintained to achieve goals and can become an agent for employees to improve organizational performance (Sekhar et al., 2013)

Work motivation is directing the power and potential of subordinates so that they want to work together productively to achieve and realize the goals that have been determined according to Lecturers in the journal (Razak et al., 2018) while according to Robbins in the book (Wibowo, 2016) states motivation as a process that causes intensity (intensity), direction (direction), and continuous effort (persistence) individuals towards the achievement of goals. Intensity shows how hard a person tries. But the high intensity is unlikely to lead to good performance results unless efforts are made in a direction that benefits the organization because the quality and intensity of the effort must be considered. Motivation has constant effort. Motivation is a measure of how long a person can maintain their efforts.

Motivation Theories

1. Hierarchy of Needs Theory

This theory was first put forward by Abraham Maslow, it can be said that this theory is the most popular when compared to other motivational theories. This theory explains that every human being has needs (needs) whose emergence is highly dependent on individual interests.

a. Physiological needs

Physiological needs are the most basic needs in human life. Humans in their lives prioritize physiological needs because these needs are the most basic needs for human life.

b. Safety Needs

The need for security is the second level need, namely the need for safety from physical and emotional harm, for example, the employees feel safe in carrying out their work activities such as health insurance, health benefits, and pension benefits.

c. Social Needs

The next need is a social need, humans are social creatures in carrying out their lives. Humans are creatures who need help from other people.

d. Self-Esteem Needs

Self-esteem needs include self-respect factors such as self-esteem, economy, and achievement, and external respect factors, for example, status, recognition, and attention. At this level, humans have maintained their image, because they feel that their self-esteem has increased from before.

e. Self-Actualization Needs

The last need is the highest need of the other needs, the need for self-actualization. This need is an encouragement to become someone who is in accordance with his ambitions which includes growth, achievement of potential, and self-fulfillment of needs.

Furthermore, Maslow divides the five needs into high-order needs and low-order needs. Low-order needs include physiological and safety needs, while high-order needs include social, esteem, and self-actualization needs. The difference between the two orders is that high-order needs are met internally, that is, they come from within the person, while low-order needs are met externally or come from outside the person, such as wages, labor union contracts, and years of service.

2. Two-Factor Theory

The two-factor theory was first proposed by Frederick Herzberg. The satisfaction factor or motivator factor can be said to be a satisfying factor because it can provide one's job satisfaction and can also improve the performance of workers, but this factor cannot cause dissatisfaction if it is not fulfilled. So the satisfaction factor is not the opposite of the dissatisfaction factor. The satisfaction factor is also referred to as intrinsic motivation.

The dissatisfaction factor, also known as the hygiene factor or the maintenance factor, is a factor that originates from job dissatisfaction. These factors include company policy and administration, supervision, salary, interpersonal relations, working conditions, job security, and job status (job status). The dissatisfaction factor is not the opposite of the satisfaction factor. This means that the unfulfilled factors of dissatisfaction are not the cause of job satisfaction but only reduce job dissatisfaction. This dissatisfaction factor is also known as extrinsic motivation because the factors that cause it are not from a person but from outside himself.

3. Theory X and Y

Theories X and Y were first proposed by Douglas McGregor. In this theory, two different views about humans will be put forward, basically, one is negatively characterized by theory X, and the other is positively characterized by theory Y.

4. ERG theory

This theory was first put forward by Clayton Alderfer who continued the hierarchy of needs theory. Alderfer continues the hierarchy of needs theory which is more closely related to the results of empirical research so that the results are closer to reality (real conditions). Alderfer divides human needs into three groups, namely, existence (existence/E), relationship (relatedness/R), and growth (growth/G). The group of existence is concerned with giving the individual the basic material conditions of existence. This component, when linked to the hierarchy of needs theory, is the same as the physiological relationship and a sense of security. The second group of needs is the relationship group, namely the desire one has to maintain important interpersonal relationships. Desire and status demand interaction with other individuals that are satisfied, and these desires when linked to the hierarchy of needs theory are social and esteem needs. Whereas growth need is an intrinsic desire for individual development, it includes an intrinsic component of the hierarchy of needs theory is the same as self-actualization

5. Terrorist Justice

This theory suggests that people always compare the inputs they give to their work with the results obtained from their work. The inputs or contributions are in the form of education, experience, training, and effort, while the results received are in the form of awards. Comparisons can be made with people who are at the same level in the same job in an organization. Based on this comparison, as a consequence, two possibilities will be obtained, namely equity and injustice. Something that is said to be fair is if the inputs as their

contribution to the company are the same as what they feel they receive from the company. On the other hand, injustice occurs when the inputs are not the same as what they receive from the company.

There are several motivational goals according to Hasibuan (as cited in Kurniasari, 2018), which are aimed at:

1. Encouraging employee passion and enthusiasm
2. Improve employee morale and job satisfaction.
3. Increase employee productivity.
4. Maintaining the loyalty and stability of the company's employees
5. Improve discipline and reduce employee absenteeism.
6. Streamlining employee procurement
7. Creating a good working atmosphere and relationship
8. Increase employee creativity and participation.
9. Increase the level of employee welfare.
10. Enhancing employees' sense of responsibility towards their duties
11. Improving the efficiency of the use of tools and raw materials
12. Improve employee performance.

According to Ridwan in the journal (Yunimas & Putro, 2016), work motivation can be measured through the following indicators:

1. Decent wage or salary
2. Incentives are given by the leadership.
3. Maintain self-respect.
4. Spiritual needs
5. Active passivation
6. Placing employees in the right place
7. Creating a sense of security in the future
8. Pay attention to the work environment.
9. Motivated to move forward.
10. Creating healthy competition

Some of the previous studies have examined the effect of work performance on employee performance, among others (Newman *et al.*, 2015; Rita *et al.*, 2017; Sudiardhita *et al.*, 2018; Prabowo *et al.*, 2018; and Sulila, 2019).

Motivation will be effective when someone knows how well their role in the organization (Hersey and Blanchard, 1988). There are two motivations, namely intrinsic motivation, and extrinsic motivation. Intrinsic motivation is the motivation that makes a person behave because of interest and satisfaction with the activities he carries out, among others progress, recognition, and responsibility, while extrinsic motivation is motivation which is a form of appreciation or praise that makes a person behave towards the activities he does, among others consists of supervision, salary, company policies, and working conditions to explains measuring work motivation (Robbins (2006). Furthermore, Luthans (2002) explains that work motivation involves valence indicators (among others trust, suitability, and comfort items) and expectations (consisting of wages/salaries, achievement regulations, opportunities, and form of achievement items) to measure work motivation.

2.4 Job Satisfaction

Motivation is a set of attitudes and values that influence individuals to achieve specific things according to individual goals. Rivai (as cited in Rukhyati, 2018). Meanwhile, according to Samsudin in the journal (Sulila, 2019), motivation is the work done by managers in providing inspiration, enthusiasm, and encouragement to other people, in this case, employees, to take certain actions.

Job satisfaction (Byars et al., 2016) that high job satisfaction can achieve the goals of business organizations effectively, while low levels of job satisfaction can cause threats and will bring destruction or setbacks for business organizations quickly or slowly.

Gibson et al.(2010) states that job satisfaction is an individual's attitude towards service that comes from their perception of their work. (George and Jones, 2012) states that job satisfaction is a collection of feelings, thoughts, and beliefs about how a person responds to his work.

Kreitner and Kinicki, 2014 stated that five factors can affect the emergence of job satisfaction, namely:

1. Fulfillment of Needs

Job characteristics that can provide opportunities for employees to meet their needs.

2. Difference

This factor states that satisfaction is an outcome that can meet expectations. Fulfillment of expectations describes the difference between what is expected and what employees want to get in carrying out their work

3. Value Achievement

Satisfaction is the result of the perception of work that gives full importance to individual work values.

4. Justice

Satisfaction is a function of how the individual is treated fairly in the workplace.

5. Genetic Component

This factor is based on the belief that job satisfaction is partly a function of personal traits and genetic factors that exist and are innate to employees.

3.0 RESEARCH METHODOLOGY

This study uses a survey method using a questionnaire designed using a Likert scale to measure work discipline, work motivation, and job satisfaction on individual performance at PT XX. The unit of analysis in this study is the individual who works at PT XX.

The population in this study were permanent employees at PT XX. The sampling technique used the Slovin formula with a margin of error of 5% and obtained a sample of 34 respondents using a purposive sampling technique with the criteria, permanent employees of PT XX, employees who have worked at least 2 years at PT XX

This study uses data analysis Partial Least Square (PLS). Partial Least Square (PLS) analysis is a multivariate statistical technique that compares multiple dependent variables with multiple independent variables (Abdillah, 2015, p. 161). PLS is a variant-based SEM method that is designed to solve multiple regression when specific problems are found in the data, for example, such as a small research sample size, missing data (missing values), and multicollinearity.

The purpose of PLS is to predict the effect of variable X on Y and to explain the theoretical relationship between the two variables. According to Talbot (as cited in Abdillah, 2015, p. 162), PLS is a regression method that can be used to identify factors which are a combination of X as an explanatory variable and Y as a response variable.

According to Abdillah (2015, p. 180), there are three categories in the parameter estimation carried out on the measurement model and the structural model in PLS. First, the weight estimate is used to generate the latent variable score. Second, the path estimate describes the weight of the contribution of variations in changes in the independent variable to the dependent variable. Third, is the mean score and regression constant for the latent variable.

There are three iteration processes in conducting PLS (Abdillah, 2015). The first iteration produces a weight estimate which is carried out in the algorithm iteration. The weight estimate is used as a parameter of the validity and reliability of the instrument. The second iteration produces the values of the inner and outer models. Inner the model is used as a significant parameter in hypothesis testing, while the outer model is used as a parameter of construct validity (reflective and formative). The third iteration produces mean scores and latent variable constants that are used as parameters, the nature of the causal relationship, and the average value of the resulting sample.

3.1 Measurement Method (Outer Model)

The outer model or measurement model is a description of the relationship between the indicator block and its latent variables (Abdillah, 2015). The measurement model itself is used to test the construct validity and instrument reliability. According to Cooper et al (Abdillah, 2015, p. 194) The validity test was conducted to determine the ability of the research instrument to measure what should be measured. A reliability test is used to measure the consistency of measuring instruments in measuring a concept or can measure the consistency of respondents in answering question items in questionnaires or research instruments.

Construct Validity Test

According to Hartono (as cited in Abdillah, 2015, p. 195), construct validity shows how well the results obtained from the use of a measurement are in accordance with the theories used to define a construct. The strong correlation between the construct and the question items and the weak relationship with other variables is one way to test construct validity. Construct validity consists of convergent validity and discriminant validity.

Convergent Validity

Convergent validity relates to the principle that the measure of a construct should be highly correlated (Abdillah, 2015). According to Hartono (as cited in Abdillah, 2015, p. 195), convergent validity occurs if the scores obtained from two different instruments measuring the same construct have a high correlation. Convergent validity test in PLS with reflective indicators is assessed based on the loading factor (correlation between item scores or component scores with construct scores) indicator indicators that measure these constructs. Hair et al in (as cited in Abdillah, 2015, p. 195) suggested that the rule of thumb which is usually used to make the initial examination of the factor matrix is ± 30 which is considered to have met the minimum level, for loading ± 40 is considered better, and for loading ± 0.50 considered practically significant. Thus, according to Chin (Abdillah, 2015, p. 195) the higher the value of the loading factor, the more important the role of loading in interpreting the factor matrix. The rule of thumb used for convergence validity is outer loading > 0.7 , communality > 0.5 , and Average Variance Extracted (AVE) > 0.5 .

Discriminant Validity

According to Hartono (as cited in Abdillah, 2015, p. 195), discriminant validity occurs when two different instruments that measure two constructs that are predicted to be uncorrelated produce scores that are not correlated. Another method used in assessing discriminant validity is to compare the AVE roots in each construct with the correlation between the constructs and other constructs in the model.

Reliability Test

According to Hartono (as cited in Abdillah, 2015, p. 196), reliability shows the accuracy, consistency, and accuracy of a measuring instrument in making measurements. The reliability test in PLS uses two methods, namely Cronbach's alpha and Composite reliability.

According to Chin (as cited in Abdillah, 2015, p. 196), Cronbach's alpha measures the lower limit of the reliability value of a construct, while composite reliability measures the real value of the reliability of a construct. However, according to Salisbury, Chin, Gopal, and Newsted

(Abdillah, 2015, p. 196), composite reliability is considered better in estimating the internal consistency of a construct.

According to Hair et al (as cited in Abdillah, 2015, p. 196), Rule Of Thumb, alpha value or composite reliability must be greater than 0.7 even though the value of 0.6 is still acceptable. However, according to Cooper (as cited in Abdillah, 2015, p. 197), the internal consistency test is not absolute to use if the construct validity has been met, because a valid construct is a reliable construct, on the other hand, a reliable construct is not necessarily valid.

3.2 Structural Method (Inner Model)

The inner model or structural model describes causality between latent variables that are built on the substance of the theory (Abdillah, 2015). The structural model in PLS is evaluated by using the dependent construct, path coefficient values, or t-values for each path to test the significance between constructs in the structural model. The value is used to measure the level of variation of the change in the independent variable on the dependent variable. The higher the value, the better the prediction model of the proposed research model. However, it is not an absolute parameter in measuring the accuracy of the prediction model because the theoretical basis of the relationship is the most important parameter to explain the causality relationship (Abdillah, 2015).

The path coefficient value or the inner model shows the level of significance in hypothesis testing. According to Chain (as cited in in Abdillah, 2015, p. 197) the path coefficient score or inner model indicated by the T-statistical value, must be above 1.96 for the two-tailed hypothesis and above 1.64 for the one-tailed hypothesis) for hypothesis testing at 5% alpha and 80% power.

4.0 RESULT AND DISCUSSION

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PLS is an alternative approach based on variance which is more predictive in nature. Testing the PLS structural model in this study was carried out using SmartPLS software version 3 for window, with the following steps:

1. Designing structural model (*inner model*)
2. Designing measurement model (*outer model*)
3. Estimate of path coefficient, loading, and weight
4. Evaluation (goodness of fit)

A. Structural Model (*Inner Model*)

The structural model is a model that shows the relationship between latent variables (constructs). Structural model is formed from problem formulation.

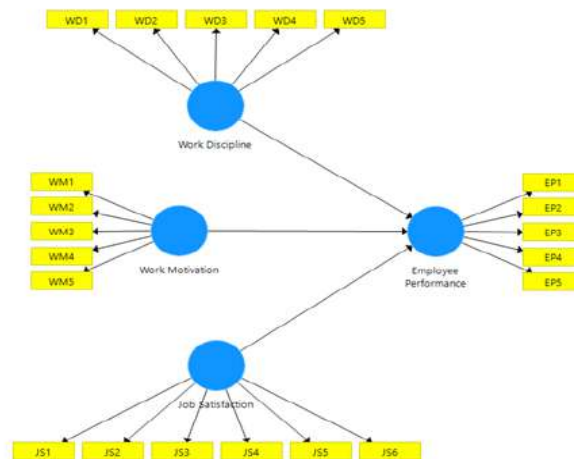


Figure 1. Structural Model (*Inner Model*)

B. Measurement Model (Outer Model)

The measurement model is a model that shows the latent variables complete with operational variables. The following measurement model (outer model)

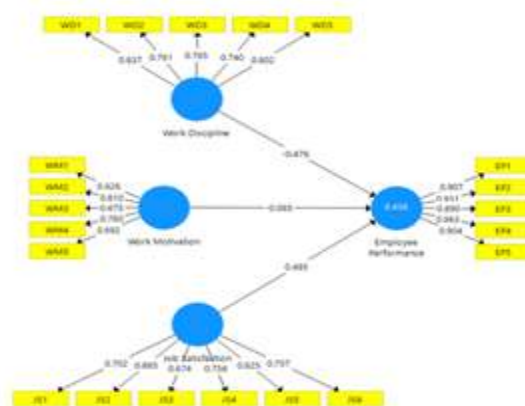


Figure 2. Model Pengukuran (*Outer Model*)

1. Validitas Convergent

Before testing the hypothesis to predict the relationship between the latent variable (construct) in the structural model, the measurement model is first evaluated to verify the indicator and latent variables to be next tested.

Based on the structural model in Figure 2 above, it can be seen that the loading factor value of each latent variable indicator is greater than 0.7. So it can be concluded that these indicators have a good convergent validity value.

Meanwhile, the path coefficient value for the latent work discipline variable is -0.476, and for the latent work motivation variable it is -0.065. Furthermore, the latent variable Job satisfaction has a value of 0.495 in assessing employee performance. So it can be concluded that job satisfaction contributes the greatest value in assessing employee performance compared to work discipline and work motivation.

2. Composite Reliability dan convergent Validity

Table 1. Composite Reliability

	<i>Cronbach's Alpha</i>	<i>Rho_A</i>	<i>Composite Reliability</i>	<i>Average Variance Extracted (AVE)</i>
<i>Employee Performance</i>	0.954	0.959	0.966	0.846
<i>Job Satisfaction</i>	0.862	0.884	0.896	0.593
<i>Work Discipline</i>	0.844	0.860	0.887	0.611
<i>Work Motivation</i>	0.852	0.830	0.886	0.613

Based on the composite reliability value presented in table 1, it shows that the four latent variables (construct) have a composite reliability value above 0.6. This means that the indicators that have been set in the study are able to measure each latent variable (construct) well or it can be said that the five measurement models are reliable

Table 2. Convergent Validity

	<i>Employee Performance</i>	<i>Job Satisfaction</i>	<i>Work Discipline</i>	<i>Work Motivation</i>
<i>Employee Performance</i>	0.920			
<i>Job Satisfaction</i>	0.431	0.770		
<i>Work Discipline</i>	-0.428	0.152	0.782	
<i>Work Motivation</i>	-0.329	-0.137	0.411	0.763

Meanwhile, a good convergent validity value is indicated by the higher correlation between the indicators that make up a construct. In table 2 it can be seen that the AVE value has a value above the minimum criterion of 0.5. So it can be concluded that the convergent validity measure is good or has met the convergent validity criteria.

Furthermore, to measure the outer model in addition to convergent validity and composite reliability, it is discriminant validity can also be used, which can be seen from the uppermost value in each variable, the root value of the AVE, while the lower value is the correlation value between variables, with a criterion value of the root of AVE is bigger than the correlation value between latent variables. In table 2 above, it can be seen that the root value of the topmost AVE is greater than the correlation value between latent variables, so it can be said that employee performance, work discipline, work motivation, and job satisfaction have good discriminant validity.

C. Estimation Path Coefficient, loading, and weight.

1. Structural model (inner model) is a model that describes the relationship between latent variables evaluated using path coefficients. The results of the path coefficients and t-statistic values are obtained through the bootstrapping process.

Table 3. T-Statistics

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (IO/STDEV)	P Values
Job Satisfaction → Employee Performance	0.495	0.432	0.286	1.733	0.084
Work Discipline → Employee Performance	-0.476	-0.445	0.109	4.354	0.000
Work Motivation → Employee Performance	-0.065	-0.110	0.163	0.400	0.689

The value of t-statistics is used to see if the value between the latent variables is significant or not significant by using the criteria if the value of the t-statistic is greater than 1.96 and by looking at the exogenous latent variables that affect employee performance with criteria if the p value is smaller than 0.05. It can be concluded that the relationship between latent variables is significant.

Table 3 above shows that the latent variables of job satisfaction and work motivation have t-statistic values of 1.733 and 0.400 < 1.96 and have p-values of 0.084 and 0.689 > 0.05. Meanwhile, the latent work discipline variable has a t-statistic value of 4.354 > 1.96, while the p-value is 0.000 < 0.05. So it can be said that the latent variable of job satisfaction and work motivation has no significant effect on employee performance, while work discipline has a significant effect on employee performance.

2. The feasibility test of the model is obtained by using the value of R² (R-Square)

Table 4. R-Square Value

	R Square	R Square Adjusted
Employee Performance	0.438	0.378

In table 4 above, it can be seen that the R-Square of employee performance in this study is 0.438. This figure explains that the variability of endogenous variables that can be explained by the variability of exogenous variables is 43.8%. In SEM PLS, if the R-Square value is above 0.26, it can be said that the model is good.

3. Model Fit

Table 5. Goodness of Fit Model

	Saturated Model	Estimated Model
SRMR	0.125	0.125
NFI	0.490	0.490

To see whether the research model is a fit or not, it can be seen from the SRMR value or using the NFI value, with the criteria that the SRMR value is 0.05 and the NFI value is 0.9.

In table 5 above, it is found that the SRMR value is 0.125 > 0.05. So it can be concluded that overall it can be said that the model formed is fit, meaning that the model has a high ability to explain empirical data.

5.0 CONCLUSIONS

All indicators of the work discipline variable have a significant negative effect on employee performance with a path coefficient of 0.476. Meanwhile, work motivation has a negative and insignificant effect on employee performance with a path coefficient of 0.065. Furthermore, the variable job satisfaction has no significant positive effect on employee performance with a path coefficient of 0.495.

Based on the discussion and conclusions, the suggestions given are as follows: Expected to pay attention to the needs and desires of employees as a means of supporting the results of better employee performance. These include employee internal factors, efforts to regenerate or rejuvenate the cashier's computer, and digitizing the data input process.

It is expected to have a high work ethic towards behavior and work discipline so that later the leadership will recommend employees to a better career path.

It is expected that the company can continue to spur and maintain the performance of its employees by increasing the job satisfaction of its employees so that employee performance can continue to increase.

Based on the results of the research above, work discipline has a significant negative effect on employee performance, because it is necessary to make efforts to maintain work discipline and process quality so that employees can further improve their performance, including the leaders must provide examples of good work discipline to their subordinates and employees in order to improve their performance. The work process must continue to synergize and support each other between all divisions within the company.

Meanwhile, the results of research on work motivation and job satisfaction on employee performance show a negative influence, therefore the company must always encourage all employees and not only demand performance, in addition to providing employees with facilities that can support and support their work, as well as give responsibility to employees according to the abilities of employees. Furthermore, so that companies can increase employee motivation, companies should strive to create a safe and comfortable work environment for employees, provide training for employee self-development, provide clear career paths, give appreciation and attention to employees, and provide pay according to workload and expertise. owned by employees.

6.0 FUTURE RESEARCH

For further research, it is better to use a larger sample so that it can produce a more suitable model. In addition, it is necessary to add other variables besides those studied in this study related to employee performance, including the ability to interact between employees and the tendency to share knowledge. In addition, there is a need for studies in selecting indicators in research variables.

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THE ROLE OF DIGITAL TRANSFORMATION IN FACING THE BANKING COMPETITION AT BTN BANK HARAPAN INDAH BEKASI BRANCH

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Abstract

This research has the purpose of measuring the impact of digitization and employee engagement on organizational transformation. The hypothesis of the study was formulated to find the relationship between organizational transformation and digitalization as well as employee engagement. A quantitative analysis was applied as a study method. Descriptive statistics and regression analysis were conducted for data evaluation. The result of this research revealed that there is a positive and significant influence between the variables of digital transformation and employee engagement on organizational transformation both in partial and simultaneously.

Keywords: *digitalization, employee engagement, and organizational transformation.*

1.0 INTRODUCTION

The digital era is an era that is now echoing not only in Indonesia but also throughout the world. Several countries utilize in the strategic selection of IT in various organizations (Sibanda & Ramrathan, 2017) both the government and the private sector needed to build, among others, mental self-driving, self-power, creativity, and innovation. Artificial technology (Artificial Intelligence) was created to assist humans in increasing higher performance reliably, safely, and reliably (Shneiderman, 2020).

Daily transactions can be made through applications that support the transaction platform. Before the industrial revolution 4.0, the transactions used were usually manual. People ordering food still have to queue in front of the cashier or if delivery orders, waiting for the junk food employees to stop at a lot of places, then it's our turn to get them. Whether it is in the afternoon, evening, or night because of the loading of the junk food order or even our order was rejected because the employee who delivered it wasn't there. In the banking industry, daily transactions are still done manually. Customers come to the bank and queue to make transactions, but with e-commerce applications encourage transactions to be done digitally ("Payment Banks: Digital Revolution in Indian Banking System," 2020).

According to some consumers, who still do manuals for this method because this method is considered to still have advantages, namely, the customer has to go out to meet the store he or she or she is going to order from so that social relations can occur (Fong & Hou, 2017). Whether it is food or consumer goods. In this sense, there is an activity or movement of the body that is carried out by someone in ordering goods. There is a physical activity that helps the organs of the body move. But on the other hand, unfavorable conditions such as traffic jams, and the air temperature may be rainy or hot (extreme) which can make body temperature have to adjust to environmental conditions, including for adults and children (Nguyen et al., 2021). If the body temperature is healthy, it is not a problem, but if the body temperature is not good or sick, it will make things worse. The time it takes to order or buy a product sometimes takes a lot of time. This is because there are still limited courier services

or services between services that have not developed at that time and of course the costs incurred are not small. In general, people want to use internet-based services (Mikheev et al., 2020).

1.0 LITERATURE REVIEW

1.1 Digitalization

Digitalization is now a habit for people to carry out their daily activities. According to (Wikipedia, n.d.) there is a set of sophisticated equipment including a computer and a processor, and there is a series of complex binary calculations. Digitization is a tool that can be used in various tasks. For that, digitization is also a key. Digitization is also the process of giving or using a digital system. The conclusion is that digitization is a set of tools or digital keys with a processor inside which is used to make it easier for humans to assist in their work.

Very rapid changes occur in the banking sector, where transactions must keep up with the times. Banking is a leader in digital transformation because there are fundamental, disruptive & very dynamic changes (Winasis et al., 2020). The company must have a network or system that is integrated between sections and between branches so that they can quickly provide services to their customers. Digital indicators in banking services are divided into three parts, namely indicators of digital banking platform, indicators of bank digital service, and digital communication indicators with bank customers (Zamaslo et al., 2021).

Commercial banks must rely on a comprehensive approach to digital transformation to ensure a long-term competitive advantage. The Swiss model is based on tackling bank strategy, organizational structure, and corporate culture together (Galper, 2020). Since online banking was introduced to the public, people's lives have become more comfortable and fast. However, because of low market penetration and low community utilization rates, banking performance has not improved much (Shu et al., 2020).

1.2 Employee engagement

Employee engagement is interpreted as a positive, quench, work-related mood characterized by passion, dedication, and permeation (AB & E, 2008). Employees in an organization are required to have an engagement or an attachment to the company so that the company can develop together with stakeholders and shareholders. Employee engagement (S. et al., 2008) describes employee engagement as a behavior that is specified by the extent to which folk use their own cognitive, physical, and emotional degrees in performing their roles. The conclusion of employee engagement is the spirit of employees with positive thoughts in showing the role of employees at work.

Employee engagement indicators by (Sabir & Khan, 2018). There are 3 (three) categories, namely:

1. Say it means employees have a positive view of the organization and co-workers, prospective employees, and customers.
2. Stay that means employees have a strong aspiration to become members of the organization.
3. Striving means employees provide more effort and engagement that contributes to business success.

2.3. Organizational Transformation

Organizational transformation is the application of every business organization and adapting to changes in the environment and increasing the capacity of human resources as an important organizational asset. This change links to a company's capability to be able to

change successfully and optimize its resources to give opportunities and good service delivery practices that produce results and outcomes (Schalock et al., 2018).

Organizational transformation is the achievement of science and technology that has the characteristics of bringing assured social and public advantages, participating in the transformation of the achievement of science and technology through interaction with both parties, and providing professional services (Ke & Bing, 2021). The conclusion is organizational transformation is the development and change in the organization regarding the structure, process, culture, and orientation by increasing human resources as assets through science and technology that provide benefits and provide professional services.

In making organizational changes, the company's management makes changes to its organizational structure but it does not necessarily change the company's capital. Growth and tangibility have a positive relationship but are not statistically significant to capital structure (Sastrodiharjo & Utama, 2016). This is done so that the company can keep up with current market needs. There are two things related to organizational change or transformation, namely context, and complexity.

Factors such as history, politics, society, ecology, and culture constitute a phenomenal context and are complex, multifaceted, and highly interactive. While the attachments that influence transformational thinking and actions are contextual factors (Chouinard & Milley, 2016), (Shogren et al., 2017). Previous researchers (Sibanda & Ramrathan, 2017) with the title Influence of Information Technology on Organization Strategy conducted research with the results showing that consumers or customers are becoming more transacted with companies; therefore, flexibility in the form of business models and strategies is needed in an organization.

The use of digitalization is a natural thing in daily transaction operations. Many are using digitalization services currently, which often use the banking industry, telecommunications, tourism, and others. The use of digitalization is in the form of work operations and following work culture to enhance organizational transformation. But does it apply to all industrial sectors?

As for employee engagement, whether employees who are involved in the company's operations and work culture can help improve organizational transformation.

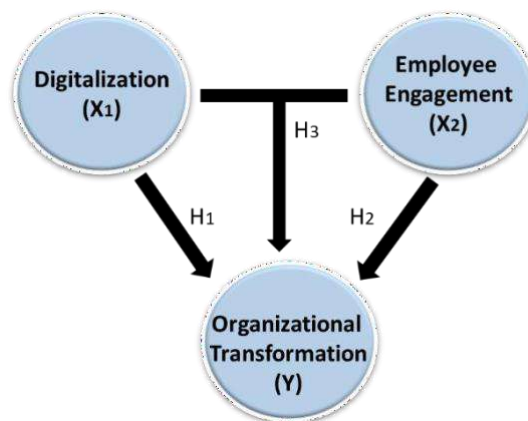


Figure 1. Hypothesis Test

Hypothesis test

The form of hypothesis testing for this research is as follows:

- 1) \longrightarrow It is suspected that there is a partial effect of the X_1 and X_2 variables on Y .
- 2) $-\ - - \blacktriangleright$ It is suspected that there is an effect of variables X_1 and X_2 on Y simultaneously.

A. The Effect of Digital Transformation on Organizational Transformation

The existence of a transformation in digital equipment will make work operations change. This change was followed by a change in the work culture. The use of digital transformation also has an influence on existing human resources. They will learn more about digitization. The role of digitization is important in the world of work and daily transactions. Management will provide training to its employees to be more skilled in using digitalization through a managerial approach in the context of digital transformation (Baiyere et al., 2020). Thus, the influence of digital transformation will have an influence on the development of organization transformation.

B. The Influence of Employee Engagement on Organizational Transformation

The role of employee engagement is a factor that has an influence on organizational change towards improvement or organizational transformation. The involvement of employees in organizational structures and processes plays an important role by shaping the behaviors that lead to the formation of management and organizational change: Engagement can be a multi-faceted development (cognition, emotion, and behavior) and as an entity construct (positive thinking, willpower). Dedicated, is the reverse of exhaustion (Sun & Bunchapattanasakda, 2019). Through employee engagement, can shape organizational transformation in the direction desired by the organization.

C. Research Methodology

This study took fifty-one employees as respondents of BTN Bank Harapan Indah Bekasi Branch and used quantitative descriptive analysis. Employees who are respondents consist of several divisions in the company.

3.0 RESULTS AND DISCUSSION

In table 1, the output of the validity test describes whether each variable is valid or not. From the output of the validity test, both independent and dependent variables have validity because $r\text{-count} > r\text{-table}$ (0.2820), 5% significance, and the sample used is $N = 51$.

Table 1. - Validity Test

Statement	r - count			r-Table 5% (N=51)	Description
	Digitalization (X1)	Engagement (X2)	Organizational (Y)		
1	0.716	0.934	0.941	0.2820	valid
2	0.734	0.916	0.900	0.2820	valid
3	0.669	0.911	0.892	0.2820	valid
4	0.763	0.825	0.934	0.2820	valid
5	0.723	0.904	0.878	0.2820	valid

In table 2 the reliability test, each variable has a Cronbach alpha > 0.60 , which means that the index variable is reliable or reliable and is said to be reliable.

Table 2. - Reliability Test

Variable	Cronbach's Alpha	N of Items
X1	0.695	5
X2	0.845	5
Y	0.852	5

In the Kolmogorov – Smirnov test, the significance of which is 0.083 or greater than 0.05, it can be said that this study meets the requirements for normality.

In the Multicollinearity Test, the cut-off value is the value of Tolerance 0.10, which is 0.998 or VIF 10. In this test, VIF has a value of 1.002 or less than 10, so that there is no multicollinearity problem. The Heteroscedasticity Test measures the inequality of variance and residuals. In addition to being able to use a scatter-plot by looking at the scattered points in the image, this test can use Spearman's rho to measure the correlation of each variable using unstandardized residuals.

In the output correlations, Digitalization Transformation with Unstandardized Residual sig. (2-tailed) of 0.10 and Employee Engagement sig. The sig (2-tailed) is 0.252, and it is concluded that there is no heteroscedasticity problem because it has a sig value above 0.05.

In the partial test (table 6) it can be concluded:

- a. Digitalization Transformation (X_1) has a value of sig. $0.00 < 0.05$ (α sig) and t-hit 2.041 > t-table 2.010 so that there is an effect of Digitalization Transformation (X_1) on Organizational Transformation (Y).
- b. Employee Engagement (X_2) has a value of sig. $0.00 < 0.05$ (α sig) and t-hit 2.715 > t-table 2.010, namely that there is a significance effect of Employee Engagement (X_2) on Organizational Transformation (Y).

Table 3. – Partial Test

Coefficients

Model	Unstandardized Coefficients				
		B	Std. Error	t	Sig.
1	(Constant)	2.194	6.801	0.323	0.748
	Digitalization	0.621	0.304	2.041	0.047
	Engagement	0.292	0.107	2.715	0.009

Simultaneously, both Digitalization Transformation or X_1 and Employee Engagement (X_2) variables have a significant impact on Organizational Transformation (Y), the significance value is $0.00 < 0.05$ and for F count > F table, F count is $6.011 > 3.19$.

The coefficient of determination (R^2) was obtained at 0.20 or 20.0% with the understanding that the influence of the independent variables both X_1 and X_2 had a value of 20.0% on the dependent variable Y, and the remaining 80.0% were variables that were not studied.

Table 4. – Determination Coefficient**Model Summary**

Model	R	Adjusted R Square		Std. The error of the Estimate	Durbin-Watson
		R Square			
1	0.448	0.200	0.167	5.131	1.538

The Effect of Digital Transformation on Organizational Transformation at BTN Bank Harapan Indah Bekasi Branch

The outputs explain that there was a significant effect, namely the Digital Transformation (X_1) variable on Organizational Transformation (Y) with a T-hit of $2.041 > 2.010$ T-Table and a significance of $0.000 < 0.047$. Digital Transformation has indicators of digital banking platform, bank digital service indicators, and digital communication indicators with bank customers (Zamaslo et al., 2021). The study shows that with these three indicators, banks can serve their customers quickly and safely, supported by highly confidential codes. These three indicators are tools needed by banks at this time. To face the era of society 5.0, the banking needs are more complex but simple. Digitization offers new opportunities for banks to place customers at the center of the development process (Khanchel, 2019). In this case, banking is assisted by artificial intelligence which is created according to banking needs in the future.

The Effect of Employee Engagement on Organizational Transformation at BTN Bank Harapan Indah Bekasi Branch

There is a significant and also positive effect of employee engagement, namely T- hit $2.715 > 2.010$ T-Table with sig. $0.00 < 0.05$ indicates that employee engagement has an effect on organizational transformation. One indicator of employee engagement is that employees give more effort and involvement, which contributes to business success (Sabir & Khan, 2018). For employee engagement to be well-formed, working conditions become the prominent driver in escalating employee engagement, followed by working relationships and promotions. Working conditions include job security, work convenience, stress level, working hours, and management policies (Djoemadi et al., 2019). Employee involvement in the business development or operations of the company is very much needed. Through employee involvement, this will provide a new pattern or the best solution that can be used by the company in organizational change.

1.0 CONCLUSION

The results of the research above can be concluded that:

1. Digital transformation (X_1) has a significant positive effect on organizational transformation at BTN Bank Harapan Indah Bekasi Branch. If there is an increase in digital transformation, it will have a positive effect on organizational transformation. Digital transformation is a necessity for the banking world today with a disruptive presence, but in this case not all banking transactions must be carried out through

2. digital transformation, there are still traditional ones, namely services such as safe deposit boxes, the spot for loan customers, and depositing large amounts of money. That requires customers to come to the bank and also have a meeting with bank officers.
3. Employee engagement (X_2) has a significant positive effect on organizational transformation (Y) on employees of BTN Bank Harapan Indah Bekasi Branch. An increase in employee engagement will have a positive impact on organizational transformation. A comfortable working atmosphere and conditions will make employees feel more ownership of the organization, thus employee engagement will be stronger.
4. Simultaneously, the digital transformation variable (X_1) and Employee engagement (X_2) on the employees of BTN Bank Harapan Indah Bekasi have a significant effect on Organizational Transformation (Y).
5. The dominant variable in this study is employee engagement (X_2) compared to the digital transformation variable (X_1).
6. As a follow-up to the next research, conduct research on work-life balance, training, and development, and leadership variables so that the impact on organizational transformation can be known, especially during the current pandemic. With this disruptive era, companies will incur relatively large costs for digital transformation, but this needs to be done so that companies can survive and thrive. While on employee engagement, company leaders can improve a conducive work atmosphere by providing direction and, of course, job satisfaction for employees.

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HOW DOES DIGITIZING THE TAX SYSTEM INCREASE TAXPAYER COMPLIANCE?

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ABSTRACT

Tax revenue, whose percentage reached above 80% of the total revenue of the State Budget in 2021, is the largest component of Indonesia's revenue. However, Indonesia's tax ratio in 2021 was only 9,11 %, according to the Indonesian Ministry of Finance in 2022. Indonesia implements the self-assessment system in collecting taxes, which of course requires the development of a good tax administration information system, such as the implementation of an e-filing information system to perform optimally. E-filing is an electronic-based tax reporting system which enables taxpayers to report via online without having to visit the tax office. This study aims to analyze the effect of the e-filing information system on taxpayers' compliance, directly and through the taxpayers' satisfaction variable on the services they receive. This study utilized path analysis based on Structural Equation Modelling (SEM) as its data analysis technique. The results of the study stated that the successful implementation of the e-filing information system gives a positive effect on taxpayer satisfaction and taxpayers' compliance, meanwhile, taxpayer satisfaction gives a positive effect on taxpayer compliance.

Keywords: Tax Revenue, E-filing, Information System Success, Taxpayer Satisfaction, Taxpayer Compliance.

1.0 INTRODUCTION

Tax revenue is the largest component of Indonesia's revenues. Based on the available data, more than 80% of Indonesia's revenue is coming from tax revenue. Based on the APBN (state budget) of 2021, the tax component was contribute Rp.1.444,54 trillion or around 83% of the total APBN of Rp.1,743.65 trillion (Kementrian Keuangan Republik Indonesia, 2022). The growth of tax revenue is shown in Table 1, which shows an increase in the contribution of tax revenues in state revenues, where taxes are the prima donnas that are highly relied on by the state.

Table 1 Realization of State Revenue (in Million IDR)

Period	Tax Revenue	Total Revenue	Tax / Total Revenue
2016	1.539.166	1.786.225	86%
2017	1 343 530	1 654 746	81%
2018	1 518 790	1 928 110	79%
2019	1 546 142	1 955 136	79%
2020	1.285.136	1 628 950	79%
2021	1,444,540	1,743.650	83%

Source: BPS and APBN Report (represented by the Author)

Indonesia's tax ratio in 2021 was only 9,11%. This number is still very low compared to other countries, even other Asian countries. The tax ratio is the ratio of tax revenue to gross domestic income. (Kementrian Keuangan Republik Indonesia, 2022). There are two implications of the low tax ratio. On one side, it may imply that the state has not succeeded in collecting tax maximally. On the other hand, it may indicate that there are still opportunities to increase tax revenues.

The low level of tax compliance is a serious problem in some developing countries (Das- Gupta et al., 2004). One important factor that raises taxpayers' spirit of voluntary compliance is tax service (Bournaris et al., 2013). To obtain a high level of user satisfaction, the aspects that must be improved are interaction and ease of access. It can be concluded the improvement of information system creates satisfactory results. Meanwhile, content and navigation are the next items of priority (Silvani, 1992).

One of the efforts of the Government of Indonesia to improve the satisfaction of taxpayers is by improving services which is represented by the e-filing application service. With the e-filing application, it is expected that taxpayers will easily report their taxes, as one of their tax obligations in addition to calculating and paying taxes. With improved service satisfaction, taxpayers are expected to be compliant because of the ease of the reporting process.

This study aims to analyze and identify the factors that influence taxpayer compliance. This study utilized the Delone and McLean information system success model to measure system quality, information quality, service quality, user satisfaction, net benefits consisting of individual and organizational performance, as well as additional variables namely facilitating conditions. The data used is primary data obtained from 200 questionnaires distributed to representatives of Taxable Entrepreneurs (PKP) registered at the Bekasi Tax Service Office, Indonesia. In fact, there are around 330 thousand taxpayers in Bekasi. By using the Slovin formula with an error rate of 10%, 100 samples were obtained, but the justification in this was set at 200 respondents who were expected to represent the total population so that the results of the study would be generalized to the data. This study utilized path analysis based on Structural Equation Modelling (SEM) as its data analysis technique. This study utilized path analysis based on Structural Equation Modelling (SEM) as its data analysis technique. This research was conducted in Bekasi, Indonesia by distributing questionnaires to taxpayers as respondents.

2.0 LITERATURE REVIEW

2.1 Successful Application of E-filing Information Systems

A system is a component or a mutually cooperative element that is formed in a sub-system, which has the same goal to produce predetermined output, while information is data that has been processed that can be addressed to someone, the organization also to anyone who needs (Istianingsih et al., 2020) said that an information system is a group of two or more interrelated components that interact to achieve a goal, while Information is data that has been organized and processed to provide meaning and improve the decision-making process (Romney & Steinbart, 2018). The information

system is a system that receives data input and instructions, processes the data in accordance with the instructions, and issues the results (Romney & Steinbart, 2018). The successful implementation of the information system in this study uses updated (DeLone, 1988), as shown in Figure 1.

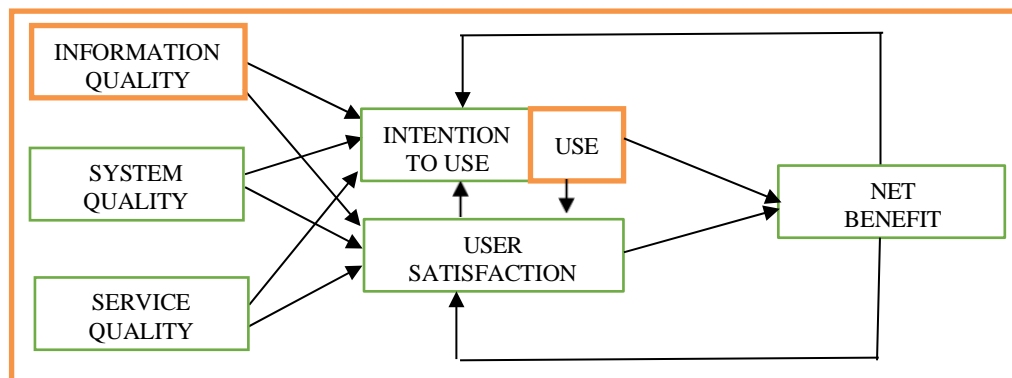


Figure 1 Updated D&M IS Success Model.

Proposed the measurement dimensions of the success of the Information System which are (Donelson et al., 2020) : (1) System quality, namely the success of the system in terms of technology, consisting of: convenience of access, system functionary, reliability, response time, sophistication, navigation ease, flexibility ; (2) Information quality consists of: accuracy, precisian currency (the information produced is up-to-date), timeliness, the speed of information produced, sufficiency (the information produced can fulfill what is desired), understandability (the information obtained is easily understood), conciseness (information in a concise form and not long-winded); (3) Service quality, namely the measurement of the success of the information system in terms of the quality of service provided by the information system department in all services, consisting of responsiveness (the speed of responding to user / customer complaints), empathy (the ability to sense user difficulties in order to easily overcome problems); (4) Intention to use, consisting of: attitude toward technology, subjective norm, self-efficacy; (5) Use, namely the level of use of information systems by users, consisting of: organizational competence, extrinsic motivation, IT infrastructure; (6) User satisfaction, is the level of user satisfaction on the use of the existing information system, consisting of: task compatibility, attitude toward technology, user invasion; (7) Net benefits, namely the level of profit gained by the organization with the use of information systems, consisting of: improvements of productivity, quality of decision making, work practice

Hall (2011) measures the success of information systems through 9 dimensions, which are: increasing customer satisfaction (the level of customer satisfaction after using an information system); increasing employee satisfaction (the level of customer satisfaction after using the information system); increased information novelty (the level of novelty of information that can be obtained after using the Information system); Increased decision making (the level of effectiveness of the quality of decisions made by leaders); Faster response to competitor actions (the level of speed of response to something done by competitors); Operating efficiency (the level of operating efficiency by users of information systems); Improved internal and external communication (the level of quality of internal and external communication systems), better planning effectiveness (the level of effectiveness of planning); Operational flexibility (the level of ease in operational changes).

Indonesia adheres to a self-assessment system in its tax collection which must be supported by a good taxation system. That system can facilitate taxpayers, both when calculating, paying, and reporting their tax obligations. One of the real forms is the

implementation of an e-filing information system. E-filing is an electronic-based tax reporting system where taxpayers do not need to come to the Tax Service Office (KPP) to report on their tax obligations but only must go online easily.

2.2 Taxpayers' Satisfaction

Ateş (2020) conceptualized customer satisfaction as a feeling that arises as a result of evaluating the experience of using a product or service. Rosser and Fahmi (2018) defined it as an emotional response to the evaluation of the consumption experience of a product or service. GAO (2019) emphasized that customer satisfaction is the level of one's feelings after comparing the perceived performance (or outcome) compared to their expectations. Quality of service is considered an important research subject and that means the customer evaluates the service. Service quality is defined as the difference between customer expectations for services performed prior to service delivery and their perception of services received (Bournaris et al., 2013). Mardinan et al. (2018) explained the quality of service as an effort to meet customer needs and desires, which provides accuracy in balancing customer expectations. Service quality measures the dimensions of tangibles, reliability, responsiveness, assurance, and empathy. The quality of tax services can be referred to as the taxpayer's assessment of the level of tax administration. In the context of taxation, many (Faúndez-Ugalde et al., 2020b) have studied the concept of service quality as an antecedent for compliance taxes. Montalvo et al. (2020) determined service quality as a factor that contributes to taxpayer compliance behavior and is measured in terms of responsiveness, informativeness, and reliability. Rezvani et al. (2017) tried to measure service quality from a practitioner's tax perspective. Faúndez-Ugalde et al. (2020b) found that the perceived quality of tax services had a significant negative effect on tax non-compliance behavior.

2.3 Taxpayer Compliance

Taxpayer compliance is a multifaceted measure and can be defined as the attitude or willingness of taxpayers who carry out all tax obligations and enjoy all tax rights in accordance with the provisions of the applicable legislation (Andreas & Savitri, 2015). According to (Bahtiar and Saragih (2019) taxpayer compliance has the understanding as a compliance climate and awareness of compliance with tax obligations, reflected in the situation where taxpayers understand and try to understand all the provisions of taxation legislation, namely to complete the tax form and clear, calculate the amount of tax owed correctly and pay the tax owed on time. According to Errard and Feinstein, the notion of tax compliance is guilt and shame, the perception of taxpayers on the fairness and fairness of the tax burden they bear, and the influence of satisfaction on government services.

The pioneer of the study of taxpayer compliance (Montalvo et al., 2020) use the expected utility concept to explain taxpayer compliance behavior, where the taxpayer's decision on the level of reported income is determined solely by the actual income level, detected probability, penalty structure and tax structure (all assumed to be exogenously determined variables), and the taxpayer's attitude to risk.

According to Yozi et al. (2019) there are two approaches to the theory of compliance, namely the theoretical approach to economics and the approach to psychological theory. Economic theory approaches emphasize incentives, while psychology-based theories emphasize attitudes. Based on the theory of economics on compliance, it is implied that tax compliance is influenced by several considerations of how likely they are to be affected by the economic consequences of various compliance alternatives, such as whether to avoid taxes or not, the probability of action is known and the consequences, then choose various alternatives that will maximize the expected tax return (expected after-tax return). Whereas based on psychological theory assumes that there are various psychological factors, including moral obligations and ethical issues, and honesty, which are also important for taxpayers.

The tax compliance literature provides evidence that compliance is influenced by various factors that are broadly classified as economic, individual, institutional, political, and psychological (GAO, 2019). Based on this classification, variables such as tax awareness, tax knowledge, taxpayer satisfaction, demographic factors, and the quality of service for tax officers are important antecedents for tax compliance in a narrow scope (Nuryati et al., 2020). There is also a positive correlation between taxpayer response and tax amnesty program to taxpayer Compliance (Nuryati & Hasbi, 2017).

Faúndez-Ugalde et al. (2020) in his study on thirty countries, measured the level of tax compliance. New Zealand was ranked the second most compliant after Singapore. This was followed by Australia, the United Kingdom (UK), and Hong Kong. Malaysia was ranked eighth, after the US, while Italy was the least compliant. A review of the above-mentioned studies provides useful information to the researcher on the level of compliance behavior.

2.4 Hypotheses

Handayani dan Kusmuriyanto (2017) examines that Taxpayer satisfaction system users are influenced by variables of perceived usefulness and quality of information. The service quality of the electronic taxing system had a positive effect on taxpayer satisfaction (Wulanjayanti & Usman, 2017). Information quality, system quality, and service quality influence the satisfaction of e-filing system users (Pramanita & Rasmini, 2020).

H₁: The successful implementation of the e-filing information system gives a positive effect on taxpayers' satisfaction.

Online tax applications, especially e-filing applications will greatly help the taxpayer when implemented in carrying out his tax obligations, in addition to being simple and easy will also save time, effort, and cost. Putra et al.,(2018) and Permatasari et al. (2015) examine that e- filling system has a significant effect on taxpayer compliance levels. Meanwhile, the results of research (Handayani & Noviari, 2016) concluded that the implementation of the e-filing system had no significant effect on taxpayer compliance. The e-filing program is proven to increase the compliance level of taxpayers (Qadri & Darmawan, 2021; Husnurrosyidah, 2017; Tarmidi et al., 2017).

H₂: The successful implementation of the e-filing information system gives a positive effect on taxpayers' compliance

A higher level of life satisfaction may increase the proportion of individuals who report the highest tax morale in Azerbaijan(Nadirov et al., 2021 ; Hadiwijaya, 2019 ; Khakim et al., 2015) state that there is a positive and significant influence between service satisfaction

and tax compliance at the UPTD Palembang Regional Revenue Office, South Sumatra Province, Indonesia. Taxpayer satisfaction has a positive and significant effect on taxpayer compliance (Sinaga et al, 2021).

H3: Taxpayer satisfaction can improve taxpayer compliance

3.0 METHOD

This study was conducted to test the proposed hypothesis using research methods that have been designed in accordance with the variables to be studied to obtain accurate results. This type of research is quantitative. According to Sinulingga (2014) that quantitative research is a type of research that aims to describe systematically, factually, and accurately the facts and characteristics of a particular object or population.

This research is carried out through data collection and quantitative analysis (questionnaires) and testing using path analysis. The nature of this research is research that explains the causal relationship between variables through hypothesis testing. This is in accordance with the research objective, namely, to explain the causal relationship that occurs between exogenous variables and endogenous variables by testing hypotheses. The data used are primary data obtained directly from respondents, amounting to 200 people namely taxpayers in Bekasi, Indonesia by filling out the questionnaire. The results of data processing will then be used as a basis for analysis and answering the proposed research hypothesis. The data analysis used is Structural Equation Modeling (SEM).

In accordance with the purpose of the study, to examine the effect of the successful implementation of tax information systems on the satisfaction of taxpayers and their impact on taxpayer compliance, the researcher used covariance-based structural equation modeling. The research model path diagram using structural equation modeling is described as follows.

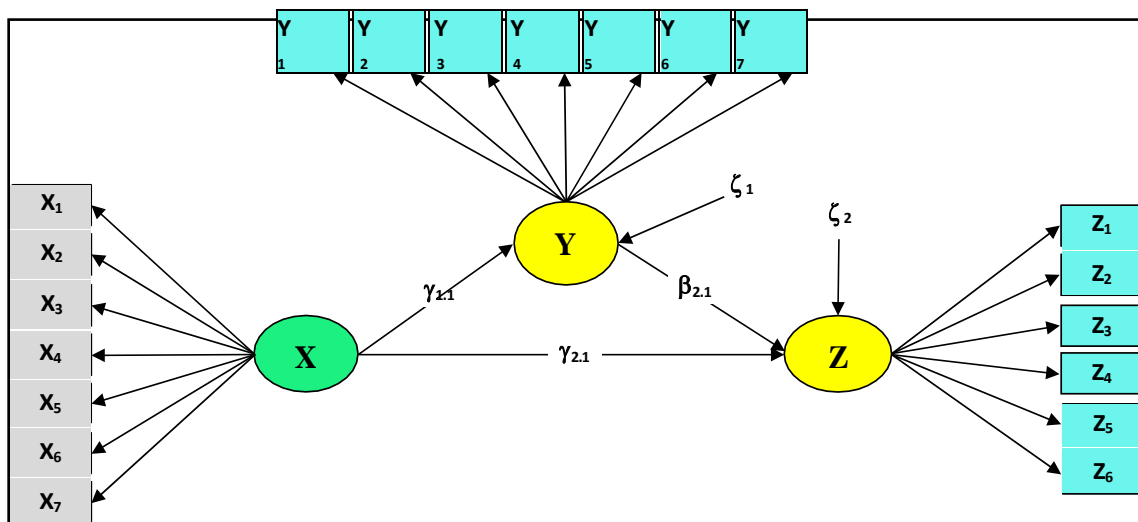


Figure 2 Research Model Path Diagram

Remark:

X = The successful implementation of taxation information systems Y = Taxpayer Satisfaction

Z = Taxpayer Compliance

γ = Exogenous variable influence coefficient with the endogenous variable

β = Endogenous variable influence coefficient with the endogenous variable
 ζ = Other factors' effects

The number of samples in this study was 200 people, namely taxpayers in Bekasi, Indonesia.

4.0 RESULTS AND DISCUSSION

The results of the study will be presented in two parts. In the first part, the results of the descriptive analysis of respondents' responses will be presented. In the second part, a verification analysis will be presented in the form of hypothesis testing.

4.1 Descriptive Analysis

The Directorate General of Taxes (DGT) is echelon I under the auspices of the Ministry of Finance of the Republic of Indonesia. As echelon I, DGT has the task of formulating and implementing policies and technical standardization in the field of taxation. To coordinate the implementation of tasks in the regions, several offices of the Regional Tax Inspectorate (ItDa) were formed, namely in Jakarta and several regions such as Sumatra, Java, Kalimantan, and Eastern Indonesia. This Regional Inspectorate later became the Regional Office of the Directorate General of Taxes (Regional Office) as it is today. The Regional Office is a DGT vertical unit that oversees the Tax Service Office (KPP) and the Tax Counseling and Consultation Service office (KP2KP).

In this study, 200 questionnaires were collected from respondents who are registered taxpayers in all KPP Pratama in Bekasi, Indonesia, namely Tax Service Office (KPP) Pratama North Bekasi, South Bekasi, Pondok Gede, South Cikarang and Cibitung Tax Service Office. Respondents age 30-40 years are the most that are by 44%, with female respondents at 52% and 48%, which means there is no gender issue. Based on the last education, bachelor graduates are the most respondents that are equal to 71%. Bekasi is located on the eastern border city of the capital city of Jakarta, where the economic level of the population is relatively the same as Jakarta.

In this analysis, an overview of the results of respondents' responses to each indicator of the variables studied will be presented. In order to make it easier to provide an assessment of the respondent's answers, categorization of the average score of respondents' answers through the inter-quartile distribution range (Malhotra et al., 2014) On questionnaires that use a scale of 1 to 5, minimum value = 1, maximum value = 5, first quartile (Q1) = 2, second quartile (Q2) = 3 and third quartile (Q3) = 4. Thus the average score of answers from respondents can be categorized as follows.

Average Score	Criteria
4.1.1 - < 2	Very Low / Bad
4.1.2 - < 3	Low / Bad
4.1.3 - < 4	High / Good
4.1.4 - 5	Very High/Very Good

4.1.1 Descriptive Analysis of Tax Information System Information

The application of the taxation information system is measured using 3 dimensions and operationalized into 7 indicators. The following is the average score of respondents' responses regarding the application of the tax information system.

Table 2 Respondents' Response Mean Score on Variables of Tax Information System Implementation

No.	Indicator	Mean Score	Criteria
1	Convenience of Access	3,98	Easy
2	Response Time	3,76	Fast
3	Accuracy	4,43	Very Accurate
4	Timeless	3,32	High
5	Understandability	2,97	Low
6	Improvement of Productivity	3,29	High
7	Work Practice	4,32	Very Easy
	Grand Mean	3,72	Good

Based on the results, the grand mean of the respondent's score for the tax information system implementation variable is 3.72, and at intervals 3 - 4 which are included in either category. This means that the application of the taxation information system has been successful. The taxation information system is easy to access, and the response time is also fast. The information presented is also very accurate, but unfortunately, it is not easy to be understood by taxpayers. Tax information systems can also save taxpayers' time so that they are able to increase productivity because it facilitates work.

4.1.2 Descriptive Analysis of Taxpayers' Satisfaction

Taxpayers' satisfaction is measured using 3 dimensions and operationalized into 7 indicators. The following tab presents the average score of respondents' responses to the satisfaction of taxpayers.

Table 3 Respondents' Response Mean Scores on Taxpayer Satisfaction Variables

No.	Indicator	Mean Score	Criteria
1	Product Suitability	4,15	Very Suitable
2	Suitability of services received	4,01	Very Suitable
3	Interest in reusing e-filing services due to convenience	4,11	Very High
4	Interest to reuse because of the benefits obtained.	3,59	High
5	Revisit because the supporting facilities provided are adequate	4,01	Very Adequate
6	Inform the ease of use of e-filing services.	3,35	Willing
7	Advise others to do tax reporting because of the ease of service	3,81	Willing
	Grand Mean	3,86	High

Based on the results, the grand mean response score of respondents for the variable Taxpayer satisfaction is 3.86, and at intervals 3 - 4 which are included in the high category. This means that most taxpayers are satisfied with the existing tax services. Taxpayers feel that the products that are available are suitable with their needs, then the services received are also as good as promised. Taxpayers also have a very high interest in reusing e-filing

services because of the convenience and are interested in reusing because of the benefits. Taxpayers will revisit because the supporting facilities provided are very adequate. Besides that, taxpayers, are also willing to inform the ease of use of e-filing services and advise others to do tax reporting because of the ease of service.

4.1.3 Descriptive Analysis of Taxpayers' Compliance

Table 4 Mean Score of Response on Taxpayer's Compliance Variable

No.	Indicator	Mean Score	Criteria
1	Continuity of reporting	4,12	Always
2	Timeliness of reporting	4,62	Always
3	Timeliness of tax payments	3,91	On time
4	Calculate tax liabilities correctly	4,05	Very carefully
5	Fill out the tax return correctly	4,46	Very carefully
6	Never received any tax penalties	3,37	Rarely
	Grand Mean	4,09	Very Compliant

Based on the results of the answers of 200 respondents, the grand mean score of respondents for the variable of taxpayers' compliance is 4.09 and is at intervals 4 - 5 which are categorized as very compliant. This means that most taxpayers have been very obedient to the regulations. Taxpayers regularly report and are always on time in reporting. Taxpayers also pay taxes on time and calculate tax liabilities correctly. In addition, taxpayers also fill tax returns carefully and rarely receive tax penalties.

4.2 Hypothesis Testing

In this section, the results of the study will be presented regarding the effect of successful tax information system (X) implementation on Taxpayer satisfaction (Y) and its impact on Taxpayer compliance (Z) using structural equation modeling. In structural equation modeling, there are two types of models that are formed, namely measurement models and structural models. The measurement model explains the proportion of variance in each manifest variable (indicator) that can be explained through latent variables. Through the measurement, the model will be known which indicators are more dominant in reflecting latent variables. After the measurement model of each latent variable is described later, the structural model will be elaborated which will examine the effect of the exogenous latent variable on the endogenous latent variable.

1) Goodness of Fit Test Results

A goodness of fit test is required to find out whether the model obtained has been appropriate in describing the relationship between the variables being studied so that it can be categorized into a good model. Match test results using the χ^2 test (chi-square) for the model studied obtained a value of 329.99 with a p-value <0.001. According to (Hair et al., 2014) in structural equation modelling, a small p-value is not desired (smaller than 0.05). Back to the test results, the p-value is smaller than 0.05 which indicates that test χ^2 is significant. So when referring to test result χ^2 then the model obtained does not meet the criteria of a good model overall. Then the RMSEA (Root Mean Square Error of Approximation) value is 0.073. Criteria of a good RMSEA value is still debated, but according to (Hair et al., 2014) if the value of RMSEA is lower than 0.08, then it

is still acceptable. Furthermore, it can be seen from the GFI (Goodness of Fit Index) value for the model studied that 0.858 shows that the model obtained does not meet the criteria. (Hair et al., 2014) the GFI value greater than 0.90 shows that the model can be accepted. The Root Mean Square Residual (RMR) in the model studied is 0.076, as well as the standardization value (SRMR) of 0.077. According to (Hair et al., 2014) the value of Standardized Root Mean Square Residual (SRMR) is less than 0.08 meets the criteria of a good model. The results of the measurement of absolute suitability show that the model obtained meets the criteria of goodness of fit on the size of RMSEA (0.073 < 0.08), and SRMR (0.077 < 0.080) so it can be concluded that the estimation results of the model can be accepted, meaning that the empirical model obtained in accordance with the theoretical model.

2) Measurement Model

The measurement model is a model that connects latent variables and manifest variables. In this study, there are 3 latent variables with a number of manifest variables as much as 20. The latent variable of the successful implementation of the tax information system consists of 7 manifest variables, the taxpayer satisfaction latent variable consists of 7 manifest variables, and the taxpayer compliance latent variable consists of 6 manifest variables. Using the maximum likelihood estimation method is obtained a full path diagram model that influences the success of the implementation of the tax information system on the satisfaction of taxpayers and their impact on taxpayer compliance as presented in Figure 3 below

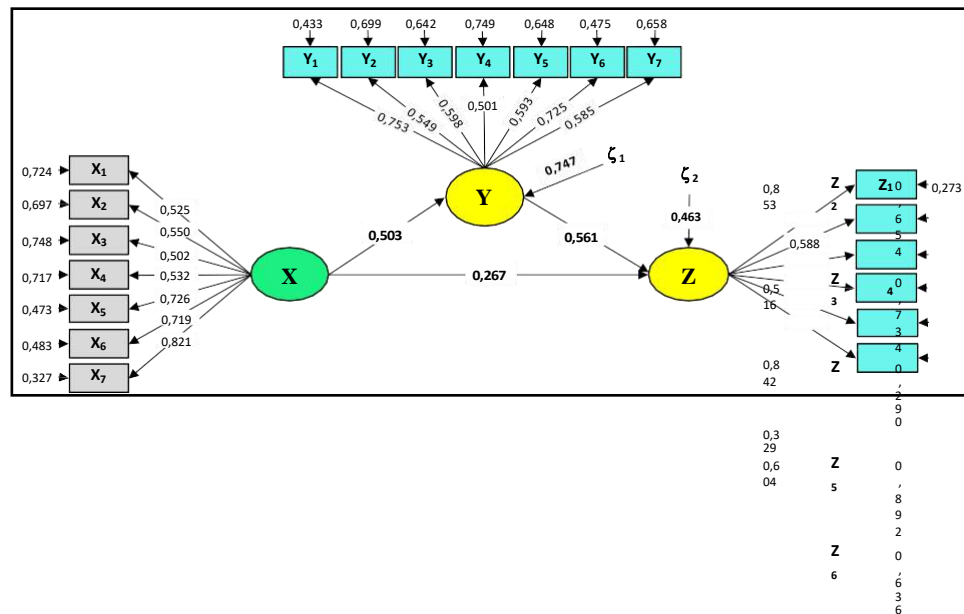


Figure 3 Standardized Coefficients Structural Equation Modeling

Based on the weighting of the factors contained in Figure 2, the latent variable of the successful implementation of the taxation information system (X), the indicator X₅ (Understandability) is the strongest in reflecting the latent variable of product attributes. On the contrary, the X₃ (Accuracy) indicator is the weakest in reflecting the latent variable of successful application tax information system. In the Taxpayer satisfaction variable latent variable (Y), the Y₁ (Product Suitability) indicator is the strongest in reflecting the satisfaction

of Taxpayers, whereas the Y_4 (Interests to Reuse) indicator is the weakest in reflecting the taxpayers' latent satisfaction variable. In the latent variable of Taxpayer compliance (Z), the Z_1 indicator (Continuity of reporting) is strongest in reflecting the latent variable of Taxpayer compliance, on the contrary, the Z_5 dimension (Filling SPT correctly) is weakest in reflecting the latent variable of Taxpayer compliance. Furthermore, the results of the calculation of construct reliability and variance extracted from each latent variable are presented in the following table.

Table 1 Construct Reliability (CR) and Variance Extracted (VE)

Latent Variable	CR	VE
Implementation of Taxation Information System	0,821	0,404
Taxpayers' Satisfaction	0,811	0,385
Taxpayers' Compliance	0,800	0,420

In the latent variable of the successful implementation of the taxation information system, the extracted variance value of 0.404 shows that on average 40.4% of the information contained in each indicator can be represented through the latent variable of successful tax information system implementation. Then the value of construct reliability, the latent variable, the success of the implementation of the taxation information system (0.821) is still greater than the recommended one is

0.70. Furthermore, on the taxpayer satisfaction latent variable, the extracted variance value of 0.385 indicates that on average 38.5% of the information contained in each indicator can be represented through the taxpayers' satisfaction variable latent. Then the value of the construct reliability latent variable of Taxpayer satisfaction (0.811) is still greater than the recommended one is 0.70. Finally, in the taxpayer compliance latent variable, the extracted variance value of 0.420 indicates that on average 42.0% of the information contained in each indicator can be represented through the latent variable of taxpayer compliance. Then the value of construct reliability from the latent variable of Taxpayer compliance (0,800) is still greater than the recommended one is 0,70.

1) Structural Model

The structural model is a model that connects exogenous latent variables with endogenous latent variables. Based on the results of the data processing obtained structural equation is as follows.

$$Y = 0.503 X, \quad Errorvar. = 0.747, R^2 = 0.253 \quad (1)$$

$$\begin{array}{ll} se : (0.0855) & (0.137) \\ t : 5.886 & 5.450 \end{array}$$

$$Z = 0.561 Y + 0.267 X, \quad \text{Errorvar.} = 0.463, R^2 = 0.537 \quad (2)$$

$$\begin{array}{lll} se : (0.0891) & (0.0782) & (0.0781) \\ t : 6.289 & 3.412 & 5.931 \end{array}$$

Through the R^2 value, the successful implementation of the taxation information system gives an effect of 25.3% on the satisfaction of taxpayers. Then the success of the implementation of taxation information systems and Taxpayer satisfaction simultaneously has an effect of 53.7% on the satisfaction of taxpayers. Furthermore, the significance test of each path was carried out using the t-test with a critical value of 1.96.

Effect of Successful Implementation of Taxation Information Systems on Taxpayer Compliance

$$H_o : \gamma_{1.1} = 0 \quad (3)$$

The success of tax information system implementation does not affect the satisfaction of taxpayers.

$$H_a : \gamma_{1.1} \neq 0 \quad (4)$$

The success of the tax information system implementation affects the satisfaction of taxpayers.

Based on the structural equation above, it can be seen the $t_{\text{statistic}}$ value of the variable X to Y (5,886) and greater than the critical (1,96). Because the $t_{\text{statistic}}$ value is greater than critical, then at the 5% error rate it is decided to reject H_o so H_a is accepted. So based on the test results it can be concluded that the successful implementation of the tax information system affects the satisfaction of taxpayers. The results of this study provide empirical evidence that better implementation of the tax information system will increase the satisfaction of taxpayers.

Effect of Successful Implementation of Taxation Information Systems on Taxpayer Compliance

$$H_o : \gamma_{2.1} = 0 \quad (5)$$

The successful implementation of the tax information system does not affect taxpayer compliance.

$$H_a : \gamma_{2.1} \neq 0 \quad (6)$$

The successful implementation of the tax information system affects taxpayer compliance. Based on the structural equation above, the $t_{\text{statistic}}$ value of the variable X against Z (3,412) and greater than the t_{critical} (1.96). Because the $t_{\text{statistic}}$ value is greater than t_{critical} , at the 5% error rate it is decided to reject H_o so H_a is accepted. So based on the test results it can be concluded that the successful implementation of the tax information system affects taxpayer compliance. The results of this study provide empirical evidence that the better implementation of tax information systems will improve taxpayer compliance.

Effect of Taxpayer Satisfaction on Taxpayer Compliance

$$H_o : \beta_{2.1} = 0 \quad (7)$$

Taxpayers' satisfaction does not affect taxpayer compliance.

$$H_a : \beta_{2.1} \neq 0 \quad (8)$$

Taxpayers' satisfaction affects taxpayer compliance.

Based on the structural equation above, the $t_{\text{statistic}}$ value of the variable Y to Z (6,298) and greater than the critical (1,96). Because the $t_{\text{statistic}}$ value is greater than t_{critical} , then at the 5% error rate it is decided to reject H_0 so H_a is accepted. So based on the results of the test it, can be concluded that the satisfaction of taxpayers influences taxpayer compliance. The results of this study provide empirical evidence that higher Taxpayer Satisfaction will increase taxpayer compliance.

5.0 CONCLUSION

The results of this study provide empirical evidence that the successful implementation of the e-filing information system increases taxpayer satisfaction. the application of the taxation information system has been successful. The taxation information system is easy to access, and the response time is also fast. The information presented is also very accurate, but unfortunately, it is not easy to be understood by taxpayers. Tax information systems can also save taxpayers' time so that they are able to increase productivity because it facilitates work.

The successful implementation of the e-filing information system will improve taxpayer compliance. Taxpayers feel that the products that are available are suitable with their needs, then the services received are also as good as promised. Taxpayers also have a very high interest in reusing e-filing services because of the convenience and are interested in reusing because of the benefits. Taxpayers will revisit because the supporting facilities provided are very adequate. Besides that, taxpayers are also willing to inform the ease of use of e-filing services and advise others to do tax reporting because of the ease of service. E-filing makes taxpayers no longer need to come to the tax service office (KPP) because all activities can be easily carried out anywhere, meaning that everything becomes efficient.

This study provides empirical evidence that taxpayer satisfaction will increase taxpayer compliance. This means that if they feel satisfied, they will become an obedient taxpayer. Most taxpayers have been very obedient to the regulations. Taxpayers regularly report and are always on time in reporting. Taxpayers also pay taxes on time and calculate tax liabilities correctly. In addition, taxpayers also fill tax returns carefully and rarely receive tax penalties

Based on the results of the research and discussion that has been done, it can be concluded that the successful implementation of the e-filing information system affects taxpayers' compliance, both directly and through the Taxpayer's satisfaction variable. The results of this study provide empirical evidence that the better the e-filing information system that is implemented, the more taxpayers' satisfaction increases, and the taxpayer's compliance is increasingly enhanced.

From the results of the research that has been discussed and concluded, it is suggested to improve taxpayers' compliance, with the and quality of the tax information system, especially e-filing. By increasing the e-filing information system, it will increase taxpayers' satisfaction, which in turn will be followed by an increase in taxpayers' compliance.

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RESEARCH ON MALAYSIA'S SCIENCE AND TECHNOLOGY INNOVATION POLICY: R&D AND INVESTMENT IN THE MANUFACTURING SECTOR

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ABSTRACT

This paper intends to review the implementation of Science, Technology and Innovation (STI) on industries and its competitiveness. The main STI Policies include the STI Master Plan 2020-2030. The Government has established several STI government agencies to promote STI including Malaysian Technology Development Corporation (MTDC), Malaysian Industry-Government Group for High Technology (MIGHT), MyIPO and Collaborative Research in Engineering, Science and Technology (CREST). For high value-added industries and science and technology parks, several industrial parks have been set up, including the Kulim High-Tech Park (KHTP), Technology Park Malaysia (TPM), MSC Malaysia, Senai High-Tech Park, Penang Science Park and North Penang Science Park. In terms of high-tech research and development investments in firms, Malaysia ranked fourth as manufacturing hub places, Malaysia is ahead from other countries in Asia. In the industry, there are MNCs, mostly from the USA, EU, Japan and other Asian countries i.e. South Korea, China and Taiwan. Among the government-linked companies (GLCs) investing in R&D are Petronas and Sime Darby. R&D investments are identified in the automobile sector and E&E cluster. sufficient integration on the innovation culture within local businesses should be instituted. As a windup, future improvement should integrate the enhancement of STI awareness and match the needs of innovation-led development.

Keywords: *Foreign Direct Investment, Manufacturing, Research and Development, Science, Technology and Innovation Policy, Technology Transfer.*

1.0 INTRODUCTION

The science and technology innovation policy has played an important role in the process of economic transformation and development in Malaysia. The Malaysian public has a high degree of interest in technological innovation and awareness of policies, but relatively low participation in the implementation of the plan. Improvement in science and technology leads to fast-paced economic development with talents as the inputs that can create a culture of scientific-based development. It has been reported that the tremendous improvement in industrialised countries such as South Korean innovation is driven by the South Korean government.

Malaysia ranks the eighth in Asia and the 33rd in the Global Innovation Index (GII) 2020 report released by the World Intellectual Property Organization (WIPO). Among the upper middle-

income economy, Malaysia ranked 33rd which is the second-most innovative after China. Malaysia is the top in the net exports of high-tech. The improvement of Malaysia's position is reinforced by high achievement in five of the seven pillars of GII, namely Market Sophistication, Human Capital and Research, Business Diversity, Knowledge and Technology Output, and Creative Output. Malaysia (33) and the Philippines (50) are the only two countries that have moved up the ranking in the Southeast Asia for their first-class tertiary education system, sophisticated capital market and vibrant private sector. The report said that Malaysia improves its rank in the Innovation Output Sub-Index (36th) and remains stable in the Innovation Input Sub-index (34th). From the input-side, sub-pillar tertiary education (8th) is the strength of the country, where it ranks fourth in terms of its science and engineering graduates and 17th in the quality of top three universities. It has been reported as four out of the top ten universities by QS World University Rankings in middle- or low-income economies, excluding China as No. 1. University of Malaya, 70; No. 8. University Putra Malaysia, 159; No. 9. The National University of Malaysia, 160 and No. 10. University of Science, Malaysia, 165.

2.0 SCIENCE AND TECHNOLOGICAL INNOVATION (STI) POLICIES

The Malaysia industrial master plans were introduced into The Industrial Master Plan (IMP1) 1986, The Second Industrial Master Plan (IMP2) 1996 and The Third Industrial Master Plan (IMP3) 2006 for industrial planning until 2020.

On the other hand, the technological innovation policies are National Science, Technology and Innovation Policy 1 and National Science, Technology and Innovation Policy 2 (2013-2020).

The current Science, Technology and Innovation Master Plan 2020-2030 enhances the national capabilities and R&D capacities, forges public research organizations and industries, improving commercialization and developing new knowledge-based industries.

The STI aims are (1) to increase R&D spending to 2% or more of GDP and (2) to achieve 70 per 10,000 or more researchers, scientists and engineers (RSEs) in the labour force by year 2020. The policies stress on university–industry collaborations and initiatives to adopt their greater links.

Nevertheless, the most research projects were commenced by government-linked companies (GLCs), e.g. Petronas, MNCs or local companies rather than higher education institutions, business sector or public research institutions (Suresh & Lai, 2015).

National Policy on Industry 4.0 (Ministry of International Trade and Industry (Malaysia)[MITI], 2018) states that most of the manufacturing firms are SME which generally have lower level of research, limited access to high performing talents and lack of capital to invest in strategic planning. Thus, the policy aims for transformation in terms of technology via the access to smart technologies and standards.

3.0 SCIENCE AND TECHNOLOGICAL INNOVATION (STI) GOVERNMENT AGENCIES

The Malaysian Technology Development Corporation (MTDC) was set-up in 1992 to help the commercialisation of public research findings. The Malaysian Industry-Government Group for High Technology (MIGHT) studies technology developments and identifies business opportunities. In 1996, the government established a multimedia super corridor (MSC). MyIPO was set-up in 2003, raising the need to strengthen the patent registration and management system. Several agencies established were National Science and Research Council, Yayasan

Inovasi Malaysia and higher order thinking skills for schools and higher education institutions. Doraisami (2015) opined for the lack of local firms exporting their own products, limited industrialisation to final products, with most manufacturing industries being internationally owned. MOSTI offers research grants and founded MASTIC and the Collaborative Research in Engineering, Science and Technology (CREST).

In nurturing the local enterprises, the Small and Medium Industries Development Corporation (SMIDEC) was established in 1996 to support the development of SMEs. There are also specific programs under the Ministry of International Trade and Industry (MITI) to promote the growth of Small and Medium Enterprises (SMEs), Vendor Development Program (VDP) and Large Corporation-SME partnership program.

4.0 SCIENCE AND TECHNOLOGY PARKS

Several science parks have been set up, these include the Kulim High-Tech Park (KHTP) in 1993 and Technology Park Malaysia in 1996. Companies established in KHTP include BASF, Celestica, First Solar, Fuji Electric, Hoya, Infineon, Intel, Osram Opto Semiconductor and Panasonic Energy (Kulim Industrial Tenant Association, 2020). The third park is MSC Malaysia in Cyberjaya which has attracted MNCs such as Al Jazeera, AMD, AT&T, Dell, DHL, Ericsson, Fujitsu, HSBC Bank, IBM, Nokia, NTT, Panasonic and Shell (Cyberjaya Directory, 2020).

Other technology parks have also been set-up i.e. Senai High-Tech Park, established in 2011. State governments through its development arm such as Penang Development Corporation also established the state's own *Penang* Science Park and North Penang Science Park (Penang Development Corporation, 2017).

5.0 HIGH TECH RESEARCH AND DEVELOPMENT INVESTMENTS IN FIRM

According to Cost of Doing Business Index published by KPMG, Malaysia ranked fourth as manufacturing hub places, Malaysia is ahead of other countries in the Asian region such as China, Japan, Vietnam and India (KPMG Malaysia, 2020). Malaysia's high-tech export performance is via the assembly of imported components as our country does not have a strong technology-based SME sector that can be a stable source of supply (Mani, 2004). The spillover effects of technological can be either via horizontal linkages or through vertical linkages. Both studies Choo(2012) and Kam (2016) found no evidence of vertical forward spillovers.

The basis of the investment incentives is reflected in the Investment Incentive Act of 1968 and the Free Trade Zone Act in 1971 to the Industrial Co-ordination Act in 1975. Tax Incentives provided by the government include Double deduction on R&D expenditures and export promotion. In addition, Domestic Investment Strategic Fund (DISF) has been set-up to promote the move to high value-added, high technology, knowledge-intensive and innovation-based industries among local manufacturers.

In the industry, there are MNCs, mostly in the electronics industry from the USA such as Altera, Dell, Intel, Keysight Technologies, Motorola Solutions, National Instrument, Romer Labs and Western Digital; from EU such as B Braun Medical, Dyson, Osram, Robert Bosch, and Unilever; from Japan such as Clarion, Panasonic, Sony, and Toray; from other Asian countries e.g. Coway (South Korea), JinkoSolar (China) and PixArt Imaging (Taiwan); from the local e.g. Aemulus, Hovid, Pensonic, Pentamaster, Texchem and Vitrox. These MNCs have progressed from labour-intensive operations to R&D activities. Among the government-linked companies

(GLCs) are Petronas and Sime Darby. R&D investments in the automobile sector are invested by companies such as PERODUA and PROTON for design capabilities being at the forefront of the automotive industry.

The E&E cluster in Penang ("Silicon Valley of Malaysia) has achieved some measure of success, some SMEs have become global vendors to MNCs which are positively associated with innovation (Suresh & Lai, 2015).

The country's industrial eco-system, IP protection and well-established semiconductor and supporting industries, has contributed in attracting major solar photo voltaic producers to set up production facilities in Malaysia (Au Yong & Tan, 2017).

6.0 CONCLUSIONS

The R&D investment is necessary to stimulate sustainable growth having the strength of R&D should be geared to 'late-comer catch-up' industries to close and integrate with the production process.

According to Mani (2004), the major weakness is the lack of technically skilled manpower to involve in R&D. Therefore, it is essential to continue to stir the interest in STEM education, and to promote spending of R&D to 2% of GDP or more and to achieve 70 per 10,000 or more researchers, scientists and engineers.

Facing the future needs of scientific and technological innovation, the improvement should work together, integrating the enhancement STI awareness, and matching the innovation-led development requirements.

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EFFECT OF AUDIT FIRM STATUS, AUDIT COMPLEXITY, FAMILY OWNERSHIP, AND LOSS OF AUDIT REPORT LAG WITH INDUSTRIAL SPECIALIZATION AS MODERATED VARIABLES

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ABSTRACT

This study aims to show the influence of audit firm status, audit complexity, family ownership, and loss with industrial specialists' auditor as moderating variable to audit report lag. The sample used in this study is based on the main sector manufactures on the Indonesia Stock Exchange (IDX) during the period 2018-2020. By using purposive sampling method obtained sample based on annual report as many as 222 companies that have been in selection and meet the criteria. The results of this study indicate that audit firm and loss do not have a positive effect on audit report lag, while audit complexity has a positive effect on audit report lag. Family ownership do not have negative effect on audit report lag, whilst industry specialization has negative effect on audit report lag. In addition, industry specialization does not strengthened the negative effects of audit firm status and family ownership on audit report lag. On the other hand, industry specialization weaken the positive effect of audit complexity and loss on audit report lag.

Keywords: *audit firm status, audit complexity, family ownership, loss, industrial specialist auditor, audit report lag.*

1.0 PRELIMINARY

In 2020, in light of measurable information recorded at KSEI, there was an expansion in the quantity of venture shares by 36.14% contrasted with 2019. This increment affects the value of the data introduced in monetary reports, particularly for new financial backers. Fiscal reports present the organization's exhibition in a period, the practicality of show is one of the qualities of budget summaries that are utilized in the financial backer dynamic cycle (Jura & Tewu, 2021).

In the same year also, the coming of COVID-19 has cause the financial movement around the world to be slower. Accordingly, organizations should have the option to see what is happening and its dangers and consider the effect of this flare-up on their review reports. A portion of the things that affect the organization incorporate diminished deals, efficiency or pay, failure to raise funds, creation disturbances, production line and shop terminations, defers in arranged business developments, store network interruptions expanding unpredictability, inaccessibility of faculty, decreased the travel industry, entertainment, interruptions in unnecessary travel and exercise (Poole, 2020). With the Covid-19 pandemic, review revealing is not supposed to be isolated from the length or brevity of the review report. In Indonesia itself, the cutoff time for submitting reviews is likewise a different issue through a consent to change the review plan with the client which affects the expansion of

the review report on the accommodation of credit arrangements and business coherence (Pasupati & Husain, 2020).

There are several factors that can affect ARL, namely audit firm status, audit complexity, loss, ownership concentration, specialization industry of auditors. Based on agency theory, companies that provide high agency costs prefer to use the services of large public accounting firms that aim to provide guarantees to shareholders (Butarbutar & Hadiprajitno, 2017). Companies that use auditors from Public Accounting Firms affiliated with the big four international will tend to present financial statements faster than companies audited by non-big four audit firms (Rahayu & Laksito, 2017).

Audit complexity is an event where the auditor examines the transactions of companies that have subsidiaries which will have an impact on a long time in the audit reporting process (Arianti, 2021). Audit complexity will cause delays in the presentation of financial statements. This is because a high level of complexity requires a more complex audit step so that it takes a long time to conduct an audit (Islamiah, 2021).

Anjani et al. (2020) research illustrates that a reflection of the company's performance can be seen from the profit or loss in the current year and serves to determine the viability of the company. Companies that experience losses will slow down the issuance of financial statements, while auditors at these companies will be careful in carrying out audits because it will have an impact on the audit report lag getting longer (Herawaty & Rusmawan, 2019).

The biggest investor in the organization has the ability to do the administrative and control elements of the administration. This will affect the administration with an elevated degree of possession fixation will have a responsibility and obligation to the organization's standing, so the administration requests that the reviewers report the consequences of the review of fiscal summaries on time which means to keep up with the trust of the biggest investors (Atmojo, 2017; Rahayu & Laksito, 2017).

Khairunnisa and Syafruddin (2019) in their research explains that auditors who have expertise in certain industries have the expertise to develop deeper knowledge and expertise about the industry so that they can carry out work quickly in adapting to the client's business operations. Raweh et al. (2021) in their research explains that audit industry specialists can enable auditors to identify material weaknesses in the control structure of financial statements that contribute to the timely provision of audit reports because auditors believe that companies that have these shortcomings is a dangerous organization and consequently the examiner will perform additional considerable tests to restrict the gamble of material error in the budget reports. Evaluator specialization is a side-effect of review firms deciding to work in a specific industry an expansion in the administrations gave as well as the validity stood to examiners. The utilization of examiners with industry experts will further develop review quality and work on the nature of monetary reports (Rusmin & Evans, 2017).

The misfortunes experienced by the organization are viewed as terrible information by financial backers so the executives do not really want to be on time in introducing reports so that organizations attempt to distribute examined budget summaries and will more often than not delayed down the review report slack (Aristika et al., 2016). However, according to Tikollah & Samsinar (2019) companies that experience losses will experience audit report lag faster because the announcement of companies experiencing profits has consequences for the distribution of profits in the form of dividends to shareholders. To be able to fulfill this, companies need time to prepare what they need.

2.0 LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1 Agency Theory

Agency theory explains the relationship or contract between an agent (agent) and principal (principal), namely a cooperative relationship based on a contract between two or more parties. However, in the practice of a relationship or contract, there are different interests between the principal and the agent. The executives (agents) by including numbers as appealing as conceivable with the goal that clients of budget summaries, for example, financial backers are keen on the organization's fiscal reports. In the meantime, the proprietor of the organization (head) needs to know all the data about the organization's exercises, including the executives exercises connected with the assets they put resources into the organization. Consequently, to limit the contention and to survey the reasonableness of the budget summaries, a review is directed by an autonomous outsider, namely the evaluator. This agency theory can help auditors to understand conflicts of interest that arise and try to be able to reduce the conflict of interest between agents and principals (Angruningrum & Wirakusuma, 2013).

2.2 Audit Firm Status

A Public Accounting Firm is a business substance that has gotten a grant from the Minister of Finance as a method for public bookkeepers to offer their types of assistance (Saemargani & Mustikawati, 2016). The standing of the examiner or Public Accounting Firm (KAP) is the public's trust which is estimated by the size of the organization. The review firm status or evaluator notoriety is classified into enormous four or non-big four (Abdillah et al., 2019).

Minister of Finance Regulation No. 17 / PMK.01 / 2008, Public Accountant Office (KAP) is a business entity that has obtained permission from the minister as a place for Public Accountants to provide services. The amount of KAP is shown by the high quality produced from its services which in turn will affect the period of completion of the audit.

In Indonesia there are many classification of KAPs ; large, medium, and small. In this study, the author focused the category of international affiliated KAP, known as the Big Four KAP as the tested factor. KAPs in Indonesia affiliated with the Big Four KAP (Nariman, 2017) include:

- a. Deloitte Tauche Thomatshu, affiliated with KAP Osman Ramli Satrio & Rekan, Hans Tuanakotta & Mustofa.
- b. Price Water House Coopers (PWC) KAP Tanudiredja, affiliated with KAP Sutanto & Rekan, Haryanto Sahari & Rekan.
- c. Ernst & Young, affiliated with KAP Prasetyo, Sarkowo & Sanjadja.
- d. Klynfeld Peat Marwick Goedelar (KPMG), affiliated with Sidharta and Widjaja KAP.

The choice of skilled public accounting firms can assist the review finish with timing be quicker or convenient. The size of the KAP is thought of as by the excellent delivered from the help and impacts the time of fruition of the review. Quick review time is one of the manners in which KAP has excellent in keeping up with their standing (Ariyani & Budiarta, 2014).

2.3 Complexity Audit

According to Darmawan and Widhyani (2017), audit complexity is seen from the broadening of the client's working business and the client's all out auxiliaries which will affect the idealness of presenting the organization's budget summaries to the general population.

The quantity of auxiliaries claimed by the organization represents that the organization has additional working units that should be analyzed in every exchange and the going with records, so an examiner consumes most of the day to do review work.

Rahmawati (2016) states the degree of intricacy of an organization's tasks will influence how convenient the organization is in revealing review monetary reports to the general population. The degree of intricacy of the tasks of an organization that relies upon the number and area of its working units (branches) and the enhancement of its product offerings and markets, is bound to influence the time it takes for inspectors to finish their review work, with the goal that it additionally influences the idealness of submitting organization monetary reports to general society.

2.4 Family Ownership

Privately-run company can be traced back to family and family relations as indicated by the law. Equivalent to that, the privately-owned company is a business that is claimed and/or oversaw by various individuals who have family relations, both a couple and their posterity, including fraternity relations. Privately-run company as a PT business element should be visible from two perspectives, in particular with regards to share proprietorship (larger part investor) and as far as organization control (chiefs).

Families that own the majority of shares in a corporation can also be positioned as controlling the company through the General Meeting of Shareholders (GMS) (Simanjuntak, 2011). According to Wijayanti (2014), one of the characteristics of a company controlled by the family is the majority share owned by the founder or family of the founder of the company. The existence of blood ties and a strong sense of belonging from family members often makes strategic decisions more difficult.

As specified in company Law No. 40 of 2007, the yearly report is involved by the organization as a media for responsibility reports. Family possession is the organization's portions claimed by the family partitioned by the quantity of offers exceptional. Share proprietorship in agricultural nations is generally constrained by family-claimed shares, remembering for Indonesia. The organization is more effective contrasted with organizations claimed by the public in light of the fact that the expense of oversight is lower. Family-controlled organizations have less issues since there are less contentions among chiefs and specialists, yet there are other office issues between local area investors and minority investors. The organization is supposed to be possessed by the family in the event that the head of the organization has portions of over 20% (Wijayanti, 2014).

2.5 Loss

Negative profit is a condition that involves uncertainty that allows a loss to occur for the company (FASB Statement No. 5, 1975). Companies that announce good news that contain company profits will tend to report audited reports in a timely manner; and if the company experiences a loss which means bad news for the company, the management tends to report in a timely manner (Putra & Majidah, 2016).

The company will ask the auditor to re-examine the financial statements with the aim of delaying reporting of operating losses and delaying bad news. In addition, auditors will also be more careful in conducting audits if the company suffers losses due to financial failure or management errors (Anjani et al., 2020). Sukrisno (2015) states that the statement of comprehensive income is a report that presents several opinions, expenses, and profit/loss as a reflection of the overall business results of the company. Sitanggang (2014) explains that the income statement is an overview of the company's income and expenses in an accounting period (given period of time) that occurs in a quarter or one year.

2.6 Industrial Specialization Auditors

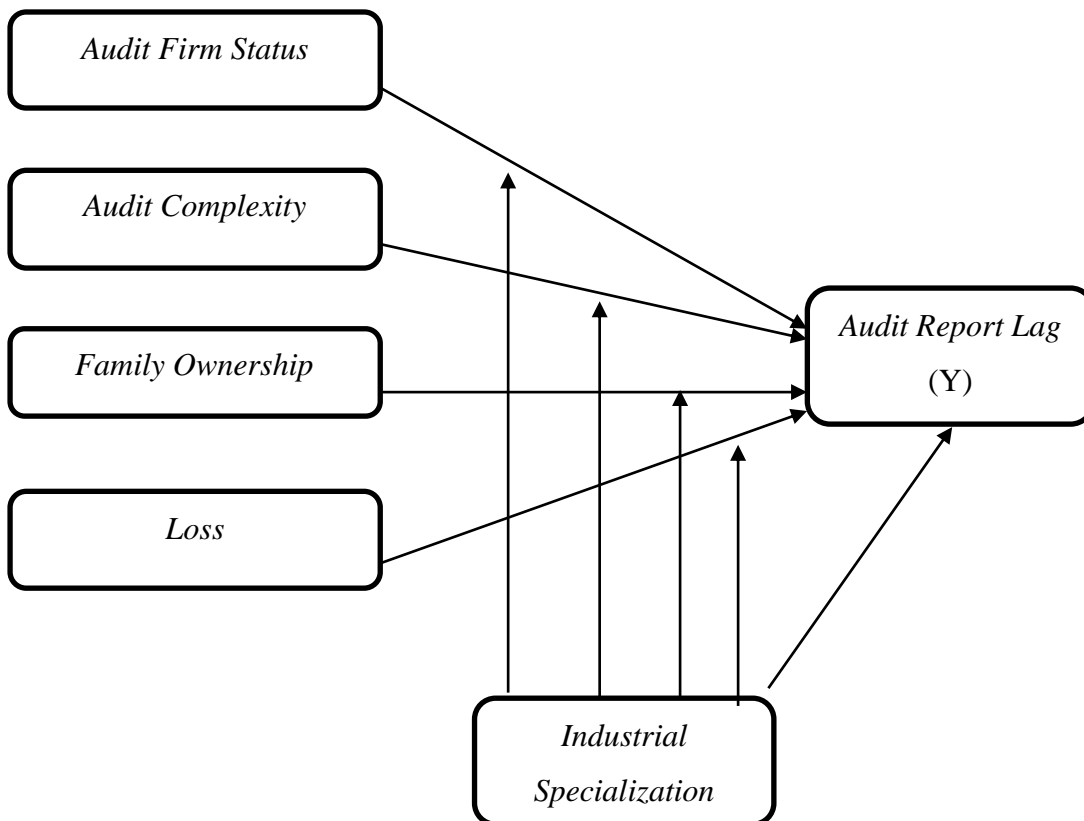
Public Accounting Firm (KAP) is an institution that provides services for companies that require examination of financial statements to be presented as information on the results of operational activities and company performance intended for the public to be more accurate and reliable. In economic development, auditors are required not only to understand auditing but also to understand the client's industry. Specialist auditors are auditors who understand additional knowledge and adequate expertise compared to auditors who do not have specialization. The existence of different industry specialist auditors is needed by companies with certain specifications (Fayyum et al., 2019). Industry specifications are carried out by auditors by increasing expertise in certain industry fields. The existence of specialization in auditing makes the auditor fully understand the problems faced by clients, so that the resulting audit quality is also better (Anggreni & Latrini, 2016).

More information from an industry expert evaluator can bring about better review quality and effect on fiscal summaries. Evaluators who can comprehend the particulars of tasks with explicit attributes of an industry will better grasp the issues in that industry. Review issues connected with industry qualities, for example, the bookkeeping framework applied, charge guidelines, and exceptional necessities in detailing (Rusmin & Evans, 2017).

2.7 Development of a Conceptual Framework

In this review, the calculated structure will portray the connection between free factors and the reliant variable which in this study the factors utilized are autonomous factors (review firm status, review intricacy, family proprietorship, and review report slack) with specialization industry as a directing variable. Coming up next is the reasonable structure:

Picture 1 Conceptual Framework



2.8 HYPOTHESIS DEVELOPMENT

The speculation proposed in this review is a short explanation which is finished up from a writing survey and is an issue that is tried once more or has recently been tried interestingly. In light of the depiction over, the speculation can be figured out as follows:

2.8.1 Effect of Firm Status Audit on Lag Report Audit

Audit quality will be measured by the size of KAP which is differentiated into KAP the big four with non-big four KAP. KAP the big four and KAP affiliated with them tend to be able to complete audit reports more timely than non-big four KAPs (Dewi & Wiratmaja, 2017). Dewi and Wiratmaja (2017) uncovered that the size of KAP influences audit report slack, truly planning that accepting that the association is inspected by KAP Big Four surveys an association, the audit report slack will be more restricted, while associations assessed by Non-Big Four KAP will make survey report slack the long one. Experts in the Big Four KAP are ready to use time to report somewhere around one sorts of reports consistently. Finish of audits and convenience of survey reports will be faster considering the way that experts can help associations where these experts have the limit and fitness to complete reports speedier according to the rules in the audit cycle so that audit report slack is getting more restricted (Tambunan, 2014).

Rusmin and Evans (2017) stated that the KAP size has a negative effect on audit report lag. Whereas Rahmawati (2016) claimed that the size of KAP does not affect audit report lag. Based on the description, the research hypothesis is as follows:

H1: Audit Firm Status has a negative effect on audit report lag.

2.8.2 Effects of the Complexity Audit on the Lag Report Audit

The complexity of a company or operation is a direct result of work being divided and departments being formed to focus on a significantly different number of units. Audit complexity is a company characteristic that increases challenges in auditing and accounting (Sujarwo, 2019). Difficulties in the audit process occur because high difficulties require a more complex audit effort so that it takes a long time in the audit process (Islamiah, 2021)).

Based on the results of research conducted by Abdillah et al. (2019), the high complexity of the company has an impact on the level of audit complexity and high audit risk so that it will make the auditor takes longer time in the audit process (Arianti, 2021; Ariyani & Budiarta, 2014; Hassan, 2016). Based on this description, the hypotheses of this research are as follows:

H2: Audit complexity has a positive effect on audit report lag

2.8.3 Effects of Family Ownership on the Report Lag Audit

The concentration of ownership is the percentage of the largest share ownership, in a company, other than public ownership in the shareholding structure. Family-controlled companies have fewer problems because there are fewer conflicts between principals and agents, but there are other agency problems between community shareholders and minority shareholders. The company is said to be owned by the family if the family leader owns shares of more than 20% (Wijayanti, 2014). Families that own the majority of shares in a PT can also be positioned as controlling the company through the General Meeting of Shareholders (GMS). Wijayanti (2014), one of the characteristics of a company controlled by the family is the majority share owned by the founder or family of the founder of the company. The existence of blood ties and a strong sense of belonging from family members often makes strategic decisions more difficult.

Agency theory explains the relationship between agents and principals (Jensen & Meckling, 1976). In this study, principals are company owners (shareholders) and agents are auditors. According to Gomes (2000) and Wardhana (2014), the centralization of proprietorship with an elevated degree of possession adversely influences review report slack, since supervisors with elevated degrees of possession will be committed and liable for the organization's standing so directors request that examiners report monetary reports on time, to keep away from long review report slacks. Research conducted by Ghosh and Tang (2014) found that family ownership negatively affected audit report lag. Based on the description, the research hypothesis is as follows:

H3: Family ownership negatively affects audit report lag

2.8.4 Effects of Loss on the Report Lag Audit

Some of the reasons that encourage late financial reports are the income statement as a measure of good news or bad news on the company's managerial performance in a certain period. Auditors will be asked to do longer audits than they should when the company suffers a loss. This has an impact on the attitude of the auditor who will be careful in carrying out the audit process (Aristika et al., 2016).

The losses experienced by the company can be seen as bad news information so that the management will be more likely not to report it on time which in the end the company will delay the issuance of audit financial reports so that the audit report lag is longer (Herawaty & Rusmawan, 2019). Research conducted by (Anjani et al., 2020; Herawaty & Rusmawan, 2019; Tikollah & Samsinar, 2019) found that loss had a positive effect on audit report lag. Based on this description, the hypotheses of this research are as follows:

H4: Loss has a positive effect on audit report lag

2.8.5 Effects of Industrial Specialization on Report Lag Audit

Specialist auditors are auditors who have a special understanding of a particular industry so that they have a more comprehensive understanding of industry characteristics Abdillah et al. (2019). Michael and Rohman (2017) explain that industry specialization auditors are auditors who have a lot of audit experience and are industry-focused. Auditors' expertise in conducting effective and efficient audits depends on the auditor's ability to deal with the industry and knowledge of the client Auditors who have expertise in the client's industry tend to provide good audit quality and increase earnings quality.

Research conducted by Khairunnisa and Syafruddin (2019) found that auditor industry specialists have a negative impact on audit report lag, so it is concluded that if companies use auditors who specialize in certain industries, it will have an impact on auditor report lag. The results of this study are in line with research conducted by (Arumningtyas & Ramadhan (2019) ; Raya & Laksito, 2020; Rusmin & Evans, 2017) which also found that industry specialization had a negative effect on audit report lag. Based on this description, the hypotheses of this research are as follows:

H5: Industrial specialization has a negative effect on audit report lag

2.8.6 Industrial Specialization Moderates the Effect of Firm Status Audit to Report Lag Audit

In choosing the KAP to be used to audit financial statements, management will consider many things, such as audit firm status, auditor quality, auditor reputation, and auditor expertise in specific industries related to the company's industrial activities. KAPs that have a good reputation are predicted to be able to carry out audits faster in completing their audits according to schedule (Prasetiyo et al., 2020). Research conducted by

Diastiningsih & Tenaya (2017) and Prasetyo et al. (2020) found that auditor specialization strengthens the negative effect of audit firm status on audit report lag. Based on this description, the hypotheses of this research are as follows:

H6: Industrial specialization strengthens the negative influence of audit firm status on audit report lag.

2.8.7 Industrial Specialization Moderates the Effects of Complexity Audits on Report Lag Audit

Companies that have a high level of complexity due to the large number of subsidiaries have many operating units which can make auditors tend to take a long time to conduct audits (Ariyani & Budiarta, 2014). However, if the company's auditor is a specialist auditor, the auditor has more understanding and experience in auditing companies in the industrial sector (Dewi & Suputra, 2017).

The magnitude of the complexity of the audit, the auditor will better understand the character of the client's business so as to create audit efficiency and shorten audit report lag. Based on this description, the hypotheses of this research are as follows:

H7: Industrial specialization weakens the positive influence of audit complexity on audit report lag.

2.8.8 Industrial Specialization Moderates the Effects of Family Ownership on Report Lag Audit

Families that own the majority of shares in a PT can also be positioned as controlling the company through the General Meeting of Shareholders (GMS) (Simanjuntak, 2010). As claimed by Wijayanti (2014) one of the characteristics of a company controlled by the family is the majority share owned by the founder or family of the founder of the company. The existence of blood ties and a strong sense of belonging from family members often makes strategic decisions more difficult. Agency theory explains the relationship between agents and principals (Jensen & Meckling, 1976). In this study principals are company owners (shareholders) and agents are auditors. According to Gomes (2000) and Wardhana (2014) the concentration of ownership with a high level of ownership negatively affects audit report lag, because managers with high levels of ownership will be committed and responsible for the company's reputation so managers ask auditors to report financial reports on time, to avoid long audit report lags.

Industrial specialization auditors are able to understand more specifically in a particular industry because it is obtained from experience or training that is specialized in auditing a particular industry so that it can improve its audit quality (Rahadianto, 2012).

Habib and Bhuiyan (2011) who are more quickly completing the audit are auditors with the predicate of industry specialists compared with auditors who are not industry specialists because they have more specific knowledge about certain industries that influence the completion of the audit process. The expectation is that industry specialization auditors can conduct audit solutions more quickly than auditor specialists because audit specialization has more specific knowledge about companies in sub-industries (Habib & Bhuiyan, 2011). Based on the description, the research hypothesis is as follows:

H8: Industrial specialization strengthens the negative influence of family ownership in audit report lag.

2.8.9 Industrial Specialization Moderates the Effects of Loss on Report Lag Audit

Industry specialization auditors have the ability to understand a specific client because of their experience and special training in auditing an industry. Companies that experience losses will delay financial reporting, so the company asks the auditor to extend the audit time. However, with the industry specialization controlled by the auditor, the audit task can run well in accordance with the applicable accounting regulations. Based on this description, the hypotheses of this research are as follows:

H9: Industrial specialization weakens the positive influence of loss on audit report lag

3.0 RESEARCH METHODS

This study is categorized as a secondary research as it uses a quantitative approach through causality tests to see the past influence of a variable on the conditions of other variables in the present, measured without units by testing the effect of audit firm status, Complexity Audit, Family Ownership, and Loss on the Audit Report Lag with Industrial Auditor Specialization as a Moderating Variable. The data acquisition method will be carried out by the researcher by analyzing the data which is secondary data and obtained from the company's financial statements through the company's official website or through the Indonesia Stock Exchange website at (<http://www.idx.co.id/>) to obtain data research. The sample of this study is a manufacturing company listed on the Indonesia Stock Exchange (IDX) for the period 2018-2020 which suffered consecutive losses during that period.

3.1 Operational Definition of Variables and Measurements

The variables used in this study consisted of three types, namely the dependent variable, the independent variable, and the moderating variable. The following is an understanding and measurement of each variable:

3.1.1 Dependent Variable

The dependent variable is a variable that is influenced by the independent variable. The dependent variable in this study is audit report lag. Audit report lag is the length of time the audit is completed measured from the closing date of the financial year or the end of the fiscal year to the date of the issuance of the audit financial report. The measurement of report lag audit is measured quantitatively in the number of days needed, for example, from December 31 of the relevant year to the date stated on the independent audit report.

3.1.2 Independent Variables

Independent variables are variables that can affect the dependent variable. The independent variable used in this study is an audit of firm status, Complexity Audit, Family Ownership, and Loss.

3.2 Audit Firm Status

Audit firm status is a variable that influences the delay of an audit, therefore it is necessary to have an internationally affiliated KAP to reduce the risk. In this study, audit firms status was measured using dummy 1 for companies audited by big four KAPs and 0 companies audited by non big four KAPs.

3.3 Complexity Audit

Audit complexity is the time when the auditor examines transactions in companies that have branches or subsidiaries and takes a long time to do so. The more subsidiaries, the more complex it will be for the auditor to conduct audits and managerial complexity will occur because the auditor must combine the parent company reports with subsidiaries such

as consolidated reports (Sujarwo, 2019). In this study, the measurement of the level of audit complexity uses the number of branches or subsidiaries owned by the company being audited (Hassan, 2016).

3.4 Family Ownership

Family business can be traced to family and family relations according to the law. That way, the family business is a business that is owned and / or managed by a number of people who have family relations, both husband and wife and their offspring, including brotherhood relations. Family business in the form of a PT business entity can be seen from two aspects, namely in terms of share ownership (majority shareholder) and in terms of company control (decision makers). The company is said to be owned by the family if the leader of the company has more than 20% shares (Wijayanti, 2014). In this study, family ownership is measured using the proportion of family ownership shares using the following formula:

$$\frac{\text{Number of Family Ownership Shares}}{\text{Number of Circulating Shares}}$$

3.5 Loss

Loss is income that is smaller than expenses which is usually referred to as a loss. Companies that experience losses will try to delay the issuance of time (Aristika et al., 2016). This variable is measured by using a dummy. For companies that experience losses are coded 1 and for companies that do not experience losses are coded 0.

3.6 Moderating Variable

Moderating variables are variables that can strengthen or weaken a relationship between the independent variable and the dependent variable. The moderating variable in this study is auditor industry specialization. Specialist auditors are auditors who have a special understanding of a particular industry so that they have a more comprehensive understanding of the characteristics of the industry (Abdillah et al., 2019). A KAP is defined as an industry specialist auditor if it controls 20% of the market share. The market share of auditors is calculated by the equation:

$$R = \frac{m}{n}$$

Information

R = industry auditor specialization ratio

m = number of companies in one industry audited by the same auditor

n = number of all auditors auditing

For industrial specialization companies auditors are coded 1 and for companies that are not specialized in industry auditors are coded 0.

$$LAG = \alpha + b_1AFS + b_2ACOM + b_3FAM + b_4LOSS + b_5IND + b_6AFS*IND + b_7ACOM*IND + b_8FAM*IND + b_9LOSS*IND + e$$

Information

LAG = Audit report lag predicted

α = constant

b_1-5 = Regression coefficient of each variable

AFS = audit firm status

ACOM = audit complexity
 FAM = family ownership
 LOSS = loss
 IND = industrial specialization

$e = error$

4.0 ANALYSIS AND DISCUSSION

In this study, the companies that are used as the population are manufacturing companies listed on the Indonesia Stock Exchange in 2018-2020. The following table presents the characteristics of the research sample used in this study:

Table 1 Research Sample Criteria

Information	Total
Companies that are listed on the Indonesia Stock Exchange in a row during the 2018-2020 period	178
Do IPO after year 2018	(18)
Does not have a subsidiary	(38)
Don't Have Complete Financial Statements	(10)
Number of Company Samples	112
Number of Years of Research	3
Number of Samples	336
Outlier Test	(114)
Number of Samples During the Research Period	222

Source: data processed (2022)

In light of the table, the quantity of assembling organizations recorded on the Indonesia Stock Exchange during 2018-2020 is 178 organizations. A sum of 18 new organizations directed IPOs after 2018, organizations that don't have auxiliaries are 38 endlessly organizations that don't have total fiscal reports are 10 organizations. The complete number of organizations inspected is 112 organizations each year with the goal that the organizations tested during 2018-2020 are 336 organizations. There were 114 organizations that were rejected in light of the exception test which plans to see information that has an extremely huge remaining worth (Gujarati, 2015). Assuming the exception worth of the information held is enormous, it implies that the example component has an extremely huge remaining worth and should be taken out from the exploration information. After the exception test, the excess exploration tests were 222 organization tests.

4.1 Descriptive Statistics

Based on table 2 below, it can be seen that the objects studied (N) in 2018-2020 were 222 companies. From the table below, you can see the minimum value, maximum, mean, and std deviation of each variable.

Table 2 Descriptive Statistics
Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
ARL	222	50.00	181.00	101.1396	22.22760
Complexity	222	1.00	104.00	9.1126	15.33490
FOS	222	.00	.99	.5507	.21401
Valid N (listwise)	222				

Source: data processed with SPSS 24 (2022)

This table is used to assist in identifying the size of the deviations for each variable that affects variables with each other. Descriptive statistical analysis shows the following results:

1. Lag Report Audit (ARL)

the average value of the audit report lag is 101.1396. This value explains that the average sampled companies present report information to the public 101.1396 days after the date of the year-end financial statements. The minimum value of audit report lag is 50, presented report information to the public 50 days after the date of the year-end financial statements. The maximum value is 181 presented report information to the public 181 days after the date of the year-end financial statements.

2. Audit Complexity (ACOM)

Audit complexity has an average value of 9.1126 and this value explains that the average company sampled has a subsidiary complexity of 9.1126 The minimum value for audit complexity is 1 which explains that there are several companies that have a complexity of 1 subsidiary. The maximum value is 14, that explained that company has a complex of 14 subsidiaries.

3. Family Ownership (FOS)

Family ownership has an average value of 0.5507 and this value explains that the average company sampled has family ownership of 55.07% The minimum value is 0.00 or the sample data is 0.0007, it means has a family ownership of 0.07%. The highest value of 0.99. This value explains that family ownership was 99%.

4. Firm Status Audit (AFS)

Measurement of firm status audits uses dummy 1 for companies audited by Big Four KAP and 0 for companies audited by Non-Big Four KAPs. The following are statistics from audit quality:

Table 3 Audit Firm Status

AFS			
		Frequency	Percent
Valid	KAP Non-Big Four	152	68,5
	KAP Big Four	70	31,5
	Total	222	100,0

Source: data processed with SPSS 24 (2022)

Based on table 3 above, it can be seen that the companies audited by Non Big Four KAP are 152 companies or 68.5% of the total sample. Meanwhile, the companies audited by the Big Four KAP are as many as 70 companies or 31.5% of the total sample.

5. Loss

Measurement of loss uses dummy 1 for companies that suffer losses and 0 companies that do not experience losses. The following are presented statistics of loss:

Table 4 Loss

LOSS			
		Frequency	Percent
Valid	Companies that do not experience losses	182	82
	Companies that suffer losses	40	18
	Total	222	100,0

Source: data processed with SPSS 24 (2022)

Based on table 4 above, it can be seen that the companies that did not suffer losses were 182 companies or 82% of the total sample. Meanwhile, the companies audited by the Big Four KAP are as many as 40 companies or 18% of the total sample.

6. Industrial Specialization

Measurement of industrial specialization uses dummy 1 industry auditor specialization and 0 for non-industry specialization auditors. The following are presented statistics from industry specialties:

Table 5 Industry Specialist

INDUSTRY SPECIALIST			
		Frequency	Percent
Valid	Non Industry Specialist	39	17,6
	Specialists Industry	187	82,4
	Total	222	100,0

Source: data processed with SPSS 24 (2022)

Based on table 5 above, it can be seen that there are 187 non-specialized industry auditors or 82.4% of the total sample. Meanwhile, the auditor industry specialization is as many as 39 companies or 17.6% of the total sample.

Table 6 Normality Test

Asymp. Sig. (2-tailed)	Conclusion
0,087	Residual Regression Distributed Normal

Table 7 Multicollinearity Test Results

Model	Collinearity Statistics		Conclusion
	Tolerance	VIF	
(Constant)			
AFS	0,729	1,371	There is no multicollinearity
ACOM	0,793	1,260	There is no multicollinearity
FOS	0,823	1,215	There is no multicollinearity
LOSS	0,884	1,131	There is no multicollinearity
IND	0,101	9,937	There is no multicollinearity
AFS_IND	0,386	2,593	There is no multicollinearity
ACOM_IND	0,506	1,976	There is no multicollinearity
FOSS_IND	0,122	8,177	There is no multicollinearity
LOSS_IND	0,757	1,321	There is no multicollinearity

Source: data processed with SPSS 24 (2022)

In view of the table above, it is realized that all factors have a Tolerance value > 0.10 and VIF esteem < 10 . Then, at that point, H_0 is acknowledged, actually intending that between autonomous factors there are no side effects of multicollinearity. All in all, between the free factors in the relapse model one has an exceptionally impressive relationship with the other autonomous factors.

Autocorrelation Test

From the results of processing statistical data the autocorrelation test table is obtained as follows:

Table 8 Autocorelation Test

N	dL	Du	4-dU	4-dL	DW	Conclusion
222	1,6966	1,8413	2,1587	2,3034	2,3034	There is no autocorrelation

Source: data processed with SPSS 24 (2022)

From the consequences of the autocorrelation test above it is realized that the model examined has an all out perception of 161, with 9 free factors. The after effects of the Watson durbin test were acquired in the space where there was no autocorrelation.

Heteroscedasticity Test

In view of the table beneath, it is realized that all free factors have sig values. > 0.05. Then H0 is acknowledged, it is announced homogeneous to imply that the blunder fluctuation. Besides, it was reasoned that everything was good to go with heteroscedasticity. Accordingly the supposition of heteroscedasticity in the relapse condition model has been satisfied. The consequences of heteroscedasticity testing are displayed in the accompanying table:

Table 9 Heteroscedasticity Test Results

Model	Sig.	Information
AFS	0,104	There is no heteroscedity
ACOM	0,127	There is no heteroscedity
FOS	0,971	There is no heteroscedity
LOSS	0,271	There is no heteroscedity
IND	0,482	There is no heteroscedity
AFS_IND	0,196	There is no heteroscedity
ACOM_IND	0,244	There is no heteroscedity
FOSS_IND	0,638	There is no heteroscedity
LOSS_IND	0,547	There is no heteroscedity

Source: data processed with SPSS 24 (2022)

Hypothesis testing

F Test (Simultaneous Test)

From the results of the F test below it is known that the significance value α0.05. Then H0 is rejected, which means there is a joint effect between all independent audit variables firm status, audit complexity, family ownership and loss) on audit report lag with industry specialization as a moderating variable.

Table 10 Simultannous Test Result

F	Sig.	Information
10,178	0,000	Significant

From the results of the F test above it is known that the significance value α0.05. Then H0 is rejected, which means that there is a joint effect between all independent audit variables firm status, audit complexity, family ownership and loss on audit report lag with industry specialization as a moderating variable.

Table 11 Determination Coefficient Test Results

Adjusted R ²	Information
0,225	Explain the variation of the dependent variable by 22.5%

From the table above, it is known that the coefficient of determination seen from the value of Adj. R2 is 0.225. This means that 22.5% of the variation of the dependent variable audit report lag can be predicted from a combination of all independent variables. Meanwhile, the remaining 22.5% (100% -77.5%) is influenced by other variables outside the research.

T Test (Partial Test)

In this study partial testing carried out using the t test. The following are the results of the regression analysis:

Table 12 Partial Test Results

Model	Expectations	Unstandardized Coefficients	Sig. (1-Tailed)	Decision
		B		
(Constant)		88,994	0,000	
AFS	-	3,255	0,063	Rejected
ACOM	+	1,355	0,006	Accepted
FOS	-	-0,274	0,109	Rejected
LOSS	+	0,250	0,141	Rejected
IND	-	-0,519	0,011	Accepted
AFS_IND	+	-5,371	0,211	Rejected
ACOM_IND	-	-1,260	0,001	Accepted
FOSS_IND	+	-31,574	0,008	Accepted
LOSS_IND	-	0,086	0,307	Rejected

Source: data processed with SPSS 24 (2022)

REGRESION MODEL

$$ARL = 88.994 + 3.255 AFS + 1.355 ACOM - 0.274 FOS + 0.250 LOSS - 0.519 IND - 0.5371 AFS_IND - 1.260 ACOM_IND - 31.574 FOSS_IND + 0.086 LOSS_IND$$

5.0 CONCLUSION

Audit firm status has a positive however not massive impact on audit report slack. This outcome is not in accordance with the exploration directed by Rahmawati (2015) that expressed that the size of KAP influences review report slack. These outcomes make sense of that the size of KAP status does not influence the speed or slow show of budget report data. This is because of different variables that impact the evaluator in finishing the monetary review so it can frustrate or try and speed up the introduction of monetary data to people in general. The consequences of the investigation discovered that review intricacy decidedly affected review report slack so the subsequent speculation was acknowledged. This result is as per research coordinated by Arianti (2021) , Ariyani and Budiarta (2014) and Hassan (2016) which found that review intricacy emphatically affects review report slack. These outcomes make sense of that the more mind boggling the organization being reviewed by the reviewer, the more drawn out the review time will be. Sujarwo (2019) makes sense of that the intricacy of an organization or activity is an immediate consequence of the work being conveyed and the divisions being shaped to zero in on a fundamentally unique number of units. Review intricacy is an organization trademark that increments challenges in examining and bookkeeping (Sujarwo, 2019). Hardships in the review cycle happen on the grounds that high challenges require a more perplexing review exertion so it requires a long investment in the review interaction (Islamiah, 2021)).

Family possession does not adversely influence review report slack. These outcomes are not in accordance with the examination directed by Ghosh and Tang (2014) found that family possession adversely influences review report slack. This outcome makes sense of that the high and low family shares claimed by the organization don't influence the review report of

the organization slack. This is on the grounds that families who have shares in the organization share detailing monetary data with directors and outer reviews so they do not participate in that frame of mind of monetary data. This makes sense of that families who own most of the portions of organization who additionally stand firm on footholds as controlling organizations through the General Meeting of Shareholders do not settle on pursuing vital decisions troublesome. Misfortune emphatically affects review report slack.

The investigation discovered that the misfortune was not critical so the speculation was dismissed. This outcome isn't in accordance with research directed by Anjani et al., (2020), Herawaty and Rusmawan (2019) and Tikollah and Samsinar (2019) which in their examination found that misfortune emphatically affected review report slack. These outcomes make sense of that the misfortunes experienced by the organization do not keep the organization from introducing monetary data on time. In light of information from the example examined, organizations that experience misfortunes are not as much as organizations that experience benefits. So these outcomes can make sense of that organizations that experience benefits and misfortunes do not influence the organization in introducing monetary data on time. In the mean time, the coefficient result is positive and makes sense of that the more the organization endures misfortunes, the more drawn out the monetary data is accounted for to general society. In any case, the critical worth in this study was more prominent than 0.05 so the speculation was dismissed.

The consequences of this investigation discovered that industry specialization adversely affects review report slack. This outcome is in accordance with research led by Arumningtyas and Ramadhan (2019) , Raya and Laksito (2020) and Rusmin and Evans (2017) which likewise found that industry specialization adversely affected review report slack. These outcomes make sense of that the higher the examiner's business specialization, the less defer in introducing budget summary data. Expert evaluators are reviewers who have an extraordinary comprehension of a specific industry so they have a more complete comprehension of industry qualities (Abdillah et al., 2019). Michael and Rohman, 2017) making sense of that industry specialization examiners are evaluators. who have a ton of review insight and are industry centered Auditors' skill in leading powerful and productive reviews relies upon the examiner's capacity to manage the business and information on the client Auditors who have mastery in the client's business will generally give great review quality and increment profit quality Research directed by (Khairunnisa and Syafruddin, 2019) found that evaluator industry experts adversely affected review report slack, so it was presumed that in the event that organizations use evaluators who spend significant time in specific ventures, it will affect reviewer reports.

6.0 LIMITATION

As a study, in the results of this study there are also several limitations, including:

- a. There are 10 companies that do not present a complete report during the period 2018-2020 and there are 81 companies that do not have family share ownership during 2018-2020.
- b. The lack of previous research as a supporting journal for the authors' research can be used as a reference.
- c. The number of company samples is not proportional, so the data obtained is not in line with expectations.

7.0 IMPLICATION

- a. It is suggested that organizations to focus on misfortune on the grounds that these variables can influence the hour of announcing monetary data. Assuming the misfortune experienced by the organization, it is viewed as terrible information, the administration keeps an eye on not report it on time so the organization attempts to dial back the issuance of inspected fiscal summaries and will in general review the report slack long.
- b. For investor, it is prudent to focus on misfortune on the grounds that these elements influence the rapid or slow show of monetary data to the public which can hamper the conveyance of data to investors.

8.0 SUGGESTION

- a. For further research, it is better to use research samples from other industries in order to see the difference in results by using industries other than manufacturing.
- b. This research is advanced, so it requires deeper and wider studies. Some considerations that need to be considered in developing, expanding / confirming the results of this study include: the period of observation needs to be extended and testing on similar industries needs to be done to expand the observation.
- c. Its suggested that the board of directors responsible for the financial statements pay close attention to the factors that influence the audit report lag, especially the factors under its control, such as the selection of KAP, because if the audited financial statements are very slow, this will hurt the company itself.

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THE STRATEGIC PARTNER ROLES THROUGH EMPLOYEE RELATIONS AND COMMUNICATION TO IMPROVE PERFORMANCE IN THE PERSPECTIVE OF MALAYSIAN SMES

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ABSTRACT

The issue of fitting human resource management practices to business strategy has become increasingly relevant over the few years and small and medium enterprises (SMEs) are no exception. Strategic human resource management (SHRM) has now come to be recognised as an inseparable part of a firm's competitive advantage. On the other hand, employee relations and communications are considered important human resource management (HRM) practices to ensure effective knowledge and information transfer from one person to another. Therefore, in the present study, we have made efforts to study the relationship between employee relations and communications and SMEs performance through the mediation roles of strategic partners. The conceptual framework for the present study adopted Ulrich's business partner role model as a mediator. Findings from the study conclude that employee relations and communications support performance when aligned with the roles of strategic partners. Based on the findings, this paper has valuable implications for both theory and in practice as it offers contributions both to SMEs and academics on the importance of effective employee relations and communication practices.

Keywords: SHRM, strategic partner, SMEs, HRM practices

1.0 INTRODUCTION

The concept of SHRM started to gain importance as researchers began to focus more on an integrated approach to understand how HRM practices can enhance performance (Para-Gonzalez *et al.*, 2019; Francis & Baum, 2018; Wright *et al.*, 2018). The SHRM concept is based on the view that HRM practices and firm performance are highly related to the changes in HRM itself to support the competitive value of firms (Wright & Ulrich, 2017). Currently, studies on HRM focus on exploring the direct or indirect relationships with firm performance (Roehl, 2019; Iqbal, 2019) using different approaches.

In Malaysia, SMEs dominate the country's economy by acting as the main contributors in providing job opportunities (Masnan *et al.*, 2018). SMEs are viewed as the backbones of an economic system of a country as they generate employment, increase income levels, and contribute to the gross domestic product (GDP) (Shahzad *et al.*, 2019). This is in line with the Malaysian government's view in the 12th Malaysia Plan (2021-2025) where Malaysian SMEs need to have an effective HRM strategy to improve performance (Ministry of Economic Affairs [MEA], 2019). For example, the Malaysian government conducted SME development

programmes across all economic sectors to support and expand the Malaysian economy. This reflected the government's effort on raising the national economic growth through SMEs and at the same time for SMEs to utilise the full potential of human resources available in Malaysia.

Based on the above-mentioned facts, examining HRM practices in the context of SMEs and its relationship to firm performance is currently relevant. Another important factor to support the relationship between HRM practices and firm performance is the key role of SHRM. Hence, this study investigates the relationship between employee relations and communications and firm performance through strategic partners, and whether or not there is link between these variables.

2.0 LITERATURE REVIEW

Despite robust evidence to support the importance of HRM practices in firm performance (Escriba-Carda *et al.*, 2017; Osei *et al.*, 2019), a review of extant literature reveals that past studies have focused more on large organisations and overlooked the contribution of HRM practices in the context of SMEs (Bai *et al.*, 2017; Shahzad *et al.*, 2019). More specifically, the available literatures on HRM practices in SMEs are still developing and considered insufficiently studied (Thierry *et al.*, 2018; Harney & Alkhalaf, 2020). In Malaysia, the study of HRM practices has been on large organisations (Othman *et al.*, 2015; Choi *et al.*, 2016). In addition, the extent of HRM theories in the context of SMEs is unclear, if not uncertain. Accordingly, the gaps in the existing empirical evidence relating to Malaysian SMEs need to be filled (Zakaria *et al.*, 2018; Prikshat *et al.*, 2016).

2.1 Strategic Partner Role

Regarding HRM, aside the continuous traditional administrative tasks that are performed, HRM has dramatically changed to become closely aligned to a firm's business strategy. Ulrich's HR Business Partner Role Model is one of the HRM models that suggests HRM ability in delivering and achieving organisational success (Ulrich & Brockbank, 2005). One of the HR roles is the strategic partner. The strategic partner role is viewed as an important HR role responsible for working with line managers to achieve goals. This is done via aligning business strategy and development by diagnosing the organisation's potential and performance using HR tools (Ulrich & Eichinger, 1998).

According to Ulrich and Brockbank (2005), the role of a strategic partner is based on the ability of a firm to blend in the HRM activities with the corporate strategies. Basically, the strategic partner is separated into three roles. First, as a reactive advocate, where the role focuses on the accuracy or preciseness of the strategy and the ability of the firm to make it happen. Second, to play an active role in crafting strategies based on the knowledge of HRM practices and to explore how corporate resources may be aligned to their goals. Third, helping to raise the standards of strategic thinking for the management team. As such, by focusing on these three responsibilities, the strategic partner role is responsible as catalyser between HRM activities and business strategy.

2.2 Employee Relations and Communications

Since HRM practices are viewed as instrumentals to managing, developing, and influencing employees, they become paramount both in academic and industrial view to align their employee management and integrate those practices with overall strategy to gain competitive advantage (Collins, 2021). One of the important practices in the HRM is the employee relations and communications (Ahmad *et al.*, 2019; Otoo, 2019; Zakaria *et al.*, 2018). Hans (2021) stated that employees are the central part of every organisation and "employees and their intellectual capital" is a resource that is valuable, non-substitutable, and helps in proffering a competitive advantage for an organisation. In addition, employee relations and

communications are viewed as an effective medium to achieve firm's goals as it promotes knowledge sharing (Kim, 2018).

2.3 Firm Performance

Most research in the HRM field has shown that HRM practices are positively ASSOCIATED with firm performance (Sabiou *et al.*, 2019; Garg, 2019). Researchers of HRM have categorised firm performance into three primary groups: financial, non-financial, and HR-related performance (Cristiani & Peiro, 2019; Edgar *et al.*, 2020).

2.3 Hypothesis Development

Despite the mounting evidence that supports the importance of HRM in firm performance, there is continuous criticism in which there is still lacking support for the direct linkage in the HRM and firm performance relationship. In addition, available HRM literatures are still debating on how HRM turns into strategic. Hence, a mediation effect of HR roles, namely the strategic partner roles was proposed to explain the SHRM function in the relationship of employee relations and communications to increase firm performance. Based on the explanation above, this study proposed:

H1: Strategic partner role mediates the relationship between employee relations and communications, and firm performance.

3.0 RESEARCH METHODOLOGY

This study applied quantitative method where it determines the association between variables through hypotheses testing. The respondents of the study consisted of 260 SMEs in Malaysia by using questionnaire survey and direct (walk-in) approach. Research instruments were adapted from various past research. For strategic partner, the research instrument was adapted from Conner & Ulrich (1996). For employee relations and communications, the research instrument was adopted from Triguero *et al.*, (2013) and Vanhala & Ahteela (2011). For firm performance, the research instrument was adopted from Bhatnagar & Sharma (2003) and Choi (2011).

To ensure the accuracy of the study, a pilot study was undertaken as a small-scale experiment to reduce errors in data analysis. This is supported by In (2017) that research errors can be reduced by conducting a pilot test.

4.0 DATA ANALYSIS AND FINDINGS

SPSS software version 24 and SmartPLS version 3.2.9 were used for the data analysis. The relationship between the two variables was tested using the path coefficient and the correlation between two or more independent variables to dependent variables was tested using collinearity test. The mediating correlation between the variables was tested using PLS-SEM Variance Accounted For (VAF) method.

To establish convergent validity, outer loadings and AVE values were examined. Hair *et al.*, (2014) suggested the value for outer loadings should be greater than 0.70 and AVE value above 0.50. The reflective outer model analysis shows employee relations and communications outer loadings ranging from 0.762 to 0.831 for 6 items, with Cronbach Alpha of 0.887, composite reliability of 0.914 and AVE value 0.639. For the firm performance, the outer loadings for 7 items ranging from 0.748 to 0.873, with Cronbach Alpha of 0.936, composite reliability of 0.937, and AVE value 0.682. And for the strategic partner, the outer loading for 9 items ranging from 0.775 to 0.861, with Cronbach Alpha of 0.947, composite reliability 0.947, and AVE value of 0.666. Table 1 summarises the findings.

Table 1: The convergent validity analysis for outer model

Latent Variable	Indicators	Outer Loading	Cronbach Alpha	Composite Reliability	AVE
Employee Relation and communication	ERNC1	0.831	0.887	0.914	0.639
	ERNC2	0.798			
	ERNC3	0.814			
	ERNC4	0.809			
	ERNC5	0.782			
	ERNC6	0.762			
Strategic Partner	SP1	0.787	0.947	0.947	0.666
	SP2	0.844			
	SP3	0.806			
	SP4	0.828			
	SP5	0.836			
	SP6	0.804			
	SP7	0.803			
	SP8	0.861			
	SP9	0.775			
Firm Performance	FP1	0.851	0.936	0.937	0.682
	NFP2	0.846			
	NFP3	0.749			
	FP4	0.749			
	HRFP5	0.748			
	HRFP6	0.830			
	HRFP7	0.873			

For second-order analysis, a two-stage approach was used to analyse the higher-order model. This evaluation includes a collinearity test, significance and relevance tests, analysis on the level of determination (R^2), effect size (f^2), and predictive relevance (Q^2). In the second-order analysis, GoF is not presented as PLS-SEM does not imply a restrictive assumption when estimating the model (Hair *et al.*, 2017). The path coefficient analysis for the relationship between employee relations and communications and firm performance showed 0.281 and t-statistics at 4.863. Notwithstanding, based on the analysis from the overall path modelling analysis, the paths between employee relations and communications, and strategic partner to firm performance show a significant relationship. Table 2 summarises the second-order analysis.

Table 2: Findings on the coefficient of determination (R^2), effect size (F^2), and predictive relevance (Q^2)

Construct	R^2 Value	Q^2 Value	F^2 Value
Employee relations and communications			0.638
Strategic Partner	0.696	0.329	0.237
Firm Performance	0.887	0.553	

For the mediation analysis, findings from the analysis show the VAF value of 26.6%, with indicators of partial complementary mediation between employee relations and communication practices, the strategic partner, and firm performance. This study concluded that H1 is supported.

By referring to the above result, the relationship between employee relations and communications and firm performance showed strong linkage. This shows that SME owners in Malaysia are aware of the importance of good relationship and effective communication to support performance in their firm. Findings from this study further highlight that SMEs in

Malaysia always involve their employees in terms of making decisions related to cost and quality. Employees are also encouraged to participate in operations related to decisions and how to suggest improvement to operational activities. For example, SMEs in Malaysia often listen to the employees relating to their opinions on how to improve the workflow. Moreover, employee relations and communications serve as the medium for employees to connect, cooperate and collaborate with the employer. This is supported by Najeeb (2013), Lengnick-Hall (2003) and Tabiu (2019), as the sharing of knowledge and information also increases productivity, sales and employee performance. This is due to the impact of relations and communication practices which acts as a source of competitive advantage through inimitable and non-substitutable intangible assets.

5.0 CONCLUSIONS

Based on the findings discussed from previous section, this study shows that SME owners and managers in Malaysia identify strategic partner as an important role in supporting firm performance. Findings from this study are consistent with the previous studies (i.e. Wright and Ulrich, 2017; Nadiv *et al.*, 2017; Wright *et al.*, 2018; Garavan *et al.*, 2020). Overall, the HR roles mediate HRM practices by acting as SHRM agent to improve firm performance. It is found that when the traditional employee relations and communication practices are aligned with strategic partner role, the employee turnover decreases and at the same time increases employee productivity.

For the theoretical implications, the findings of this study offer several contributions to the current HRM literature. First, this study extends the research in specific HRM practices, the employee relations and communications into SHRM context. This study brings both conceptual and empirical clarity to elucidate the relationship between employee relations and communications and firm performance. Second, this study contributes to the literature by examining HR roles and their impacts to SHRM. This study suggests HR roles as the “missing” strategic agents that act as the deliverable or “key” that turns any HRM practices into a SHRM practice that promotes performance. Third, this study applied mediation study that links the relationship between HRM practices, SHRM, and firm performance. This is supported by previous researchers who have suggested that there is no direct relationship between HRM practices and firm performance (Taamneh *et al.*, 2018; Gahlawat & Kundu, 2018; *Almarzooqi et al.*, 2019). And lastly, this study investigates various SME industries in Malaysia. Since there is limited empirical evidence to support the study of HRM in Malaysian SMEs, this study provides comprehensive research in the SME background. Accordingly, this study provides a better understanding of the theoretical and empirical aspects of HRM in the perspective of Malaysian SMEs.

In terms of managerial implications, this study suggests that SME owners and managers must realise the importance of HRM and embrace the concept of HR roles in SHRM. Employee relations and communications is an important practice that can create, maintain, and use employee-employer relationship to achieve positive performance. It is because employees are intangible assets that help to create competitive advantage and actively involved with the organisation business activities.

Overall, this study contributes to the academic and industries by suggesting the importance of linking employee relations and communication practices with SHRM to improve performance. The framework developed in this study demonstrates that HR roles are key factors in supporting and building SHRM.

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INTERNAL CONTROL ON BUDGET REALISATION REPORTS IN THE FOOD AND DRUG CONTROL AGENCY

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ABSTRACT

The Budget Realisation Report can also be used as a tool for stakeholders in making decisions. In order to achieve effective, transparent and accountable state financial management, internal control activities are carried out to determine the accountability value of a budget realisation report. Therefore, this research was conducted with the purpose of knowing the influence of internal control on the accountability of the Budget Realisation Report. The sample used was 30 people in the financial sector office at the Deputy for Processed Food Production Supervision of Indonesia. The data used is quantitative data in the form of primary data sources directly from respondents through questionnaires. The analytical techniques used in this study include: 1) Descriptive Statistical Test; 2) Classical Assumption Test; and 3) Multiple Linear Regression. This paper shows that internal control has significant impact on budget realisation report accountability. The significant of the result is to prove that physical internal control is not working without IT internal control.

Keyword: Budget Realisation Report, accountability, internal control

1.0 INTRODUCTION

The implementation of work from home and mobility restriction requires employees to adapt so that they can work not only in the office, but also outside the office environment. This also applies to the scope of government, both regional and central. Government agencies are required to maintain good performance even in a pandemic situation. One of the government agencies that has been highlighted during the pandemic is the Food and Drug Supervisory Agency (FDA). The role of BPOM is currently quite strategic in carrying out the task of supervising the circulation of drugs and food in Indonesia. In addition, FDA is also responsible for supervising the circulation of the Covid-19 vaccine in Indonesia. Seeing the duties and responsibilities they have is expected to have a good performance in an effort to help the community in handling Covid-19.

One of the indicators that can be used to see the performance of a government agency is how they manage the budget. The budget is the backbone in administering the government (Rahayu, 2017). Basri (2013) argues that the budget is a future financial plan that includes management's expectations of revenues, costs and other financial transactions within one year. Budget management in government agencies is very important to be carried out in a measurable and transparent manner. Budget realisation report is one of the accountability tools in implementing programs or activities that use the public's money. The output of budget management transparency is the Budget Realisation Report (BRR). This report is the result of an accounting process, namely the activity of collecting financial data which is presented in the form of a report that can be used as a tool for stakeholders in making decisions. Every government agency including the Food and Drug Supervisory Agency of Indonesia needs to

prepare a Budget Realisation Report (BRR) as a form of accountability. This report can provide an overview of the financial performance conditions that have been achieved by the Food and Drug Supervisory Agency.

2.0 LITERATURE REVIEW

In order to find out how the activities of the internal control system are implemented in the Food and Drug Supervisory Agency, knowledge and theory are needed about the concept of the internal control system. Hall (2016), in the book Accounting Information Systems provides an overview of the basic concepts of internal control including:

- a. Internal control is a process to achieve certain goals, not the goal itself. Internal control is a series of pervasive actions, namely controls that have been planned in the form of policies or procedures and become an inseparable part, not only as an addition to the entity's infrastructure.
- b. Internal Control is run by people. It does not only consist of every level of the organisation which includes the board of commissioners, management and other personnel.
- c. Internal Control can be expected to provide reasonable assurance, not absolute assurance, to the entity's management and board of commissioners. The limitations inherent in all internal control structures and the consideration of benefits and sacrifices in achieving control objectives because internal control cannot provide absolute assurance.
- d. Internal control is aimed at achieving interrelated objectives, namely financial reporting, compliances and operations.

Warren, et al. (2004) explain that internal control has four objectives that can provide reasonable assurance in detail: 1) Assets Protected and Used to Achieve Business Goals. If the internal control system runs well, it will be able to anticipate fraud, waste, inefficiency, and misuse of company assets; 2) Information is Accurate. The reliability of accounting data or information is used by management in making decisions to increase the accuracy and reliability of accounting data; 3) Boost Efficiency. The company's policy is able to provide certain benefits by monitoring every sacrifice that has been made in order to get the best results 4) Company's Activities in Accordance with Applicable Procedures. To achieve the company's objectives, the policies, procedures and internal control systems are designed to provide reasonable assurance that the policies and procedures established by the company will be followed by all employees. Physical Internal Control consists of Transaction Authorization, Segregation of Duties, Supervision, Accounting Records, Access Control and Independent Verification (Hall, 2016).

Transaction Authorisation validates transactions before other modules accept and act on them. The transaction authorisation process is carried out in order to ensure that application users can only carry out transaction activities that have been adapted to their individual needs. Segregation of Duties is an activity to separate tasks in one process from other processes in one cycle of activities. This is done to avoid someone's dominance in a process that triggers fraud. Supervision is a form of supervision carried out because the responsibilities of manual transaction activities will change, supervisors need to understand the new system technically and operationally. Usually by implementing an ERP (enterprise resource planning) system in an organization, many new responsibilities will be handed down to employees who have authorisation for the new system. Accounting Records is related to the risk of still being in the accuracy of financial records. This can be reduced by increasing accuracy in data entry through the use of standardised values, cross-checking and displaying data for specific users. This view is generated from the records of all transactions that occur. Access Control is important because security weaknesses can result in transaction errors, irregularities, data corruption and financial statement misstatements. Security administrators need to be in place, to control accessible tasks and operations or to allow manipulation of corporate data. Independent Verification improves correct and complete transaction verification activities from procedures performed by the system and other users.

Information technology (IT) internal control theory was put forward by Moeller (2014) in his book entitled COSO Enterprise Risk Management. In theory, IT internal control consists of General Controls and Application Controls.

- a. General Controls, general information systems controls cover hardware, software, and administrative controls that apply to all systems and applications, including: 1) Reliability of information system processing; 2) Data Integration; 3) Program Integration; 4) Control over Proper System Development and Implementation; 5) Process Continuity (Back-up Data).
- b. Application Controls, applied to individual application systems and in addition to the overall general controls. Applications that have a good main planning strategy, allow the company to have stronger application control. Application control consists of: 1) Control over Application Inputs; 2) Self-Balancing and Other Financial and Data Controls; 3) Application Output Components.

The Budget Realisation Report is a public data that must be published as a form of transparency on the budget management of a government agency. Maione et al. (2021) in their research have identified indicators that a data can be said to be accountable in the form of an analytical framework. The indicators consist of:

- a. Extrinsic characteristic that consisted of several aspects such as: visibility, granularity (data details) and accessibility.
- b. Intrinsic characteristic that consisted of connectivity and completeness, punctuality and clarity data; comparison; relevance and accuracy.

This research hypothesis is arranged as follows:

- H1: Physical Internal Control has a positive effect on the Accountability of the Budget Realisation Report
- H2: Information Technology Internal Control has a positive effect on the Accountability of the Budget Realisation Report
- H3: Physical Internal Control and Information Technology Internal Control have a positive effect on Accountability of Budget Realisation Report.

3.0 METHOD

This research used quantitative research method. In this study, the unit of analysis that was used as the object of research is the Food and Drug Supervisory Agency (FDA). FDA is a non-ministerial government agency that carries out government affairs in the field of drug and food supervision. FDA is responsible to the President through the minister who carries out government affairs in the health sector. In the work procedures of the Technical Implementing Unit, one of which is the Deputy for Processed Food Supervision, which has the task of organising the preparation and implementation of policies in the field of processed food supervision. The population in this study involved all employees in the financial sector at Deputy for Processed Food Control. The number of samples is 30 respondents, as acceptable sample number (Hair, 2014). This study involved three variables consisting of two independent variables and one dependent variable. The independent variables are physical internal control (X1) and information technology internal control (X2), while the dependent variable is Accountability of Budget Realisation Report (Y).

The questionnaire was done by giving several questions or written questions to the respondents to be answered. Research instruments are expected to produce accurate quantitative data, so each instrument must have a scale. The data collection is done by giving a scale called the Likert scale 1-5. A score of 1 is a statement of disagree, while 5 is a statement of strongly agree. after data collection, the data test is carried out in the following order (Ghozali, 2011):

- a. Validity test. A valid instrument means that the measuring instrument used to obtain data (measure) is valid. In this case, valid means that the instrument can be used to measure what should be measured. Testing the validity is the correlation technique through the

Pearson product moment correlation. If the Pearson correlation is positive and the magnitude is more than 0.3, then the item in question is declared valid. Conversely, if the value is less than 0.3 then the item declared is invalid.

- b. Reliable test. This test is an instrument which when used several times to measure the same object will produce the same data. The most appropriate reliability test to use is to use Alpha's Cronbach or also known as alpha coefficient. The range of alpha coefficient values ranges from 0 (no reliability) to 1 (perfect reliability).
- c. Classic test. Data interval or ratio, Linearity, Normality, Heteroskedasticities, Outlier and Multicollinearities.
- d. Regression test. Multiple linear regression used in this research. Multiple linear regression is a regression model that involves more than one independent variable. Multiple linear regression analyses are carried out to determine the direction and how much influence the independent variable had on the dependent variable.

4.0 RESULT AND DISCUSSION

Table 1. Statistic Test Result

Statistic Test	Indicator
Validity test	Pearson product moment score > 0.3
Reliability test	Alpha coefficient between 0 - 1
Classical assumption test	Normality test using One Sample Kolmogorov Smirnov > 0.05 Multicollinearity (Variance Inflation Factor (VIF) > 0.1 Heteroscedasticity using scatterplot that does not form a shape
T test	H1 where X1 to Y significant level > 0.05 H2 where X2 to Y significant level < 0.05
F test	H3 where X1 and X2 simulant to Y significant level < 0.05
R square	0.804

H1: The significant value of Physical Internal Control has a positive effect on the Accountability of the Budget Realisation Report of 0.409, which means above 0.05. Physical internal control has no effect on the accountability of the Budget Realisation Report.

H2: The significant value of Information Technology Internal Control has a positive effect on the Accountability of the Budget Realisation Report of 0.000, which means below 0.05. Information technology internal control has a positive effect on the accountability of the Budget Realisation Report.

H3: The significant value of Physical Internal Control and Information Technology Internal Control has a positive effect on the Accountability of the Budget Realisation Report of 0.000, which means below 0.05. Physical internal control and information technology internal control have a positive effect on the accountability of the Budget Realisation Report.

Based on the results of the coefficient of determination through the processed data, the R Square value is 0.804. This value shows the influence of Physical Internal Control and Information Technology Internal Control is 80.4% and the remaining 19.6% is influenced by other variables outside the research variables.

5.0 CONCLUSION

An accountable financial report comes from a qualified information system. An information system will work well if there is internal control applied for the physical and IT activity. This paper shows that internal control increases the accountability of budget realisation reports in

the Food and Drug Supervisory Agency of Indonesia. But, the study also found that physical internal control is not working without the existence of IT internal control.

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FACTORS INFLUENCING THE CONSUMERS' ATTITUDE TOWARDS PRIVATE RETIREMENT SCHEME IN MALAYSIA: SOCIAL, MARKETING & PERSONAL ASPECTS

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ABSTRACT

Malaysia is now towards an aging population, which is exposed to the longevity risk. Apart from an increase in the aged population, the aged are also living longer as evidenced by an increase in life expectancy. Employee Provident Fund (EPF) has reported inadequate to sustain the elderly after working age. The Private Retirement Scheme (PRS) was first established in 2012 and resulted in recommendations made by the Securities Commission Malaysia (SC) to the Government to accelerate the development of the private pension industry in Malaysia in helping to solve the issue of insufficiency of funds for retirement purposes. Therefore, the objective of this study is to determine the factors that influence the consumers' attitude toward Private Retirement Scheme in Malaysia, especially the point of view of social, marketing, and personal aspects. This study would benefit the ways to consider their retirement lifestyle, to live a convenient and comfortable life based on their retirement planning during retirement life among working adults in Malaysia.

Keywords: Private retirement scheme (PRS); Consumers' attitudes; Social aspect; Marketing aspect; Personal aspect.

1.0 INTRODUCTION

PRS is a defined contribution scheme that allows people to voluntarily contribute to an investment vehicle to build up their retirement fund. Private Retirement Scheme (PRS) is an integral feature of the private pension industry as part of the Economic Transformation Programme under Entry Point Project 6 (EPP), to improve the living standards of Malaysians at retirement through additional savings. With the regulatory framework developed by the Security Commission Malaysia, PRS forms the 3rd pillar of Malaysia's multi-pillar pension framework. In a recent study, Tai and Sapuan(2018) stated that the aging population in Malaysia is facing some alarming issues and challenges due to the fast-aging process. Its total population in 2021 is estimated at 32.7 million as compared to 32.6 million in 2020 with an annual growth rate of 0.2 percent. The size of the population showed a steady increase from 28.6 million in 2010 and is projected to increase by 31% in the next two decades reaching over 37 million by 2030, and nearly 40 million by 2050 (Department of Statistics Malaysia, 2020). While the proportion of older persons aged 60 and older is still relatively low compared with the developed countries, Malaysia is experiencing a steady increase in the proportion of its older population relative to the working-age and total populations. The number of

Malaysians aged 60 years and older increased from 1.45 million in 2000 to 2.25 million in 2010 and is projected to reach 5.1 million or 13.8% of the total population in 2030.

To further reduce the inadequacy of retirees' savings in meeting their retirement needs, the Malaysian Government has initiated and established the Private Retirement Scheme (PRS) on the 18th of July 2012 as a complementary scheme to the existing pension schemes. PRS functions and operates similarly to EPF with a slight difference in benefits and returns. PRS seeks to provide alternatives for employed or self-employed Malaysian citizens, to enhance a well-structured and regulated scheme (Ali, 2017). Encouragingly, the number of PRS subscribers has been increasingly looking at the PRS account opening. As of 30th November 2020, PPA's PRS Online Enrolment service saw a 94% increase in the number of transactions year-on-year. During the same period, PRS members are also saving at a higher rate via PRS Online Top Up, where the number of transactions is up by 33%. Almost half a million PRS members have collectively saved close to RM4.4 billion in net asset value, which represents a 33% increase from the previous year, information by PPA (Ali, 2017). As of December 2020, the number of PRS remained unchanged with 12 schemes comprising 57 funds offered by 8 PRS providers (Private pension Administrator,2020)

2.0 LITERATURE REVIEW

Zabri et al. (2016) have done a study, showing that the level of awareness about the PRS is relatively low, and even those who know about this scheme do not show any interest in investing in the scheme. The attitude of the consumers toward the retirement saving, they all are worried about not having sufficient funding for retirement. Azlin and Azam (2017) [stated on the challenges mentioned by the PRS providers are the awareness of the PRS especially among the individual in the rural areas, while those in the urban areas although having better access to the information about the scheme is not interested in saving because it is not a compulsory scheme. Furthermore, this scheme does not come with a guaranteed return as compared to EPF, as it is disallowed by the Security Commission to guarantee the profit of PRS funds (Azlin & Azam,2017)

2.1 Social Aspect with PRS

Firm-created social media communication is understood as a form of advertising fully controlled by the company and guided by a marketing strategy agenda (Schivinski & Dabrowski, 2016). The advancement of web technologies and social media has led Internet users to encounter vast online exposure. Social networking through online media can be understood as a variety of digital sources of information that are created, initiated, circulated, and consumed by Internet users to educate one another about products, brands, services, personalities, and issues (Chuan & Pillai,2013).

The reliability of user-generated communication has always been highly regarded (Purves et al.,2011). Specifically, word-of-mouth (WOM) communications are perceived as a more credible information source (Lance & Guy, 2006)especially in the complex and risk-filled industries such as the healthcare industry, as traditional marketing channels are inefficient in delivering complicated messages (Walsh & Mitchell, 2010; Purves et al., 2011). Brand-related UGC shared via social media may have more influence than other sources because it is transmitted by a trustworthy information source embedded in a consumer's network (Chu & Kim,2011 ; Kuehn &Corrigan,2013). Elton et al. (1996) demonstrated that 'unsophisticated' investors direct their money to funds based on other influences such as advertising and advice from brokers. A recent study by Baistaman et al. (2019) concluded that social influence has a positive and direct relationship with financial retirement planning.

2.2. Marketing Aspects with PRS

Another study shows that the decision of retirement savings decisions was influenced by the wish for simplicity. Primarily, the desire for simplicity is not determined by the consideration to lower transaction costs, but to avoid complicated handling, which is contradicting the previous studies (Blaufus & Ortlieb, 2009). Price is an important element that greatly influences the formation of brand image (Cham et al., 2021). Cronqvist (2006) has researched advertising and portfolio choice, and the results seem more consistent with individuals' investment choices being determined by a mix of cognition and emotions. In particular, fund advertising can arouse certain key positive emotions in investors, which make their attitudes towards a fund more favorable. Advertisement is an important element that greatly influences the formation of brand (Cham et al., 2021)

Cham et al. (2020) examined the impact of social and marketing aspects on brand image, towards formulating more effective service marketing strategies for enhanced positive behavioral intentions among tourists and found out that brand image increased the competitive age of the company. Hence, companies' competitive advantages in the market could be achieved to influence a person's attitude toward PRS purchases. A recent study Cham (2020) concluded that brand image enhances the positive behavioral intentions of individuals.

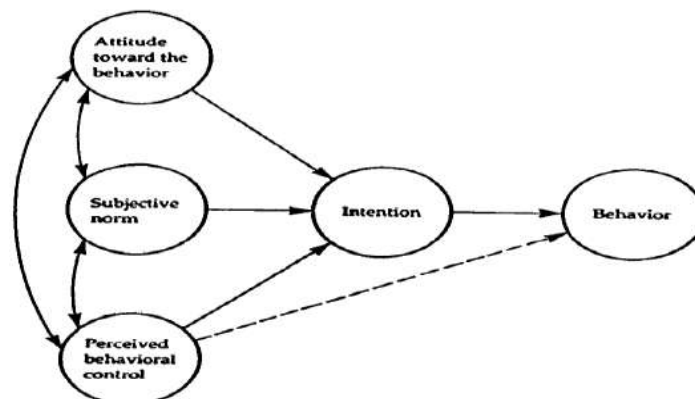
2.3 Personal Aspects with PRS

The outcomes showed that financial literacy is positively correlated with individual savings in the context of an emerging market. As well, the study discovered that advanced financial knowledge should be where the educational programs are concerned. In short, people with higher financial education are more likely to possess a higher level of financial literacy which leads them to save more. Another study by Zakaria et al. (2017) has indicated that financial literacy is an important factor to stimulate household behavior in saving and investment. Grable and Lytton (1999) noted that a demographic profile could be used to forecast financial risk tolerance, and define financial risk tolerance as the maximum amount of volatility one is willing to accept when making a financial decision. It has been reported that financial risk tolerance is a significant predictor of investment choice strategies for retirement [Grabel & Joo, 1997 ; Jacob-Lawson & Hershey, 2005]. A significant relationship between risk tolerance and demographic characteristics has been found in studies (Hallahan et al., 2004 ; Joo & Grable, 2004 ; Reddy & Mahapatra, 2017).

A study by Foster (2017) identified several characteristics associated with young people's apparent under-saving, which included the lack of trust in providers. Asking more young people to save for retirement or putting aside more entails changing individual attitudes and behavior. Investors reflecting a higher level of optimism, sociability, and assertiveness are more likely to realize early profit (Ahmad, 2020). This has testified that investment experience will influence individual attitudes towards investment preferences. Lian et al. (2019) has proved that investment experience and work experience in finance has some positive effect on overall risk-taking.

This study was based on the theory of planned behavior, conducted by (Ajzen & Fishbein, 1980; Fishbein & Ajzen, 1975) and made necessary by the original model's limitations in dealing with behaviors over which people have incomplete volitional control. Figure 1 depicts the theory in the form of a structural diagram. The first situation shows the measurement of intention and perceived behavioral control with the behavior that is to be

predicted. The second situation is that intentions and perceived behavioral control must remain stable in the interval between their assessment and observation of the behavior.



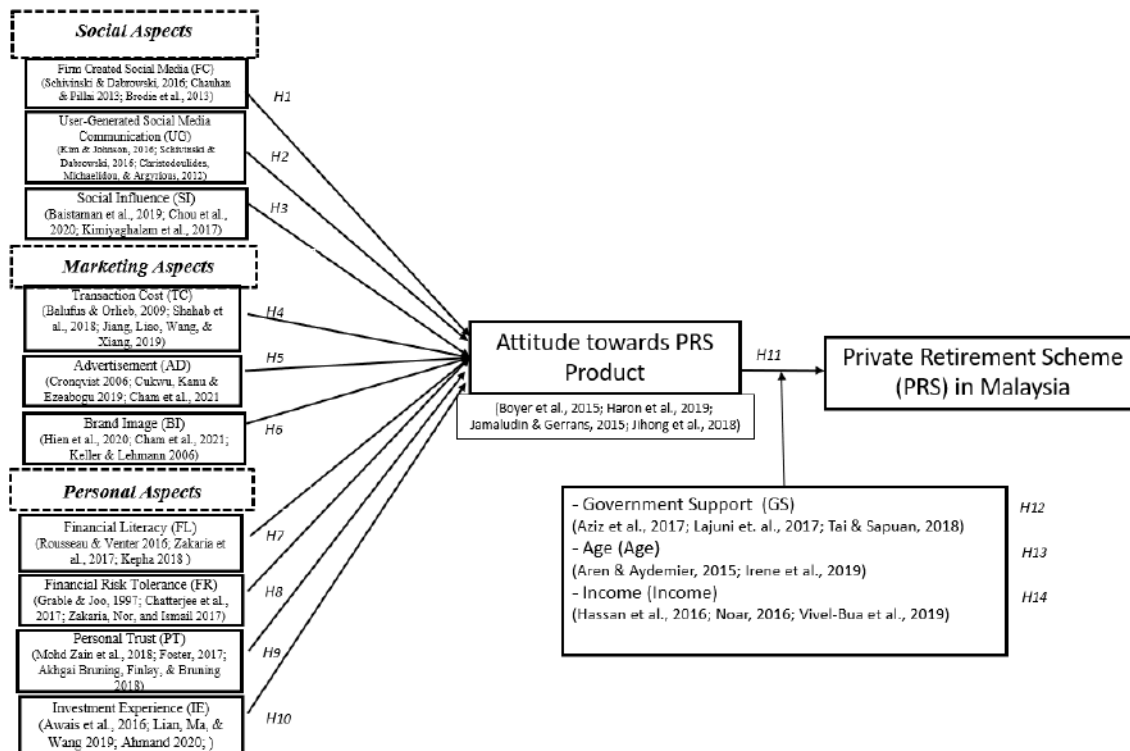
(Source: Ajzen, 2002)

Figure 1: The Structure of the Theory of Planned Behavior

Intervening events may produce changes in intentions or in perceptions of behavioral control, with the effect that the original measures of these variables no longer permit accurate predictions of behavior. The third situation for predictive validity has to do with the accuracy of perceived behavioral control. As noted earlier, the prediction of behavior from perceived behavioral control should improve to the extent that perceptions of behavioral control realistically reflect actual control. Therefore, the objective of this study is to determine the factors that influence the consumers' attitude toward the Private Retirement Scheme in Malaysia, especially the point of view of social, marketing, and personal aspects (see in Figure 2).

3.0 METHODOLOGY

The proposed conceptual framework of social, marketing, and personal aspects towards the Private Retirement Scheme (PRS) in Malaysia is shown in Figure 2. The research hypothesis link to the independent variables, such as firm-created social media, user-generated social media, social influence for social aspect; transaction cost, advertisement and brand image for marketing aspect, and financial literacy, financial risk tolerance, personal trust, and investment experience for personal aspect. Attitude toward PRS product as mediating variable towards PRS in Malaysia and the moderator demographics are such as government support, age, and income in this study.



(Source: Development for the Study)
Figure 2: Proposed Conceptual Framework

This study evaluates the variables by adopting questionnaires to gather and analyze quantifiable data. The target respondents of this study are working adults aged between 20 and 59 years old who are currently living in Klang Valley, Malaysia. Most companies and factories are located within this area. As it offers a lot of job opportunities, Klang Valley contains about 30% of the working population in Malaysia [32]. A sample size of 300 to 500 Malaysian working adults will be collected, to conduct questionnaires surveys using non-probability convenient sampling method. However, this research has focused only on full-time workers in any industry because they own a stronger financial ability to save for retirement with a monthly salary. The moderating role of social support in the relationship between government support, consumer income and age with Private Retirement Scheme (PRS) using Multivariate Analysis (MANOVA) will be examined. Therefore, hypotheses developed for the consumers' attitudes towards Private Retirement Scheme (PRS) of social aspects, marketing aspects, and personal aspects as below:

- H₀₁*: There is no relationship between firm-created social media of social aspects and attitude towards Private Retirement Scheme (PRS).
- H_{A1}*: There is a relationship between firm-created social media of social aspects and attitude towards Private Retirement Scheme (PRS).
- H₀₂*: There is no relationship between user-generated social media communication of social aspects and attitude towards Private Retirement Scheme (PRS).
- H_{A2}*: There is a relationship between user-generated social media communication of social aspects and attitude towards the Private Retirement Scheme (PRS).
- H₀₃*: There is no relationship between social influence of social aspects and attitude towards the Private Retirement Scheme (PRS).

H_{A3} : There is a relationship between social influence of social aspects and attitude towards the Private Retirement Scheme (PRS).

H₀₄ : There is no relationship between transaction cost of marketing aspects and attitude towards the Private Retirement Scheme (PRS).

H_{A4} : There is a relationship between transaction cost of marketing aspects and attitude towards the Private Retirement Scheme (PRS).

H₀₅ : There is no relationship between advertisement of marketing aspects and attitude towards Private Retirement Scheme (PRS).

H_{A5} : There is a relationship between advertisement of marketing aspects and attitude towards Private Retirement Scheme (PRS).

H₀₆ : There is no relationship between brand image of marketing aspects and attitude towards the Private Retirement Scheme (PRS).

H_{A6} : There is a relationship between brand image of marketing aspects and attitude towards the Private Retirement Scheme (PRS).

H₀₇ : There is no relationship between financial literacy of personal aspects and attitude towards Private Retirement Scheme (PRS).

H_{A7} : There is a relationship between financial literacy of personal aspects and attitude towards Private Retirement Scheme (PRS).

H₀₈ : There is no relationship between financial risk tolerance of personal aspects and attitude towards Private Retirement Scheme (PRS).

H_{A8} : There is a relationship between financial risk tolerance of personal aspects and attitude towards Private Retirement Scheme (PRS).

H₀₉ : There is no relationship between personal trust of personal aspects and attitude towards Private Retirement Scheme (PRS).

H_{A9} : There is a relationship between personal trust of personal aspects and attitude towards Private Retirement Scheme (PRS).

H₀₁₀ : There is no relationship between investment experience of personal aspects and attitude towards Private Retirement Scheme (PRS).

H_{A10} : There is a relationship between investment experience of personal aspects and attitude towards Private Retirement Scheme (PRS).

H₀₁₁ : There is no relationship between attitude of mediating effect and Private Retirement Scheme (PRS).

H_{A11} : There is a relationship between attitude of mediating effect and Private Retirement Scheme (PRS).

H₀₁₂ : There is no correlation between government support and Private Retirement Scheme (PRS)

H_{A12} : There is a correlation between government support and Private Retirement Scheme (PRS).

H₀₁₃ : There is no correlation between age and Private Retirement Scheme (PRS).

H_{A13} : There is a correlation between age and Private Retirement Scheme (PRS).

H₀₁₄ : There is no correlation between income and Private Retirement Scheme (PRS).

H_{A14} : There is a correlation between income and Private Retirement Scheme (PRS).

4.0 EXPECTED OUTCOMES

As indicated by substantial literature, there is a direct link between social aspects, marketing aspects, and personal aspects to the intention to purchase Private Retirement Scheme. Therefore, this study will be expecting a favorable outcome. In a conclusion, sufficient retirement funding remains a challenge with the growth of the population in Malaysia. Besides the mandatory savings or pension scheme, serving as the main income for retirees who are contributing to it, Private Retirement Scheme will serve as an alternative retirement resource to reduce the problem of having not enough retirement funds for Malaysians. This study would benefit how to live a convenient and comfortable life based on retirement planning among working adults in Malaysia.

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A SIGNAL OF FUNDAMENTAL FACTORS ON STOCK PRICE IN MALAYSIA: AN EMPIRICAL STUDY IN FOOD AND BEVERAGE INDUSTRY

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ABSTRACT

This study determines the impact of fundamental factors on the stock price in Malaysia. The study used dynamic panel data analysis for 25 listed firms in Food and Beverage Industry in Bursa Malaysia and covered the period from the first quarter of 2021 to the fourth quarter of 2021. It is identified that the last quarter of stock price has a significant impact on the current stock price positively. A negative relationship is found between return on equity and stock price. While other explanatory variables of revenue, net profit, earnings per share, free cash flow, and debt to equity ratio showed insignificant results toward stock price. The findings may benefit listed firms in identifying the main focus factors among investors. A corresponding action may be taken to maintain the capital funding for business expansion.

Keywords: Stock Price, Fundamental Factors, Dynamic Panel Analysis

1.0 INTRODUCTION

A signal is a way of communication between two parties (Bergh, Connelly, Ketchen, & Shannon, 2014). In the stock market, the sender for the signal is the listed firm in Bursa Malaysia. Listed firms are the ones who have the information that outsider cannot obtain. Investors will receive a relevant financial report for them to make their evaluation. That information is a signal to hint to investors during their stock purchase selection. Financial report is the first source that could influence the decision of investors to buy or sell the stock because fundamental factors might influence a stock's price and value. A stock price tells buyers and sellers how much it is worth right now (Pinset et al., 2021). A stock price represents the expected profitability of firms. The higher the expected return, the higher the quantity demanded for the share unit. Listed firms could then receive more capital and utilize it in business expansion based on the increase in share prices. The price is the amount agreed upon by a buyer and a seller for the stock to trade at (Pinset et al., 2021). The stock's price will rise if there are more demand than supply. The price will drop if there are more supply than demand. Hence, the stock market would become uncertain in which the price goes up and down frequently due to the law of supply and demand holding (Hall et al., 2021)

As referred to Figure 1, the stock price movement experienced a downward trend from the second quarter of 2020 until the fourth quarter of 2021 due to the Covid-19 pandemic. It affects both parties of capital funding and income-earning for firms and consumers. It is necessary to understand the factor being focused on among investors. However, there is a lack of studies on the Food and Beverage industry regarding the impact of fundamental factors on the stock

price. The previous studies are focusing on the firms in insurance (Maani et al., 2021), non-banking (Puspitaningtyas, 2017), manufacturing (Sukesti et al., 2021; Gunanta et al., 2015) and chemical (Awan et al., 2018). Nugroho and Pertiwi (2021) have studied the restaurant industry while it included other industries such as hotel, tourism, and retail trade which may not fully utilize the specific impact for the Food and Beverage industry. This study determines the impact of fundamental factors on the stock price of the Food and Beverage Industry. For in-depth analysis, the listed firms could understand the influence of fundamental factors in maintaining the capital funding for business expansion.

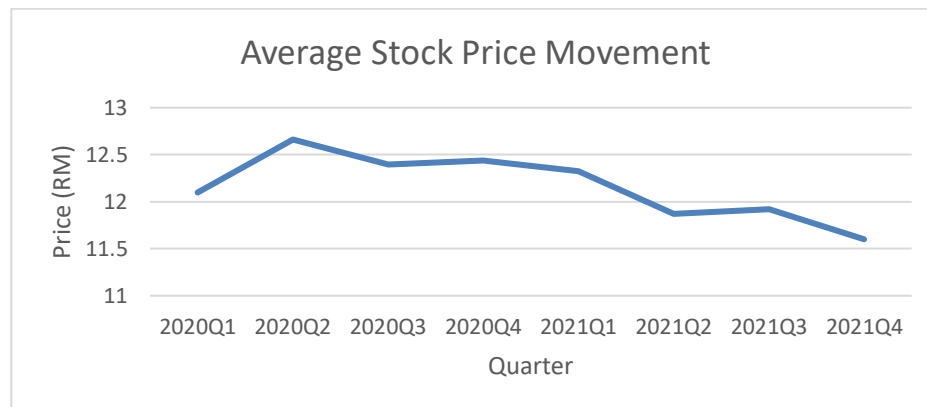


Figure 1 Average Stock Price Movement for Food and Beverage Industry
Sources Bloomberg

2.0 LITERATURE REVIEW

Signalling theory (1973) and Efficient Market Hypothesis (1970) are used as underlying theories in this study. The basis of the signalling theory is the existence of information asymmetry between the two parties (Su et al., 2016). In 1970, Fama proposed the efficient market hypothesis, which states that a market is efficient if no investor obtains an abnormal return after adjusting for risks (Gumanti, 2011). Firms with excellent signals and reputations might increase their stock price (Yasar et al., 2020). The company's financial condition is a signal presented in the annual report and act as a way of communication between internal and external parties (Rajandran, 2020; Sun et al., 2020). According to Fama (1965), any market is semi-strong when the stock price directly reflects all publicly accessible information. In addition, the value expressed in a company's stock price represents the company's current condition (Apolaagoa et al., 2020), which means that if the company's value changes, the market will adapt to reflect the change in value.

Based on the previous research, the result of fundamental factors towards stock price remains inconclusive. Maani et al. (2021) and Puspitaningtyas (2017) found a similar finding of a negative relationship between return on equity with the stock price, while the finding is against the result of Nugroho et al., 2021 ; Bayrakdaroglu et al., 2017. Apart from this, the debt to equity ratio and earnings per share found a positive impact on stock prices (Sukesti et al., 2021; Awan et al., 2018; Puspitaningtyas, 2017). The research of Nugroho, et al. (2017) found a surprise output regarding that revenue has a negative relationship with the stock price. According to Gunanta et al. (2015), other accounting factors could be included in the stock price determinants. Hereby, this study will fill out the gap by including net profit and free cash flow as explanatory variables.

3.0 METHODOLOGY

All the data are obtained from Bloomberg. This study focuses on 25 listed firms in the food and beverage industry in the main market of Bursa Malaysia. This study covers the period

from the first quarter of 2021 to the fourth quarter of 2021 with 100 observations. In the stock market, dynamic analysis can give information of data nature. Stock markets are non-linear and non-stationary with high heteroscedasticity (Waldi et al., 2018) Apart from this, the prices' movement is also dynamic, stochastic, and unreliable nature (Mubena et al., 2022). Therefore, this study will utilize the panel dynamic method of Generalized Methods of Moments (GMM). GMM estimator is used when there has both endogeneity and heteroskedasticity problem. The GMM estimators were introduced by (Arellano & Bond, 1991; Arellano & Bover, 1995).

$$\ln SP_{it} = \beta_0 + \delta \ln SP_{i,t-1} + \beta_1 \ln RVN_{it} + \beta_2 \ln NP_{it} + \beta_3 \ln EPS_{it} + \beta_4 \ln FCF_{it} + \beta_5 \ln ROE_{it} + \beta_6 \ln DTE_{it} + \varepsilon_{it} \quad (1)$$

Equation (1) shows the function of stock price in this study, whereby stock price (SP), revenue (RVN), net profit (NP), earnings per share (EPS), free cash flow (FCF), return on equity (ROE), and debt to equity ratio (DTE). The term of ln refers to the natural logarithm, t refers to the time period, while i refers to the number of individuals. δ refers to the coefficient of lagged dependent variable. β_0 refers to constant, β_1 to β_6 refers to slope coefficient of independent variables. Meanwhile, ε_t refers to the error terms in the model.

According to Equations (1), the inclusion of lagged dependent variables will result in an endogeneity problem. According to Arellano and Bond (1991), endogeneity can be addressed by altering the data using the differentiation approach. However, Blundell and Bond (1998) argued that the difference in GMM might result in significant sample bias, thus they presented system GMM estimators to increase efficiency by combining lagged levels and different information. To ensure the result's robustness, both approaches, namely difference and system-GMM will be used in two-step process. According to Roodman (2009), the two-step GMM approach is more efficient and robust, and statistical tests are more trustworthy.

4.0 RESULT AND DISCUSSION

As referred to the final output, the lag of stock price and return on equity are following the signalling theory. Investors are receiving an information asymmetry regarding the stock price movement and financial report for company's future earnings projections. It might be because of investors' different perception on it in which consider other information such as social media sentiment. While other explanatory variables are following the theory of efficient market hypothesis in which the information is fully reflected in the stock market. It could be explained that investors are focusing the profit generated from the stock trading instead of stock investment during this Covid-19 pandemic.

Table 1 Empirical Result

Dependent Variables	Stock Price			
	POLS	FD-GMM	SYS-GMM	FE
lnSP(-1)	1.018*** (0.000)	0.257 (0.693)	0.772** (0.016)	0.519*** (0.002)
lnRVN	-0.048 (0.128)	-0.136 (0.237)	-0.046 (0.694)	-0.017 (0.880)
lnNP	0.015 (0.483)	0.033 (0.237)	0.109 (0.808)	0.034 (0.204)
lnEPS	-0.006 (0.736)	0.070 (0.469)	0.014 (0.474)	0.008 (0.731)
lnFCF	0.013 (0.150)	0.007 (0.761)	0.016 (0.659)	0.016* (0.091)

lnROE	-0.041*	-0.024	-0.062*	-0.059*
	(0.084)	(0.653)	(0.091)	(0.054)
lnDTE	0.007	0.030	0.001	0.059
	(0.622)	(0.705)	(0.990)	(0.180)
Constant	0.208*	1.227	0.536	0.392
	(0.095)	(0.187)	(0.524)	(0.529)
Hausman Test	16.160**			
	(0.024)			
M. Wald Test	8.5e+05***			
	(0.000)			
DWH Test	4.760**			
	(0.029)			
ABA Test 1st Order	0.095	-1.315		
	(0.924)	(0.189)		
ABA Test 2nd Order	No result be estimated as robust standard error be applied			
Sargan Test				

Notes: Both difference GMM (FD-GMM) and system GMM (SYS-GMM) regressions use two-step estimation. The value inside the parentheses refers to the p-value of the variable, where *, **, and *** refers to the significance level at 10%, 5%, and 1%.

$$\ln SP_{it} = 0.536 + 0.772 \ln SP_{i,t-1} - 0.046 \ln RVN_{it} + 0.109 \ln NP_{it} + 0.014 \ln EPS_{it} + 0.016 \ln FCF_{it} - 0.062 \ln ROE_{it} + 0.001 \ln DTE_{it} + \varepsilon_{it} \quad (2)$$

Investors tend to generate capital gain from stock trading through the concept of buying low sell high. The lag one of stock price proved investors are expected that the stock price will continue rise until up to the max level of 0.772% on next quarter, then investors will do the trading transaction for income purpose as a positive result is found. The action of stock trading will lead to a stock price drop as the supply of shares is more than the demand. The changes in share outstanding will influence the performance of return on equity, it matches with the result finding of a negative relationship. It indicated that a 1% increase in return on equity will decrease the stock price by 0.062%. Investors could fall into the effect of information asymmetry when the return on equity increases. Investors would demand more from it as they would expect the company is well managing the equity fund to generate a return. However, the reason behind this is due to the decrease in the value of total equity. It could give a fake scenario regarding the return on equity is performing better due to the lower value of the denominator. This is the reason why a company could have a high performance in managing the equity fund, while the stock price keeps decreasing because of stock trading transactions.

5.0 CONCLUSIONS

This study aims to determine the factors that influence the stock price of the Food and Beverage Industry in Malaysia during the Covid-19 pandemic. This study covers the period from the first quarter of 2021 to the fourth quarter of 2021 with sufficient data on firms. Both theories of signalling and the efficient market hypothesis remain on hold nowadays. The lag of stock price has a positive relationship with the stock price, while return on equity has a negative impact on it. The result of the return on equity is supported by Maani et al. (2021) and Puspitaningtyas (2017), and the finding of free cash flow is similar to Oroud et al. (2017). Apart from this, other explanatory variables have an insignificant impact on the stock price. The result of revenue is against Nugroho et al. (2015), Awan et al. (2018) and Puspitaningtyas

(2017) also found different results for earnings per share. In addition, the opposite finding has been determined for the debt to equity ratio (Sukesti et al., 2021). It can be summarized that the performance of the stock price and return on equity is the main signal to influence the decision-making of investors. Investors and listed firms may consider the following implications. Investors may consider a short-term investment (stock trading for capital gains) instead of a long-term investment (potential return in the future). However, listed firms may consider imposing a dividend policy to maintain the equity finance from shareholders. An unstable equity fund would limit the business expansion. This study reveals that dynamic analysis is significant in the interaction of stock price as it could lead to a corresponding action for listed firms to solve the issues. For future research, a similar research topic could be expanded to other industries or sectors with a longer period for better understanding. Inflation rate, exchange rate and user-generated content as social media sentiment could be included as well.

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A POWER DISTANCE IN REGULATING HALAL FOOD INDUSTRY?

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ABSTRACT

Issues on halal integrity in the halal food industries have raised concerns amongst the public at large especially Muslims. To safeguard the sanctity of halal integrity, there must be an effective governance mechanism well in place. Currently, there exist several agencies pertaining to halal and Jabatan Kemajuan Islam Malaysia (JAKIM) is perceived to have an ultimatum for they issued the halal certification which is highly recognized worldwide. This study illicit the views from various agencies through qualitative methodology using transcendental phenomenology which views consciousness as the center for transcending intention and explicit behaviours. Questions formulated are to capture their specific experience which has been approved by the Ethics Committee for Research Involving Human Subjects (Malay acronym, JKEUPM). A focus group discussion was carried out with the officers from these agencies. The findings revealed that there exists an unclear jurisdiction line of power amongst the agencies, a low level of accountability amongst C suites, and a high level of power distance in regulating the halal food industry.

Keywords: *Accountability, Focus Group Discussion, Halal Food Industry, Hofstede Power Distance, Governance, Phenomenological Approach*

1.0 INTRODUCTION

Malaysia is perceived by market players to be a country with excellent expertise in halal matters. However, while it is a worldwide reference point in the global halal world it is seen to lack religious legitimacy (Blackler et al., 2016, p. 194). A string of halal integrity issues namely Cadbury, Ramlı Burger, Hi-5, Silver Bird, the meat cartel scandal, and recently, the concern on the compliance status of a meat slaughterhouse in Australia cast doubt on the sanctity of halal. Halal does matters, State of the Global Islamic Economy (SGIE) Report (2020/21) estimates that Muslims spent 2.2 trillion in 2019 across the food, pharmaceutical, cosmetics, fashion, travel, media, and recreational sectors. In addition, the halal industry has a bright prospect brought about by the increasing Muslim population worldwide (Pew Research Center, 2015). Although Malaysia is a Muslim-majority country, it is ranked in the Transparency International Corruption Perception Index and has been declining over the years because of the lack of trust. Many Muslim countries face moral issues and are perceived to be corrupt, as revealed by the Transparency International Corruption Perception Index (Lewis, 2005). A bibliometric analysis of halal food and compliance (Priantina & Sapian, 2021) reveals that there are three clusters namely halal, food, and supply chain appear, and that most of this study uses a quantitative approach.

Even though Malaysia is in a forefront of the halal industry worldwide, there appears to be a loophole in the governance as there are cases that raise concern amongst Muslims.

Therefore, an in-depth analysis is only plausible through qualitative research methodology. The transcendental phenomenology approach allows the research to illicit respondents' experience which will provide a deeper insight into the governance, challenges, and issue in the halal food industry. Thus, the research question is as follows.

RQ1: How well is the level of integration between agencies in governing the halal industry in relation to the diversity in their fiduciary roles and duties?

This is to achieve the research objective to determine whether there is a good integration between the agencies governing the halal industry as there are several agencies involved in discharging their fiduciary roles and duties. The findings revealed very interesting themes which are divided into three main themes namely an unclear jurisdiction line of power amongst the agencies, a low level of accountability amongst C suites, and a high level of power distance in regulating the halal food industry.

2.0 LITERATURE REVIEW

The literature review is divided into accountability and governance in halal industry.

2.1 Accountability

All Muslims are accountable for their individual and collective actions in this world. However, the latter is rather limited in worldly affairs and is strictly individual in the hereafter. Accountability is a dynamic principle in terms of human behavior (Naqvi, 1981); action and inaction of one are to be accounted for in the hereafter (Rahman, 1998). It rests on the recognition of tawhid as the law of the unity of knowledge and it is translated into formal and applied forms of inter-agential (variable) unity of knowledge (Choudhury 2016).

The application of tawhid (Abusulayman (1998), Kamla et al. (2006) and Omer 2010) drives mankind to excel as it is a formation of both ethic of intent and action, thus, a true Muslim is expected to be engaged in bringing about the desired transformation (Faruqi, 1992; Mohd Zaini & Mohd Sani, 2011; Pahrol, 2008). The ethic of intention or equivalent to one conscience will be judged by the subject's conscience and Allah SWT (Faruqi, 1992: 93). Whilst, the ethic of action has a measurable effect for it has "disturbed the time-space alas the nature's cosmic equilibrium" and the effects constitute merit or demerit (Faruqi, 1992: 93-94). Islamic accountability demands its believers at all levels to be actively involved or engaged, which must be translated into action rather than just a rhetorical gesture that becomes hollow and meaningless. Islamic accountability is only achievable through the constant seeking of God's guidance and blessings, which is measurable to the value creation of which its presence should be felt by the community, Muslim and non-Muslim alike.

2.2 Governance in Halal Industry

Halim et al., (2014) classified the key aspects of governance involving the institutions and actors within government and agencies; roles and responsibilities with clearly define functions; power dependence in relationships between organizations; autonomous self-organizing systems and leading by the use of 'steer and guide' rather than command. The need for systematic governance and collaboration in the country among governmental and non-government is seen as the first step that needs to be seriously undertaken before moving to an international level. With regards to Halal Industry, Halal certification is the most vital element in the halal food industry development by many researchers. It is proof that the product observes Halal manufacturing procedures

and provides assurance to consumers that the product is safe for Muslim consumption (Nakyinsige et al., 2012).

According to Noordin et al. (2014), Halal certification is the process of certifying products or services as pronounced by the Shariah law. In assuring Muslim consumers of halal quality, a system of halal certification and verification is seen to be the key element.

To obtain the Halal certificate, food manufacturers must go through a few stages to prove materials and production processes are complying with Islamic standards. Halal food certification is an examination of food processes from preparation, slaughtering, ingredients used, cleaning, handling, processing, and storage as well as transportation and distribution. Halal certification in Malaysia issued by JAKIM has been recognized globally across many countries as it is one of the pioneering countries initiating and leading to halal products (Badrudin et al., 2012). Furthermore, Ahmad et al. (2018) state that the system for halal food control in Malaysia is framed by five important components for an effective national food control system halal food legislation; halal food management control; inspection; laboratory; and education, communication, and training. They explored Malaysia's experience in establishing the control system of the halal food industry. Under the five themes, they reviewed the way halal has been executed by the local industry from the regulation to the industry players. From their discussion, it makes sense to adopt their theme of a halal food control system as the line of defense in halal governance since substantive material has been credited so. Meanwhile, Shafii et al. (2018) reported a comparative study on the Halal governance between Malaysia and Thailand. They discussed the dimensions in the comparison which are Halal regulator, regulations, auditors, the scope of the audit, frequency of audit, validity of the certification, and the flexibility of Halal logo usage. In a notable point, the measures adopted in Thailand are considered much more comprehensive than in Malaysia since the involvement of trained Halal auditors and experts outside of CICOT and PIC to monitor the certification process. Due to that, the lack of personnel during the auditing process is not a problem, resulting in surveillance audits becoming more effective. The analysis also found that Halal governance implementation in Thailand is more efficient as compared to Malaysia due to the consistent inspection. This improves the Halal assurance and Halal integrity for the industry (Shafii et al., 2018).

3.0 METHODOLOGY

The current study employs a qualitative inquiry using a focus group discussion (FGD) approach, which focused on the phenomenon experienced by these experts in various agencies regulating the halal industry. Phenomenology originates in philosophical traditions, and the fore founder was Edmund Gustav Husserl, followed by Martin Heidegger and Maurice Jean Jacques Merleau-Ponty with each one of them taking different views (Willis, 2001).

3.1 Transcendental Phenomenology

Essentially, there are two main categories of phenomenology inquiry: transcendental (descriptive) phenomenology originated from Husserl, and hermeneutic (interpretive) phenomenology originates from Heidegger, his student and close companion who had taken a different approach at a later stage. There are proponents, and opponents of Husserl's phenomenology inquiry this methodology is present in various fields of research examples are in feminist research, psychology, nursing, school, adults, and health professions education.

Husserl's (1970) ontological assumption is that the reality is internal to the knower, what appears in their consciousness and the observer's role in understanding the

phenomena is bias-free or 'epoche' or 'bracketing'/intuitive which allows the researcher to be objective about the participants' lived experience. Phenomenologists do not use coding; however, a continuous and careful reading of the interview transcription (Miles and Huberman, 1994) to verify significant statements and proceed into meaningful statements. Neubauer et al. (2019) identify a series of reductions, namely the transcendental stage, the transcendental-phenomenological reduction, and the reduction via imaginative variation in arriving at all knowledge about the phenomenon. A case study and an in-depth interview are examples of the phenomenology inquiry. This study employs the focus group discussion (FGD) approach considering the group dynamic in which interactions are lively, producing more rich text, sharing experiences between the participants, and providing recommendations where possible (Krueger, 2002).

3.2 Focus Group Discussion

Participants in the FGD are selected based on stratified purposeful sampling, which can illustrate the subgroups and facilitates comparisons (Cresswell, 2007, p. 127). We use the pre-planned semi-structured questionnaires to manage the interview's direction, minimise time, and avoid wandering away from the study's objectives. The interviews provide the opportunity for open questions and enable the researcher to gain an in-depth insight into potential explanations (Cavana et al., 2001). Invitation to participate is carried out through personal emails and telephone calls. However, only five experts in various agencies and a university that is very well verse in halal certification and halal audit have attended the FGD. The meeting was held at one of the hotels situated in Putrajaya in February 2019. The session began with a briefing on the rules of FGD carried out by a moderator and it was recorded with the FGD participants' permission. The process involves listening to the videotape several times, and the researcher carefully transcribed it. We carefully read the FGD to verify significant statements and proceed into meaningful statements. Due to the pandemic covid 19, the project was put on hold due to several reasons. However, in October 2021, the validation process has taken place with email being sent out to participants and we also had an internal verification through an expert view in the industry.

3.3 Respondents' Profiles

There are five respondents representing three agencies namely Food Safety and Quality, Enforcement, Halal Agency under the Ministry of International Trade and Industry (MITI), and an expert on halal auditing from a local university.

Table 1 Respondents' Profiles

R1	Food Safety and Quality	2
R2	Food Safety and Quality	2
R3	Enforcement	3
R4	Halal Agency (MITI)	4
R5	A local university	(unknown)

4.0 DISCUSSION OF FINDINGS

One of the questions posted to the participants is “What are the issues and challenges in implementation of governance in Halal Food Industry?”

R3 “Pertindihan kuasa tu iya lah. Pada sebelum 2010, agensi-agensi sebagai contoh JAKIM dan jain mohon untuk dapatkan surat penurunan kuasa. Jadi bila dia mohon untuk penurunan kuasa, kuasa enforcement, untuk memasuki premis, maksudnya kita bagi kuasa untuk geledah dan sebagainya, banyak dah tu”.

R4 “ in addition, the level of accountability is also not warranted at the Csuite level.

R5” different forum, not direct..

R4 appear to exist ...

5.0 CONCLUSIONS

The study brings about a greater insight into the governance of the halal industry. The themes derived through the transcendental phenomenology approach are an unclear jurisdiction line of power amongst the agencies, a low level of accountability amongst C suites, and a high level of power distance in regulating the halal food industry. There is a need to address these openly to improve the existing implementation of governing the halal industry, failure to do so may result in a setback in positioning Malaysia as the hub for the halal industry.

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THE INFLUENCE OF HALAL AWARENESS, RELIGIOSITY, PRICE, AND HALAL CHANNELS ON THE DECISION TO PURCHASE HALAL PRODUCTS IN E-COMMERCE

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ABSTRACT

In order to provide facilities for Muslim customers in Indonesia to access halal products, several e-commerce companies have equipped their platforms with halal channels, including Shopee and Tokopedia. This research aims to determine the effect of halal awareness, religiosity, price and halal channels on purchasing decisions for halal products in e-commerce. Using a quantitative approach with the associative method, the results show that halal awareness, religiosity and price positively have a significant effect on purchasing decisions for halal products in e-commerce, which means the higher halal awareness, religiosity and price relevance, the higher the level of purchasing decisions for halal products in e-commerce. However, the halal channel has no significant positive effect. This result means that the presence or absence of halal channel does not affect the consumer's decision to purchase halal products in e-commerce.

Keywords: *Halal Awareness, Religiosity, Price, Halal Channel, Purchasing Decision, e-Commerce.*

1.0 INTRODUCTION

The development of technology is so rapid that it disrupts all lines of life, including buying and selling transactions that initially required the meeting of sellers and buyers in real life, are now no longer needed. Digital technology makes transactions easier with the emergence of Electronic Commerce (e-commerce) or online shopping sites. Companies that provide online buying and selling services realize that Indonesia is the largest Muslim country in the world, therefore religious sentiment can be used as a tool to facilitate the marketing of a product.

Shopee started launching in Indonesia in 2015. Shopee is a subsidiary of the Sea Group, where the Sea Group itself is listed on the New York Stock Exchange (NYSE), with the symbol SE. Shopee is an online marketplace application for buying and selling via mobile phones easily and quickly. Shopee provides a variety of daily needs to lifestyle needs such as fashion and beauty. Meanwhile, Tokopedia is an electronic trading company that was founded in 2009, initiated by William Tanuwijaya and Leontinus Alpha Edison. Tokopedia was launched with the mission of economic equality throughout Indonesia.

Both understand that religion is a very powerful trigger in an effort to attract consumers. Therefore, a special channel for Muslim consumers emerged, namely the halal channel. At Shopee, it is known as Shopee Barokah, while at Tokopedia it is known as Tokopedia Salam. In the halal channel, the system will automatically filter products that are approximately in

accordance with the teaching contained in Islamic principles, with various required criteria. That way the service will make it easier for Muslim consumers to shop.

In addition to halal channels, there are several factors that can cause a consumer to make a purchase decision. Research conducted by Astuty (2019) and Nugraha (2021) states that conscious awareness and price have an influence on purchasing decisions. This means that the higher the awareness of halal and price, the higher level of purchasing decisions made by consumers. In research of Maspupah (2019), religiosity affects purchasing decisions for halal food and beverage products. In addition, Rohmatun and Dewi (2017) explains that religiosity has an effect on purchasing decisions for halal cosmetic products. This means that the higher the level of religiosity, the higher the level of a consumer’s purchasing decisions.

In research of Nugraha (2021), halal awareness, healthy awareness and price influence the decision to purchase halal products. Meanwhile Waskito (2015) mentions that halal certification, halal awareness and food ingredients affect the decision to purchase halal food products. In study of Sitompul (2021), knowledge of halal labels and brand awareness influence purchasing decisions. Rosidah (2018) said that the quality of information, religiosity and price affect purchasing decisions. However, in research of Astogini et al. (2011), religiosity has no effect on purchasing decisions for halal products.

Based on theories above, the theoretical framework of this research is:

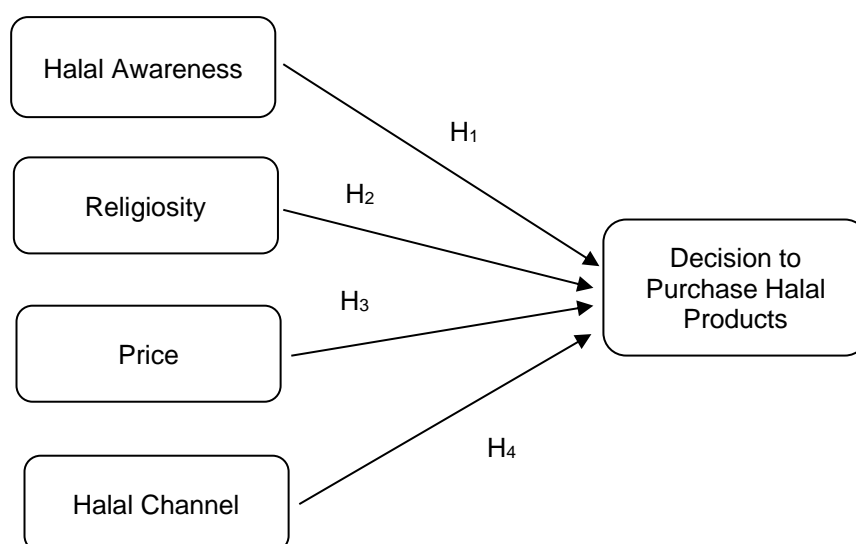


Figure 1. Theoretical Framework

2.0 METHOD

This research uses a quantitative approach with the associative method to determine the causal relationship between the independent variable and the dependent variable. Collecting data using a questionnaire distributed to respondents who live in Jakarta with an age range of 18 to 35 years old. The collected data was processed by multiple linear regression methods using SPSS. Data analysis using multiple linear regression method with the following formula:

$$KPH = b_0 + b_1KHL + b_2RGS + b_3HRG + b_4KNH$$

Where:

KPH = Decision to Purchase Halal Products

KHL = Halal Awareness
 RGS = Religiosity
 HRG = Price
 KNH = Halal Channel
 b_n = Coefficient

3.0 RESULTS

This research was conducted by distributing questionnaires to 399 respondents spread across various areas of Jakarta who had used the Shopee and Tokopedia applications, then from the collected data, multiple linear analysis was carried out with the following equations:

$$KPH = 2.199 + 0.140KHL + 0.270RGS + 0.243HRG + 0.109KNH$$

Which means that of the four independent variables researched, religiosity has the greatest influence on the decision to purchase halal products, followed by price, then halal awareness and, the least, halal channel, but based on the t-test, it turns out that the halal channel variable significantly has no effect on the purchase decision of halal products, while the other three variables proved to have a significant effect on purchasing decisions for halal products in the e-commerce.

The halal awareness variable has a positive influence on purchasing decisions for halal products. People who use the Shopee and Tokopedia platforms already have the knowledge and awareness that in fulfilling their daily needs they need to consider halal aspects, starting from the composition of a product, what ingredients are included in non-halal elements, the production process a product, which ultimately leads to the decision that in buying a product always prioritize halal products.

Religiosity is the integration of knowledge, feelings and religious behavior in humans. The aspect of religiosity in this research has a positive effect on purchasing decisions for halal products on the Shopee and Tokopedia e-commerce platforms. This means that consumers who use the platform already believe that the products that should be purchased are halal products. After that, it is developed in the behavior of being alert to non-halal products and raw materials, conducting transactions using methods that are in accordance with sharia principles, and feeling more secure and calm when transacting with methods that are in accordance with Islamic principles.

Price is the amount of value that consumers must spend to get the benefits of a product. The price variable in this study has a positive effect on purchasing halal products on the Shopee and Tokopedia platforms. Consumers using the platform affirm that the prices of halal products are able to compete in the market, and the quality obtained by consumers is always comparable to the price issued. This is also corroborated by the results of the distributed questionnaires.

Answers regarding the statement about prices are dominated by the answer choices that agree and strongly disagree. This proves that the higher the price of a halal product, the higher the consumer's consideration in spending a number of costs to get the benefits of the product. Conversely, the lower the price of a halal product, the lower the consumer's consideration in spending a number of costs to get the benefits of the halal product.

Halal channel is a special feature in Shopee and Tokopedia to provide halal-specific products. The halal channel variable does not have a significant influence on consumers in purchasing decisions for halal products at Shopee and Tokopedia. There are indeed consumers who use halal channels when shopping, but halal channels are not the main factor for consumers in deciding to buy halal products.

Whether or not there is a halal channel, consumers will continue to buy halal products because of the high level of halal awareness and one's religiosity. The understanding and knowledge possessed by consumers have been implemented on awareness of non-halal products, as well as preferences for choosing halal products that are good for everybody who consumes it.

4.0 CONCLUSIONS

Halal awareness, religiosity and price significantly have a positive effect on purchasing decisions for halal products in e-commerce. That is, the higher the awareness of halal, religiosity and price, the higher the influence on purchasing decisions for halal products in e-commerce.

Halal channels have no significant effect on purchasing decisions for halal products in e-commerce. This means that a consumer will still buy a halal product with or without a halal channel. Consumers will continue to buy halal products because of the dominant level of halal awareness, religiosity, price, or other factors.

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FINANCIAL DISTRESS DETERMINANT ANALYSIS OF SMES ON THE INDONESIA STOCK EXCHANGE

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ABSTRACT

National movement of class increases for SMEs since 2017 in Indonesia, where SMEs can start to be listed in the Indonesian capital market showing data that has increased in number every year and increased contribution to Indonesia's GDP. The study aims to analyze the influence of internal corporate and macroeconomic variables on financial distress. This quantitative research used sixteen SMEs on the IDX selected using purposive sampling during the period 2017 - 2020. Data processing uses logistic regression with SPSS applications. The results showed that operating income to total assets showed a negative and significant influence between operating income to total assets and the occurrence of financial distress in SMEs listed on the IDX. The study was conducted by adding macroeconomic variables to fill the literature gap from previous studies. However, macroeconomic variables did not have a significant influence on the financial distress of SMEs on the IDX. To avoid financial distress, SMEs can make efficiencies on costs to increase operating income and maintain their level of liquidity stability, leverage, and managerial capabilities in line with the increasing assets of the company.

Keywords: *Financial Distress, Internal Corporate Factor, Logistic Regression, Macroeconomic Factor, SMEs*

1.0 INTRODUCTION

Micro Small and Medium Enterprises or MSMEs have a very important role for the economic growth of a country. According to data from the Central Statistics Agency until the end of 2020, there are 64 million MSMEs, which means that 99.9% of the total businesses operating in Indonesia are MSMEs. Based on Figure 1, the contribution of SMEs to GDP increased annually during the period 2017-2019 but experienced a significant decrease in 2020. This is due to the COVID-19 pandemic which has a negative impact on the global economy.

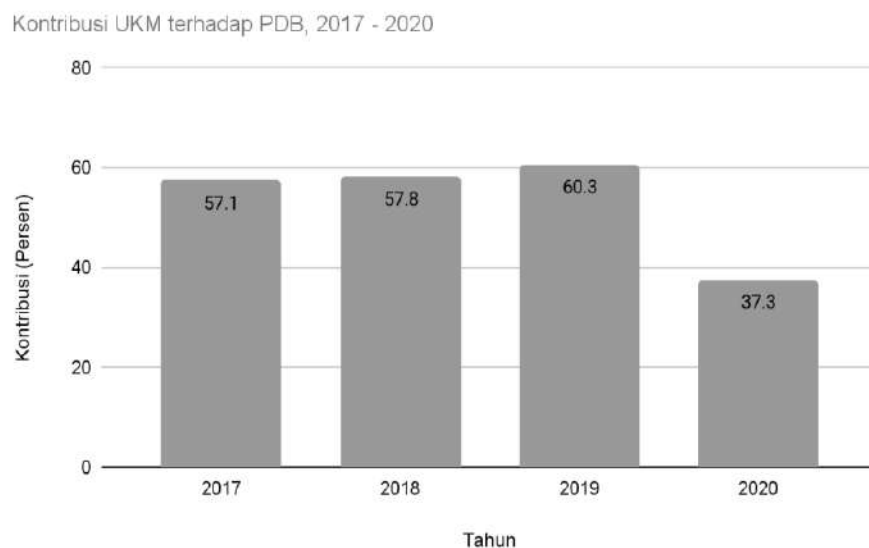


Figure 1 Contribution of SMEs to GDP, 2017 - 2020

Source: Lokadata processed from the Ministry of Cooperatives and Small and Medium Enterprises

One of the factors of failure and reorganization of a company is caused by *financial distress*. In Watson and Everett research (1993), UMKM tends to be closer to *financial distress*. *Financial distress* is a condition when a company's operating cash flow is insufficient to meet current obligations (Ross et al., 2010). *Financial distress* usually occurs because the total cost is greater than the company's revenue, resulting in losses. The cause starts from the inability to carry out its obligations, such as short-term obligations, liquidity obligations and solvency obligations. Difficulty in paying liquidity obligations will lead to the emergence of *insolvency* problems that are divided into two methods. *Stock-based insolvency* refers to the negative equity conditions of the company's balance sheet or commonly known as *negative net worth*. *Flow-based insolvency* refers to when cash flow conditions or operating cash flow fail to meet the company's current obligations (Fahmi, 2013).

Various methods can be used to *predict financial distress*. Like Altman's bankruptcy prediction model (1983), which is a method of predicting the financial health of a company and the likelihood of bankruptcy. This model combines liquidity, profitability, solvency, and activity. In addition, to predict *financial distress* this study uses logistic regression. Al-khatib and Al-Horani (2015) predicts *financial distress* in public companies showing that logistic regression and discriminant analysis can predict *financial distress*. Many *financial distress* studies using logistics regression methods, including Kristanti et al. (2019) which researches financial *distress* predictions in SMEs by integrating capital structures, financial performance, and non-financial. The results of his research showed that the ratio of operating income to total assets became the determining factor for Indonesian SMEs to avoid *financial distress*. However, macroeconomic factors are not used as variables that become a gap in research in the study. Yazdanfar and Öhman (2020) determined *financial distress* in SMEs from Sweden, finding that *firm financial distress* was influenced by the performance of company-specific characteristics, *financial leverage*, and *lagged financial distress*.

Research on *financial distress* has been very much, but only a few discuss *financial distress* in Small and Medium Scale Issuers registered on Bursa Efek Indonesia (IDX). SMEs are defined as individual businesses, households, or small business entities. According to POJK Number 53/POJK.04/2017, SMEs are classified based on total assets up to Rp 250 billion. Based on data from the Indonesia Stock Exchange, SMEs listed on the IDX increased in the period 2017 - 2020 by as many as 44 companies. Here are the increased numbers of SMEs that conducted IPOs in 2017 - 2020.

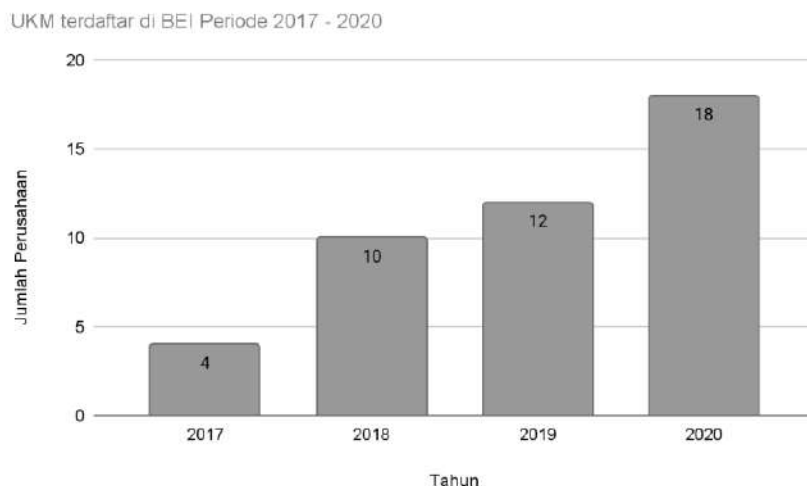


Figure 2 SMEs listed on idX for the period 2017 - 2020
 Source: Indonesia Stock Exchange

Economic crises in a country can affect financial conditions in SMEs which further causes *financial distress* (Yazdanfar & Öhman, 2020). SMEs also experienced deteriorating financial conditions after the crisis, rather than those experienced by large companies (Hanedar & Hanedar, 2016). Based on data on the financial statements of SMEs listed on the IDX for the period 2017 to 2020 in Figure 3, there is a considerable percentage of the number of SMEs identified as experiencing *financial distress*, which is an average of 59.38%.

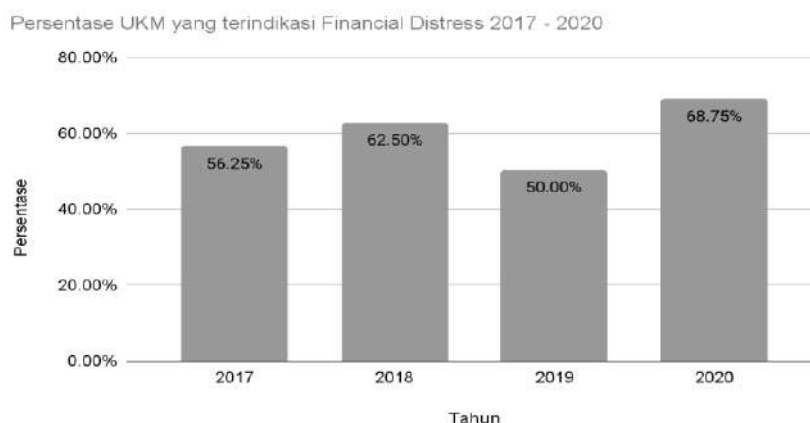


Figure 3 The percentage of SMEs registered on the IDX for the period 2017 - 2020 is indicated to experience financial distress
 Source: author processed

Financial distress is influenced by operating income compared to total assets, and *retained earnings* compared to the total assets of an SME, as measured by the *leverage ratio*, comparison of short-term debt and total assets, comparison of *current assets* and *current debt*, comparison of *net working capital* and *total assets*, comparison of *retained earnings* and *total assets* and non-financial factors such as the presence or absence of women in the *Board of Directors*, the number of *directors*, the age of the company, and the size of the company (Kristanti et al., 2019). *Financial distress* of an SME in Bangladesh is also triggered by *Adequacy Rate*, *Depreciation Rates*, *Sales Trends*, *Expenses*, *Financial Planning*, *Management Capability*, and *Indebtedness* caused by *Fund Management* and *Credit Crunch*, *Poor Accounting System*, *Financial Control Factors*, *Productivity* and *Profitability Factors*, and *Management Success Factors* (Jahur & Quadir, 2012). In addition, research conducted by Sunarjanto & Roida (2014) proves that *firm characteristics* also have the ability as a driver of *financial distress* of an MSME.

This research is aimed at examining *the triggers of financial distress* that occur in SMEs listed on the IDX. Considering that there is POJK Number 53 / POJK.04 / 2017 with the mission of SMEs to go public. The results of this study are expected to provide in-depth knowledge about *the financial distress* that occurs in SMEs in Indonesia so that SMEs that are rife in Indonesia can take precautions against the occurrence of *financial distress* that can lead to failure and reorganization in their companies. As well as for investors in the Indonesian capital market can help in analyzing the condition of SME companies registered in the Indonesian capital market. The problem that will be raised in this study is knowing the factors that contribute to *financial distress* in SMEs registered on the IDX for the period 2017 - 2020. The selected period is based on the least *financial distress* research on SMEs with that period, and research extensions conducted by (Kristanti et al., 2019).

2.0 THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Predicting *financial distress* is a major issue in financial research that attracts a lot of interest from researchers in literature (Mselmi et al., 2017). Gamayuni (2011) defines *financial distress* as the situation that initiates bankruptcy due to financial or liquidity problems, Filipe et al. (2016) means that if a company has a status of failing to meet obligations, under curator's supervision, bankruptcy, in liquidation, or does not have updated status information and disappears from the sample with negative equity, and Mselmi et al. (2017) refers to the situation where the company's cash flow is insufficient to meet contractually required payments.

Financial statements based on Subramanyam et al. (2014) is an overview of a company's performance that contains a record of a company's financial information in a certain accounting period. Financial ratio is an analysis of the financial condition of the company, which can provide information about the performance of the company's management in a company (Fahmi, 2013).

There is substantial literature on financial distress used in reviewing existing findings. In this section we discuss the literature used in research.

Companies with high liquidity can liquidate their assets when they need costs for investments or projects (Thim et al., 2011). Research conducted by Al-khatib and Al-Horani (2015) shows that *the Current Ratio* which is a liquidity ratio is a significant variable to *financial distress* in open companies in Jordan. High levels of liquidity can reduce the risk of possible *financial distress* (Mselmi et al., 2017). *Financial distress* is inversely proportional to liquid assets (Butler et al., 2005).

H1: Current Ratio negatively affects Financial Distress

The profitability ratio of a company has a negative relationship with *financial distress* (Thim et al., 2011). *Operating Income to Total Asset* measures the actual productivity of a company's assets and the overall effectiveness of management, regardless of taxes and leverage factors (Rim & Roy, 2014). *Operating Income to Total Assets* negatively affects the likelihood of bankruptcy in a company (Cultrera & Brédart, 2016). So, it can be said that, if a company can effectively manage its operational costs, it will increase profitability and reduce the risk of *financial distress*.

H2: Operating Income to Total Assets negatively affects Financial Distress

Research conducted by Abdullah (2014) shows that companies that fail have a higher level of *leverage (short-term liabilities to total assets)*. Bankruptcy occurs when the remaining assets cannot cover the total debt, where financial leverage presents a potential negative effect on business profits and asset valuations that raise fears of bankruptcy. Filipe (2016) also explained that the probability of *distress* having a positive relationship with *leverage (current*

liabilities to total assets), signaling the importance of *leverage* can indicate that SMEs rely more on short-term loans than cash holdings to finance their operational needs.

H3: Short Term Liabilities to Total Assets positively affect Financial Distress

According to Cultrera and Brédart's (2016), the younger an SME is, the more likely it is to go bankrupt. Young companies have a high probability of failure compared to mature companies (Abdullah et al., 2014). Young companies have a high probability of failure because older companies have a lot of experience with various issues related to information processing and how to overcome them. The age of the company significantly affects financial difficulties and may reflect the need for special protections provided to very young companies (Bhattacharjee, 2014).

H4: Age negatively affects Financial Distress

According to Alfaro et al. (2019) shows that the larger the company, the more likely it is to cause *financial distress*. Companies that have a large size, will face higher levels of *financial distress* (Thim et al., 2011). The larger the scale of a company, increasing *its financial distress* status (Muigai & Muriithi, 2017). Large companies have a larger management pattern so that the risk they bear is also greater, making management more careful in acting.

H5: Size has a positive effect on Financial Distress

Macroeconomic factors as measured by inflation, have an important role in *financial distress* (Khoja et al., 2019). According to Bhattacharjee and Han research (2014) states that instability of macroeconomic conditions will increase *financial distress* in a company. Inflation can be particularly affecting small businesses because they do not have the same power in financial liquidity as large companies that have larger financial reserves.

H6: Inflation has a positive effect on Financial Distress.

BI 7 Days Reverse Repo Rate is used as an interest rate because it quickly affects the real sector (Bank Indonesia). Li et al. (2020) in their research stated that macroeconomic factors including interest rates, can significantly affect the risk of *financial distress* in a company. Instability of interest rates has a negative effect on the financial condition of the company (Bhattacharjee & Han, 2014).

H7: BI7DRR has a positive effect on Financial Distress.

This research is a modification of Kristanti et al. (2019) by eliminating the variable ratio of *Total Debt to Total Assets*, the presence or absence of women in the *Board of Directors*, the number of *directors*, and the ratio of *Net Working Capital to Total Assets*, because in the reference journal these variables have no significant effect on *Financial Distress*. The study also added macroeconomic variables, namely Inflation and *BI 7 Days Reverse Repo Rate*, in accordance with the advice given in the study. The selection of macroeconomic variables in the form of Inflation and *BI 7 Days Reverse Repo Rate* is the result of the elimination of several macroeconomic variables by trying to analyze the correlation between macro variables that do not have a high correlation to avoid multicollinearity problems at the time of processing regression models.

3.0 RESEARCH METHODS

This research is quantitative research with descriptive analysis. By using secondary annual financial statement data from SMEs listed on the Indonesia Stock Exchange conducted by purposive sampling techniques. The managed data is taken from the financial statements of Small and Medium-Scale Issuers on the Indonesia Stock Exchange (IDX) in the period 2017-2020 collected from the IDX website, the company's official website, and other official institutions.

To overcome the bias in sampling, sample collection is carried out with the following criteria: (1) The Company is listed on the IDX before and until 2017. (2) The Company is included in the criteria of Small and Medium Scale Issuers listed in POJK Number 53 / POJK 04/2017, namely Issuers with Small-Scale Assets have total assets up to Rp50 billion and Medium-Scale Assets up to Rp250 billion. (3) The company is not included in the *financial* and *insurance* industry. (4) Have complete financial statements during 2017 - 2020. (5) Financial statements in the form of Rupiah currency. Therefore we obtained 16 companies that were used as samples

The model used for this study is logistical regression as follows:

$$\text{Ln} \frac{p}{1-p} = B_0 + B_1 CR_i + B_2 OITA_i + B_3 STA_i + B_4 SIZE_i + B_5 AGE_i + B_6 INF_i + B_7 RR_i$$

The indicator of each variable can be seen in Table 1.

Table 1 Operationalization Variabel

Variable	Indicators
Financial Distress	<i>Dummy Variable</i> FD (EPS negatif) = 1 Non FD (EPS positif) = 0
Current Ratio (CR)	$\frac{\text{Current Asset}}{\text{Current Debt}}$
Operating Income to Total Asset (OITA)	$\frac{\text{Operating Income}}{\text{Total Asset}}$
Short Term Liabilities to Total Asset (STA)	$\frac{\text{Short Term Liabilities}}{\text{Total Asset}}$
Firm Age (AGE)	<i>Company Age in year</i>
Firm Size (SIZE)	<i>log Total Asset</i>
Inflasi (INF)	<i>Annual Inflation</i>
BI7DRR (RR)	<i>Annual BI7DRR</i>

Source: author processed.

4.0 RESULTS, DISCUSSIONS, AND MANAGERIAL IMPLICATIONS.

Based on descriptive data, the average group of SMEs listed on the IDX has a current asset ratio of 30.9011 times to its *current liabilities*. Then, *the comparison of operating income* is - 0.3234 times compared to its total assets. While in *short term liabilities* have a ratio of 18.1792 times to the total assets. SMEs listed on the IDX have a company size of 10.9037, with an age of 26.9375, inflation of 0.0275, and BI7DRR of 4.74. *Mean* from EPS that produces a negative value shows that most of the companies sampled are experiencing *financial distress*, this is in line with *the FD mean* which shows more than half of SMEs, namely 0.5938, experiencing *financial distress*.

Table 2 The Test of Model Results.

<i>Omnibus Test of Model</i>	Chi-Square 28.265	Sig 0.000*
<i>Hosmer and Lemeshow Test</i>	Chi-Square 7.794	Sig 0.454
<i>Nagelkerke R Square</i>	0.482	

*with level of significance 0.05.

Table 2 shows that based on the Omnibus Test has a significant model. As for the Hosmer and Lemeshow test, it shows that the logistic regression model tested is suitable which means that the data in this model can be said to be feasible. And, with *R Square* shows that the contribution of variable *current ratio, operating income to total assets, short term liability to total assets, company age, company size, and inflation to the occurrence of financial distress* in SMEs is 48.2%.

Table 3 Classification Table

Observed		FD (EPS Negative)		Percentage Correct
		0	1	
FD (EPS Negative)	0	17	9	65.4
	1	5	33	86.8
Overall Percentage				78.1

Source: author processed

Table 3 calculates the correct and false estimated values. In the perfect model all cases show actual observations i.e., companies that experience *financial distress* (value of 1) and those that do not experience *financial distress* (value of 0), with 100% forecasting accuracy. In the table above, the prediction of SMEs experiencing *financial distress* is 86.8%, while those who do not experience *financial distress* are 65.4%. Estimates show that the accuracy rate in this model is 78.1%.

$$\ln \frac{p}{1-p} = 11.913 + 0.68 CR_i - 6.993 OITA_i - 0.003 STA_i - 0.998 SIZE_i + 0.011 AGE_i - 23.915 INF_i - 0.198 RR_i$$

Table 4 Classification Table (Wald Test)

	B	Sig.
CR	0.68	0.105
OITA	-6.984	0.025*
STA	-0.003	0.932
AGE	0.012	0.746
SIZE	-1.049	0.265
INF	-13.599	0.786
RR	-0.198	0.651

	B	Sig.
Constant	11.913	0.262

*with a significance level of 0.05.

Based on Table 4, variable *current ratio and short-term liability to total assets* have no significant effect on *financial distress*. Contrary with the research of Thim (2011), Mselmi (2017), Cultrera (2016) and Abdullah (2014), which stated that companies experiencing *financial distress* are companies that experience low liquidity ratios, because *the current ratio* is too high so it can be concluded that sample companies are not effective in using their current assets. This means that SMEs listed on the IDX still have good liquidity, where based on data, the average amount of current assets is still 30 times the number of current liabilities. Contrary with research Abdullah (2014) and Filipe (2016) which states that the probability of *financial distress* will increase if the leverage ratio increases. This means that SMEs listed on the IDX still use a fairly good amount of short-term loans when compared to the assets owned, so changes to short-term loans will not have too much effect on the company's finances.

While *the operating income to total assets* has a significantly negative effect, this shows that if *the operating to total assets* in an SME increases, it will reduce the probability of *financial distress* in an SME. ini in line with research conducted by Thim (2011), Cultrera (2016), Mselmi (2017), Kristanti et al. (2019) and Abdullah (2014), which stated That a higher profitability ratio will provide higher profits so that it will reduce the probability of *financial distress*. When viewed based on data, average profitability is at a negative level during the study period, so low profitability will increase the probability of *financial distress*.

Variable *size and age* have no significant effect on *financial distress*. Contrary to research conducted by Thim (2011), Cultrera (2016) and Muigai (2017) which found evidence that the size of the company has a significant effect on *financial distress*. But this research is in line with Yazdanfar (2020), which showed that the size of the company has no effect on *financial distress* in Swedish SMEs. The lack of a relationship between size and *financial distress* can be related to environmental conditions in Indonesia, such as the legal system, regulations, bankruptcy, and taxation system. This can also be caused because the size of SMEs listed on the IDX is generally still included in the group of small companies so that the size of the company does not have an influence on *financial distress* conditions. It was not aligned with research by Abdullah (2014) and Cultrera (2019) which showed the negative significance of the company's age variable to *financial distress*. This can be attributed to the good management of the resources and capabilities of the company. A young company does not mean less experienced in managing the company, but the quality of good company management determines how to work well for the company.

Variable inflation and BI 7 Days Repo Rate have no significant effect on *financial distress*. Contrary with Li's (2020), which states that macroeconomic factors cause the risk of *financial distress*. This is related to the efficiency of production and operational costs carried out by SMEs, so that inflation indicators do not affect the financial governance of the company. This shows that SMEs listed on the IDX are not too affected by changes in interest rates, SMEs are seen to still use relatively safe sources of funding, because the number of assets is still small, SMEs cannot take high-risk sources of funding.

5.0 CONCLUSIONS, SUGGESTIONS, AND LIMITATIONS

Economic growth in Indonesia is strongly influenced by SMEs, so that SMEs do not experience *financial distress*. Efforts that must be done are not easy, while according to the results of this study, it shows that only profitability variables projected with *operating income to total assets* have a significant negative influence on *financial distress*. That is, assuming a fixed total asset,

if *operating income* in SMEs increases, it will reduce the possibility of *financial distress* in these SMEs. Conversely, assuming a fixed *operating income*, if SMEs make the efficiency of total assets, it can reduce the occurrence of *financial distress* in these SMEs. Considering that SMEs on the IDX include having the most minimum number of assets, in *avoiding financial distress*, the company should be able to maintain that *the operating income trend* can always be positive, through increasing sales and efficiency of the company's operating costs. If the company experiences a decrease in *operating income* this can indicate *financial distress*, then the company's management can begin to take measures to mitigate the company's finances. Meanwhile, when viewed from liquidity variables projected with *current ratio* and leverage projected with *short term liabilities to total assets*, it shows that the company is not effective in using its current assets but uses short-term loans quite well. Then, when viewed from the size and age of the company, it shows that although the sample company is generally small and young, but it does not significantly affect the occurrence of financial distress, because many things affect more, such as cost efficiency, *the current ratio* value is very high so that the size of the company becomes less affecting.

When viewed from macroeconomic variables as measured by inflation and BI 7 days reverse repo rate, it can be concluded that the occurrence of *financial distress* in sample companies is not influenced by variables outside the company because sample companies generally use sources of funds from short-term loans, not high-risk funding so that neither inflation nor interest rates affect *financial distress*.

This study has a high model accuracy rate at 78.1% in *predicting financial distress* but has limitations, subsequent studies can use a longer research period to provide better results. This research also still uses one measuring instrument on each measurement ratio, in future studies can try to use several other measuring instruments for *firm characteristic variables* so that the identification of measuring instruments that specifically affect financial distress in SMEs on the IDX, as conducted in khoja research (2019) which uses *quick ratio* as a proxy for liquidity variables or uses *total debt to total capital* as a proxy for leverage variables as conducted in Muigai 's(2017). In this study macroeconomic variables have no influence on *the financial distress* of SMEs listed on the IDX, but further research can use dummy variables of state conditions for example by using whether state conditions such as pandemics or crises can cause *financial distress* to an SME, as done in (Yazdanfar & Ohman 2020).

To avoid *financial distress*, SMEs can make efficiencies on costs including COGS and operational costs to increase *operating income*. SMEs must also begin to maintain their level of liquidity stability, leverage, and managerial capabilities in line with the increasing assets of the company.

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THE IMPACT OF COVID-19 PANDEMIC ON ONLINE LEARNING: THE ROLE OF CONCEPTUAL MOTIVATION MODELS AND THE URGENCY ON STUDENTS SUSTAINABLE WELLBEING (CASE STUDY ON HIGHER EDUCATION STUDENTS IN DKI JAKARTA)

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ABSTRACT

This study aims to examine the Impact of Covid-19 Pandemic on Online Learning: The Role of Conceptual Motivation Models and The Urgency on Students Sustainable Wellbeing with the variables Self-Determination, Self-Efficacy, Self-Regulation, Digital Literacy, Family Support, University Support, Emotional Engagement, and Students Sustainable Wellbeing. This research was conducted on university students in DKI Jakarta. The sample in this study consisted of 143 respondents. The analytical method used is Structural Equation Modeling (SEM). The results of the analysis show that digital literacy and emotional engagement have an influence on students' sustainable wellbeing. Meanwhile, self-determination, self-efficacy, self-regulation, family support, and university support have no effect on students' sustainable wellbeing.

Keywords: *Self-Determination, Self-Efficacy, Self-Regulation, Digital Literacy, Family Support, University Support, Emotional Engagement, Students Sustainable Wellbeing.*

1.0 BACKGROUND

Since the first case appeared in Indonesia in early March 2020, the SARS-CoV-2 virus has not yet to be controlled. Based on data from the Ministry of Health of the Republic Indonesia (2020), as many as 24.79% were infected by Covid-19 virus in the age range of 19-30 years, and students were in that age range. Based on data from graduates from DKI Jakarta Universities in 2020, a total of 122,841 students graduated in 2020, both from State Universities and Private Universities.

Indonesia is one of the fourth most populous countries in the world. With an abundant population, it can have a positive impact on development (Paulina, 2019). The large number of people at a young age can be a potential source of workers. On the other hand, it can have a negative impact on the country's economic growth (Harun, 2020).

Indonesia has designed a roadmap for "Indonesia Emas 2045" about the challenges that the world will face in 2045, including competition for natural resources, technological developments, climate change catastrophic due to the increase in the earth's temperature by about 2.4°C in the middle Ages (IPCC, 2021), and others.

The number of people with a young age is in line with the vision and mission of Indonesia Emas 2045 which has an insight into social justice and ecology, the existence of equality for science and technology, creating sustainable development goals (SDGs) and others.

Technological developments and the impact of the Covid-19 pandemic have triggered various changes. Changes in the world of education include changes in learning methods from offline to online, or blended learning methods. Online learning is learning that conveys at least 80% of learning materials online, and the rest is a face-to-face ratio.

Based on research from Al-Kumaim et al. (2021), they developed a conceptual model of integrated motivation for higher education at Universiti Teknikal Malaysia Melaka (UTeM) to address the challenges and obstacles faced by students in ensuring students sustainable wellbeing. The conceptual motivation model consists of three integrated concepts, namely personal factors, technical factors, and socio-environmental factors. Personal factors are self-determination, self-efficacy, and self-regulation. Technical factors include digital literacy, and socio-environmental factors, namely family support, university support, and emotional engagement.

The determination of self-determination is divided into three needs (both in terms of psychological factors and personal needs), namely autonomy, competence, and relatedness (Ryan & Deci, 2020). If students can reach these needs, then they can improve their level of mental health and self-motivation in learning. Research says that the quality of experience and performance varies as a function of individual behavior (Ryan & Deci, 2020). Self-efficacy refers to an individual's ability to complete tasks with confidence (Bandura, 2006). Several studies say that self-efficacy contributes to achieving student academic achievement (Richardson et al., 2013). In addition, self-efficacy contributes to the well-being of students and the quality of their academic performance.

Self-regulation is the individual's willingness to learn independently in achieving the goals to be achieved (Al-Kumaim et al., 2021). Research shows that students' ability to use self-regulated learning strategies is positively related to higher grades and less delay in completing assignments (Pintrich, 2000). Digital literacy refers to an individual's ability to understand and use information in several formats, to think critically when communicating using digital technology (Biasutti, 2017). Several recent studies emphasize the importance of digital literacy and identify a strong relationship and positive effect on student motivation and well-being (Dey & Bandyopadhyay, 2019). Universities need to prepare digital literacy to equip their students with the skills, knowledge, and attitudes needed to interact with digital tools and platforms effectively, and efficiently.

Family support has become more important during the Covid-19 pandemic in helping students to be more resilient when online learning, but family support can be a double-edged sword in an online learning environment. (Al-Kumaim et al., 2021). Family support is a motivation for students to study seriously in the educational process carried out. Based on research conducted by (Permatasari et al., 2021) at the Makassar Marine Science Polytechnic. Family support plays an important role and impact on online learning is positive.

University support is an educational facility that plays an important role in supporting and improving students' abilities (Al-Kumaim et al., 2021). This is achieved through structured teaching from the lecturer as it can stimulate students intellectually by enabling them to develop

teamwork, communication, and problem solving skills. University support consists of three sub-factors that play a role in motivating students to overcome challenges when learning online, namely consulting support service, participative culture, and skilled supportive instructors (Al-Kumaim et al., 2021).

Emotional Engagement is a positive reaction that becomes an important element of the online learning process between students and lecturers to reduce the portion of face-to-face learning (Al-Kumaim et al., 2021). According to research from Carini et al. (2006) and Fredricks et al. (2004) said that students who have emotional engagement and a learning environment show a high level of success in learning and have high social interactions. Students' sustainable wellbeing is a positive emotional state which is the result of harmony between the number of factors in a certain context on personal needs, and expectations of higher education (Al-Kumaim et al., 2021). Students' sustainable wellbeing, mental health, and motivation during the Covid-19 pandemic are needed because the impact is very large on student life. Through the development of structured human resources in higher education, it is expected to develop the potential of students according to future needs (Adiwibowo & Harun, 2018).

2.0 THEORETICAL FOUNDATION STUDENTS' SUSTAINABLE WELLBEING

Students' sustainable wellbeing is a positive emotional state which is the result of harmony between the number of factors in a certain context on personal needs, and expectations of higher education (Al-Kumaim et al., 2021). Indicators of Students Sustainable Wellbeing can be divided into (Redondo et al., 2021; Rodríguez et al., 2020).

1. I have a level of confidence to learn and get good results (perceived competence).
2. Using certain concepts in learning can help me to be more focused (perceived usefulness).
3. Students' motivation in learning is quite high and they can understand every subject studied in class.
4. I have a purpose in life ahead.
5. As a student, I can develop my talents and potential.

2.1 Emotional Engagement

Emotional Engagement is a positive reaction that becomes an important element of the online learning process between students and lecturers to reduce the portion of face-to-face learning (Al-Kumaim et al., 2021). Motivated students will try to manage their time with balanced learning and organizational activities. Indicators of emotional engagement include: (Özhan & Kocadere, 2020).

1. Attention.
2. Love.
3. Joy.
4. Happiness, and joy provided by students in the learning environment.

2.2 University Support

University support is an educational facility that plays an important role in supporting and improving students abilities (Al-Kumaim et al., 2021). University support consists of three sub-factors that play an important role in motivating students, namely, consulting support

service, student participation culture, and skilled supportive instructor. Indicators from university support include (Kurniawan, 2019).

1. Universities provide educational support for outstanding/underprivileged students.
2. Universities provide support for concept development in their lectures.

2.3 Family Support

Family support in the learning process includes expectations, attributions, discipline orientation, family environment, parental participation, and family support systems to support student involvement in learning carried out in higher education (Reschly & Christenson, 2019). Family Support plays an important role in helping students to be more resilient in facing online learning (Al-Kumaim et al., 2021). Indicators of family support include: (Armstrong et al., 2015; Rizki et al., 2021).

1. My family is willing to help me in my studies (for example, giving pocket money, time, and work).
2. I get assistance and appreciation from the family (an award given as support in the form of feedback, assessment and reinforcement).
3. Family members understand about the difficulties that I have in higher education.
4. When college is disappointing, I have a family who can provide support and motivation.

2.4 Digital Literacy

Digital literacy is the ability to use digital technology to access, evaluate, and communicate information in a responsible and ethical manner (Johnston, 2020). Indicators of digital literacy (Pratama et al., 2019).

1. The ability of students to apply digital media in learning activities.
2. The number of books and reading materials used by students for learning activities.
3. The ability to choose the right information.

2.5 Self-Regulation

Self-regulation is the individual's willingness to learn independently in achieving the goals to be achieved (Al-Kumaim et al., 2021). Self regulation plays an important role in individual behavior and can set goals to be achieved. Indicators of self-regulation include (Hasan et al., 2021).

1. Students have the ability to control themselves (Metacognition).
2. Have motivation to learn and solve problems (Motivation).
3. Active in class (Behavior).

2.6 Self-Efficacy

The definition of self-efficacy is the ability of individuals to motivate themselves in achieving the goals they want to achieve and how they overcome these challenges.

(Tus, 2020). Indicators of self-efficacy refer to level, strength, and generality (Manara, 2008).

1. Students can complete assignments or projects on time given by the lecturer.

2. Students can motivate themselves to complete their assignments faster.
3. Students can try harder to complete the assignments given by the lecturer.
4. Students are able to overcome obstacles and rise from adversity.
5. Students are able to solve their problems in higher education learning.

2.7 Self-Determination

Self-determination is motivation that has been conceptualized and measured in Self Determination Theory (Ryan & Deci, 2020). There are two types of self-determination theory, namely intrinsic motivation and extrinsic motivation. Indicators of self-determination include: (Ntoumanis et al., 2021).

1. Have good physical health.
2. Have a good level of mental health (high perceived quality of life).

3.0 CONCEPTUAL FRAMEWORK

3.1 The Effect of Self Determination on Students Sustainable Wellbeing

Individuals who have self-determination have a major impact on their well-being. The study saw the existence of self-determination in the context of perceived needs (autonomy, relatedness, and competence). The need that is felt is driven by the teaching carried out by the lecturer and can improve the welfare of students in the future (students sustainable wellbeing). It can be concluded that self-determination has a positive effect on students' sustainable wellbeing (Chiu & Chai, 2020).

H1: Self Determination has no significant positive effect on Students Sustainable Wellbeing

Ha1: Self Determination has a significant positive effect on Students Sustainable Wellbeing

3.2 The Effect of Self-Efficacy on Students Sustainable Wellbeing

Individuals who have higher self-efficacy are very influential on students' sustainable wellbeing. This is in line with research which shows that self-efficacy has a positive effect and contributes strongly to sustainable wellbeing (Xu et al., 2021).

H2: Self Efficacy has no significant positive effect on Students Sustainable Wellbeing

Ha2: Self Efficacy has a significant positive effect on Students Sustainable Wellbeing

3.3 The Effect of Self-Regulation on Students Sustainable Wellbeing

Based on a study conducted on doctors and medical students at Canadian Universities. The study demonstrated the self-regulation capacity of doctors and medical students to explore its impact on psychological well-being and fatigue. Higher self-regulation capacity significantly has a positive impact with higher psychological well-being and less fatigue in them (Gagnon et al., 2016).

H3: Self-Regulation does not have a significant positive effect on Students Sustainable Wellbeing

Ha3: Self-Regulation has a significant positive effect on Students Sustainable Wellbeing

3.4 The Effect of Digital Literacy on Students Sustainable Wellbeing

The importance of digital literacy in online learning is needed for students to facilitate the learning process. Based on research conducted by (Monge Roffarello & De Russis, 2019), they say that digital literacy has a very positive effect on student wellbeing because it can increase their motivation and academic performance.

H4: Digital Literacy has no significant positive effect on Students Sustainable Wellbeing

Ha4: Digital Literacy has a significant positive effect on Students Sustainable Wellbeing

3.5 The Effect of Family Support on Students Sustainable Wellbeing

Based on research conducted by (Moore et al., 2018) on students aged 11-16 years attending school in Wales, revealed that a positive relationship with teachers and family support (family support) was consistently associated with significantly better mental health and students' sustainable wellbeing. However, the role of peers in the classroom can have a positive or negative impact on the health and well-being of students.

H5: Family Support does not have a significant positive effect on Students Sustainable Wellbeing

Ha5: Family Support has a significant positive effect on Students Sustainable Wellbeing

3.6 The Effect of University Support on Students' Sustainable Wellbeing

The existence of university support plays a very important role for students in conducting online learning during this pandemic. Based on research from (Al- Kumaim et al., 2021), they stated that university support had a positive effect on students' sustainable wellbeing. Meanwhile, other studies say that the level of quality of education in higher education depends on two aspects, namely student welfare and learning achievement (Dey & Bandyopadhyay, 2019).

H6: University Support does not have a significant positive effect on Students Sustainable Wellbeing

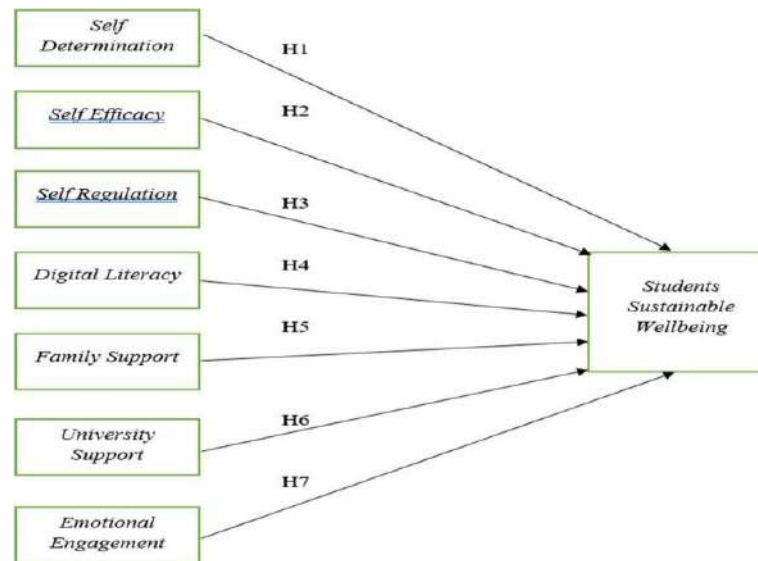
Ha6: University Support has a significant positive effect on Students Sustainable Wellbeing

3.6 The Effect of Emotional Engagement on Students Sustainable Wellbeing

Based on research conducted on students of SMK majoring in accounting for XI class in Jatianangor. The research shows that having peer support can increase emotional engagement and have good relationships with friends (Wijayanti et al., 2019). Of course, individuals who have a positive level of understanding of emotional engagement can maintain their welfare (students sustainable wellbeing). H7: Emotional Engagement does not have a significant positive effect on Students Sustainable Wellbeing

Ha7: Emotional Engagement has a significant positive effect on Students Sustainable Wellbeing

Kerangka Penelitian



4.0 RESEARCH METHODOLOGY

In this study, the sampling method used the Hair formula, which is as follows (Hair et al.,2010):
(Number of indicators x parameter estimates)

Minimum sample $28 \times 5 = 140$ respondents.

Based on the formula above, the minimum number of samples in this study is 140 university student respondents in DKI Jakarta.

5.0 RESULTS AND DISCUSSION

5.1 Data Analysis Results

The data analysis method used in this study is Structural Equation Modeling using the AMOS 22 application as an effort to test the hypothesis.

5.2 Model Specification

This study uses analysis with SEM in hypothesis testing.

5.3 Model Identification

Model identification is an understanding related to the Degree of Freedom in SEM before model testing is carried out.

Table 5.1 Computation Degree of Freedom

Number of distinct sample moments	300
Number of distinct parameters to be estimated	76
Degrees of freedom (300 - 76)	224

Source: Results of processing by researchers with AMOS 22 (2021)

5.4 Measurement Model Test Results Validity and Reliability Test

Table 5.2 Validity and Reliability Test After Elimination

Variable	Indicator	Validity Test		Reliability Test		
		Factor Loading	Conclusion	AVE ≥ 0.5	CR ≥ 0.7	Conclusion
Self Determination	SD1	0.706	Valid	0.634	0.774	Reliable
	SD2	0.878	Valid			
Self-Efficacy	SE1	0.606	Valid	0.581	0.873	Reliable
	SE2	0.788	Valid			
	SE3	0.786	Valid			
	SE4	0.857	Valid			
	SE5	0.747	Valid			
Self- Regulation	SR1	0.809	Valid	0.552	0.799	Reliable
	SR2	0.859	Valid			
	SR3	0.512	Valid			
Digital Literacy	DL1	0.670	Valid	0.430	0.693	Unreliable
	DL2	0.656	Valid			
	DL3	0.640	Valid			
Family Support	FS2	0.847	Valid	0.739	0.850	Reliable
	FS3	0.872	Valid			
University Support	US1	0.745	Valid	0.775	0.871	Reliable
	US2	0.997	Valid			
Emotional Engagement	EE1	0.633	Valid	0.703	0.874	Reliable
	EE3	0.927	Valid			
	EE4	0.922	Valid			
Students Sustainable Wellbeing	SSW1	0.796	Valid	0.610	0.861	Reliable
	SSW2	0.768	Valid			
	SSW3	0.861	Valid			
	SSW5	0.688	Valid			

Source: Results of Data Processing Using the AMOS 22 Application

There is one variable, namely digital literacy whose AVE value is less reliable because the value is 0.430. Generally, the question measuring instrument is valid but less reliable or unreliable due to ambiguous words in the question indicator, causing various perceptions (American Educational Research Association, American Psychological Association, 1985).

5.5 Overall Model Fit Test Goodness of Fit

Table 5.3 Results of the analysis of several GOF index

GOF	Cuts of Value	Analysis Results	Model Evaluation
CMIN/DF	CMIN/DF ≤ 0.5 (good fit)	2.355	Good Fit
CFI	CFI ≥ 0.90 (good fit) 0.80 ≤ CFI ≤ 0.90 (marginal fit) CFI ≤ 0.80 (poor fit)	0.868	Marginal Fit
RMSEA	RMSEA ≤ 0.08 (good fit) 0.08 ≤ RMSEA ≤ 0.10 (marginal fit) RMSEA ≥ 0.10 (poor fit)	0.98	Marginal Fit

Source: Results of Data Processing Using the AMOS 22 Application

In assessing the GOF of an SEM as a whole (overall) it cannot be done directly as in the multivariate technique. The model is said to be a good fit if the value of CMIN/DF 5.0, CFI 0.90 and RMSEA 0.08.

5.6 Hypothesis Testing Results

If the estimated value from the analysis shows positive results and has a p value < 0.05, then the hypothesis is proven to be significant and is supported by the data (Ho is rejected). If the estimated value shows negative results and the p value > 0.05, the hypothesis is proven to be insignificant and not supported by the data (Ho is accepted).

Table 5.4 Output Regression Weight Result

Hypothesis	Estimate	p-value	Result
Self Determination → Students Sustainable Wellbeing	0.003	0.976	H1 is not supported by data
Self-Efficacy → Students Sustainable Wellbeing	0.650	0.201	H2 is not supported by data
Self-Regulation → Students Sustainable Wellbeing	-0.534	0.440	H3 is not supported by data
Digital Literacy → Students Sustainable Wellbeing	0.554	0.018	H4 is supported by data
Family Support → Students Sustainable Wellbeing	-0.166	0.062	H5 is not supported by data
University Support → Students Sustainable Wellbeing	0.61	0.390	H6 is not supported by data
Emotional Engagement → Students Sustainable Wellbeing	0.275	0.034	H7 is supported by data

Source: Processing results using AMOS 22 (2021)

The Effect of Self Determination on Students Sustainable Wellbeing

The results of a study conducted by (Chiu & Chai, 2020), Individuals who have self-determination have a large and positive impact on students' sustainable wellbeing. However, in this study, self-determination is not a factor that affects students' sustainable wellbeing. It can be concluded that the majority of students do not understand their intrinsic and extrinsic

motivation. Then this can also happen because students do not have good behavioral control and individual tendencies in seeking new learning and knowledge that will be applied when interacting with other people.

The Effect of Self-Efficacy on Students' Sustainable Wellbeing

The results of research conducted by (Xu et al., 2021) proves that individuals who have high self-efficacy have a positive and strong contribution to students' sustainable wellbeing. However, in this study, self-efficacy is not a factor that influences students' sustainable wellbeing. This can be caused by several factors, including inadequate internet network when sending assignments, not being able to motivate themselves to complete assignments faster, lack of student motivation, difficulty managing time between educational learning and other activities carried out, and not being able to control emotions well.

The Effect of Self-Regulation on Students Sustainable Wellbeing

In research conducted by Gagnon et al. (2016), Higher self-regulatory capacity was significantly associated with higher psychological well-being and less fatigue among them. However, in this study, self-regulation is not a factor that influences students' sustainable wellbeing. This can be caused by changes in the biological, emotional, and cognitive aspects of students from the transition period from adolescence to adulthood. Then it can also be caused because during the covid-19 pandemic it was a quite difficult period for students to adapt to new things such as online learning activities, and the lack of interaction with the surrounding environment.

The Effect of Digital Literacy on Students' Sustainable Wellbeing

The results of this study are in line with Monge and De Russis (2019), they say that digital literacy has a very positive effect on student wellbeing (students sustainable wellbeing) because it can increase their motivation and academic performance. This can be due to the ability to apply digital media in student learning activities is quite good, and the existence of online learning media can help students and lecturers carry out learning activities carried out during online learning. Of course, students that have good ability in digital literacy can increase their wellbeing.

The Effect of Family Support on Students Sustainable Wellbeing

Based on research conducted by Moore et al. (2018), revealed that a positive relationship with teachers and support from the family (family support) was consistently associated with significantly better levels of mental health and student sustainable wellbeing. However, in this study, family support is not a factor that influences students' sustainable wellbeing. This can be caused by the lack of assistance and appreciation given by the family to students. Giving rewards from parents to children is important, so that they can spur themselves to be even better in the learning carried out during lectures.

Second the lack of openness between students and their parents so that communication between the two parties is not smooth. To facilitate learning activities from offline to online, social support for students is needed. Social support is the feedback given by parents in communicating with their children who demonstrates a high level of care, comfort, and assistance (Heriyani et al., 2022).

The Effect of University Support on Students Sustainable Wellbeing

Based on research from (Al-Kumaim et al., 2021), they stated that university support had a

positive effect on students' sustainable wellbeing. However, in this study, university support is not a factor that influences students' sustainable wellbeing. It can be concluded that universities do not provide educational support for outstanding or underprivileged students. This can be due to the fact that during the pandemic, universities have less income from prospective new students, thus reducing the circulation of money.

Then it can be concluded that universities have not been able to develop concepts in lectures. This can be caused because universities still rely on the behaviouristic paradigm or only focus on one-way learning which causes students to tend to be more passive. To increase the role of universities in achieving students' sustainable wellbeing, a constructivist paradigm is needed. Constructivist paradigm is a position where students get the opportunity to understand and develop the material they are studying independently (Ahmad Taufiq, 2018). The role of universities in achieving the constructivist paradigm can also innovate in learning such as not only focusing on one goal, but also being able to combine one issue with several sciences (transdisciplinary education).

The Effect of Emotional Engagement on Students Sustainable Wellbeing

The results of this study are in line with (Wijayanti et al., 2019), showing that having peer support can increase emotional engagement and have good relationships with friends. The existence of a positive level of understanding of emotional engagement can increase students' intrinsic motivation and extrinsic motivation in carrying out their learning activities. Of course, individuals who have a positive level of understanding of emotional engagement can improve their welfare (students sustainable wellbeing).

5.7 Managerial Implications

The managerial implications in this study are based on hypotheses supported by the data, namely the independent variables of digital literacy, and emotional engagement.

Table 5.5 The average value of the Digital Literacy questionnaire

No	Question Indicator	Answer Results						Mean Indicator	Mean
		1	2	3	4	5	6		
1	DL 1: I have the ability to apply digital media in learning activities.	0	0	7	29	79	28	4.895	4.534
2	DL 2: The number of books and reading materials used by me for learning activities is quite a lot.	1	15	30	55	32	10	3.923	
3	DL 3: I have the ability to choose the right information.	0	0	6	38	80	19	4.783	

Source: Results of Data Processing Using the AMOS 22 Application

Based on the average value of respondents in table 5.5, implications can be made by looking at the indicators that have the lowest value to the highest value, namely:

1. Based on the DL2 indicator, some suggestions can be given to students, namely writing notes to help them stay focused, and being able to integrate real-world problem-solving skills into the higher education curriculum.

2. Based on the DL3 indicator, some suggestions can be given to students, namely "digging" deeper when conducting searches, finding primary sources, and checking other credible sources.
3. Based on the DL1 indicator, some suggestions can be given to students, namely emphasizing the importance of critical thinking, and using Massive Open Online Course applications such as Agora, Coursera, edX, and others to help students in learning activities and add new knowledge.

Table 5.6 Average score of the Emotional Engagement questionnaire

No	Question Indicator	Answer Results						Mean Indicator	Mean
		1	2	3	4	5	6		
1	EE 1: There is a form of attention from the environment around me.	0	5	14	41	58	25	4.587	4.436
2	EE 3: I have joy in carrying out learning activities.	2	5	21	53	49	13	4.266	
3	EE 4: There is happiness and joy that is given to me in a learning environment.	1	3	14	51	60	14	4.455	

Source: Results of Data Processing Using the AMOS 22 Application Based on the average value of respondents in table 5.6, implications can be made by looking at the indicators that have the lowest value to the highest value, namely:

1. Based on the EE3 indicator, some suggestions can be given to students, namely they must stay focused on the learning they are doing, and can learn by combining several other aspects of learning. When students are involved in the learning process more "challenging", they will be more emotionally involved.
2. Based on the EE4 indicator, some suggestions can be given to students, namely, first using team building in a learning environment. The existence of community and togetherness with each other can improve students' self- confidence, so that they bring joy in a learning environment. Second, letting students lead so that they gain experience and improve their welfare.
3. Based on the EE1 indicator, some suggestions can be given to students, namely, first use a comfortable place to study. The right way to sit can also improve posture, reduce the risk of injury and abnormalities in the spine (scoliosis, kyphosis, and lordosis). Second, certain noise levels can affect student learning activities, and the presence of natural lighting can help students focus more on their learning activities. Natural light can improve mood and reduce feelings of stress and anxiety.

6.0 CONCLUSION

This study aims to analyse how The Impact of Covid-19 Pandemic on Online Learning: The Role of Conceptual Motivation Models and The Urgency on Students Sustainable Wellbeing to college students in DKI Jakarta with the number of respondents as many as 143 people. Based on the results of data processing carried out, the following hypothetical conclusions

were obtained:

1. There is no positive and significant effect of self-determination on students' sustainable wellbeing.
2. There is no positive and significant effect of self-efficacy on students' sustainable wellbeing.
3. There is no positive and significant effect of self-regulation on students' sustainable wellbeing.
4. There is a positive and significant influence of digital literacy on students' sustainable wellbeing.
5. There is no positive and significant effect of family support on students' sustainable wellbeing.
6. There is no positive and significant influence from university support on students' sustainable wellbeing.
7. There is a positive and significant effect of emotional engagement on students' sustainable wellbeing.

7.0 SUGGESTIONS FOR FURTHER RESEARCH

1. Based on the limitations of the author, for further research it is recommended to add intervening variables that have an influence on students' sustainable wellbeing, such as academic resilience.
2. Based on the limitations of the author, it is recommended that you choose the discussion of the constructivist paradigm or transdisciplinary education in further research.
3. When the pandemic becomes endemic, further research is recommended on a similar topic.

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CHALLENGES ON ACCOUNTING PRACTICES AND CAPITAL FUNDING AMONG MICRO BUSINESS IN MALAYSIA: A DESCRIPTIVE ANALYSIS

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ABSTRACT

Micro business provides a significant contribution to the economic growth. Nowadays, there is an increasing number of micro business. However, micro business was not able to compete in capital market. Therefore, the objectives of this paper are (i) to identify basic accounting practices among micro business in Malaysia; (ii) to identify the challenges on accounting practices and external capitals among micro business in Malaysia (iii) to propose a simple accounting module for micro business. Online questionnaire was distributed to micro business owner. The descriptive analysis was conducted using SPSS version 28. Overall, this study found that the respondents agreed accounting barriers, funding barriers, and key profile of micro business are the challenges for micro business to survive in the capital market. Additional finding found that technology and pandemic are also part of the challenges. This paper proposed a simple module for accounting practice and proper financial statement. The training for micro business owner is also needed to enhance their financial literacy. For example, encourage professional and academic experts to provide training on voluntarily basis to the micro business. By identifying these challenges, it may provide opportunity for improvement for micro business's strategy and policy maker for micro financing such as Bank Negara and SME Corp Malaysia.

Keywords: *Micro business, accounting, funding, financial literacy, micro financing.*

1.0 INTRODUCTION

Micro business is one of the main drivers of economic growth. Previous studies have stated that micro business contributes to Gross Domestic Product (GDP) of countries around the world including China, Germany, Japan, Korea and Malaysia, where the contribution percentage is between 40% to 60% to the country's GDP. Micro business contributing to the country's economy growth by creating dynamic market-oriented, providing opportunities for the workforce, reducing poverty as well as promoting democratization. Micro business provides employment opportunities to over four million workers in Malaysia (Bank Negara Malaysia, 2021).

Micro business can be defined based on the sales turnover or number of full-time employees (whichever is lower). In Malaysia, guideline issued by SME Corp. Malaysia defined micro business, as business which has sales turnover of less than RM300,000 or less than 5 full-time employees.

The Malaysian Government supports the growth of micro business by considering it in the 11th National Economic Plan (RMKe-11), developing SME Masterplan initiative (2012-2020) and the implementation of the 6 High Impact Programs including the other supporting plan. Even though the economy is affected by COVID-19 pandemic, financial institutions are actively supporting financial assistance and loans to micro business so that small businesses can

continue their businesses and engage in investment activities that can benefit their business growth. The Malaysian Government also introduced PENJANA (*Pelan Jana Semula Ekonomi Negara*) or the National Economic Recovery Plan as an inclusive and holistic approach to Malaysia's economic recovery. Information on each program, finance assistance or scheme by Bank Negara Malaysia and SME Corp Malaysia are on the website (<https://www.bnm.gov.my/sme-financing>).

1.1 Research Problem

Globally, the research found the trend on the existence of small and medium enterprise companies is very encouraging, however, only a handful of SMEs including micro businesses have managed to maintain competition in the market. Most of them had to close operations halfway. Although there are various factors that influence the inability to compete in the market, but the failure to manage finances is among the factors that contribute to the failure. (Robyn & Johnny, 2020).

Due to that, a study by Kitomo et al. (2020) discussed how SMEs which include micro business faced a challenge to obtain bank loan as an external capital due to low financial literacy. Similarly, a study from Malaysia also discusses similar issue faced by micro business, which is the application for financial credit was unsuccessful whenever they proceed for application due to the inability of micro business to provide complete business accounting records (Muridan & Ibrahim, 2016). Roslan et al. (2018) discussed that micro business may face lack of capital assistance resulted from unsuccessful of getting credit facilities. This might cause the growth of micro businesses to be slowed down.

Though various initiatives have been implemented by the respective parties, yet micro business unable to compete in the market due to lack of capital even though various initiatives of capital assistance have been provided. Therefore, to search for the factors that influence the inability to be in this market require further study so that a precise solution can be put forward for the well-being of micro business.

1.2 Research Objectives

- i. To identify basic accounting practices among micro business in Malaysia.
- ii. To identify the challenges on accounting practices and external capitals funding among micro business in Malaysia.
- iii. To propose a simple accounting module for microbusiness.

2.0 LITERATURE REVIEW

Generally, the implementation of accounting practices for micro business may help them to evaluate their performances and identify shortcomings and business potential for future improvement. It is very important for micro-entrepreneur to know the basic principles of accounting, for example how to separate business items and personal items (Abdul Razak et al., 2021)

The positive effects of adopting accounting practice provide a justification to the bank's approval especially if micro business applies for loan facilities (Zelie et al., 2020). Additionally, accounting information can be described as the liquidity position of a business and encourage additional capital investment on the business (Kitomo et al., 2020).

Agir (2017) conducted a survey among micro businesses in Nigeria found that inability to prepare accounting reports leads to low financial performance of micro business, difficult to obtain financial assistance and challenges to the budgeting implementation. Most seriously this may lead to the business collapse (Qubbaja, 2020). Failure in the financial management

may result on the liquidity challenges and close down of business even in the early year of operation and may causes for business failure (Barbosa ,2021; Rachapaettayakom et al.,2020).

Kitomo et al. (2020) mentioned some of the challenges for micro business are to provide accounting records due to low financial literacy and lack of financial discipline. In fact, most micro business owners have lack of knowledge in accounting causing them to refuse to implement accounting practice. However, this may lead to difficulties in obtaining bank approval for loan applications.

A study conducted by Roslan et al. (2018) involving micro entrepreneurs in Malaysia found that micro entrepreneurs do not keep their business records and are not concerned on the separation of business and private transactions. Their study also found that micro entrepreneurs practice business records manually but has low level of accounting literacy.

Micro businesses also face challenges to implement practical accounting due to lack of awareness of the importance of accounting practices to the micro business (Adhikari, 2020). In fact, this is supported by Rukmini et al.(2020) which found that micro businesses and SMEs in Indonesia believed that preparing financial statements and keeping accounting records is a waste of time and increase costs to micro businesses.

In addition, the challenges to micro business in preparing financial statements and practicing the accounting system is due to lack of skill in accounting, unaware attitude of micro business owners, high cost to hire related parties to prepare accounts as well as their concerns on the business accounting information will create attention of the regulator for tax collection (Qubbaja, 2020).

Furthermore, the size of micro business is considered as a weakness in terms of finance and human resources. It also leads to technical and bureaucratic challenges for micro business. Most micro businesses are said to have limitations in obtaining funds from fund providers. Even micro business is considered as risky and subject to conditions that are difficult to meet by micro business (Harun Jasin et al., 2016; Mohd Thas Thaker & Mohammed, 2015). Therefore, survey conducted by Kandasamy, Lee, & Ng(2018) recommends for a secured framework for small business, initiatives on monetary, digital, regulation, facilities and social protection agenda for small business since technology is also a part of the challenges to micro business.

3.0 RESEARCH METHODOLOGY

Questionnaire was distributed online. As a result, a total of 103 usable questionnaires were obtained from micro business owners. Data were analysed using Statistical Package for Social Science (SPSS) version 28. The analysis involved in this study is frequency analysis. The questionnaire assessed on the basic of accounting practices such as profit calculation, objective of record keeping, challenges on preparing business financial statement, challenges for obtaining external capital and awareness on micro financing resources.

4.0 FINDINGS

Table 1: Formula for profit calculation

	Frequency	Percent (%)
Not Sure	4	3.9
Sales - COGS	10	9.7
Sales - COGS - Expenses	86	83.5
Total Sales	3	2.9
Total	103	100

Table 1 showed that 83.5% (f = 86) respondents agreed that the formula for calculating business profit is sales minus cost of goods sold minus expenses. This indicates that micro business owners have a good foundation of accounting knowledge. On the other hand, although the percentage is very small, 16.5% of the respondents gave wrong or uncertain formula choice, this basic knowledge needs to be understood by every entrepreneur. Therefore, it's good to organize training for micro business owner so that they have a clearer information on how profit is calculated in a business.

Table 2: Frequency analysis of objectives of record keeping

	Profit & Loss		Assets, Liabilities Capital		Credit Facilities		Taxation		Personal	
	F	%	F	%	F	%	F	%	F	%
Not Sure	0	0	0	0	0	0	0	0	0	0
Strongly Disagree	1	1	0	0	1	1	1	1	2	1.9
Disagree	2	1.9	6	5.8	11	10.7	7	6.8	19	18.4
Agree	32	31.1	35	34	42	40.8	34	33	39	37.9
Strongly Agree	68	66	62	60.2	49	47.6	61	59.2	43	41.7
Total	103	100	103	100	103	100	103	100	103	100

Table 2 showed the summary of frequency analysis on the objectives of record keeping. Overall, most respondents keep business records for the purpose of assessing their financial performance and financial position. Meaning that, more than 80% of the respondents in this study were aware of the use of financial statements to access various credit facilities provided by various micro financial institution in Malaysia.

Table 3: Frequency analysis of challenges in preparing business financial statements

	Skill & Expertise		Guidance		Time & Cost	
	F	%	F	%	F	%
Not Sure	5	4.9	8	7.8	16	15.5
Strongly Disagree	0	0	0	0	0	0
Disagree	6	5.8	4	3.9	52	50.5
Agree	52	50.5	59	57.3	31	30.1
Strongly Agree	40	38.8	32	31.1	52	50.5
Total	103	100	103	100	103	100

Table 3 summarizes the frequency analysis for the challenges in preparing business financial statements which showed that majority of the respondents agreed that they face challenges related to lack of knowledge and expertise on accounting and respondents also agreed that lack of help and guidance from certain parties who may help them to prepare the financial statement for their business are some of the challenges they faced.

Another significant finding from this analysis is that 50.5% of the respondents do not agree that time and cost constraint them to prepare financial statements. It can be discussed that micro-entrepreneur are willing to commit in term of cost and time, compared to other challenges that require commitment from external parties such as professional expertise and training from external parties to guide them to be more accounting literate.

This study also provides an open-ended question on the challenges to micro business in preparing business financial statements. Among the responses were: *not disciplined in managing documents; did not see the importance of business record layout as a mandatory matter; lack of technological knowledge because nowadays most procedures are online, especially during MCO*. This can be explained that, the attitude of owners, digital and technological factors are also among the latest challenges to micro business especially during pandemic and movement control order (MCO) to prepare business account.

Table 4: Frequency analysis of challenges for obtaining external capital

	Documentation		Bureaucracy		Lack of Information		Lack of Skill Expertise		Small Size	
	F	%	F	%	F	%	F	%	F	%
Not Sure	4	3.9	10	9.7	11	10.7	13	12.6	13	12.6
Strongly Disagree	0	0	0	0	2	1.9	1	1	0	0
Disagree	2	1.9	2	1.9	5	4.9	6	5.8	1	1
Agree	54	52.4	52	50.5	58	56.3	50	48.5	57	55.3
Strongly Agree	43	41.7	39	37.9	27	26.2	33	32	32	31.1
Total	103	100	103	100	103	100	103	100	103	100

Table 4, highlighted that 56.3% of the respondents agreed that lack of information on credit facilities is the main challenge for them to get approval for loan application. Information provided by micro financing institution is less likely to be successfully communicated to micro-entrepreneur. Furthermore, 55.3% of respondents agreed that the small business size as second barrier made it difficult for them to get approval for loan applications.

This study also provides an open-ended question on the challenges to micro business owners in obtaining external capital. Among the responses were: *it is difficult to get approval; competition with other entrepreneurs; eligibility for a loan based on the strength of financial statements; possibly not having sufficient assets and capital to make a loan application at the bank; lack of trust from the bank and Movement Control Order (MCO)*. In brief, the feedback explains that the procedures, business size and pandemics constrain micro-businesses to seek external capital assistance.

Table 5: Frequency analysis of awareness on micro financing resources

Times	Micro Financing Agency		Auditor		Website		Physical assistance	
	Freq	%	Freq	%	Freq	%	Freq	%
0	0	47	44	42.7	39	37.9	47	45.6
1	1	47	45	43.7	49	47.6	47	45.6
2	2	7	13	12.6	12	11.7	7	6.9
3	3	2	1	1	3	2.9	2	1.9
4	0	0	0	0	0	0	0	0
Total	103	100	103	100	103	100	103	100

Note: 0= Never 1= 1-10 times 2= 11-15 3= 16-20 times 4= more than 20 times

Table 5 concluded that respondents have less experience and knowledge on micro financing resources. There should be a strategy to be further intensified to create awareness among micro business owner about assistance information and training programs for them. The possibility of micro business owners do not access the website because they are still at a less familiar level with the digital world, so the information channelled or programs designed are less reachable to the targeted participants (micro-business).

Overall, this study provides a significant contribution to micro-business include leading them to a clearer path to seize the vast opportunities provided by agencies such as Bank Negara and even SME Corp. Malaysia. This study proposes a simple accounting template, attached to the questionnaire. The study also encourages any micro-business owners for an accounting literacy consultation. It is expected that this may assist the micro business owners to start their first move to be account literate and become stronger to compete in the market while successfully change the status of their business to a better category.

Among the limitation, this study identifies the issue based on descriptive method. Therefore, future research may examine the issue based on the relationship between the factors and challenges to micro business, consider the factor of technology and pandemic as challenges to micro business, conduct face to face interviews with micro financing institution and examine from both perspective of micro financing institution and micro-entrepreneur.

5.0 CONCLUSION

Good accounting practice can help micro business to reduce the challenges in accessing the credit facilities. In addition, micro business with good accounting practice can help the stability cycle of financial institution credit scheme by financial institutions. At the same time the regulatory body or policy maker such as Bank Negara, SME Corp, Inland Revenue Board (LHDN) and Securities Commission can strategize many more policies and frameworks for SME specifically for Micro-enterprise as well. Support and guidance from practitioners and academic experts to the micro business are important so that the existing and upcoming framework proposed by respective body can be practiced well.

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EFFECT OF COMPENSATION, WORKING CONDITION AND BURNOUT ON TURNOVER INTENTION: PALM OIL PLANTATION IN EAST KALIMANTAN INDONESIA CASE

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ABSTRACT

This study aims to investigate the determinants of turnover intention among plantation workers in a palm oil company in East Kalimantan. Based on the literature, this research hypothesizes that compensation, working conditions and burnout are related to turnover intention. Total of 195 questionnaires were returned from plantation workers. Data analysis used Structural Equation Model and Amos Application. The research explained that burnout has a positive and significant effect on turnover intention. Surprisingly, compensation and working conditions have no significant direct impact on turnover intention. Based on this study, the company should make sure that all employees do not experience burnout. Companies should provide facilities to prevent burnout such as sports and recreation facilities. It can be used by employees and their family members during non-working hour, in order to increase closer relationships between supervisors and subordinates. Another facility that is considered important in reducing burnout is the quality of Wi-Fi internet at the respondent's residence.

Key words: Turnover Intention, Burnout, Working Condition, Compensation.

1.0 INTRODUCTION

Oil palm plantations contribute to various aspects of life (economic, social, and ecological). Based on information from the Indonesia National Development Planning Agency, the number of workers absorbed in the palm oil industry is around 16.2 million workers consisting of 4.2 million direct workers and 12 million indirect workers, making it as labour-intensive industry that absorbs a lot of workforces (Hidayat et al., 2018). Palm oil companies in East Kalimantan province experienced problem in manpower adequacy due to high turnover rate, especially when the price of CPO going up. So that resulting in financial loss due to not achieving production target.

Employee turnover could influence company financial and non-financial aspect, and employee's individual factor and organizational factors. Individual factors, for example, are gender, age, length of work, work performance, stress and burnout, while organizational factors, for example, are compensation and benefit, working condition, company policy, job satisfaction and relation between superiors and co-workers (Lucas, 2015; Redditt et al., 2019; Boushey & Glynn, 2012; Andini, 2006; Moussa, 2013; Lee et al., 2016; Applebaum et al., 2010). Based on literature and observation in the field, we use combination of organizational factors and individual factors, as well as financial and non-financial factors. We choose compensation, working condition and employee's burnout as determinant of employee's

turnover intention.

2.0 LITERATURE REVIEW

Robbins and Judges (2019) explained turnover as the voluntary and involuntary permanent withdrawal from an organization, so turnover intention can occur voluntarily or involuntarily as well. Voluntary turnover is an employee's decision to leave the organization voluntarily, while involuntary turnover caused by employer's decision to terminate contract of employment. Turnover intention is the employee's intention to leave the organization intentionally and consciously (Tett & Meyer, 1993). Turnover intention is a very significant problem because the cost to replace employee will affect the company's income (Lucas, 2015). High turnover rates significantly increase the company's financial costs (Redditt et al., 2019). Turnover intention is expensive because it incur recruitment costs, training costs, and other costs (Boushey & Glynn, 2012). High turnover intention can cause company to be less effective due to the loss of experienced individuals (Andini, 2006). Since turnover intentions have negative impact on company efficiency, employers look for many ways to increase the stay of their workers (Moussa, 2013). Based on the theory of reason action (Ajzen, 1991), the intention to do something is an important predictor of a behaviour.

In the palm oil plantation, especially when the price is high, the need of employee is very critical and important. Human capability could not be replaced by tools or machine. Every palm oil plantation will try to retain its employees, and if there is still a shortage they will try to find it from other palm oil plantations. Lack of employees will cause a shortage of factory raw materials, and ultimately lose the opportunity to sell palm oil at high prices. That's why it's important to understand the factors that can cause employees to leave.

Employee compensation is any form of payment or reward given to employees as compensation of their working performance (Dessler, 2017). Compensation is received as a return for employee contribution to the organization. One of the goals of fair compensation is to increase work motivation and performance. Employees want their performance to be correlated with the rewards obtained from company. By providing compensation, employees will be able to meet their physical needs and social status to obtain job satisfaction. Compensation is also one of the ways used by companies to increase employee performance (Sudiardhita, 2013). Compensation has two aspects consist of direct and indirect financial payments. Direct financial payments are in the form of wages, salaries, incentives, commissions, and bonuses. Indirect financial payments are in the form of financial benefits, such as insurance, and vacation money paid by the company (Dessler, 2017). The purpose of compensation is to motivate employees to work harder, improve performance, increase loyalty, sense of belonging and responsibility and improve employee welfare (Jurdi, 2018). Working environment is the overall tools and materials, surrounding environment is where employee works, work methods, and work arrangements for both individual and group. Working environment is divided into two types i.e., physical, and non-physical working environment (Sedarmayanti, 2017). Physical work environment is all physical conditions surrounding workplace that can affect employees either directly or indirectly. Divided into two categories, environment directly related to employees (work areas, chairs, tables, machines), and intermediate environment or general environment affects the human condition (temperature, humidity, air circulation, lighting, noise, vibration, mechanical, unpleasant odours, colour). Non-physical working environment is all conditions related to working relationship, superiors and workers, or relationships among workers. Working environment is a factor related to work stress affecting work performance (Robbins & Coulter, 2010). Working environment is an important factor in every organization. Unfavourable working environment

will cause the company to experience decline working productivity. Physical work environment (noise, air quality, lighting, exposure to toxins, air temperature, humidity, aesthetics) will trigger turnover intention (Applebaum et al., 2010). When employees feel familiar with their superiors, they will be more interested and not interested to leave organization (Adebayo & Ogunsina, 2011). Lee et al. (2016) recommended to make improvements to working environment to reduce employee turnover.

Burnout defines as emotional decline and loss of motivation experienced by individual. It also describes as symptoms of exhaustion (tiredness) and depersonalization (Leiter et al., 2015). Burnout can lead to decreased quality of work associated with job change, absenteeism, moral decline and personal stress, including physical exhaustion, insomnia, increased use of alcohol and drugs as well as marital and family problems (Jung & Kim, 2012). There are three aspects of burnout syndrome: (a) feelings of emotional exhaustion/emotional exhaustion, (b) development of negative and cynical attitudes and feelings toward clients/depersonalization and (c) tendency to evaluate oneself negatively/personal accomplishment (Jung & Kim, 2012). Employees who have the highest burnout rate are most likely to resign from their jobs. As a result of non-optimal work causing the decision to resign from job (Özbağ et al., 2014).

Based on the above literature, this study develops a model and hypothesis framework as below:

- Hypothesis 1: compensation has negative effect on employee turnover intention
Hypothesis 2: working environment has negative effect on employee turnover intention
Hypothesis 3: burnout has positive effect on employee turnover intention

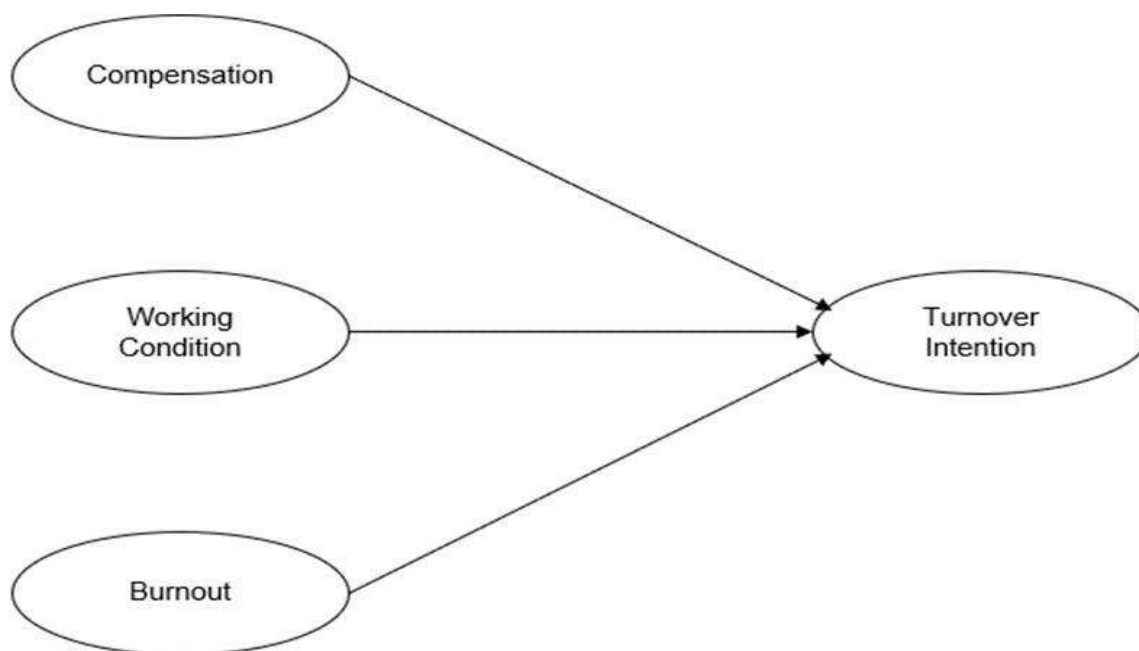


Figure 1. Research Model

3.0 RESEARCH METHODS

This research was conducted with a quantitative approach to a company palm plantation worker in East Kalimantan with a minimum of six-month working service. This study used a survey method. Based on Hair et al. (2014) rule of thumbs for number of samples is minimum 5 to 10 times of number questionnaire items. Total of items number is 25 items, so using 5 times rule of thumbs, minimum sample is 175 respondents. This study distributed 195 questionnaires to plantation workers, and all returned them. The distribution of questionnaires was carried out by researchers by visiting directly to the palm oil plantations and factories. This is important because the education level of most respondents is quite low, so to ensure the quality of the data, the researcher explained directly to the respondents.

Each item in the questionnaire was measured using a Likert scale of 1 to 5. A five-point Likert scale where scale of 1 indicates strongly disagree and scale of 5 indicates strongly agree was applied to all statement items. Data were analysed using Structural Equation Modelling/SEM and Amos application.

Construct validity is validity related to the ability of a measuring indicator in measuring the latent variables. A variable considered has good validity if the standardized loading factors is minimum of 0.50 (Hair et al., 2014). Reliability is consistency of a measurement. High reliability shows that various indicators have high consistency in measuring their latent constructs (Hair et al., 2014). The way to measure reliability in SEM is to use a composite reliability measure and variance extracted measure. A construct shows good reliability, if the construct reliability (CR) value ≥ 0.70 and the average variance extracted (AVE) ≥ 0.50 . The overall model test aims to evaluate the degree of fit or Goodness of Fit (GOF) between data and the model. To assess GOF on an SEM as a whole, it cannot be done directly, like other multivariate techniques. Basically, SEM does not have the best statistical test to predictive power of a model. Instead, researchers have developed several GOF measures that can be used together.

4.0 RESULT AND DISCUSSION

4.1 Measures

One of the toughest challenges of this research is obtaining good quality questionnaire data. This was the reason the researcher decided to go directly to the respondent at his workplace, in order to explain the questionnaire better. However, even so, the quality of the validity and reliability of the questionnaire is not very good. From a total of 25 measurement items, only 15 items can be used, with a loading factor between 0.615 to 0.875. The AVE of compensation, work environment and burnout variables is 0.5; and for the variable turnover intention of 0.7. The CR of the variables of compensation, work environment, burnout and turnover intention is 0.8; 0.7; 0.8 and 0.9. The detailed data can be seen in table 1.

Table 1. Validity and Reliability Test

Latent Variable	Indicator	Validity Test		Reliability Test		
		Loading Factor ≥ 0.5	Remarks	AVE ≥ 0.5	CR ≥ 0.7	Remark s
	KOMP 1	0.619				

Compensation	KOMP 3	0.709	Valid	0.5	0.8	Reliable
	KOMP 4	0.754				

	KOMP 7	0.615				
	KOMP 8	0.702				
Working Condition	LINK 3	0.689	Valid	0.5	0.7	Reliable
	LINK 6	0.757				
Burnout	BURN 2	0.659	Valid	0.5	0.8	Reliable
	BURN 4	0.712				
	BURN 5	0.759				
Turnover Intention	TURN 2	0.808	Valid	0.7	0.9	Reliable
	TURN 3	0.875				
	TURN 4	0.839				
	TURN 5	0.832				
	TURN 6	0.671				

4.2 Compensation towards Turnover Intention

Compensation has no negative and significant effect on turnover intention. Based data testing result, the estimated value is + 0.076 with p value = 0.533. It is not significant because the p value > 0.05. These results indicate that compensation does not have a negative effect on turnover intention.

This is quite surprising because the respondents are generally lower-middle-level workers with low incomes. From the interview results, it turned out that compensation is considered not very important because they already know that the amount of their salary will not change. The minimum amount and type of compensation have been determined by the government. Compensation between one oil plantation and other oil plantations is not much different. Respondents perceive compensation as something that is standard and not easily changed.

4.3 Working Condition towards Turnover Intention

Working environment has a negative but no significant effect on turnover intention. Based on data testing result, the estimated value is - 0.247 and the p value = 0.089 indicates as not significant. Working conditions can have a significant effect, if we use $\alpha = 10\%$. From the interview, it turned out that they have understood from the beginning about the work environment they will face. So, they have understood and accepted the conditions of the working environment in palm oil plantations. In contrast to compensation, which is believed to be irreversible, respondents actually still hope that the work environment can be improved. Therefore, although it is not significant at $\alpha = 5\%$ alpha, the work environment is able to reduce the intention to leave when using $\alpha = 10\%$.

4.4 Burnout toward Turnover Intention

Burnout has a positive and significant effect on turnover intention. Based on data testing result, the estimated value is + 1.228 and the p value = *** indicates as significant because the p value is < 0.05. These results indicate that burnout has a positive and significant effect on turnover intention. The interview results confirmed the hypothesis testing. Burnout is

a very important predictor to control the turnover intention of respondent. Table 2. Testing of Hypothesis

No	Hypothesis	Estimation	P - value	Conclusion
1	TURN < KOMP	0.076	0.553 (> 0.05)	Hypothesis rejected
2	TURN < LINK	-0.247	0.089 (> 0.05)	Hypothesis rejected
3	TURN < BURN	1.228	*** (< 0.05)	Hypothesis accepted

5.0 CONCLUSION

Burnout has a positive and significant effect on employee turnover intention in this study, while compensation and working environment have no negative and significant effect on employee turnover intention. From the results of the interview, the facilities that can be made are sports and recreation facilities. It can be used by employees and their families during off working hour. These two facilities can also improve the quality of the relationship between superiors and subordinates. Another facility that is considered important in reducing burnout is the quality of Wi-Fi internet at the respondent's residence.

Although not very significant, the company also needs to maintain the quality of the work environment. If the work environment is too laborious, it will increase the respondent's turnover intention. A bad work environment is also suspected to increase burnout, and ultimately increase the turnover intention of respondents. In this study, compensation does not affect turnover intention, but the company still has to comply with the minimum requirements from the regulator. If the company violates the minimum compensation provisions, it could be the respondent's reason to leave the company.

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WHAT A WASTE: A CONCEPTUAL FRAMEWORK TO EXAMINE LOCAL RESIDENTS' ACCEPTANCE TOWARDS THE SITTING OF WASTE INCINERATOR

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ABSTRACT

Waste incinerators are a plausible solution for waste management in addressing the increasing generation of wastes. However, community acceptance is forming a hurdle to the waste incinerator implementation, and cause delay, suspension, even cancellation and stop of operation of waste incinerator project. This indicates a pressing need to understand local community response towards waste incinerator implementation in order to mitigate this social barrier, alongside the development of waste incinerator. The objective of this study is to conduct a propose conceptual framework in examining the local resident's acceptance towards the siting of waste incinerator within the neighbourhood vicinity. A systematic literature review had been conducted in order to propose the conceptual framework. This conceptual framework is based on the theory of planned behaviour, and further being extended with concepts related to risk perception, and energy justice. This framework serves as a theoretical backbone for understanding local response's attitude towards the siting of waste incinerator, thus, insights in fostering community acceptance can be gained and mitigating the pressing social barriers with the development of waste incinerator.

Keywords: Waste Incinerator; Attitude; Theory of Planned Behaviour; Risk perception; energy justice; Community Acceptance

1.0 INTRODUCTION

Solid waste is the most common and unavoidable by-product worldwide, attributed to the development of economic activities and the increase of standard of living. It is expected that solid waste will increase in term of its quantity and its quality - the complexity of the waste. Such increment will cause environmental pollution and affect every single person in the world, regardless of the level of income, education or different countries that we are staying (World Bank Annual Report, 2021). According to the data by Kaza et al. (2018), as shown in Figure 1, waste generated has significantly increased from the year 2016 to the year 2030. Such increment is expected to be continued to the year 2050.

Waste management in federal territory of Malaysia, Kuala Lumpur, is moving forward to reduce the dependence on landfills. As shown in Figure 2.0, landfill that account for almost 89% waste will be reduced to 60%, with an increasing share on recycling treatment technology (18%) and recycling (20%) (Pemandu, 2015). Additionally, waste incinerator has emerged as a potential alternative. Nevertheless, waste incinerator is not without disputes. There are five mini waste incinerators built in the tourism place which are Pulau Langkawi, Tioman, Pangkor, Labuan and Cameron Highland. According to The Star Newspaper (2019), those mini-incinerators can operate favourably to reduce the volume of the solid waste, and the local communities are willing to accept

its placement. However, large waste incinerators had been postponed or the construction being delayed due to the community acceptance issue such as the incinerator in Kepong (Ibrahim, 2017). Therefore, to address the community acceptance issue, this paper aims to develop a conceptual model in examining residents' response towards the siting of waste incinerator within their neighbourhood.

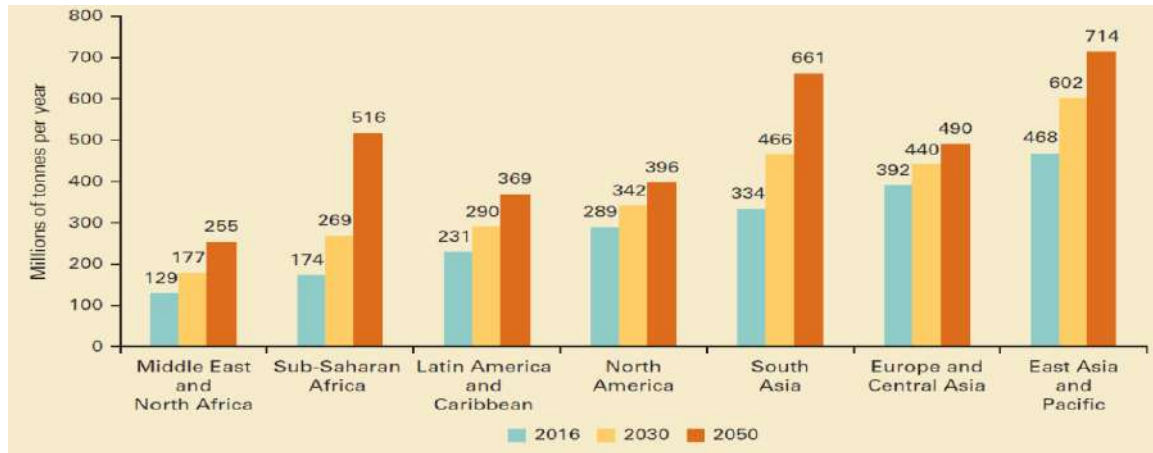


Figure 1: Projected waste generation, by region (millions of tonnes/ years)

Sources: Kaza et al. (2018)

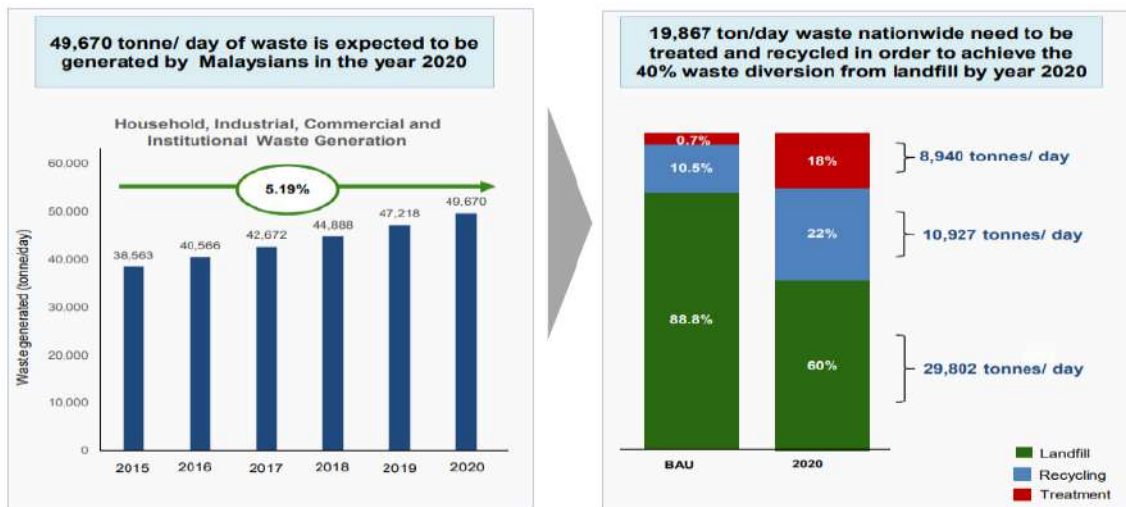


Figure 2: Malaysia waste generation and landfill percentage

Source: Performance Management and Delivery Unit (Pemandu) (2015)

2.0 METHODOLOGY

The risk perception is understood that different beliefs and knowledge from the individual people may cause the different sources of risk (Oltedal et al., 2004). Van Winsen et al. (2011) also mentioned that proper risk management is enough to give people a sense of balance by adopting a conservative risk attitude, thus there will be a relationship between the perceived risk and attitude towards the behaviour. Furthermore, procedural justice is more focused on the process of discussion, and communication with the local neighbourhood and the government and politicians. (Walker, 2009). Distributional justice means that the local people physically feel getting an unequal allocation of the environmental benefit and costs (Walker, 2009). Castelfranchi and Falcone (2005)

also discussed the trust theory unable to use common sense, natural language, or any technical technological decision with an advantage to explain it.

Furthermore, the theory of planned behaviour included three main categories of variables which are attitude, subjective norms, and perceived behaviour control. The attitude towards the behaviour is showing the person's individual feelings and emotions to think and plan about the behaviour intention and action in that situation. It will also bring out the positively and negatively value of the outcome or experience after the action had been performed, Ajzen, (2005, 2020). Subjective norms will be playing the role of the people's perception of the social pressure to perform or not behaviour under consideration. It may also divide into two parts, the injunctive and descriptive norm. Perceived behavioural control is presented as the person's intention whether to act according to the person's individual self-efficacy or ability to perform the behaviour of interest such as required skills and abilities, time, money, resource and more, Ajzen, (2005, 2020).

In conclusion, the theory mentioned above will be recommended in this study to understand how people react, the attitude and behaviour towards waste incinerators.

3.0 COMMUNITY ACCEPTANCE FRAMEWORK FOR WASTE INCINERATOR

Based on the systematic review, a conceptual framework had been proposed to reveal residents' response towards the siting of waste incinerator. The conceptual framework is shown in Figure 3. And the following subsections will further explain the variables integrated within the framework.

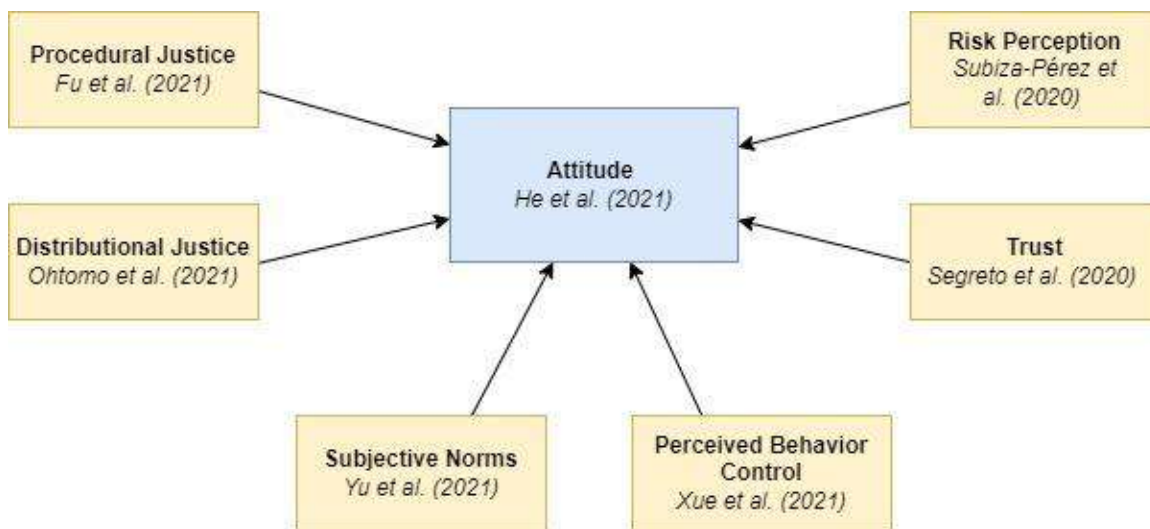


Figure 3: Propose Conceptual Framework of Developing a Model to Facilitate the Implementation of Siting of the Waste Incinerator

Source: Own Development

Risk perception can be defined as the subjective judgement that people make about the characteristics and severity of a risk. According to Subiza-Pérez et al. (2020) it was found that the risk perception had mentioned that distance is not mainly affecting on people feeling insecure. The waste incinerator can provide a job opportunity for the locals; Bena et al. (2019) and Sun et al. (2019) said that the locals have a significantly negative attitude toward the waste incinerator as it had created more hazers for them compared to other

residences area which had 5km more from it. Therefore, the risk perception and attitude also showed that it is a significant relationship according to the studies above.

Trust refers to when one party trusts another and is a measure of belief in the honesty, fairness, or benevolence of another party. Segreto et al. (2020) mentioned that the mutual trust between the local and the stakeholders of the renewable energy facilities is a critical measurement. As Huang and Yang (2020) showed that the facilities leaders and government in China constructed the waste incinerator to rely on top-down and secretive tactics, and this action causes a broken trusting relationship. Cui et al. (2020) also mentioned that the government in China uses a top-down and closed traditional Decide Announce-Defend (DAD) decision-making approach that caused people to feel unfair. Mutual trust is significantly important when building the construction of a waste incinerator in the local residential area. The inevitable anti-incineration will have a higher chance to happen or be carried out when the level of trust in management or government is low as mentioned by Hou et al. (2019). Therefore, trust will also directly influence people's attitudes.

Procedural justice is a concept that focuses on the process of discussion, and communication with the local neighbourhood and the government and politicians, the operator of the waste incinerator. However, residents wish to be able to be a part of the process of decision-making in the siting of the waste incinerator (Behrsin, 2020). It is also able to reduce the negative effect on people feeling injustice or unfair, Huang & Chen (2021). Therefore, procedural justice also shows that this variable presents again that it is a significant variable while researching waste facilities or industries; so, this variable must be included in this framework to predict people's attitudes and behaviour more accurately. However, the difference in distributional justice is referring to how local people feel getting an unequal allocation of the environmental benefit and costs. It will be becoming a more concern variable in reflecting the public acceptance and people's attitude towards the Not in My Back Yard (NIMBY) projects if the operator or government failed to allocate cost and benefit fairness, Wang et al. (2021). Therefore, procedural justice is needed to be transparent and have the process decision with the local; for the distributional justice is to allocate the cost and benefits average for them to have a positive attitude toward the waste incinerator.

The attitude defines as a mental and emotional entity that inherent or characterizes a person. It also included the set of emotions, beliefs and behaviours towards a particular object, person, thing, or event that can be defined as attitude towards a behaviour. He et al. (2021) said that the residents also have a positive attitude toward waste management when the management took care of their environmental concerns. The people will have a positive attitude and be more willing to accept the waste incinerator, Wall et al. (2021). For the definition of subjective norms, it refers to the belief of an important person or group of people will approve and support a particular behaviour. Besides that, Liebe and Dorbes (2019) also discussed the subjective norms about renewable energy facilities. Surprisingly the local people are more willing to accept wind turbines because family and friends support the project as it will provide a better environment. Furthermore, Yu et al. (2020) said that implementing greater policy regulations and incentives by operators and government, will lead to encouraging farmers to possible obtain a positive broken window effect. When a positive in broken window effect, it will lead to people encouraging other people, neighbourhood, and friends to accept it. Perceived behaviour control refers to the perception of the difficulty in performing behaviour. Zhao et al. (2020) said it became tenser while the waste incineration releases the environmental pollutant and caused people anger and have a negative attitude Xue et al. (2021). As they know they have the chance to minimize the health impact issue, thus they will take action to protest it.

4.0 CONCLUSION

Siegrist and Árvai (2020) also mentioned the importance of risk perception for people's behaviour, and there are a few important variables that will be significantly affecting in risk perception which are the characteristics of hazards, the characteristics of risk perceivers, and

the application of heuristics to inform risk judgments. Since the waste incinerator is one of the famous technologies in solid waste management, however, the residents still reject to accept it as the facilities will bring out a hazard and multiple risks to the locals. Significantly, this study will benefit Malaysia in achieving the United Nation's Sustainable Development Goals (SDG) via waste incinerator implementation as a sustainable waste management practice in addressing climate change issues (SGD 13) and adverse environmental issues (SGD 11), and to increase the share of renewable energy generated using solid waste (SGD 7).

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THE INFLUENCE OF LEADERSHIP STYLE, TRAINING AND DEVELOPMENT THROUGH EMPLOYEE ENGAGEMENT ON SENIOR MANAGER PRODUCTIVITY: A CASE STUDY AT BANK LAMPUNG

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ABSTRACT

Human resource management is one of the essential aspects to improve the company's performance in achieving the vision and mission of the organization. To face business competition for banks, they need to be supported by a productive leadership and resource role. Based on this, the author is interested in investigating employee productivity factors that affect banks' performance. Moreover, concerning the field's research results, several findings have made the author focus on studying leadership style, training and development, and employee engagement on employee productivity. A sample of the respondents consisted of 57 Senior Manager Officers of Bank Lampung employed in this research. The analysis technique used was structured equation modeling (SEM) with the Partial Least Square (PLS) research tool and the data retrieval method using questionnaires to all the respondents. The research analysis revealed leadership style, training and development through employee engagement significantly affected employee productivity.

Keywords: *Leadership Style, Training and Development, Employee Engagement, Employee Productivity*

1.0 INTRODUCTION

In the face of changes in the business environment in banking, BPD challenges, effective leadership, and Human Resources (HR) roles are essential to increase the function and ensure Bank Lampung continues to grow and develop. In line with business challenges in the future, especially in the face of competition in the VUCA era, especially digitalization, Bank Lampung must respond appropriately, both from the business, operational, and management aspects. For that, Bank Lampung needs to draw up a strategic management plan that aligns with the company's strategy in Bank Lampung's Corporate Plan. This strategy ensures the availability of leaders and employees who have competence and performance based on the quantity and quality needed to support business needs.

The quality of human resources or employees can be measured through employee work productivity. Employee work productivity is a real behavior displayed by everyone as work performance is produced by employees following their role in the institution or company (Gaol, 2014). Every company always expects its employees to have high worker productivity. Having employees with high work productivity will make optimal contributions to the company and increase their work productivity. Bank Lampung strives to face the conditions of intense business competition with HR strategy, organizational and leadership changes, and the business potential of Lampung. Bank Lampung is trying to rise forward to survive and continue to grow its business (Bank Lampung, 2021). In addition, Bank Lampung views existing human resources as a very valuable resource to realize the company's success. For this reason, the

Human Capital Management System has become very important and strategic. This system considers the increasingly complex and competitive business environment that demands Bank Lampung to have techniques and strategies to provide and maintain competent leadership, human resources, and high commitment (Bank Lampung, 2021). Moreover, Bank Lampung's human capital strategy to achieve its vision & mission through strengthening organizational structures that support business development, increased core competency of workers through training and certification, and the application of a competitive corporate culture.

Based on the description above, the researcher would like to know "The Influence of Leadership Style, Training and Development through Employee Engagement towards the Productivity of Senior Manager of Bank Lampung." The scope of this research includes variables independent: leadership style, training and development, and employee engagement as variable intervening. The variable dependent in this research is Senior Manager Productivity, while the research object studied occurs at Bank Lampung. The results of this research are expected to be useful as input on the right human capital strategy for Bank Lampung in improving work culture and increasing the productivity of its employees to compete and improve business performance.

2.0 LITERATURE REVIEW

Human Resources has a very important role in an organization. Processing good human resources can encourage employee performance and further boost organizational performance. The performance of its employees greatly influences the success of a company. For this reason, the company strives always to improve the performance of its employees so that the company's goals or targets can be achieved by processing human resources. Edison et al. (2016) describe HR management as a way to manage, motivate and form Human Resources in supporting activities in organizations/companies effectively and efficiently under their goals. Meanwhile, Bintoro and Daryanto (2018) explained that HR management is the science of managing the relationships and roles of employees owned by each individual, efficiently and effectively and used to the maximum, so that organizational goals are achieved, and employees and society become maximal.

Performance management significantly impacts organizational effectiveness (Cardy, 2004) and should be the manager's top priority (Lawler, 2008). Studies show organizations today face challenges that require attention to improve performance management (Buchner, 2007). One of the important ways to improve employee performance is by focusing on maintaining employee engagement. Performance management literature now includes studies that focus on the contribution of employee engagement to employee performance, thus emphasizing the importance of employment in the performance management process.

Several factors influence employee performance. The factors are, first, various demographic factors that are individualistic, such as age, gender, physical condition, race or ethnicity, and the capabilities and experiences of employees. Second, organizational factors, such as corporate culture, executive support, leadership, and the physical condition of the workspace (Robbins et al., 2018). That is why a company is serious in evaluating the performance of its employees as there are profit targets to be achieved. The higher the productivity of work, the greater the company's profit.

Sedarmayanti (2011) explained that work productivity is a comparison between the results achieved (output) and the overall resources used (inputs). Employee productivity is a variable that is influenced by many factors, including work attitude, skill level, the relationship between the workers and the organization's leadership, productivity management, labor efficiency, and entrepreneurship. Input is commonly called a four-factor: work attitudes, skill levels, the relationships between workers, and management.

Sutrisno (2019) explained various determinants that can increase employee productivity, including continuous improvement, improving the quality of work results, empowerment of HR, training, mental and physical abilities, and relationships between superiors and subordinates. In comparison, Sunyoto (2012) mentioned three factors, education, training, and employee motivation, including organizational factors, employee health, employee motivation, and interpersonal communication involved in the production process. Hence, various factors can affect employee productivity, such as continuous improvement, improving the quality of work outcomes, and empowerment of human resources. In addition, training, mental and physical abilities of employees, relationships between superiors and subordinates, education, training, and employee motivation, including organizational factors, employee health, employee motivation, and interpersonal communication involved in the production process.

According to Fahmi and Sanika (2019), the company will get favorable or detrimental results based on its employees' performance. In line with Fahmi and Sanika (2019) and Suryana, et al. (2019) mentioned that employee engagement and organizational culture positively and partially affect performance significantly. In addition, employee engagement and organizational culture have a significant simultaneous effect on performance. The success of an HR that can drive the company's organizational performance is influenced by its employees.

Jaroslav (2013) has proven the link between leadership style and sales productivity of bank employees and the room for increased productivity in the banking sector in Slovakia. The effect of leadership style on employee attitudes towards leaders also influences employee performance. Fard and Nda (2013) concluded that training and development positively and significantly impact employee productivity as training can improve employee initiative and quality of work and help employees be more committed to achieving organizational goals to increase employee effectiveness. Demerouti et al. (2010) stated that engagement could improve performance due to various factors. These findings are supported by many studies that have come to a positive relationship between employee engagement and individual performance (Halbesleben, 2010; Mone & London, 2018). This research aimed to identify and quantify the influence of the key factors of employee engagement, recognized in the study towards employee performance.

Anitha (2014) tested the influence of employee engagement on employee performance and proved employee attachment significantly affects employee performance. In general, employee engagement is defined as the level of commitment and an employee's involvement responsibility to the organization and its values. When employees are involved, they are aware of their duties in the company's business objectives and motivate their colleagues to achieve mutual success under the company's goals. An employee's positive emotional relationship with his performance reflects a positive attitude towards the workplace and its value system. Fleming and Asplund (2007) examines further and presents employee engagement as the ability to capture your employees' heads, hearts, and souls. Fleming and Asplund (2007) established cognitive and emotional aspects of engagement to instill intrinsic desire and passion or passion for excellence to achieve excellence, thus adding a spiritual element. According to Sanford and Coffman, (2002), in engagement, there are three types of employees: engaged employees or employees who are involved, not engaged employees or employees who are not involved, and actively disengaged employees or employees who are not actively involved.

The literature proves that group performance and goal achievement are related to the leadership style used by leaders, directly influencing employee behavior. It utilizes extra effort on their work and considers their leaders effective. Furthermore, literature shows transformational leadership styles have no significant positive relationship with employees' willingness to employ extra effort (Spano-Szekely et al., 2016). Research also proves that when employees put in more effort and work more than is needed, it adds to those who become organizational performance leaders of their productivity. Previous studies have revealed

leadership styles affect employee performance in many ways. deVries et al. (1998) explain that more human-oriented leadership styles improve job satisfaction.

3.0 RESEARCH METHODOLOGY

3.1 The Type of the Research

The type of research used is descriptive research. According to Suryana (2010), a descriptive study aimed to create systematic, factual, and accurate descriptions of the facts and properties of populations of a particular area. Generally, the problems formulated in this method should not be too broad; instead, the goal is not very general. Besides, the data used must come from reliable facts, not opinions.

This research aimed to discover and analyze the influence of Leadership Style, Training and Development through Employee Engagement towards Senior Manager Productivity of Bank Lampung. The design used was a hypothesis test using a descriptive method - cross-sectional or one shoot data collection, where sample information is collected only once (Malhotra & Birks 2007). Data collection was carried out on September 2021; then, the data was processed, analyzed, and drawn conclusions.

The research used partial least square (PLS) analysis to test 3 (three) hypotheses proposed in the research. This method used Smart PLS 3.2 software to analyze each hypothesis to test the relationships between the variables.

3.2 Data Collection Techniques

Sampling techniques are saturated samples. All members of the population are used as samples. Saturated sampling in this research is all Senior Managers of Bank Lampung. They are 57 officers who work as Executive officers with a coordination line to the Board of Directors and have subordinate/team members. In this research, the data used was primary data: data collected by the researcher to solve problems proposed in the study (Malhotra et al., 2017). The researcher collects qualitative data from the source or the research object conducted. The research instrument or tool used in questionnaires was a data collection technique done by providing a set of questions or written statements to respondents for answers and questions related to the three variables of this research, Leadership Style, Training and Development, and Employee Engagement. The research instrument used was a questionnaire with the data type on the Likert scale. The Primary data was done by providing online questionnaires in Google forms to the Bank Lampung working environment officers.

4.0 FINDINGS AND DISCUSSION

4.1 Convergent Validity and Reliability

In this research, hypothesis testing used Partial Least Square (PLS) analysis techniques with the SmartPLS program. To test convergent validity, the researcher used indicators of each variable, namely: GK (Leadership Style), PLP (Training and Development), EE (Employee Engagement), and Employee Productivity.

Convergent validity applied outer loading or loading factors. An indicator is declared to meet convergent validity well if it has an outer loading value of more than 0,7. Based on each of the indicators of research variables that already had a value, several indicators had values below 0,7, so the researcher needs to remove some outer loading indicator values below 0,7, including EE2, EE9, EE10, EE12, GK5, GK6. Therefore, the researcher draws invalid indicators and re-edits the data.

After testing again for the second validity, it showed the value of each indicator of the research variable that there were still indicators with an outer loading value of less than 0,7. However, according to Ghazali (2016), outer loading values can still be analyzed and tolerated up to 0,5 to 0,6. Hence, all indicators declared viable or valid to continue further research and analysis. In addition to convergent validity tests, there are several criteria for assessing outer models. One of the criteria is a construct reliability test that looks at the average variant extracted (AVE) value. According to Ghazali (2016), the required value must be more than 0,5 for a good model of each indicator.

Table 1 Contract Reliability and Validity

Matrix	Composite Reliability	Average Variance Extracted (AVE)
Employee Engagement - EE	0,924	0,604
Leadership Style - GK	0,91	0,593
Training and Development - PLP	0,906	0,617
Productivity	0,915	0,643

Based on the presentation of data in Table 1, the average variance extracted (AVE) value of employee engagement variables: 0,604, leadership style: 0,593, training & development 0,617, and employee productivity 0,643, each indicator required the AVE must be more than 0,5 for a good model. Thus, all variables already had good discriminant validity.

4.2 The Goodness of Fit Test

The coefficient of determination (R square Adjusted) in Table 2 showed how much the influence of variable effects (independent variables/X variables) towards the variable affected (dependent variable/Y variable). Based on data processing through Smart PLS 3.0 software, the result of R- square value:

Table 2: The Goodness of Fit R Square Test Results

Matrix	R Square	R Square Adjusted
Employee Engagement (Z)	0,732	0,723
Productivity (Y)	0,668	0,662

Based on Table 2, the R Square Adjusted for Employee Engagement value result was 0,723, and the R square was 0,732. According to Ghazali (2016), the R Square adjusted result of bigger than 0,67 indicates exogenous variables against endogenous variables in the good category. In contrast, the 0,33-0,67 belongs to the medium category and the 0,19-0,33 in the weak. Therefore, this research design belongs to the good category with a value of 0,723. The R Square Adjusted value of the employee engagement variance in that table showed 72,3%, which could be explained by changes in the Leadership Style and Development Training variable. The other 27,7% was due to the other factors outside the model.

As for the total value result of Employee Productivity from R Square adjusted was 0.66 and R square was 0.67. According to Ghazali (2016), the R Square adjusted result of bigger than 0.67 indicates exogenous variables against endogenous variables in the good category. In contrast, the 0,33-0,67 in the medium category and the 0,19-0,33, in the weak. Therefore, this research design belongs to the medium category with a value of 0.66. The R Square Adjusted Productivity value of the employee productivity variance 0,66 showed 66%, which could be explained by changes in Employee Engagement variable of the productivity value. The other 34% was due to the other factors outside the model.

4.3 Hypothesis Test

Hypothesis testing in research work is done by comparing the value of T-Statistics with T-Table or by comparing the value of P-Values and alpha (T-Statistics) determined. Regarding the data in this research that has been done, the results can be used to answer the hypothesis.

The research hypothesis is declared accepted if the value of P Values < 0,05. The following are the hypothesis test results obtained through the inner model.

Table 3: Table of Construct Relationships Between Variables

Path	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics (O/STDEV)	P-Values	Results
Employee Engagement_(Z) -> Productivity (Y)	0,818	0,83	0,036	22,581	0.000	Significant
Leadership Style_(X1) -> Employee Engagement_(Z)	0,651	0,651	0,082	7,967	0.000	Significant
Training and Development _(X2) -> Employee Engagement	0,293	0,293	0,088	3,32	0,001	Significant

(Source: **The Results of Analysis with smart PLS**)

Based on Table 3, T-Statistics must be bigger than 1,95, and P-Values smaller than 0,05 indicate relationships between significant variables. Figure 3 above summarizes the results of PLS calculations and significance, describing the relationship between the significant variables.

5.0 CONCLUSIONS

To conclude that all variables had a significant positive influence on employee productivity, this is the evidence from the results of the following hypothesis tests:

1. Leadership Style positively and significantly influenced on Employee Engagement, T-Statistics > T-Table or 7,97>1,96 with a significant rate of 0,000<0,05. It means that The Leadership Style had a positive and significant influence on Employee Engagement.
2. Training and Development positively and significantly influenced on Employee Engagement, T-Statistics > T-Table or 3,32>1,96 with a significant rate of 0,000<0,05. It means that Training and Development had a positive and significant influence on Employee Engagement.
3. Employee Engagement positively and significantly influenced on Employee Productivity, T-Statistic > T-Table or 22,581>1.96 with a significant rate of 0,000<0,05. It means that Employee Engagement had a positive and significant influence on Employee Productivity. Regarding all the results above, in increasing employee productivity through employee engagement, Bank Lampung focuses on developing leadership style and training and development for its senior manager officers.

The right human resources strategies for Bank Lampung are increasing its employee engagement by following improvements in leadership style and training and development to achieve the productivity of its employees and improving its business performance. The leadership role is essential in establishing, executing, and monitoring the company's goals and strategies in the bank's business plan. Leaders should do developing through mentoring and coaching to achieve employees' attention and complete work that supports performance beyond the targets that have been set. The company is also expected to develop and implement performance-based cultural programs that help more innovative and proactive employees. Besides that, it is necessary to rearrange career paths and employee talent development programs. For this reason, the employee engagement survey results are to be followed up by each work unit by creating an action plan under each team's agreement to build a more caring and comfortable work culture and work environment that can increase employee engagement.

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USERS' MOTIVATION TO CONTINUE THE USE OF SHORT VIDEO APPLICATIONS AS A SOURCE OF HEALTH INFORMATION

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ABSTRACT

The use of social media to access healthcare information is nothing new. Avid users find the short video apps a new potential for disseminating quick fix solutions to many of their everyday problems, including recipes and how-to. However, it is still unclear how short video apps might facilitate and benefit users' consumption of health information. Many users face the risk of misdiagnosis and may result in more serious problems. To address this issue, this study set out to investigate the relationship between users' experience and whether that contributes to users' intention to continue using short video apps to obtain health information. A total of 160 young adults (under 25 years old) answered the questionnaire and were administered online. The study found that the users' experience, in terms of social presence, immersion and credibility perception, significantly predict users' intention to continue using short video apps to obtain health information. The findings of this study have several implications. First, the study contributes to the health information behavior literature by incorporating the aspect of user experience. Moreover, the study extends the application of affordance theory to users' health information acquisition, and it carries some practical implications on how to leverage the great potential of short video apps to serve public health communication better.

Keywords: Short video, Health, Social Media, Intention to use

1.0 INTRODUCTION

According to a recent report, people who watch online videos account for 85% of Internet users in the USA, while the proportion is as high as 72% in Malaysia (Kemp, 2020). In addition to video consumption platforms (e.g., YouTube), the market shares of mobile-based short video apps has been fast increasing. For example, the world's most popular short video app, YouTube, reached fourth place on the global mobile app download list, with more than 503 million downloads in 2020. In competition with other social media, YouTube Shorts became popular due to the capabilities it provides a wider range of video editing tools, AR effects, and speed controls. It also gives you the option to combine multiple videos, aligning and trimming to create seamless transitions (Santora, 2021). In addition, TikTok is expanding its coverage of topics on many aspects of daily life, such as beauty and makeup, education, cooking, wellness and technology. Educational healthcare content has also become an important part of Shorts' content ecosystem. YouTube Shorts provide a great way for doctors and health professionals to connect with future patients before they even walk into the clinics.

During the COVID-19 pandemic, a growing number of health professionals and organizations have started using Shorts to spread health information and medical knowledge to the public. For even broader exposure, the professionals may use captions and popular hashtags when sharing Shorts – using these will help YouTube to push the content to more people who are

interested in the hashtags which can help them be seen by a larger audience than just their own subscribers (Moxy Company, 2020).

2.0 PROBLEM STATEMENT

It has come to our concern that the media sharing network has been used globally among the users. This alternative had replaced email or other formal publications requiring time and energy to get to the point. The number of active users has increased by 13.13% year-on-year since 2020 (Dean, 2021). Indirectly, it indicates that this platform received an encouraging response worldwide, parallel with the new media format introduced to them. According to Song et al. (2021), the short video format is highly demanding for content consumers. Most of the accounts created the content for social, education, work and business purposes. This type of content creates a better engagement because it provides the best user experience. The same goes for health information that was updated in short video format to give awareness regarding the current issue as COVID-19. Previous studies only focused on the respondent who came from short video-based users and did not include long video-based users. As far as we know, YouTube was first made for the visual type of consumer, who loves long-form (above 3 minutes) video content. Then all other features came in, such as Shorts; the short video format was first introduced on 12th July, 2021 in over 100 countries (Jarboe, 2021). These respondents' backgrounds are also significant to consider since YouTube is one of the increasing demands among other social media platforms. The number of active users is 1.386 billion, ranking second of most used social media platforms (Ang, 2021). According to Doyle (2021), the majority, with 60% of the active users in TikTok, is 16 to 24 years old. Based on the range of age, most of the respondents for previous studies are very young. Their perspective might differ from others who are in the field of 25 to 34 years old. While based on (Ceci, 2022), the most active users in YouTube are among 15 to 35 years old. They must have their own opinions while using Shorts on YouTube to search for health information. Other than that, young adults' generation are considered the future nation's hope to lead the world and avoid any controversy. Health information is sensitive content to be discussed, so it is crucial to observe how youth experience in obtaining health information in short video applications. Thus, we can determine the most associated factors that lead to their intention to continue the use of the Shorts feature in the YouTube platform. In conclusion, considering the users' motivation in YouTube through a short video media format can be achieved by further research. The research will be filtered and specific to YouTube users since the day the Shorts were introduced officially. The results are expected to help the content creator track its content quality by considering the variables that affect its motivation. Also, to examine factors that contribute to users' intention to continue using short video apps to obtain health information.

3.0 CONCEPTUAL FRAMEWORK

Social presence refers to “the degree of salience of the other person in a mediated communication and the consequent salience of their interpersonal interactions”. The concept of social presence has been widely employed in the study of communication and information systems. In computer-mediated communication, social presence is a reflection of the level at which an individual is perceived as a “real person.” Social presence theory suggests that the degree to which technology enables its users to perceive other individuals as being psychologically present will determine the users' perceptions of the technology in terms of sociability and intimacy.

The concept of **immersion** refers to the feeling of being engaged with, absorbed in and engrossed by a continuous stream of virtual stimuli. Individuals are likely to experience a sense of immersion in video-mediated virtual environments. For example, immersion is widely viewed as a key component of the user experience in video games. Given that immersion induces positive psychological states, a sense of immersion has often been created or

leveraged in contexts where a concentration of attention is desired, such as in the realms of education and e-commerce.

Credibility refers to users' perceptions of information quality. Credibility commands a central position in online health information seeking because misleading health information can lead to fatal consequences. However, as a concept defined from the information recipient's perspective, credibility involves the information seeker's subjective feelings about information attributes so that it may not necessarily be perceived as an objective property of the quality of the information (Song et al., 2021).

H₁: Social presence is positively associated with users' intention to continue the use of short video apps for health information.

H₂: Immersion is positively associated with users' intention to continue the use of short video apps for health information.

H₃: Credibility perception is positively associated with users' intention to continue the use of short video apps for health information.

4.0 FINDINGS ANALYSIS

The online questionnaire was answered by 160 respondents, equal to both male and female respondents. About 95.6% were 18-25 years old, 65% of them were studying for a Bachelor's Degree and 85.6% of them earned less than RM1,500. Only 2.5% of the respondents work in healthcare. A whopping 76.9% of them do refer to short video applications to obtain health information and 48.1% of the respondents often use the Internet as a source of health information advice.

4.1 Reliability Analysis

Table 1: Reliability statistics

Variable	Cronbach's Alpha	Item deleted	N of Items
Credibility perception (IV1)	0.752	-	3
Immersion (IV2_new)	0.635	1	2
Social presence (IV3)	0.843	-	3
Intention to continue use (DV)	0.872	-	3

From the reliability table above, the results indicate that the Cronbach's Alpha for all four variables is considered as good and excellent. The Cronbach's alpha for credibility perception is considered good which is 0.752. While the other three variables which are immersion, social presence, and intention to continue use shows that Cronbach's alpha is excellent with 0.635, 0.843, and 0.872 respectively. Thus, the internal consistency reliability of the measures used in this study was good and excellent. Based on the reliability test, the variables show the results of measure had achieved 0.6 and above the Cronbach's Alpha coefficient where it shows that the question can be accepted. The reliability test has proven that the respondents understood the questions on the questionnaire given.

4.2 Descriptive Analysis

Table 2: Descriptive analysis

Variable	Minimum	Maximum	Mean	Standard Deviation
Credibility perception (IV1)	2.00	5.00	3.8562	0.59888
Immersion (IV2_new)	1.50	5.00	3.9344	0.70960
Social presence (IV3)	1.00	5.00	3.7542	0.79700
Intention to continue use (DV)	1.00	5.00	4.0458	0.69689

Based on the descriptive analysis table above, the score for credibility perception is within the range of 2.00 to 5.00 and the mean is at 3.8562. The immersion has the maximum of 5.00 and a minimum of 1.50. While it has an average score of 3.9344. The maximum score for social presence is 5.00 and 1.00 for the minimum score. Also, it has a mean of 3.7542. The variable of the intention to continue use has a minimum score of 1.00 and a maximum score of 5.00. While the mean is 4.0458.

The standard deviation for the variables of the credibility perception, immersion, social presence and intention to continue use is 0.59888, 0.70960, 0.79700, and 0.69689 respectively. For the variable of credibility perception, the standard deviation is 0.59888/3.8562 or 15.53% of the mean where this value can be considered as the smallest deviation in the midst of the other three variables. On the other hand, for social presence, the standard deviation is 21.23% (0.79700/3.7542) of the mean. Where this score is perceived as the large deviation among the other variables of the study.

4.3 CORRELATIONS ANALYSIS

Table 3: Correlations analysis

	IV1	IV2_new	IV3	DV
IV1		.439**	.398**	.562**
IV2_new	.439**		.566**	.413**
IV3	.398**	.566**		.434**
DV	.562**	.413**	.434**	

** Significantly related at 99% degree of confidence (positively related).

* Significantly related at 95% degree of confidence

There is a positively moderate correlation ($r = 0.439$) between the average of credibility perception and immersion. Also, this relationship is significant at the 0.01 level. While average credibility perception has positive correlation ($r = 0.398$) and relationship with social presence. It is also significant at the 0.01 level. The average of credibility perception with intention to use is positively moderate relationship ($r = 0.562$). However, it has a significant relationship at the level 0.01. Immersion and social presence have a relationship ($r = 0.566$) and are significant at the 0.01 level. There is also a positively moderate relationship between average of immersion and intention to use ($r = 0.413$) and significant at 0.01 level. Finally, the relationship between social presence and intention to continue use is also definite. In other words, have a positively weak relationship ($r = 0.434$). This is also significant at the level 0.01.

4.4 Hypothesis Testing

Table 4: Hypothesis testing

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.019	0.320		3.187	0.002
Credibility perception	0.505	0.084	0.434	6.040	0.000
Immersion	0.108	0.079	0.110	1.371	0.172
Social presence	0.174	0.069	0.199	2.543	0.012
F-value	31.302				
Sig	0.000 ^b				
Adjusted R ²	0.364				
R ²	0.376				

Credibility perception p-value is 0.000. At 99% degree of confidence, the p-value is less than 0.01 this variable is significant. Therefore, we **reject the null hypothesis**. Immersion p-value is 0.172. At 99% degree of confidence, the p-value is more than 0.01 this variable is not significant. Therefore, we **fail to reject the null hypothesis**. Social presence p-value is 0.012. At 99% degree of confidence, the p-value is more than 0.01 this variable is not significant. Therefore, we **fail to reject the null hypothesis**.

5.0 CONCLUSIONS

The purpose of this study is to examine factors that contribute to users' intention to continue using short video apps to obtain health information. Nowadays, health information content is widely created by professionals or content creators. To summarize, there is a relationship between credibility perception, immersion and social presence.

This study had several limitations. First, it employed an online survey to collect data. Although theories can guide us in drawing causal inferences, the constraints of cross-sectional data undermine our ability to establish causal relationships. We call for more longitudinal and experimental studies to test the hypotheses in the future. Second, we included only TikTok users in recruiting participants. Although TikTok is the most prominent and popular short video app, there are other similar apps on the market. Future studies could incorporate a variety of different apps and information systems into the modeling. Third, this paper intentionally investigated four typical affordances of short video apps. However, we encourage future researchers to examine other affordances of short video apps and their effects on users' health information behaviors. Future studies could also employ qualitative methods or observe in-app behaviors to further explore users' motivations (Song et al., 2021).

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ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) DISCLOSURE AND FIRMS FINANCIAL INDICATORS: ANALYSIS OF SEMICONDUCTOR INDUSTRY

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ABSTRACT

Environmental, social, and governance (ESG) disclosure is a set of disclosure that firms make with regard to environmental considerations including corporate policies to preserve the environment, social consideration, and governance. These three key areas are the important pillars of sustainability and ethical consideration. Despite relying on financial reporting, integrating ESG disclosure in decision-making has become a trend among investors. This paper examines the impact of ESG disclosure and firms' financial indicators among Malaysian Semiconductor firms. This study analyses five semiconductor firms listed in Bursa Malaysia. Data on ESG disclosure and data on the financial indicators were both gathered from the financial statement. This study finds that firms that disclose ESG in their financial report have good financial indicators as an investment in ESG is able to create competitive advantages in firms. Furthermore, the formation of the sustainable committee in the firms is also able to help the firms to structure their ESG investment strategies. Our study provides a benchmark for practitioners on the best practices of ESG disclosure as the sample of the study is among the firms that received FTSE4Good Bursa Malaysia (F4GBM) Index recognition. Thus, the directors may need to improve their ESG disclosure as this report becomes an integral element of decision-making for future investment opportunities among investors. This study is different as this study compared current ESG disclosure to next year's financial performance. This method provides meaningful information as current disclosure will have a significant effect on future performance.

Keywords: *Environmental, Social and Governance (ESG), Corporate Governance, Competitive Advantages*

1.0 INTRODUCTION

In 1987, the United Nations Brundtland Commission defined sustainability as “meeting the needs of the present without compromising the ability of future generations to meet their own needs”. According to the Cambridge Dictionary, environmental, social, and governance (ESG) is a way of judging a company by things other than its financial performance such as its policies relating to the environment, the well-being of its employees (social), and compliance with governance.

ESG disclosure becomes part of additional evaluation criteria among the investor in evaluating future investment opportunities despite solely relying on financial performance. Empirical evidence found that firms with ESG disclosure are being rated as good firms by investors

(Albitar et al, 2020; Farooq, 2015). Firms that invest in ESG care for society and the environment may have better ascendancy, sustainable growth, and less earnings volatility (Kumar, 2020).

Therefore, firms with good ESG disclosure have a competitive advantage (Hawanini et al., 2003; Schramade and Schoenmaker, 2018), lesser cost of debt, and better governance (Sciarelli et al., 2021). Besides, ESG disclosure is able to increase a firm's reputation, increase investor confidence, and reduce regulatory restrictions on its investment portfolios (Porter et al., 2019). These benefits are gained through the integration of ESG into the firm's business model.

Due to the immersed benefit of the ESG disclosure, Malaysia is taking a further step by requiring firms to disclose policies and implementation of ESG in its annual report (Malaysian Code of Corporate Governance, 2021). Moreover, ESG and Corporate Social Responsibility (CSR) are mandatory for all public listed firms (PLC) in Malaysia. The reporting and disclosure in the annual report are based on the CSR Reporting Framework (2016) and Sustainability Framework (2015). The government's involvement can be seen through its action in integrating CSR into Tenth Malaysia Plan and Companies Act 2016, from a legal perspective. FTSE4Good Bursa Malaysia Index measures the performance of PLCs that demonstrate strong environmental, social, and governance (ESG) practices.

Furthermore, Malaysia introduces Sustainability Development Goals (SDGs) that consist of 17 SDGs including affordable and clean energy, decent work and economic growth, reducing inequities, sustainable cities and communities, climate action, life below water, and life on land. The firms respond to the government plan by including these SDGs in their operation. Besides that, these steps have improved transparency and gained the trust of investors. Based on statistics among the top 100 firms, 97 percent of firms are reporting their corporate sustainability performance compared with the 72 percent global average. Malaysia also has been ranked as the top pioneer in CSR reporting globally (Peng, 2018). As result, the introduction of FTSE4Good Bursa Malaysia Index in 2014 and the adoption of the SDGs resulted in an ostensive increase in ESG disclosure among firms.

Based on content analysis of top Malaysian listed semiconductor firms, we found that firms that invest in the ESG will have good ESG disclosure and have better financial performance proxied by financial position, profit, and cash flows. Our findings reveal that the good ESG disclosure in the current year is able to boost next year's financial performance. Our findings also align with Malaysian evidence by Jasni et al. (2020) found that the Malaysian telecommunication industry gains a competitive advantage over its competitors through ESG disclosure. This paper provides two aims to analyze the ESG disclosure of the top five selected Malaysian listed semiconductor firms and their business sustainability. It looks into the impact of ESG disclosure and how it enables the creation of competitive advantage and improves financial performance.

The paper is organised as follows. The next section reviews the literature with regard to ESG and competitive advantage. The third section describes the research methodology which is based on the analysis of the firm's report. The main findings obtained are explored in the fourth section. Finally, conclusions and recommendations are elaborated in the final section.

2.0 LITERATURE REVIEW

Stakeholder Value Creation Chain Model

The 'Stakeholder Value Creation Chain model that was developed by Pay Governance demonstrates the relation of ESG strategy, the stakeholder model, and firm value. The model captures the strengthening carryover impact of stakeholders' commitments to the financial victory of the company. Employee engagement increases the business performance of a

company by increasing productivity and customer satisfaction. Emphasising mutual relationships with stakeholders with the constructed ESG strategies, a company would be able to retain its employees, create a public image through community partnership, and strengthen the supply chain through interdependency and trust. Loyal customers can be obtained which will increase competitive advantage through 'word of mouth marketing.

ESG disclosure strategy focuses on performance and can be attractive to shareholders in the long term. Maintaining integrity in the disclosure report will be more attractive to ESG investors and mitigates governance risks. Indirectly, it creates a brand image of the company and sustainability in business. Employees too prefer to work in environmentally friendly companies. Well-structured ESG strategy increases stakeholders' loyalty and trust. This creates a positive externality impact on customers and shareholders. Well-established ESG strategy optimises stakeholders' value creation and enhances shareholders' value. A company would be able to achieve desired results by aligning the stakeholder's value creation chain.

ESG disclosures allied with the company's competitive advantage as the company provides sustainable solutions to social and environmental issues. The company is also able to redefine their business and products in line with the society's requirements, demand and needs with better environmental protection which creates better quality life (Porter et al., 2019). Alareeni and Hamdan (2020) examined S&P 500-listed companies in the US in the period of 2009 to 2018 and found that performance of the firms improved through ESG disclosure but environmental disclosure reduces firms' performance. In the UK, environmental disclosure has negative correlation with consequent financial performance (Balabanis et al., 1998).

Positive relationship between ESG disclosure and performance is also found in further studies in developed countries. This is due to higher ESG disclosure allied with lower information risk (Aerts, W., Cormier, D., & Magnan, M. (2007). Nemoto, and Liu (2020) suggested that borrowing costs are lower in the countries where ESG disclosures are high per dataset studies from 2007 to 2012 of 23 Organization for Economic Co-operation and Development (OECD). Firms gain competitive advantages through lower yield spread which results in lower risks and financing costs of allied bond issuance of the firm (Amiraslani et al., 2017). This confirmed by Sherwood and Pollard (2018), institutional investor's return with lower risks with integration of ESG.

Government ownership and introduction to corporate governance standards encourages increase in CSR disclosures and company's performance (Arayssi & Jizi, 2019). Investor's confidence will be boosted with recognition by government and financial institutions, concurrently expanding the company's competitive advantages in the form of lower average capital cost. ESG disclosure inspires companies to obtain competitive advantage through innovation by generating superior performance and maximising shareholder's wealth (Ruan, 2021). In Malaysia, ESG disclosure gave effect both directly and indirectly with support from government in the form of standard setting, facilities, and resources to the firm's competitive advantage and long-term performances (Mohammad & Wasiuzzaman (2021). Atan et al. (2018), through their studies, found positive implications between ESG disclosure and the weighted average cost of capital.

3.0 RESEARCH METHOD

The population of this study consists of 12 semiconductor firms listed in the Main, ACE, and LEAP markets of Bursa Malaysia. The final sample of the study is considered the top five semiconductor firms based on their market capitalisation. Besides that, these firms also received FTSE4Good Bursa Malaysia (F4GBM) Index recognition. ESG disclosure and financial indicators of these companies were analysed using sustainability statements and financial statement reports gathered from Bursa Malaysia and S&P Global Market Intelligence.

The final sample of this study consists of five selected semiconductor companies namely: Malaysian Pacific Industries Berhad, Unisem (M) Bhd, Inari Amertron Berhad, Globetronics Technology Berhad, and Frontken Corporation Berhad.

Table 1: Analysis Data Selection Methodology

	ESG Disclosure (Annual Report Year)	Financial Statement (The Wall Street Journal Year)
MPI	2020	2021
Inary	2020	2021
Unisem	2019	2020
Gtronic	2019	2020
Frontken	2019	2020

4.0 FINDINGS

4.1 Company Overview and ESG Disclosure

4.1.1 Malaysian Pacific Industry (MPI)

MPI started in 1972, and it is one of the largest conglomerates in Asia, under The Hong Leong Group. MPI subsidiaries are Carsem & Dynacraft. The majority share (97%) of MPI is held by Carsem, which is a leading provider of turnkey services including packaging and testing. Carsem’s covers a wide product offering range and produces over a 100 million units per week and supplies to various market sectors such as telecommunication, information technology, consumer, automotive and industrial.



Figure 3: Aspects crucial to MPI's business (MPI Annual Report, 2020)

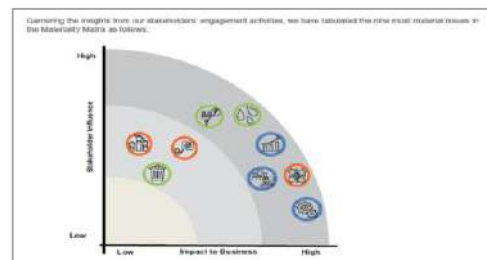


Figure 4: Tabulation of nine most material issues (MPI Annual Report, 2020)

MPI’s is committed towards United Nations Sustainable Development Goal 13 on Climate Action. As an ISO 14001:2015 certified company it is compliant with the environmental Safety and Health requirements. The company focuses on Economic, Environment, Social and Governance to sustain the industry and obtain market competitive advantages. The company is actively involved in energy saving, water management, and waste management activities and regularly monitors and assess through key metrics including energy consumption, greenhouse gas emissions, water, and waste management. With the efforts put in place, MPI successfully achieved 10% reduction in energy consumption, 7% reduction in net water savings index, zero landfill waste, and 68% achievement for versatile and cross-training. The company also registered zero fatality injuries.

Human rights, corporate social responsibility, training, and education are the main focus of MPI as they perceive all development is dependent upon the exhibition of human

capital. MPI introduces the Graduate Development Program (GDP) which is to attract graduates and develop and equip them with relevant industry experience. The graduates will be equipped with multiple process skill knowledge and assigned each candidate to a well-experienced mentor to coach along the program. This program in a way to retain the graduates with Carsem, the candidates mainly will join as an assembly, test and quality assurance engineer. On the job training will be provided and they also will undergo a cross-training program to enhance competencies as an engineer and to obtain the necessary knowledge of a technician.

MPI also focuses on a talent development program from the core whereby the company collaborates with educational institutions by enhancing the curriculum in terms of meeting industry requirements. The company’s human resource development strategy, especially on the technical knowledge enhancement, creates the opportunity for the company to train and develop candidates as required by the process and maintain job offers to the local residents as they are prepared to meet the company’s work requirements. Besides that, contribution to society increases the ability of the firm to accomplish more objectives in various aspects. The supports three key areas which are board leadership and effectiveness, effective audit and risk management, integrity in corporate reporting, and meaningful relationships with stakeholders.

4.1.2 Inari Amertron Berhad (Inari)

Inari Amertron Berhad, involved in the OSAT & electronics manufacturing services (EMS) industries. This company has 14 owned subsidiaries; Inari Technology Sdn Bhd, Amertron Global Group are the key subsidiaries. Inari Technology, semiconductor company is a leading handful of OSAT providers in the ASEAN region. Inari’s key business is to provide DC and RF wafer testing, chip sip assembly and other related services, certified ISO9001 Quality Management System and ISO14001 Environmental Management System (QMS) certifications.

Inari believes that corporate governance as well as economic, environmental and social responsibility are the core of business sustainability. The company committed to implant sustainability in their organizational culture and business strategy to reduce risk and achieve competitive advantages. The company being transparent to its stakeholders, shared a fourth sustainability statement providing reliable ESG and corporate governance information. The company also remains committed in executing business strategy in line with the Economic, Environmental and Social (EES) target and implementing sustainability business practices towards long term and responsible growth besides maintaining financial performance.



Figure 5: Four Sustainability Pillars (Inari’s Annual Report, 2020)

Bursa Malaysia Securities Berhad added Inari into the FTSE4Good Bursa Malaysia (F4GBM) Index as recognition for its compliance to globally recognised standards and strong demonstration of ESG practices. This represents the outstanding achievement of Inari towards balancing profitability and sustainability. The board established Sustainability and Risk Management Committee (SRMC), which holds primary responsibility to assist the board in identifying corporate risks and overseeing business sustainability.

Besides this the Sustainability and Integrity Working Group (SIWG), comprises the company’s management and representatives from various departments led by the Chief Executive Officer (CEO), responsible for materiality assessment. This committee undertakes the role in evaluating, monitoring, executing and implementing the sustainability initiatives in aligning with the Group’s vision, mission and corporate beliefs. The company identifies its sustainability mediums through the material assessment per below materiality assessment matrix. As the sustainability mediums are knowingly interconnected, change in one often can have an impact on others. Four (4) material sustainability mediums have been identified by Inari which are related to their business with the utmost impact on stakeholders’ decisions, which are customer satisfaction, innovation, energy usage and corporate governance and ethics. Besides that, the other twelve items are continuously monitored and reported.



Figure 6: Materiality Assessment (Inari’s Annual Report, 2020)

Activities and practices established by this company toward Inari promises its customers to deliver quality services and products through good business conduct and ethics and good returns to shareholders. Customer satisfaction is the utmost goal of this company, hence supply chain management, privacy and data protection and innovation are the key sustainability strategy. Inari focused on energy saving, water management, waste management, product stewardship and air quality management. As part of energy saving activity, Inari works on reengineering of production equipment and support systems. The company uses LED lighting and converts air cooled air conditioners to centralised chilled water air conditioners. As part of a further energy saving program, the company will invest in solar panels.

3R (Recover, Reuse, Recycle) program for waste saving introduced by Inari and through investment in industrial effluent treatment system, increase efficiency in extracting pollutants, cleaner waste discharged, collaboration with hi-tech waste recycler, reuse of packaging materials and placing recycle bin plantwide the company achieved the objective which enables the company to minimize operational cost.

The company’s initiative and contributions are recognised locally and internationally by awarding several certifications. Besides that, as part of social sustainability, Inari focuses on gender diversification, employee development, human and labour rights, occupational safety and health and employee welfare. The company is with 70% of local employees proving its priority given to local communities. ‘Giving Back’ policy is practiced by Inari which can be seen through its social activities. As part of the practice, Inari organises blood donation campaigns, adapting schools via Penang STEM 4.0 and other remarkable community activities. Transparency of Inari in its ESG disclosure boosted financial performance in the semiconductor market.

4.1.3 Unisem Malaysia Berhad

Unisem Malaysia Berhad was established in 1989, currently known as one of the successful electronic companies. Unisem is a packaging and test house, offers turnkey

services to its customers which includes design, assembly, test, failure analysis and electrical and thermal characterization. Unisem has its factories in Ipoh, Malaysia and Chengdu, China with worldwide employees about 7000, approximately with certification from ISO9001 Quality Management System and ISO14001 Environmental Management System (QMS) certifications. Unisem is playing its part in supporting the United Nations General Assembly (“UN”) Sustainable Development Goals (“SDGs”). The company established strategies as follows in achieving long-term value creation and business sustainability. As part of the actively growing semiconductor company, Unisem is collaborating ESG requirements to evolve and obtain business relationships.



Figure 7: Value creation Process and Business Model (Unisem Annual Report, 2019)

Unisem believes that corporate governance as well as economic, environmental and social responsibility are the core of business sustainability. The company committed to implant sustainability in their organizational culture and business strategy to reduce risk, achieve competitive advantages, and increase financial performance. The company is transparent to its stakeholders, sharing annual sustainability statements providing reliable ESG and corporate governance information. The company also remains committed in executing business strategy in line with ESG target and implementing sustainability business practices towards long term and responsible growth besides maintaining financial performance.

Bursa Malaysia Securities Berhad added Unisem into the FTSE4Good Bursa Malaysia (F4GBM) Index as recognition for its compliance to globally recognised standards and strong demonstration of ESG practices. This represents outstanding achievement of the company towards balancing profitability and sustainability. For sustainability governance, Unisem’s board established a strategic sustainability direction led by the board of directors. The board will be assisted by the Sustainability Committee (SC) chaired by Senior Independent Director of the Group, responsible to advise the board on recommending and advising sustainability business strategies and related policies for adoption. Sustainability Working Committee (SWC) with the leadership of Group Chief Operating Officer (GCOO) responsible to manage individual sustainability activities. Each site reviews stakeholder engagement and prioritization as well as materiality assessment on an annual basis. The committee also undertakes the role in evaluating, monitoring, executing and implementing the sustainability initiatives in aligning with the Group’s vision, mission and corporate beliefs.



Figure 8: Unisem Materiality Matrix (Unisem Annual Report, 2019)

As to address environmental and social concerns raised by SWC, GRI Standards and the ESG indicators of FTSE4Good Bursa Malaysia, Unisem perform materiality assessment to consider sustainability risks and opportunity for the company to be competitive in the industry. Materiality assessment reflects the company's economic, environmental and social impacts and essentially influences the assessments and pronouncements of the stakeholders. Activities and practices established by this company towards promises to its customers to deliver quality services and products through good business conduct and ethics and good returns to shareholders. Customer satisfaction is the utmost goal of this company, hence supply chain management, privacy and data protection and innovation are the key sustainability strategy.

Unisem focused on energy saving, effluents management, waste reduction management, product stewardship and air quality management. Reuse of purified water – 'Ultra Purified Water' with proper recycling system and reuse water collection system helped the company to meet its water consumption goal. Unisem allocates its fund for employee benefit programs including employee welfare benefits, including medical insurance, maternity and paternity leave, housing loan subsidy and parking facility for special needs. As to encourage healthy living, the company motivates its employees through sponsoring sports and recreation activities. The company is able to reduce turnover of the employee which increases productivity efficiencies.

The company's initiative and contributions are recognised locally and internationally by awarding several certifications. Besides that, as part of social sustainability, Unisem focuses on gender diversification, employee development, human and labour rights, freedom of associations, occupational safety and health and employee welfare. 'We Care We Can' policy is practiced by Unisem which proves its priority towards employee benefits and also can be seen through its social activities. As part of the practice, Unisem organises blood donation campaigns, donation for welfare homes and other remarkable community activities. Transparency of Unisem in its ESG disclosure is able to increase the firm's financial indicators.

4.1.4 Frontken Corporation Berhad

Frontken Corporation Berhad, a leading service providing company especially in advanced precision cleaning and surface treatment for semiconductor companies was established in 1996. Fronken is a Bursa Malaysia Securities Berhad's main market listed company with 1130 employees continuously outdoes customer hopes in terms of product and services that make the parts last longer, better performance and recyclable. The company arranged additional capitals to fully support and accomplish sustainability initiatives. Frontken believes the initiatives they aimed at would be able to obtain competitive advantages in terms of increasing enterprise value, conserving integrity, business growth and reputation achievable through ESG disclosure.

The company committed to implant sustainability in their organizational culture and business strategy to reduce risk and achieve competitive advantages. The company being transparent to its stakeholders, shared a fourth sustainability statement providing reliable ESG and corporate governance information. Sustainability Development Committee formed with the leadership of its Chief Executive Officer (COO) which is responsible to ensure company's long term value creation and sustainability by referring to ESG factors as guiding principles. Towards achieving market competitiveness, the company structured sustainability development master plan (SMP) referring to six areas towards generating typical competitive capabilities in business and to achieve sustainable development.

To assess shifts in stakeholders' priority, Frontken constantly reviews risks and opportunity references to market requirement and demand and identifies sustainability dimensions through materiality analysis and assessment. As to address environmental and social concerns raised by GRI Standards, Responsible Business Alliances, UN Global compact and the ESG indicators of FTSE4Good Bursa Malaysia, Frontken uses materiality assessment to consider sustainability risks and opportunity for the company to be competitive in the industry. Materiality assessment reflects the company's economic, environmental and social impacts and essentially influences the assessments and pronouncements of the stakeholders.

Activities and practices established by this company towards promises to its customers to deliver quality services and products through good business conduct and ethics and good returns to shareholders. Customer satisfaction is the utmost goal of this company, hence supply chain management, customer data protection and innovation are the key sustainability strategies. Frontken focused on energy saving, water management, waste reduction management, and air quality management. Effort in reducing waste through waste recycling projects enables the company to save 5.8% water consumption compared to the earlier year.

The company's initiative and contributions recognised locally and internationally by awarding several certifications. Besides that, as part of social sustainability, Frontken focuses on employee development, human and labour rights, freedom of associations, occupational safety and health, employee welfare and new norm arrangement for Covid free workplace. Such efforts help Frontken to retain its employees with a retention rate of 98.94%, highest among all the other companies. As part of the practice, the company organizes blood donation campaigns, PPE donation to hospitals and other remarkable community activities. Therefore, good disclosure and transparency in the Frontken's ESG disclosure able to increase financial performance through competitive advantage gained from the investors.

4.1.5 Globetronics Technology Berhad

Globetronics Technology Berhad (GTB) was started in 1991, a semiconductor company with multiple facilities in Malaysia and globally, known for bringing the latest miniature components for smart devices. This company is devoted to focus on managing Economic, Environment, Social and Governance (EESG) without compromising profitability and to be sustainable in the long term. Key material matters of this company mainly will be customer satisfaction, employee welfare, procurement practices, 3R (reduce, reuse, recycle) rules in business operation and for the environment will be renewable energy sources.

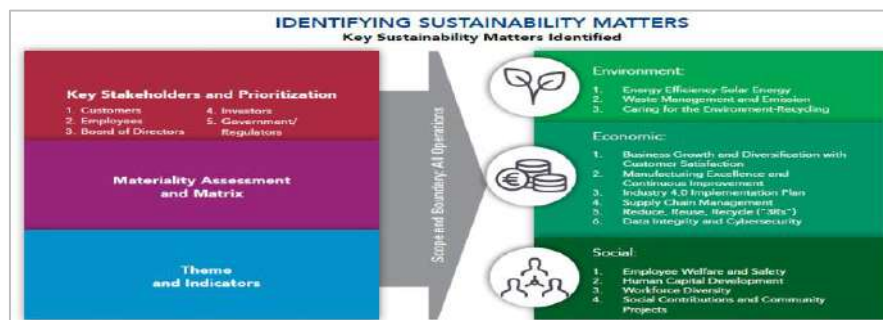


Figure 9: Identifying sustainability Matter to define Operations Scope and Boundary, (GTB Annual Report, 2019)

GTB constantly reviews risks and opportunity references to market requirement and demand and identifies sustainability dimensions through materiality analysis and assessment. As to address environmental and social concerns raised by GRI Standards, Responsible Business Alliances (RBA), UN Global compact and the ESG indicators of FTSE4Good Bursa Malaysia, GTB uses materiality assessment to consider sustainability risks and opportunity for

the company to be competitive in the industry. Materiality assessment reflects the company’s economic, environmental and social impacts and essentially influences the assessments and pronouncements of the stakeholders.

Environment, Social and Governance committee formed with the leadership of its Chief Executive Officer (COO) which is responsible to ensure company’s long term value creation and sustainability by referring to ESG factors as guiding principles. Towards achieving market competitiveness, the company structured sustainability development strategies towards generating typical competitive capabilities in business and to achieve sustainable development.



Figure 10: Materiality Matrix (GTB Annual Report, 2019)

Customer satisfaction is the utmost goal of this company, hence supply chain management, customer data protection and innovation are the key sustainability strategies. Activities and practices established by this company towards promises to its customers to deliver quality services and products through good business conduct and ethics and good returns to shareholders. GTB focused on energy saving, water management, waste reduction and emission management, and air quality management. Solar panel project reduces usage of the electricity by 4.2 sun hours per day and carbon emission. Recycling and reuse of waste leads the company to manage waste successfully and helps to reduce operational cost.

The company’s initiative and contributions are recognised locally and internationally by awarding several certifications. Besides that, as part of social sustainability, GTB focuses on data integrity and Cyber security where the IT system adequacy re-evaluated timely to keep the system up to date and competitive as required by stakeholders. Employee development program, human and labour rights, freedom of associations, occupational safety and health, employee welfare and new norm arrangement for Covid free workplace are also high priority of the company as it believes human capital is the greatest asset. As part of the practice, the company organizes blood donation campaigns, PPE donation to hospitals and

other remarkable community activities. Thus, the ESG investment and disclosure in GTB is able to gain investors' confidence and increase the firm's financial performance.

Table 2: Company data analysis – ESG disclosure through Sustainability Statements (Source: Annual Reports)

Based on the ESG disclosure analysis, selected semiconductor companies are in line with the requirements of Code of Corporate Governance (MCCG, 2012), which endorses firms directors to disclose policies and implementation of ESG in its annual report. Environmental sustainability activities are put in place especially in the aspects of water management, energy management and waste management. The semiconductor industry is seriously working on the reduction in energy consumption, water consumption and reduction in Green House Gas emission.

Company Data Analysis – ESG Disclosure through Sustainability Statements				
Company	Industry	Environment	Social	Governance
Frontken	Semiconductor	- Energy Management and GHG Emission - Waste Management - Water Management	Focus on customer - Customer Satisfaction - Customer Privacy and Data Privacy People - Occupational Health and Safety - Employee Welfare - Labor Rights - Local Communities - Equal opportunities - New norm - Covid 19	- Sustainability Governance Policy adoption - Code of Conduct - Risk Management - Growing the business - Technology & Innovation - Supply Chain Management - Anti Corruption
Globetronics	Semiconductor	- Energy Management and GHG Emission - Waste Management - Water Management	Focus on customer - Customer Satisfaction - Customer Privacy and Data Privacy, Cybersecurity People - Occupational Health and Safety - Employee Welfare - Labor Rights - Local Communities - Equal opportunities - New norm - Covid 19	- Sustainability Governance Policy adoption - Code of Conduct - Risk Management - Growing the business - Technology & Innovation - Supply Chain Management - Anti Corruption
MPI	Semiconductor	- Energy Management - Waste Management - Water Management - Product Stewardship	- Training and Development - Human rights - Employee engagement - Employee welfare - Customer satisfaction - Local communities - Charity Activities - Awards (Educational, performance) - New norm - Covid 19	- Sustainability Governance - Board leadership, standard/policy adoption - Strengthening CG Culture - Effective audit and risk management - Integrity in corporate reporting and meaningful relationship with stakeholders - Growing the business - Technology & Innovation - Supply Chain Management - Anti Corruption
Unisem	Semiconductor	- Energy Management and GHG Emission - Effluents and Waste Management - Water Consumption - Product Stewardship	Focus on customer - Customer Satisfaction - Customer Privacy and Data Privacy People - Occupational Health and Safety - Employee Welfare - Labor Rights - Local Communities - New norm - Covid 19	- Sustainability Governance - Stakeholder Inclusivity - Materiality Assessment and Materiality Matrix of Unisem - Growing the business - Technology & Innovation - Supply Chain Management - Anti Corruption
Inari	Semiconductor	- Energy Management and GHG Emission - Effluents and Waste Management - Water Consumption - Product Stewardship	Focus on customer - Customer Satisfaction - Customer Privacy and Data Privacy People - Occupational Health and Safety - Employee Welfare - Labour Rights - Local Communities - New norm - Covid 19	- Sustainability Governance - Stakeholder Inclusivity - Materiality Assessment and Materiality Matrix - Growing the business - Technology & Innovation - Supply Chain Management - Anti Corruption

Awareness programs being carried out to educate the stakeholders on the environmental compliances. The companies comply with the environmental regulatory, national and international standards by certifying their company for ISO14001, Environmental Management System. Continuous improvement activities and projects put in place to reduce industrial waste and minimize water and energy consumption. Semiconductor industry is also working on the technology development to have alternative materials to comply with to eliminate the ROHS restricted substances.

As for the social context, the companies are investing in talent development programs, employee welfare, employee social and sports activities and educational and performance awarding. Labour standards being adopted and as evidence the companies are disclosing human rights compliances, gender diversification, child labour avoidance and working hour, wages and benefits. Employees are provided with a harassment free working environment. New norm working environment has been created in order as Covid 19 preventive measure.

Government and internal SOPs made mandatory to be compliance. The companies enforce the employees to follow structured guidelines all the time to minimize the risks of Covid spread.

In the context of governance, the companies are in compliance with the local and international trade laws, international and national standards and regulations. To obtain competitive advantage, the companies have a high business relationship with its stakeholders demonstrating high business integrity. Semiconductor industry strictly prohibits bribery, money laundering and corruption. The companies adopt the Anti Bribery and Corruption law. Customer’s as well employee’s data privacy being maintained and protected. Advanced Cyber security systems have been worked out to prevent leakage of confidential information and to protect intellectual data. Automation and online systems as part of the factory automation and innovation strengthens productivity of the industry and enables the companies to be sustainable in the business. The industry also maintained integrity in corporate reporting and disclosure of the financial and non-financial activities and maintained relationships with stakeholders.

4.2 Business Performance of The Selected Semiconductor Companies

4.2.1 Malaysian Pacific Industry

Based on the Income Statement of 2021, the company has reported growth in its overall business performance. The company registered net income growth of 77.67%, sales revenue of 1.98billion with sales revenue growth 27.62%. MPI's net operating cash flow growth is 34.13% with free cash flow of 72.28million. Total asset value of the company is 2.56billion which registered 27.40% of growth with total shareholder’s equity of 1.70billion. Overall, based on the financial highlights review, MPI had registered continuous growth which is the evidence of business sustainability and obtained competitive advantage in the market.

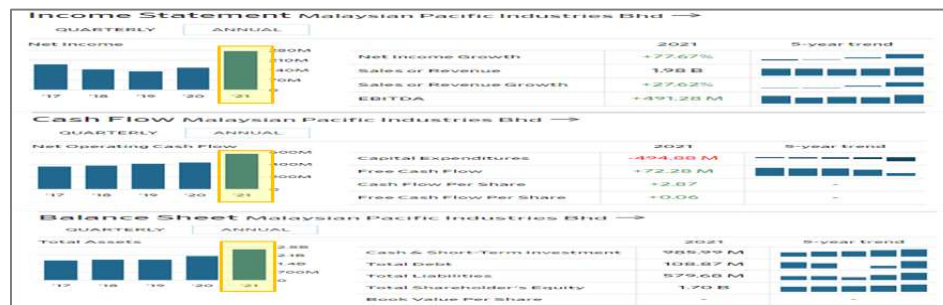


Figure 11: MPI's Income Statement (Source: The Wall Street Journal – Financials)

4.1.2 Inari Amertron Berhad

Based on the Income Statement of 2021, the company has reported growth in its overall business performance. The company registered net income growth of 112.18% with sales revenue of 1.43billion. Inari's net operating cash flow growth is 40.19% with free cash flow of 486.47million. Total asset value of the company is 1.84billion which registered 24.25% of growth with total shareholder’s equity of 1.37billion. Overall, based on the financial highlights review, Inari had registered continuous growth which is the evidence of business sustainability and obtained competitive advantage in the market.

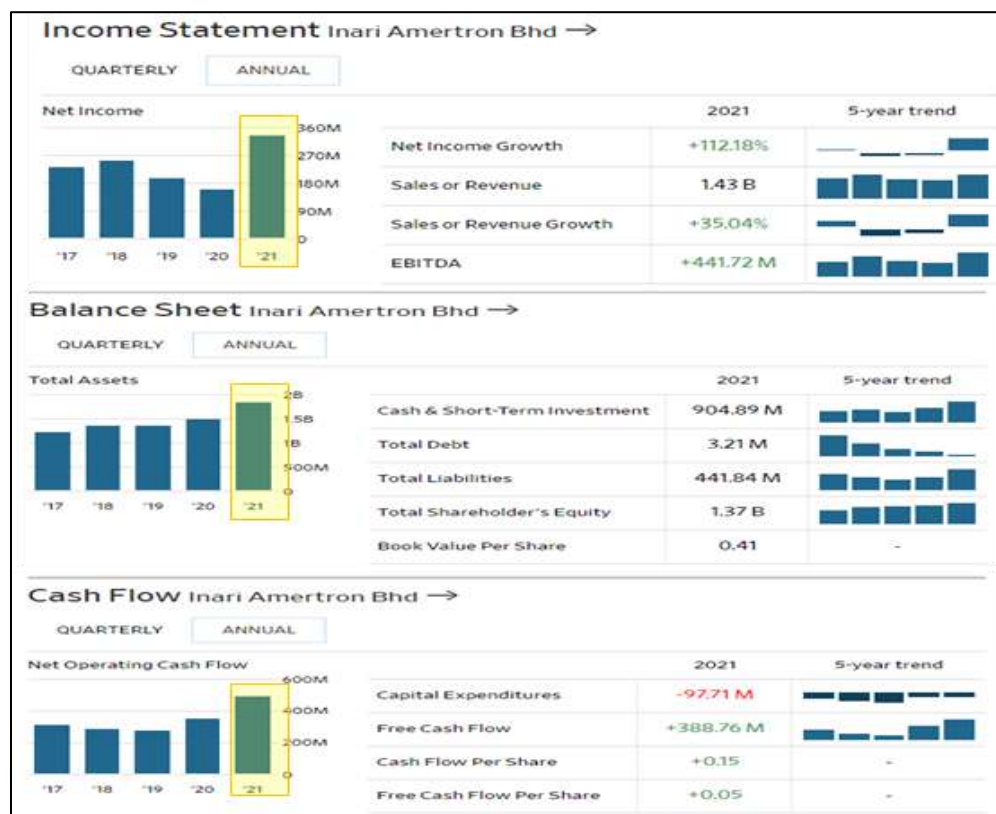


Figure 12: Inari’s Income Statement (Source: The Wall Street Journal – Financials)

4.1.3 Unisem Malaysia Berhad

Based on the Income Statement of 2020, the company has reported growth in its overall business performance. The company registered net income growth of 78.90% with sales revenue of 1.29billion. Unisem’s net operating cash flow growth is 84.47% with free cash flow of 53.28million. Total asset value of the company is 2.27billion which registered 28.16% of growth with total shareholder’s equity of 1.77billion. The company observed a sharp drop in its business performance which is due to the US-China trade war, a direct effect on its decline of US RF business. As the supply was affected, Unisem also slapped with stricter regulation of carbon emission as it affects their inventory clearance. Closure of the Batam factory also impacted the company’s performance in the year 2019. Overall, based on the financial highlights review for the year 2020, Unisem had registered continuous growth which is the evidence of business sustainability and obtained competitive advantage in the market.

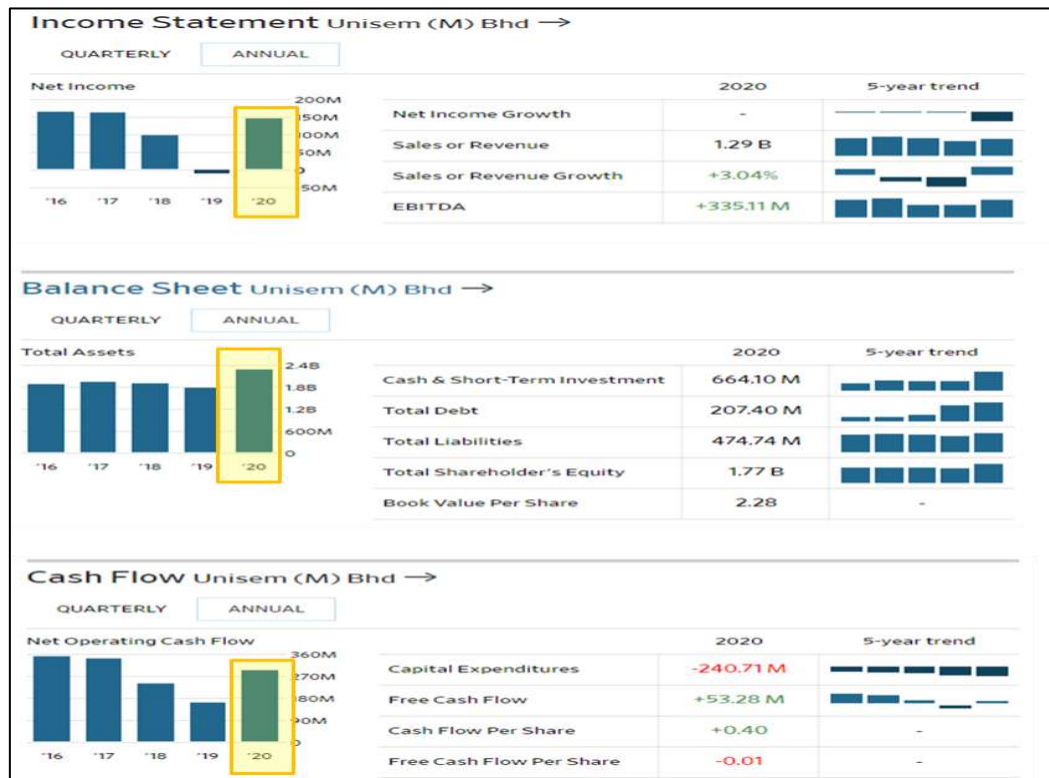


Figure 13: Unisem's Income Statement (Source: The Wall Street Journal – Financials)

4.1.4 Frontken Corporation Berhad

Based on the Income Statement of 2020, the company has reported growth in its overall business performance. The company registered net income growth of 18.50% with sales revenue of 368.32million. Frontken's net operating cash flow growth is 4.36% with free cash flow of 112.57million. Total asset value of the company is 618.27million which registered 19.88% of growth with total shareholder's equity of 439.99million. Overall, based on the financial highlights review for the year 2020, Frontken had registered continuous growth which is the evidence of business sustainability and obtained competitive advantage in the market.

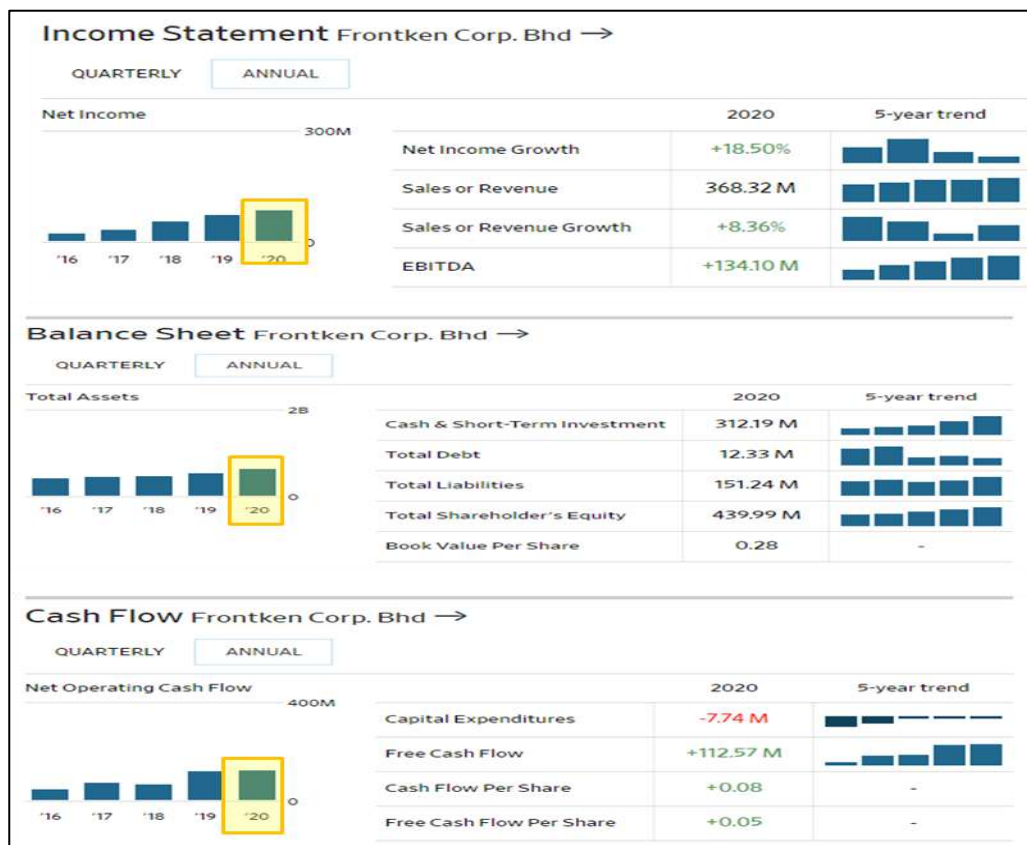
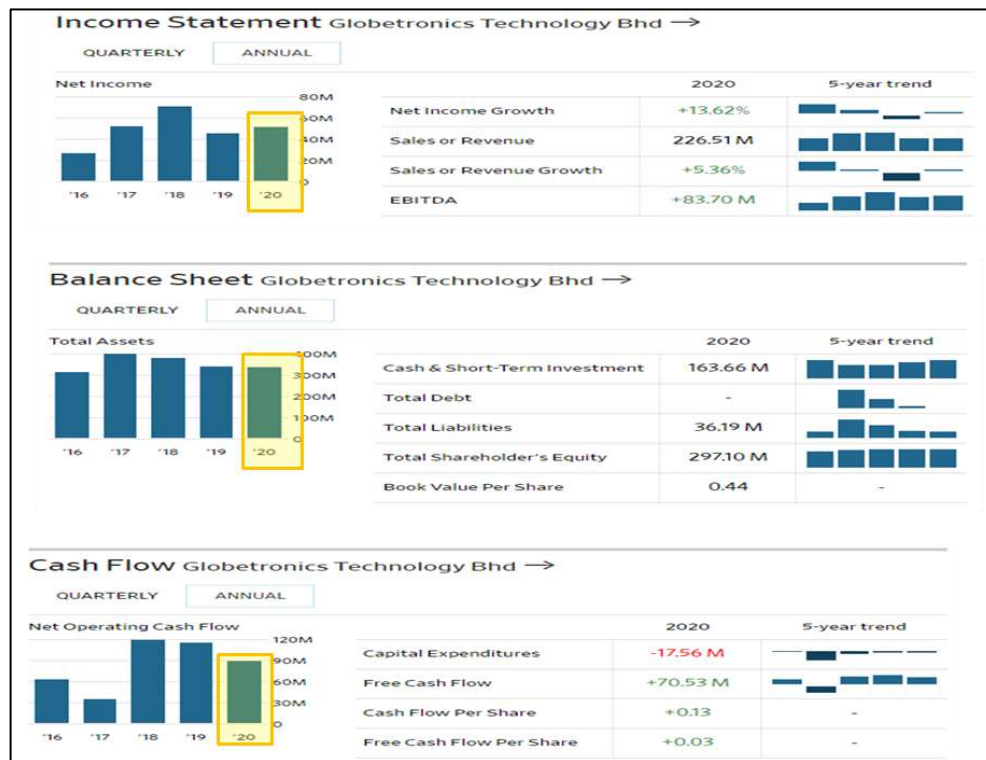


Figure 14: Frontken’s Income Statement (Source: The Wall Street Journal – Financials)

4.1.5 Globetronics Technology Berhad (GTB)

Based on the Income Statement of 2020, the company has reported growth in its overall business performance. The company registered net income growth of 13.62% with sales revenue of 226.51million. GTB’s net operating cash flow growth is -22.7% with free cash flow of 70.53million. Total asset value of the company is 333.69million which registered -1.21% of drop with total shareholder’s equity of 297.10million. Based on the financial highlights review for year 2020, GTB is able to register income growth though overall its business declined which requires robust business sustainability strategy including risk analysis and contingency plan to obtain a competitive advantage in the market.

15:



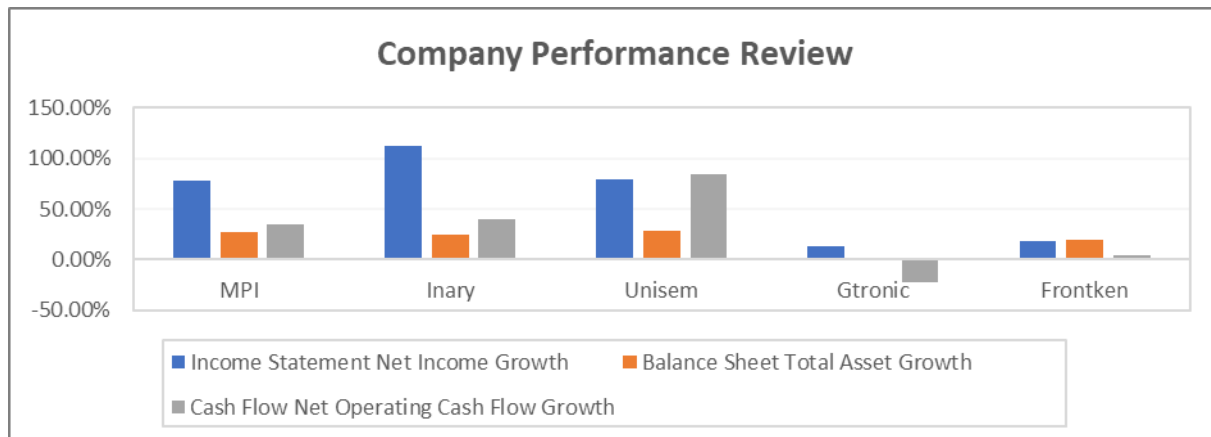
Figure

Globetronics's Income Statement (Source: The Wall Street Journal – Financials)

Based on the financial analysis reference to three major financial statements of each selected company's - MPI, Inari, Unisem, and Frontken registered growth in all three major financial statements while GTB recorded drop in total assets and net operating cash flow. GTB's Income statement recorded growth of 13.62%. In general, the company recorded growth in overall performance and able to gain shareholders trust with the shareholder's equity of 297.10million

Table 3: Financial Performance – Growth percentage compare to earlier reporting year (Source: Individual company's Annual Report)

	Financial Statement (Annual Report of Year)	Income Statement	Balance Sheet		Cash Flow
		Net Income Growth	Total Asset Growth	Total Shareholder's Equity	Net Operating Cash Flow Growth
MPI	2021	77.67%	27.40%	1.70B	34.13%
Inary	2021	112.18%	24.25%	1.37B	40.19%
Unisem	2020	78.90%	28.16%	1.77B	84.47%
Gtronic	2020	13.62%	-1.21%	297.10M	-22.70%
Frontken	2020	18.50%	19.88%	439.99M	4.36%



Graph 1: Company Performance Overview (Source: Individual company's Annual Report)

5.0 CONCLUSION AND RECOMMENDATION

Analysis of the ESG disclosure and the financial statement shows that investing and good ESG disclosure give effect to business growth and create a competitive advantage among firms. Stakeholders have been benefiting from the industry's ESG focus and effect on society. Better reputation and shareholder acceptance encourage participation of the companies in ESG activities besides compliance with the FTSE4Good Bursa Malaysia Index. ESG disclosures reduce data asymmetry and improve investors' alertness and recognition of the firm's investment strategies.

Furthermore, investment in ESG is able to reduce societal issues while enabling firms to manage their resources efficiently. In Malaysia, shareholders obtain better value in terms of business returns and not only gain market acceptance. Our findings show that investment and good ESG disclosure among semiconductor firms give a positive effect on the firm's financial indicators as these firms show a strong financial position, high revenue, and better cash flows. Although these firms were affected due to the Covid-19, their financial performance showed a constant and increasing trend. Investment in ESG is able to reduce cost, gain investors' confidence, and indirectly create a competitive advantage. Our findings align with the stakeholder's theory that ESG increases a firm's competitiveness and financial performance.

ESG disclosure enables the firms to tap in the new markets and business expansion. With growing awareness of the ESG requirements and disclosure, customers especially in the semiconductor industry are moving forward with environmental safety products. Business growth of the semiconductor firms proves that ESG disclosure increases shareholders' trust. Besides that, better environmental requirements implementation helps to reduce the operational cost including water and energy consumption cost. Significant resource management helps firms to reduce turnover rates and overall talent development costs. High integrity and data protection policy increase customers' trust and confidence. Directly increasing business opportunities and competitiveness. Effective governance structure and combination of ESG in firms will attract the best talent, build reliable customers, and increase shareholder value.

ESG disclosure and governance also help firms to prevent regulatory pressure and reduce the risk of government and legal action, which leads to greater strategic freedom. They are also able to retain quality employees when the company recorded positive environmental effects and at the same time increase productivity, an organization can minimize waste and quality problems by retaining experienced and quality employees which contributes to increasing productivity and profit.

Local community engagement, and 'give back' policy practices by the companies show the maximises local recognition by the society and state government. As the company serves and shares earnings with local communities in the form of donations and other local social development programs, the action also increases satisfaction among its employees. A company will be recognized as a responsible industry player who reinvests in the society and communities it functions directly creating business sustainability and competitive market competitiveness. CSR has positive properties on long-term firm performance and delivers direct and indirect value to firms through positive response from stakeholders. Allocation of capital in a more promising manner through ESG disclosure enhances returns and more sustainable business opportunities. Expected returns to shareholders can be obtained by paying off investments and optimization of processes and resources.

ESG disclosure shall be made mandatory requirements on ESG disclosures in Malaysia for all firms. Government to introduce benefits in form of tax exemption, incentives, and subsidies for firms disclosing ESG on an annual basis. Public awareness of the ESG requirements and the importance of the information to be increased to motivate companies to disclose ESG on an annual basis. As the Covid-19 pandemic gives a big impact to the industry's economy globally, risk management and contingency plans and actions to be part of the ESG disclosure to ensure business sustainability.

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THE EFFECTS OF ISLAMIC MARKETING MIX ON MILLENNIAL GENERATION'S INTENTIONS IN USING ISLAMIC FINANCIAL TECHNOLOGY

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ABSTRACT

The Development of technology is currently growing quite rapidly and changing the financial industry into a digital era. At this time, what is being discussed in the community is the presence of Islamic-based financial technology. This also shows that the growth of Islamic fintech is dominated by millennials so that with the new concept of Islamic marketing mix by combining contemporary and Islamic concepts it can support the presence of Islamic fintech. This research method uses quantitative methods with multiple regression analysis techniques. The population in this study are users and non-users of Islamic fintech using a research sample of 160 respondents spread across the Jabodetabek area. The results show that Pragmatism and Product, Palliation and Price, Patience and Place, Peer-support and People, Pedagogy and Physical Environment & Persistence and Process influence the millennial generation in using Islamic financial technology.

Keywords: *Intention to Use, Islamic Marketing Mix, Islamic Financial Technology, Millennial Generation*

1.0 INTRODUCTION

The development of technology is currently growing quite rapidly and changing the financial industry into a digital era. At this time what is being discussed in the community is the presence of Islamic-based Financial Technology (Islamic Fintech). In August 2020 there were 157 fintech in Indonesia, 11 of which were Islamic fintech with total assets reaching 2.04% 64.97 billion rupiahs (Muhammad Iqbal, et al, 2021). The growth potential of Islamic fintech is very large because Indonesia has the largest Muslim population and is a digital-ready country with very large internet users. Quoted from Global Religious Future data shows that the growth of Islamic fintech is dominated by millennials, For example, the millennial Investree service dominates borrowers through online platforms with a portion reaching 47% aged 21-30 years, then 36% aged 31-40 years (Katadata, 2021). Based on data from the Central Statistics Agency shows, in 2017 there was a productive population consisting of millennials by 50% and it is estimated that in 2020-2030 the composition will increase by around 70% (Ali and Purwandi, 2017). The marketing mix with digital finance has a strong relationship. very strong, so that the existence of a marketing mix can meet the needs of customers and the company's organization. This will have a good impact on the progress of the company if the marketing system can be run properly. For example, with the lack of human resources who know technology, lack of promotion and underdeveloped marketing strategies. (Hidayat and Tobing, 2012). Therefore, there is a need for new strategies and innovations to manage Islamic fintech properly and not cause something unexpected (Rahmawati et al, 2020).

2.0 LITERATURE REVIEW

2.1 Intention

In Fishbein and Ajzen's Theory of Reasoned Action, an action that leads a person to carry out an intention is a realization of one's intention to act. This model describes a person's behavior as a function of the intention to perform the behavior in a certain way.

2.2 Islamic Marketing Mix

Anwar (2018) explains that the concept of Pragmatism and Product is conducting business activities by choosing services and products that will be sold according to human needs, so that they will benefit. Hashim and Hamzah (2014) say Palliation and Price to determine prices to get profits and income, namely by giving discounts or discounts to customers to ease their burden, this is very influential for consumers when inflation occurs. Anwar (2018) explains that Patience and Place in the teachings of the Prophet Muhammad are running a business by not hiding anything from consumers. Anwar, (2018) said that Pertinence and Promotion are business activities that carry out promotional activities in an honest and appropriate way. Hashim and Hamzah (2014) explained that Peer-support and people in the business concept of the Prophet Muhammad SAW never deceived the stakeholders and did not have disagreements. Anwar, (2018) explained that Pedagogy and Physical Environment in Islamic teachings, namely in doing business, must be transparent. Hashim and Hamzah (2014) say that in persistence and process there are things that must be considered, namely there is a clear agreement between the seller and the buyer regarding the transaction so that it will not cause misunderstandings. (2018) explained that Pedagogy and Physical Environment in Islamic teachings, namely in doing business, must be transparent. Hashim and Hamzah (2014) say that in persistence and process there are things that must be considered, namely there is a clear agreement between the seller and the buyer regarding the transaction so that it will not cause misunderstandings. (2018) explained that Pedagogy and Physical Environment in Islamic teachings, namely in doing business, must be transparent. Hashim and Hamzah (2014) say that in persistence and process there are things that must be considered, namely there is a clear agreement between the seller and the buyer regarding the transaction so that it will not cause misunderstandings.

H1 : *Pragmatism and Product* affect the intention of the millennial generation in using Islamic fintech.

In a study conducted by Luminita and Roscana (2017) stated that the product affects the role of the digital world, namely by providing useful application services for users so that the application can be used for a long period.

H2: *Palliation and Price* affect the intention of the millennial generation in using Islamic fintech
The results of previous research conducted by Christiyanto and Astutik, 2018 showed that Palliation and Price affect the pricing provided by Islamic banks, with these services customers will continue to use the products found in banking.

H3: *Patience* influence the millennial generation's intention to use Islamic fintech
These results are in accordance with the results of previous research conducted by Luminita and Roscana, 2017 which stated that place affects the role of the digital world due to the development of websites that are increasingly developing, so there is a need for supervision from official institutions.

H4: Pertinence and Promotion affect the intention of the millennial generation in using Islamic fintech

The results of previous research conducted by Luminita and Roscana (2017); Fauzia(2020) which state that promotion affects the role of the digital world, this explains that promotions recommended in Islam must be honest and not hide anything from consumers.

H5: *Peer-support and People* affect the intentions of the millennial generation in using Islamic fintech

These results are in accordance with the results of previous research conducted by Hasim and Hamzah (2013) which stated that peer-support and people have an effect on Islamic banking services, namely the services provided by Islamic banks are easy to use.

H6: Pedagogy and Physical Environment influence the intentions of the millennial generation in using Islamic fintech

The results of previous research conducted by Luminita and Roscana, 2017 which explained that Pedagogy and Physical Environment affect the role of the digital world by providing application services by creating advanced features that can be used by all groups. In addition, there is research conducted by Sri Devi and Sardiana, 2021 also claimed that Pedagogy and Physical Environment have an influence because respondents pay attention to the availability of places of worship, cleanliness of places and worship equipment (prayer tools, prayer rooms and website facilities).

H7: Persistence and Process affect the intentions of the millennial generation in using Islamic fintech

These results are in accordance with the results of previous research conducted by Luminita and Roscana, 2017 which stated that the process affects the role of the digital world, namely that every company must have data warehousing and Business Intelligence to balance the company's organization.

2.3 Islamic Financial Technology

Islamic Fintech is a combination of information technology innovation with existing services and products in the financial and technology fields that can accelerate and facilitate a business process from transactions, investments, and distribution of funds based on Islamic principles (Hiyanti et al, 2019). In addition, there is a verse that instructs mankind to start investing using Islamic principles in Surah Al-Jumuah verse 10 which explains that, "when the prayer has been performed, then you are scattered on the earth; and seek the bounty of Allah and remember Allah as much as possible so that you are lucky (Arafah & Nugroho, 2016).

2.4 Millennial Generation

The millennial generation or Generation Y who were born around 1980-2000 grew up when technology had developed and followed digital developments with the existence of social media and smartphones so that they were automatically very proficient in technology. However, this generation is the generation that will dominate online platforms through digital payments, a generation that is considered to be highly curious, confident and a creative generation (Sharon, 2015).

3.0 RESEARCH METHODOLOGY

This research was conducted to find out the influence of the Islamic marketing mix which consists of: Pragmatism and Product, Palliation and Price, Pertinence and Place, Persistence and Process, Pedagogy and Physical Environment and Peer-Support and People with the target respondents focused only on Jabodetabek area, namely the millennial generation from Jakarta, Bogor, Depok, Tangerang and Bekasi. This research is quantitative by using the purposive sampling technique. The method used in this research is to use a survey method by distributing questionnaires conducted online to 160 respondents. With data analysis carried out, namely multiple linear regression analysis using an analytical tool, namely SPSS 25 software. The following is a table of operationalization of variables:

Table 1. Operational Variables

Variable	Definition	Indicator	Instrument
<i>Pragmatism and Product</i>	Selling Products or services that are required by everyone and do not have a disability or damaged. (Hashim and Hamza, 2014)	1. Halal Islamic fintech products 2. Does not conflict with Islamic law 3. Islamic fintech products are safe 4. Not involved in non-halal funding (Marzuki and Nurdin, 2020 and Muhammad Orli, 2012)	Likert scale 1-5
<i>Palliation and Price</i>	Selling products By volume sales and at a good price acceptable in the market. (Hashim and Hamza, 2014).	1. The price offered is cheap and affordable 2. There is a discount 3. There are interesting promotions 4. The price given is acceptable to consumers (Habsari, 2013, Christiyanto & Astutik, 2018, Muhammad Orli, 2012)	Likert scale 1-5

<i>Patiance and Place</i>	Distribution process taught by Prophet Muhammad, PBUH forbid happening action monopoly. (Arham, 2010)	<ol style="list-style-type: none"> 1. Islamic fintech applications and websites are easy to use 2. Registered by OJK 3. Complete and clear product information 4. Store user data safely (Luminita and Roscana, 2017 and Muhammad Orli, 2012) 	Likert scale 1-5
<i>Pertinance and Promotion</i>	Promotion is one important factor for determining the success of program marketing (Hurriyati, 2015).	<ol style="list-style-type: none"> 1. Islamic fintech application provides cashback 2. Information about Islamic fintech is easy to find 3. How to promote interesting 4. The information displayed is clear 	Likert scale 1-5
<i>Peer-Support and People</i>	Don't cheat the holders' interests and no disagreement understand in doing the business activity. (Hashim and Hamza, 2014)	<ol style="list-style-type: none"> 1. Fast application service while being accessed 2. Customer service can serve well 3. There is a chat feature on the Syariah fintech application and website 4. Registration using Islamic fintech through strict procedures 	Likert scale 1-5
<i>Physical evidence and Pedagogy</i>	In Islamic view, physical evidence is interior and exterior company that lined up and worked as a public space. (Zaadah, 2013)	<ol style="list-style-type: none"> 1. Islamic fintech applications are easy to install 2. There are OJK (Financial Services Authority) and MUI Logo 3. Islamic fintech has halal certification from the DSN- MUI National Islamic Board Islamic fintech applications have worship support features 	Likert scale 1-5

Persistence and Process	In Islamic view process is a activities for set and smoothness so the process service can perform with ease. (Martautik, 2010).	<ol style="list-style-type: none"> 1. Islamic fintech policies are in accordance with Islamic laws 2. socialization about Islamic fintech is easy to understand 3. Islamic fintech mechanisms and procedures are in accordance with SOP (Company Operational Standards) 	Likert scale 1-5
Intention to Use	Intention to use or intention used is a desire (intention) of someone to do an activity or act in a certain behavior. (Jogiyanto, 2007)	<ol style="list-style-type: none"> 1. Using Islamic fintech products in the future 2. Using Islamic fintech products even though they are less popular 3. Recommending the closest relatives to use Islamic fintech 4. The Islamic label or Islamic fintech is convincing I am willing to use Islamic fintech that has halal certification 	Likert scale 1-5

Variable Operational Table describes the indicators used in the study to be conveyed to respondents through research questionnaires. In determining these indicators, the researcher refers to several previous studies related to the variables used in this study. The size used is a Likert scale of 1 to 5, which means 1 strongly disagree and 5 strongly agree

4.0 ANALYSIS AND DISCUSSION

The respondents used in this study were 160 respondents and have met the criteria needed in the study, namely the millennial generation aged 20-40 years, active smartphone users and users or non-users of Islamic fintech.

Table 2. Characteristics of Respondents

Gender	Frequency	Percentage
Man	62	38.80%
Woman	98	61.30%
Amount	160	100%
Age	Frequency	Percentage
20-25 Years	109	68.10%
26-30 Years	40	25%
31-40 Years	11	6.90%
Amount	160	100%
Work	Frequency	Percentage
ASN	4	2.50%
Private sector employee	52	32.50%
entrepreneur	9	5.60%
Housewife	2	1.30%

Student/Student	82	51.20%
Profession/Doctor/Lawyer/Lecturer/Teacher	11	6.90%
Amount	160	100%
Residence	Frequency	Percentage
Jakarta	66	41.30%
Bogor	21	13.10%
Depok	16	10%
Tangerang	26	16.30%
Bekasi	31	19.40%
Amount	160	100%
Monthly Income	Frequency	Percentage
<4 Million	79	49.40%
4-6 Million	40	25%
6-8 Million	19	11.90%
8-10 Million	8	5%
> 10 Million	14	8.80%
Amount	160	100%
User Type	Frequency	Percentage
Fintech users	59	36.90%
Islamic Fintech Users	63	58.10%
Islamic Financial Institutions	7	4.40%
Non Financial Institution	1	1%
Amount	160	100%
Islamic Fintech Company	Frequency	Percentage
Islamic investors	13	8.10%
Ammana	13	8.10%

Experience Islamic	18	11.30%
Islamic Fund	10	6.30%
LinkAja Islamic	33	20.60%
Duha Islamic	6	3.80%
Amount	160	100%

Source: Primary data processed by researchers with SPSS, 2021

Based on the table above, it can be seen that most of the respondents in this study were women with a total of 98 (61.30%) with the most age of 20-25 years amounting to 109 (68.10%) and the highest employment status being students with a total of 82 (51.20%). The most dominant respondent's residence in the Jakarta area is as much as 66 (41.30%). The average respondent in this study has a monthly income of around IDR 4 million totaling 79 (49.40%). The types of users in this study are mostly Islamic fintech users with a total of 68 (58.10%) and the most Islamic fintech companies are LinkAja Islamic with a total of 33 (20.60%).

Table 3. Validity Test

No	Variable	Question Items	Rcount	Criteria
Valid Prerequisites (r Table)= >0.148				
1	Pragmatism and Product	PP11	0.812	Valid
		PP12	0.668	Valid
		PP13	0.738	Valid
		PP14	0.545	Valid
2	Palliation and Price	PP21	0.732	Valid
		PP22	0.686	Valid
		PP23	0.785	Valid
		PP24	0.764	Valid
3	Patience and Place	PP31	0.732	Valid
		PP32	0.659	Valid
		PP33	0.615	Valid
		PP34	0.761	Valid
4	Pertinance and Promotion	PP41	0.633	Valid
		PP42	0.682	Valid
		PP43	0.716	Valid
		PP44	0.740	Valid
5		PP51	0.639	Valid
		PP52	0.684	Valid

	Peer-Support and People	PP53	0.745	Valid
		PP54	0.719	Valid
6	Physical Environment and Pedagogy	PP61	0.693	Valid
		PP62	0.651	Valid
		PP63	0.708	Valid
		PP64	0.737	Valid
7	Persistence and Process	PP71	0.751	Valid
		PP72	0.799	Valid
		PP73	0.728	Valid
8	Intention to Use	Y81	0.695	Valid
		Y82	0.719	Valid
		Y83	0.826	Valid
		Y84	0.741	Valid
		Y85	0.717	Valid

Source: Primary data processed by researchers with SPSS, 2021

From the results of data processing for validity testing using 160 respondents with valid prerequisites (r table) \Rightarrow 0.148 contained in this study so that it can be seen that each statement has an r count value greater than r table. Based on these results, it can be stated that the instrument is valid and has strong validity.

Table 4. Reliability Test

Variable	Cronbach Alpha	Criteria
Prerequisites: >0.6		
<i>Pragmatism and Product</i>	0.641	Reliable
<i>Palliation and Price</i>	0.720	Reliable
<i>Patience and Place</i>	0.641	Reliable
<i>Pertinance and Promotion</i>	0.634	Reliable
<i>Peer-Support and People</i>	0.646	Reliable
<i>Pedagogy and Physical Environment</i>	0.647	Reliable
<i>Persistence and Process</i>	0.632	Reliable
Intention to Use	0.793	Reliable

Source: Primary data processed by researchers with SPSS, 2021

From the results of the reliability test, it can be concluded that from all indicators of pragmatism and product, palliation and price, patience and place, pertinence and promotion, peer-support and people, pedagogy and physical environment, persistence and process and intention to use can be said to be reliable or reliable because the value cronbach's Alpha is at 0.50-0.70.

Table 5. Results of Regression Analysis

Variable	t count	t table	Sig.	Information
Pragmatism and Product	4.793	1975	0.000	Significant
Palliation and Price	6.237	1975	0.000	Significant
Patience and Place	6,924	1975	0.000	Significant
Pertinance and Promotion	4.411	1975	0.000	Significant
Peer-Support and People	6.263	1975	0.000	Significant
Pedagogy and Physical Environment	7.080	1975	0.000	Significant
Persistence and Process	6.251	1975	0.000	Significant

Dependent Variable: Intention to Use

Source: Primary data processed by researchers with SPSS, 2021

Based on the table 5 above, it can be seen that pragmatism and product, palliation and price, patience and place, pertinence and promotion, peer-support and people, persistence and process & pedagogy and physical environment persistence and process have an influence on the intention of the millennial generation in using Islamic fintech. Where the data shows the t-count value is greater than the t-table value and the significance value of each variable is less than 0.05. In addition to being seen partially (t test), this study also tested the overall variables by performing the F test. The F test was conducted to compare the calculation results with the F table values. If the calculated F value is greater than the table F value, then H0 is rejected and H1 is accepted (Ghozali, 2016). Based on data processing using the SPSS program, the calculated F value is 12, = 2.07. The results of the F test in this study are F-count 12.575 > F-table 2.07, meaning that Pragmatism and Product, Palliation and Price, Patience and Place, Pertinance and Promotion, Peer-support and People, Persistence and Process & Pedagogy and Physical Environment simultaneously affect the the millennial generation's intention to use Islamic fintech, then H0 is rejected.

Next is the coefficient of determination test which is useful for measuring how far the model is able to explain the variation of the independent variables. The value of R square obtained from the results of data processing with the SPSS program is equal to 0.505 or 50.5%. It means that it can be concluded that independent variables such as Pragmatism and Product Palliation and Price, Patience and Place, Pertinance and Promotion, Peer-support and People, Persistence and Process & Pedagogy and Physical Environment are able to explain the dependent variable, namely the intention to use Islamic fintech by 50.5 % and the remaining 49.5%. It is explained or determined by other variables that are not included in the regression model in this study. R square ranges from 0-1, the larger the R square, the stronger the variable.

Pragmatism and product influence the millennial generation's intention to use sharia fintech. Figure 1 shows that Islamic fintech services use products that are halal and safe for users, for example on every Islamic fintech website and application there is already a certificate from the National Sharia Council (DSN) and the Indonesian Ulema Council (MUI). In line with research conducted by Luminita and Roscana, (2017) stated that the product has an effect on the role of the digital world, namely by providing useful application services for its users so that the application can be used for a long period.



Figure 1. DSN-MUI logo on the Islamic fintech website
 Source: Sharia financial technology website

Palliation and Price affect the millennial generation's intention to use sharia fintech.



Figure 2 Promos on the Sharia Fintech Application
 Source: LinkAja sharia application promo.

Figure 2 shows sharia fintech services provide attractive offers in terms of price and provide promos such as price discounts found on sharia fintech applications and websites. These results are in accordance with the results of previous research conducted by Christiyanto and Astutik (2018) showing that Palliation and Price affect the pricing provided by Islamic banks, with these services customers will continue to use the products found in banking. Patience and Place influence the millennial generation's intention to use Sharia fintech.



Figure 3. OJK logo on the sharia fintech website Services
 Source: Sharia Investree Website

Figure 3 shows that there are examples of sharia fintech companies, namely sharia investrees that have been officially registered by the Financial Services Authority (OJK) so that the public does not need to worry about fraud. These results are in accordance with the results of previous research conducted by Luminita and Roscana, (2017) which stated that place affects the role of the digital world due to the development of websites that are increasingly developing, so there is a need for supervision from official institutions.

Pertinance and Promotion affect the millennial generation's intention to use sharia fintech. Promotions carried out by sharia fintech are in accordance with the teachings of Rasulullah SAW who promote products and services honestly and as they are. The results of previous research conducted by Luminita and Roscana (2017); Fauzia (2020) which states that promotion affects the role of the digital world, this explains that promotions recommended in Islam must be honest and not hiding anything from the consumers.

Peer-support and people influence the millennial generation's intention to use sharia fintech. Application services and sharia fintech websites are user friendly, registration is carried out through strict and secure procedures so that user data will not be misused. These results are in accordance with the results of previous research conducted by Hasim and Hamzah (2013) which stated that peer-support and people have an effect on Islamic banking services, namely the services provided by Islamic banks are easy to use.

Pedagogy and Physical Environment affect the millennial generation's intention to use Sharia fintech.



Figure 4 LinkAja Syariah application
Source: LinkAja syariah application

Figure 4 shows examples of services for Sharia fintech companies, LinkAja Syariah, providing services with attractive and useful features for its users, for example there are payment services for Empowering mosque ecosystems, Islamic boarding schools and MSMEs, Sharia Investment and Insurance and Umrah/Hajj payments. In addition, it cooperates with applications for distributing social assistance funds, such as Dompot Dhuafa or Kitabisa.com. The results of previous research conducted by Luminita and Roscana (2017) which states that Pedagogy and Physical Environment affect the role of the digital world by providing application services by creating sophisticated features that can be enjoyed by all groups.

Persistence and Process affect the intention of the millennial generation in using sharia fintech. The mechanism and policy processes carried out by sharia fintech are in accordance with company operational standards and government regulations, for example every sharia fintech company must have a sharia supervisory board (DPS). In addition, the process carried out by

sharia fintech is in accordance with Islamic laws. These results are in accordance with the results of previous research conducted by Luminita and Roscana (2017) which stated that the process affects the role of the digital world, namely that every company must have data warehousing and Business Intelligence to balance the company's organization.

5.0 CONCLUSIONS AND RECOMMENDATION

Based on the results of the discussion and research conducted, it can be concluded that the objectives of this research have been fulfilled, namely with results showing that pragmatism and product, palliation and price, patience and place, pertinence and promotion, peer-support and people, persistence and process & pedagogy and the physical environment have an influence on the intention of the millennial generation in using Islamic fintech.

There are several suggestions :

- a) For Islamic Financial Technology companies. The products contained in the use of Islamic fintech applications should be further improved and maintained so that users can easily trust that Islamic fintech products are flexible and safe for transactions.
- b) For Further Researchers. It is hoped that further research can add new variables, namely the religiosity variable to measure a person's behavior based on his obedience to religion and use other theories that can measure the use of an information technology system.

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MALAYSIAN WOMEN'S INTENTION TO PURCHASE GREEN COSMETIC PRODUCTS

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ABSTRACT

Understanding consumer purchase intention is crucial for the sustainable success of cosmetic companies. The Theory of Planned Behaviour (TPB) has been used as the underpinning theory for this study. This study collected samples from 300 female respondents via a questionnaire of 46 questions. The result of the data analysis was able to show that all four components; personal norms, attitude, environmental concern, and willingness to pay, have a positive relationship with the purchase intention of green cosmetic products. The outcome of this study contributed to the enrichment of the underpinning theory. It has provided useful marketing insights for cosmetic manufacturers, and it promotes social awareness to protect our environment for future generations.

Keywords: *Theory of Planned Behaviour, Personal Norms, Attitude, Environmental Concern, Willingness to Pay, Purchase Intention*

1.0 INTRODUCTION

Global environmental pollution is a critical issue now. The environment has become increasingly contaminated, which has a global impact on the planet Earth. The pollutants are released into the environment through a variety of natural events or human-made actions (Motwani, D. R., & Meshram, R. L., 2021). It harms the environment and human health. By the principles of sustainable development, everyone must reduce the environmental load, reduce the ecological impact, and keep a much cleaner and safer world for future generations. To put it in other words, how well do we protect the ecosystem through our consumption for present and future generations? Green consumerism is described as the consumer's duty to the environment (Malyan, R.S. & Duhan,., 2018)

According to Amberg, N., and Magda, R. (2018), international cosmetics companies are increasingly attempting to transform their product manufacture into environmentally friendly cosmetics for both customer behaviour and corporate purpose. Some of the environmental systems structured are providing protection for damage control, enhancing the usage of organic products, and implementing realistic alternatives using natural resources.

Over 12,000 cosmetics products have excessive levels of toxins and dangerous compounds (Malaysia's Health D-G, 2017; Jaini., et al., 2019). Harmful chemicals in unhealthy cosmetics products, such as dexamethasone, hydroquinone, and mercury, not only destroy animals and plants but also cause environmental pollution and create chronic illnesses in consumers. Even though cosmetic microbeads do not cause large amounts of microplastic pollution, they can constitute harm to the environment since it is released into bodies of water and partially stopped by wastewater treatment facilities (Guerranti, C., et al., 2019).

Green product consumerism has become a worldwide phenomenon in the twenty-first century and driving cosmetic manufacturers to become more environmentally conscious and expand their green product offerings to meet the demands of these new customers (Pop, R. A., et al., 2020). Recent Asian consumers have grown more engaged in organic product usage and its influence on environmental sustainability (Lai, Y., & Yue, C., 2020). The green cosmetics business is growing as consumers become more conscious of the formulations of natural-based products. Natural components contain bioactive chemicals that have antioxidant, anti-inflammatory, photo-protective, and anti-aging features that are beneficial to consumers (Mohd-Setapar, N. S. H., 2018).

Based on Al-Haddad, S., Awad, A., et al. (2020), green cosmetics have lately acquired a lot of prominences among Malaysian consumers, even though there is still a lack of knowledge and consciousness about such products among the public, particularly in developing countries. Today's women consumers are switching to environmentally friendly beauty products. Due to the social terms growing tendency in emerging economies, more research is needed to better understand the green purchase behavior of cosmetic products (Jaini, A., et al. 2020).

Thus, this study aims to examine the factors that influence Malaysian's woman purchase intention of green cosmetics products. It would assist professionals, academics, and entrepreneurs in determining which variables are crucial and how they might be used in future studies or commercial plans.

2.0 LITERATURE REVIEW

According to Boon, L. K., et al., (2020), the research findings have indicated that attitude has a significant relationship with purchase intention on green cosmetics products among Malaysian consumers.

Based on Al Mamun, A., et al. (2020), a study conducted based on performing the multi-group analysis (MGA) in predicting the purchase intention of green cosmetics products has revealed that consumers in Malaysia choose to purchase green cosmetics due to a rise in their concern on environmental issue and attitude. According to Al Mamun, A., et al. (2020), the research findings demonstrated that environmental concerns and attitudes toward green cosmetic products had a substantial impact on Malaysians' purchase intentions to buy green skincare products. Previous research study has discovered that pro-environmental belief has a favorable impact on personal norms, which in turn has a positive impact on green purchase behavior. (Jaini, A., et al., 2020).

According to Ahmad, S. N. B. (2018), the results reveal that attitudes, and subjective norms (Social norms), influence women consumers in Malaysia to buy natural beauty products. Health and environmental consciousness have a substantial impact on consumers' buying intentions too.

According to Munerah, S., et al. (2021), the social norm (social influence) also contributed to the attention to purchase green cosmetic products in Malaysia. While the results of the study,

conducted by Pop, R. A., et al. (2020), have proven that social media platforms have become a significant factor that influences consumers to purchase cosmetic green products in Malaysia.

Another variable that was anticipated to influence the customers' intentions to purchase green cosmetics products was the willingness to pay. Kaliyadan, F., et al. (2021); and Lai, Y., et al., (2020), found that consumers are willing to pay for organic or green cosmetics as it benefits the consumer and the environment. In addition, a study of Indian consumers' attitudes toward organic food by Singh and Verma (2017), indicated the same statement. Researchers highlighted that when organic goods are perceived as nutritious, healthful, and environmentally friendly, Indian customers are prepared to pay a higher price.

3.0 METHODOLOGY

This research approach aims to quantify the information gathered by demonstrating the correlation between the variables. This study takes an explanatory approach, employing quantitative research techniques. An online survey with a total of 46 questions, has been distributed among the female respondents. 300 responses were obtained through an online survey (Google Form). Data collected were analyzed using the IBM SPSS; Statistics and Amos, and MsExcel Tool Pax.

4.0 RESULT AND ANALYSIS

39.3% of the respondents are from the age group of 35-44, followed by the age group of 25-34 years old (26.3%). 52.3 % of the respondents own a bachelor's degree, and 77% have a full-time job.

The result of Multiple Regression showed that the R square value is 0.644, which can be identified as a moderate relationship due to the current sampling size. The summary of the correlation test in Table 1 below showed that all hypotheses were supported as all P-values are less than 0.05. The result proves that the four predictors; personal norms, attitude, environmental concern, and willingness to pay have a positive impact on the intention to purchase green cosmetic products among Malaysian women.

Table 1: Multiple Regression Result

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.802832518
R Square	0.644540052
Adjusted R Square	0.639720256
Standard Error	0.265485147
Observations	300

ANOVA					
	df	SS	MS	F	Significance F
Regression	4	37.70176743	9.425441857	133.7276647	5.2992E-65
Residual	295	20.7922972	0.070482363		
Total	299	58.49406463			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	1.214360966	0.134984656	8.996288911	2.91673E-17	0.948706017	1.480015914	0.948706017	1.480015914
Personal Norms	0.137971589	0.038989033	3.538728152	0.000466906	0.061239686	0.214703492	0.061239686	0.214703492
Attitude	0.248835737	0.048927785	5.085775588	6.52105E-07	0.15254399	0.345127483	0.15254399	0.345127483
Environmental Concern	0.183289227	0.04180636	4.384242621	1.62074E-05	0.101012716	0.265565738	0.101012716	0.265565738
Willingness to Pay	0.129703298	0.044730538	2.899658801	0.00401632	0.041671894	0.217734701	0.041671894	0.217734701

Desired Formula : $Y = 0.138 (\text{Personal Norm}) + 0.249 (\text{Attitude}) + 0.183 (\text{Environmental Concern}) + 0.130 (\text{Willingness to Pay}) + 1.214$

5.0 CONCLUSION

The findings of the study reinforced the notion that women in Malaysia are conscious of the well-being of mother earth and played their role in supporting the environment through the purchase of green cosmetic products. It is important to make green consumerism a norm in every Malaysian household. Attitude is an important factor that determines a person's purchase intention. A positive attitude towards the environment will encourage more women to be green-savvy consumers.

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FACTORS INFLUENCING MILLENNIALS' INTENTION TO ACCEPT E-WALLET IN KLANG VALLEY, MALAYSIA

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ABSTRACT

The objective of the research is to study the factors affecting millennials' intention to accept e-wallet in Klang Valley, Malaysia. It would investigate the link between personal innovativeness, social influence, perceived compatibility and facilitating conditions with behavioural intention. The result of the study will contribute to the understanding of the factors that influence millennials' acceptance of e-wallet. Convenience sampling is used in this study, as samples are selected depending on the availability and willingness of respondents to provide feedback. 774 responses were collected through questionnaires distributed using google forms. This research has excellent internal consistency and dependability of the variables analysed. The result found that there are significant relationships between millennials' intention to accept e-wallets with personal innovativeness, social influences, perceived compatibility and facilitating conditions.

Keywords: *e-wallet, cashless transaction, mobile payment, millennials, personal innovativeness, social influence, perceived compatibility, facilitating conditions, behavioural intention*

1.0 INTRODUCTION

An electronic wallet (e-wallet) is a new advanced app that has changed consumer's lifestyle and behaviour. It is the result of the development of smartphone usage technology around the world. S. O'Dea (2022) indicated the worldwide smartphone subscription figure in 2022 is about 6,567 million and the number is expected to grow from year to year. According to the Malaysian Communication and Multimedia Commission (MCMC) 2020's Internet Users Survey, 98.7% of internet users access the internet via mobile smartphones (Malaysian Communications & Multimedia Commission, 2020). This increased figure has had a significant impact on the adoption of e-wallet among consumers today (Parmar, G., & Rathod, R. M., 2018).

An e-wallet is an electronic-based device that allows sellers to receive money from customers through the internet without the need for physical cash (Uduji, J. I., Okolo-Obasi, E. N., & Asongu, S. A., 2019). A unique quick-response (QR) code is used for the consumers to make payments to sellers. Due to certain restrictions in terms of payment accepted during the Covid-19 pandemic, a lot of companies do not accept cash-based payment to reduce physical contact during this period. Furthermore, the e-payment methods have been accepted as the number of smartphone users has risen (Subaramaniam, K., et al., 2020). Consumers today choose to pay for goods and services they purchase online using e-commerce or e-wallet since it is more convenient than carrying cash.

According to Rosnidah, I., et al. (2018), the millennials is a generation that values convenience in all aspects of life, including payment method during their purchase transactions. They were

born during the technological revolution when cash payments gave way to electronic wallets (Karim, M. W., et al., 2020). As a result, the e-wallet has emerged as a viable option for sellers and purchasers to conduct business transactions more conveniently and accurately that meet today's millennials' needs. Previous studies on the factors that may influence Klang Valley millennials' acceptance of e-wallet have been limited. Therefore, the purpose of this study is to examine the factors that influence millennials' intention to accept e-wallet in Klang Valley, Malaysia.

2.0 LITERATURE REVIEW

Most research examined the factors or degrees of customers' acceptability of technology using the Technology Acceptance Model (TAM) (Khoa, B. T., 2020; Ming, K. L. Y., et al., 2020). According to Khoa, B. T. (2020), the consumers' acceptance of the usage of e-wallet is influenced by their skilfulness and innovation. This research is conducted using the theory of the Technology Acceptance Model (TAM) to examine the correlation between the consumers' skilfulness and innovation and the acceptance of e-wallet in today's digital era.

Social influence is another factor that has a significant role in influencing the consumers' acceptance of e-wallet usage (DO, N. B., & DO, H. N. T., 2020). Teoh Teng Tenk, M., et al. (2020), also revealed social influence could trigger the consumers to accept and use the e-wallet. Furthermore, social influence is proven as a predictor of consumers' acceptance of e-wallet.

Ming, K. L. Y., et al. (2020) and DO, N. B., & DO, H. N. T., (2020) indicated that e-wallet perceived compatibility is among the factors that have a significant relationship in influencing the consumers' behavioural intention to use it. The degree of usefulness and being user friendly are some direct factors that may influence the consumers to adopt the usage of technology including the e-wallet (Shin, J., Park, Y., & Lee, D., 2018). Pertiwi, D., Suprpto, W., and Pratama, E. (2020) revealed that perceived usefulness influences the consumers to accept e-wallet. In addition, according to Omar, P. U. (2020), convenience is the most relevant factor that influences young consumers to accept e-wallet usage. Perceived compatibility has influenced consumers' adoption of e-wallet (DO, N. B., & DO H. N. T., 2020). Previous studies indicated that the facilitation offered by the e-wallet also plays a significant role in influencing the young consumers' acceptance of e-wallet usage (Omar, P. U., 2020). Below is the research framework for this study.

3.0 METHODOLOGY

A quantitative research method was used in this research study. Online survey questionnaires were distributed to 800 mobile broadband millennial users aged 25 – 44 years old in Klang Valley, Malaysia. All hypotheses were analysed using SPSS. A convenience sampling technique was used to collect data.

4.0 RESULT AND ANALYSIS

The overall Cronbach Alpha values are very strong, with variables ranging from 0.856 to 0.886 throughout the analysis. The findings reveal a high level of consistency and reliability among the variables.

Table 2 Spearman's Correlation Coefficient

		PI	SI	PC	FC	BI
PI	Personal Innovativeness	--				
SI	Social Influence	0.921**	--			
PC	Perceived Compatibility	0.929**	0.920**	--		
FC	Facilitating Conditions	0.909**	0.934**	0.916**	--	
BI	Behavioral Intention	0.916**	0.917**	0.933**	0.928**	--

N=774, ** Correlation is significant at the 0.010 level (2-tailed).

Table 2 illustrates the correlation coefficients ranging from 0.909 to 0.934. The analysis demonstrates that the independent and dependent variables have a high degree of correlation.

Coefficients a

Table 3 Coefficients of Multiple Regression Model

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.329	0.058		5.715	<0.001
	PI	0.146	0.030	0.156	4.952	<0.001
	SI	0.091	0.029	0.099	3.151	0.002
	PC	0.340	0.032	0.358	10.598	<0.001
	FC	0.354	0.033	0.363	10.762	<0.001

a. Dependent Variable: BI

Based on Table 3, Personal Innovativeness (PI) has a significant value (p-value) of <0.001, which implies that Personal Innovativeness is predicting behavioural desire to accept e-wallet. As a result, we can conclude that hypothesis H1 is supported in this investigation. This finding aligns with the study done by Koivisto et al. (2016), where Personal Innovativeness (PI) affects millennials' intention in the context of new technology. It is aligned with the general behaviour of millennials, who are seen more open and willing to adopt new technologies. (Vogels, E. A. 2019).

Social influence has a significant value (p-value) of 0.002, implying that social influence predicts behavioural intention to accept e-wallet. Consequently, we can conclude that hypothesis H2 is supported in this research. The finding aligns with Mew, J., and Millan, E. (2021)'s paper on social influence (SI) affects behavioural intention. The study by Yeow et al. (2017) showed a strong correlation between social influence (SI) and millennials' intention to use mobile payment services (e-wallet) in Malaysia.

According to Table 3, perceived compatibility has a significant value (p-value) of <0.001 , implying that perceived compatibility predicts behavioural intention to accept e-wallet. Accordingly, we can conclude that hypothesis H3 is supported in this investigation. The finding is aligned with the paper conducted by Liew (2019).

Based on Table 3, the facilitating condition (FC) has a significant value (p-value) of <0.001 , which implies that the facilitating condition in predicting behavioural intention to accept e-wallet in Klang Valley, Malaysia. Therefore, we can conclude that hypothesis H4 is supported in this investigation. The FC has a beta coefficient of 0.354, implying that a standard deviation change in FC will result in a 0.354 standard deviation change in the dependent variables when the other independent variables remain constant, with a significant value of less than 0.001.

5.0 CONCLUSIONS

According to research findings, personal innovativeness (PI) led to millennials' intention to accept e-wallet in Klang Valley. This aligns with the findings of Nysveen et al. (2005), who discovered that acquaintances or people in the user's environment influence millennials' decision to adopt new technology, such as e-wallet. In other scenario, Rusell and Bradley (1997) discovered a contradictory conclusion, claiming that individuals who lack confidence in their abilities to handle modern technology are diagnosed with technology anxiety or cyberphobia. As a result, millennials who want to make a transaction using an e-wallet experience anxiety when making purchase. This study's findings are also consistent with the Technology Acceptance Model (Davis et al., 1992).

The second objective of this research is to investigate whether social influence affects millennials' intention to accept e-wallet in Klang Valley. The result of the research has demonstrated that social influences (SI) lead to millennials' intention to accept e-wallet in Klang Valley. This outcome is aligned with the research conducted by Slade et al. (2015), which found that millennials' intention toward e-wallet is influenced by social influences. However, a conflicting result was observed in a study done by Kwateng et al. (2019) who discovered that social influence had little effect on millennials' willingness to adopt systems or technologies. Nevertheless, this study has shown social influences (SI) affect millennials' intention to accept e-wallet in Klang Valley, which is also aligned with the theory under the context of the Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al., 2003).

The third objective of this study is to ascertain if perceived compatibility affects millennials' intention to accept e-wallet in Klang Valley. According to the findings, millennials' intention to accept e-wallet in Klang Valley is influenced by perceived compatibility (PC). This is in accordance with a research by Kim et al. (2016), which found that perceived compatibility had a substantial impact on e-wallet acceptability. According to Karahanna et al. (2006), compatibility in terms of one's existing work practises might suggest that one's existing work style is extremely close to one's intended work style in some cases. Yet, this is not always the case in situations where behaviour is instructed. Hence, the outcome of this research also supports the theory under the context of the Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al., 2003). Research conducted by Zhou (2011) stated that perceived compatibility plays an important role in determining the adoption of mobile payment services as it could negatively influence millennials' intentions.

The study's fourth objective is to see if facilitating conditions have an impact on millennials' intention to accept e-wallet in Klang Valley. The study found that facilitating conditions (FC) influence millennials' intention to accept e-wallet in Klang Valley. This result is consistent with the findings of Rosnidah et al. (2018), who discovered that facilitating conditions have a positive impact on millennials' behaviour when it comes to new technologies, in contrast to

Piarna et al. (2020), who discovered that facilitating conditions have no impact on millennials' behavioural intention because this generation believes that making money transactions using an e-wallet is no longer an issue. Furthermore, the conclusion of this study is influenced by the hypothesis of the Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al., 2003).

All four hypotheses had been examined and proven to be supported. It is worth noting that the Covid-19 pandemic has accelerated the shift to e-wallet and its utilisation and acceptance rate in Malaysia during 2020. The acceleration was mainly driven by government and public bodies in addressing the transmission risk of the Covid-19 virus through physical contacts such as money notes and coins. As technology evolves, business owners and e-wallet service providers must understand the factors that affect their consumers, particularly millennials, which is critical for their business continuity and expansion.

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THE IMPORTANCE OF ACADEMIC QUALIFICATIONS AND INDUSTRY EXPERIENCE FOR SUPERVISORY LEVEL EMPLOYEES IN THE MALAYSIAN HOTEL INDUSTRY

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ABSTRACT

The hospitality industry is considered a successful sector especially there are more consumers looking at the quality, not merely quantity. Consumers will not be attracted by merely a large quantity of products offered, but they will pay attention to the quality of the products and services provided. The instruments consisted of structures and open-ended questions aimed at finding out: (1) Qualifications and Experiences. Questions on the respondent's and organization's profiles were included to ensure the reliability of responses and to cross-tabulate with the variables. The findings indicate industry experience was very important for the supervisory level employees in all the four operating areas of the hotels: restaurant, kitchen, front office and housekeeping. The respondents preferred more than 5 years of industry experience, followed by 1 to 5 years of work experience in the related areas. Meanwhile, for the academic qualification of restaurant supervisors, SPM would be the most preferred qualification. This was followed by the bachelor's degree and the diploma, while the MLVK and PMR were less preferred. For the kitchen supervisors, similar results were indicated where the first choice was the SPM, followed by the bachelor's degree, the diploma, and the MLVK. For the housekeeping supervisors, the most appropriate qualification was SPM, followed by the diploma. The bachelor's degree, the MLVK and the PMR were not considered as the choice of qualifications. For the front office supervisors, the academic qualifications that were sought after were the SPM and the diploma.

Keywords: *Academic Qualifications, Industry Experience, Supervisory, Hotel Industry*

1.0 INTRODUCTION

Hotel managers need specific skill sets to handle the many facets of the job. People skills are imperative because hotel managers must know how to understand and satisfy the needs of customers and employees alike. Listening skills help hotel managers to determine guest concerns, while customer service and problem-solving skills give them judgment to choose the best course of action (Torres & Kline, 2013). To motivate and guide hotel staff and resolve conflicts, leadership, and managerial abilities are a must. Plus, hotel managers juggle every aspect of a property's operation, from schedules to budgets to human resources, so organizational skills are essential. Top hotel managers in executive positions focus on sales and marketing, accounting, computer systems, and administration.

Managers of larger or full-service hotels typically need a bachelor's degree in hospitality or hotel management. However, hotels with fewer services and less complicated operations may hire candidates with an associate degree or a certificate in hotel management. Although more than 500 U.S. schools offer training in hotel management, only 100 curricula are qualified

through the Accreditation Commission for Programs in Hospitality Administration (Alyson, J. (2018). Hotel management programs usually require courses in administration, accounting, economics, electronic reservation systems, marketing, housekeeping, food, and beverage management, and maintenance. Students who want a head start can look for a high school that offers the two-year Lodging Management Program of the American Hotel and Lodging Educational Institute.

Hotel management is not a job that students land right out of undergraduate school. Most properties prefer managers with on-the-job experience in a series of increasingly responsible positions. A desk clerk, for example, might get promoted to chief room clerk, then to assistant front office manager, front office manager, sales and promotion manager, and finally, hotel manager. Employers typically reserve management-training spots for college-educated candidates, though employees who show leadership potential and have several years of experience can sometimes move into assistant manager jobs (Dessler, G., 2006). Aspiring hotel managers should look for experience through part-time summer jobs and internships. Around the world, the hospitality industry has been marked by growing at an unprecedented rate. There has been increased focus on the hospitality industry as an industry of global dimensions (Jauhari et, al. 2012). Today, the hospitality industry is considered a successful sector especially there are more and more consumers look at quality, not merely quantity. Consumers will not be attracted by merely a large quantity of products offered, but they will pay attention to the quality of the products and services provided. Hence, hospitality firms put more emphasis on customers' needs and requirements so that the customer will feel satisfied. Lane and Dupre (1997) have mentioned that the historic ability of the hospitality industry to anticipate customer needs has contributed to its success in the global economy.

1.1 Purpose of the study

One of the criteria to survive in this competitive era is by providing good service to the customers instead of customer satisfaction (El Saghier, 2015). The drivers for the hotel's success are academic qualifications and the supervisor's industry experience. Both factors indicate that the possessor must have great skills and knowledge which indirectly gives a good performance in their work. These valuable attributes are an attraction for the employer to look for. Thus, there is a need to research the academic qualification and supervisor's experience since it will contribute to the organization's success.

2.0 LITERATURE OVERVIEW

a) Academic Qualifications

In the modern world, it is a must to have an academic qualification. There is no resume without academic qualifications, which the future employer will look into. Besides, it is an indicator that a person posse a good and strong basic of learning. Inside the academic qualification, an individual was tested and to get a good grade, they need to put in extra effort and gain more knowledge. If they are good, they pass with flying colors, or vice versa. In a way, good academic qualifications can give a good job to the employee (Jaoko, 2014).

b) Industry Experience

The industry experience of your management team has a significant influence on the investor's perception of the viability of your business proposal. It is very important to check for contradictions in your business proposal that could be challenged. It's important to consider the fact that most angel investors prefer to invest in industries in which they have considerable knowledge and experience. They also prefer to invest with companies, especially early-stage

companies that have a management team with industry experience. It's a fact that early startups are a risky venture and without the experience, it is even riskier but there is something you can do to improve your chances of succeeding.

3.0 RESEARCH METHODOLOGY

The study uses the case study design since the objectives are to understand the employees' competencies, employees' communication skills. Service quality levels, training and development activities, recruitment sources, and turnover rates in hotel organizations. The variables are examined in a limited number of hotels since the purpose is to gain a better understanding of the preferences and practices among the hotels. The study uses the cross-sectional design with periods of data collection extending over 6 weeks.

a) Data collection

Primary data are collected via mail survey addressed to participating hotel organizations. It was requested that the respondents to the survey questionnaire should be any management staff in the human resource management department or division. Secondary information was derived from research reports (thesis, and journal articles) and information from newspaper articles.

b) Population and Study and Sample

The study examined selected 3-star, 4-star, and 5-star hotels in the Klang Valley. It is a convenient sample, whereby the sample was selected from the list of hotels in the area as published in the directory of hotels by Tourism Malaysia. Thirty hotels are solicited for participation in the study.

c) Research Instrument

Research instruments are required to guide the study. The instruments consisted of structures and open-ended questions aimed at finding out: (1) Qualifications and Experiences, (5) training and Development programs. (6) Recruitment Sources, Questions on the respondent's and organization's profiles were included to ensure the reliability of responses and also to cross-tabulate with the variables. The seven instruments are compiled in the form of a survey questionnaire that is mailed out to the hotels. The followings are the variables and the listing of the dimensions of each variable.

(1) Qualifications and Experiences

Requirement of Industry/Work Experience:

- Restaurant
- Kitchen
- Housekeeping
- Front Office

Requirement of Academic Qualifications:

- Restaurant
- Kitchen
- Housekeeping
- Front Office

(2) Recruitment Sources

Main recruitment Sources of Employees:

- Restaurant
- Kitchen
- Housekeeping
- Front Office

Internal recruitment Source

External recruitment Sources

The type of scaling method used was the subject-centered approach where the hotel variables were examined on the variations and all the variation was attributed to the differences among the hotels. The following were the types of scales used: (1) Nominal Scale for the demographic profiles, (2) Ordinal Scale for ranking the importance of some attributes, and (3) Interval Scale where differences between the mean score of the attributes are compared. A 4-point Likert-like scale was used that ranged from 1 – Very Satisfied/Very Important to 4- Not Satisfied/Not Important; and (4) ratio Scale for questions such as the number of days and years, and length of period.

4.0 STUDY FINDINGS

a) Profile of Respondents

The number of hotel organizations included in the study was 21. An analysis of the profile of respondents indicated that from the 21 hotel respondents, 67% of the respondents held positions as either personnel executive or training manager. 19% were human resource managers, whilst the other 14% were human resource supervisors.

Table 1 Profile of Respondents

Position	Number	Percent
Human Resource Manager	4	19
Personnel Manager. Training Manager	14	67
Human Resource Supervisor	3	14
Total	21 (hotels)	100

b) Organizational Profile

The average number of full-time employees was 190. These 190 employees were made up of 63 employees or 33% as front-liners, 27 employees, or 14% as supervisors, and 100 employees, or 53% of the employees working in other positions such as support, back of the house, or management level employees.

Table 2 Profile of Organizations

Position	Number	Percent
Total number of full-time employees	190	48
Number of first-line (guest-contact) employees	63	33
Total number of supervisory employees	27	14
Other employees (support, back of the house, administrative)	100	53

c) Supervisory Employees' Industry Experience

As illustrated in Table 3, the respondents had similar that industry experience was very important for the supervisory level employees in all four operating areas of the hotels; the restaurant and the kitchen were rated with a mean score of 1.62, the housekeeping had a

mean score of 1.76 and the front office was rated with a mean score of also 1.76. The overall average was therefore rated as very important at 1.64. On the number of years of experience, the respondents were also in agreement. They felt that the supervisors should have at least 5 years of industry experience. To a lesser extent, however, a period of 1 to 5 years of experience was also acceptable. For the restaurant and kitchen supervisors, having less than one 1-year experience was somewhat unacceptable. But for the housekeeping and front office, it was somewhat acceptable. Overall, the respondents still preferred more than 5 years of industry experience (1.00), followed by 1 to 5 years (1.14) of work experience in the related areas.

Table 3 Supervisory Employees' Industry Experience

Requirement of Industry/Work Experience	Level of Importance	Years of industry/work experience Required		
		Less than 1 year	1- 5 years	More than 5 years
Restaurant Supervisors	Very Important 1.62	Not Satisfied 3.48	Very Satisfied 1.10	Very Satisfied 1.00
Kitchen Supervisors	Very Important 1.62	Not Satisfied 3.48	Very Satisfied 1.10	Very Satisfied 1.00
Housekeeping Supervisors	Very Important 1.76	Slightly Satisfied 2.67	Very Satisfied 1.14	Very Satisfied 1.00
Front Office Supervisors	Very Important 1.57	Slightly Satisfied 2.67	Very Satisfied 1.14	Very Satisfied 1.00
Overall	1.64	3.08	1.14	1.00

1.00 – 1.74	1.75 – 2.49	2.50 – 3.24	3.25 – 4.00
Very Important/ Very Satisfied	Important/ Satisfied	Slightly Important/ Slightly Satisfied	Not Important/ Not Satisfied

d) Academic Qualifications for Supervisory Employees

For the supervisory employees, as illustrated in Table 4, the respondents indicated that academic qualifications were very important for all four operating areas. The restaurant supervisors believed that the SPM (1.29) would be the most preferred qualification. This was followed by the bachelor's degree (1.46) and the diploma (1.67), while the MLVK (2.00) and SRP (2.67) were less preferred. For the kitchen supervisors, similar results were indicated where the first choice was the SPM (1.38), followed by the bachelor's degree (1.52), the diploma (1.67), and the MLVK (1.76). For the housekeeping supervisors, the most appropriate qualification was the SPM (1.29), followed by the diploma (1.67). The bachelor's degree, the MLVK, and the SRP were not considered as the choice qualifications. For the front office supervisors, the academic qualifications that were sought was the SPM (1.29), and the diploma (1.57).

Table 4 Academic Qualifications for Supervisory Employees

Requirement of Academic Qualifications	Level of Importance	Minimum Acceptable Academic Qualifications					
		SRP	SPM	MLVK	Certificate in area	Diploma	1 st . Degree
Restaurant Supervisors	Very Important 1.62	Slightly Relevant 2.67	Very Relevant 1.29	Relevant 2.33	Very Relevant 1.67	Very Relevant 1.67	Very Relevant 1.48

Kitchen Supervisors	Very Important 1.62	Slightly Relevant 2.67	Very Relevant 1.38	Relevant 1.76	Very Relevant 1.67	Very Relevant 1.67	Very Relevant 1.52
Housekeeping Supervisors	Important 1.81	Relevant 2.29	Very Relevant 1.29	Relevant 2.33	Very Relevant 1.67	Very Relevant 1.67	Relevant 2.05
Front Office Supervisors	Very Important 1.67	Not Relevant 3.48	Very Relevant 1.29	Slightly Relevant 3.00	Relevant 2.05	Very Relevant 1.57	Relevant 2.05
Overall	Very Important 1.68	Slightly Relevant 2.78	Very Relevant 1.31	Relevant 2.36	Relevant 1.77	Very Relevant 1.67	Relevant 1.78

1.00 – 1.74	1.75 – 2.49	2.50 – 3.24	3.25 – 4.00
Very Important/ Very Relevant	Important/ Relevant	Slightly Important/ Slightly Relevant	Not Important/ Not Relevant

e) Supervisor Training and Development Programs

For supervisory training, 90% of the respondents indicated that their hotels did provide in-house training programs for them. They also indicated that the average number of days that each supervisor had to undergo was approximately 13 days per year.

The restaurant supervisors had to attend 15 days of training per year with programs such as complaint handling, service quality, food handling, and upselling. The kitchen supervisors had to attend 13 days of training on programs such as kitchen sanitation, food handling, work ethics, and team building. The housekeeping supervisors were required to attend 15 days of training per year with programs such as employee relations and work ethics. The front office also had to attend at least 15 days of in-house training on programs such as complaint handling, guests relations, and upselling.

Table 5 In-house training/development for the supervisory employees

	In-House Training/Development Programs	
	Number of Days in a Year	Type of programs
Restaurant Supervisors	15	Compliant Handling Service Quality, Food Handling, Upselling
Kitchen Supervisors	13	Kitchen Sanitation, Food Handling, Work Ethics, Team Building
Housekeeping Supervisors	15	Employee Relations, Work Ethics,
Front Office Supervisors	15	Compliant Handling Guest Relations, Upselling

5.0 CONCLUSIONS

a) Implications of Industry Experience

More industry experience will ensure a better chance of moving up the career ladder faster. The nature of the jobs at the higher levels would require decision-making and analytical knowledge which could, to a certain extent, be derived from industry experience and the type of networking the supervisors have. The nature of the workload demands also experience in multitasking and multiskilling work in the hotel organizations.

b) Implications of Academic Qualifications

Hotel programs offered by educational institutions vary all over the world, but they have similarities in terms of the curriculum breakdown in general about educational requirements and major course requirements. Regardless, the curriculum should be routinely/periodically evaluated, to be flexible enough to have the courses upgraded when required, as the hotel industry environment changes due to the need to accommodate the changes for example the technology change. Hotels' supervisory and management employees will need to be equipped with the latest knowledge and know-how to lead the organizations. In environment uncertainty and also to be able to lead employees who might be more knowledgeable, for example, with IT and current customers' preferences.

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RELATIONSHIP BETWEEN MONETARY COMPENSATION, PERCEIVED LEADERS' EMPATHY AND EMPLOYEES' HAPPINESS AMONG PRIVATE UNIVERSITIES ACADEMICIANS

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ABSTRACT

The financial setback due to COVID-19 attack has led many employees, including universities academicians from receiving remuneration amount that is commensurate to their hardship. This situation has reported to cause unhappiness among these academicians eventually led to the deterioration of the overall universities' performance (Othman et al., 2021). According to Raime et al. (2022), other than remuneration factor, employees' happiness is also influenced by perceived leaders' empathy. Therefore, this research was conducted to examine the mediation effect of perceived leaders' empathy on the relationship between monetary compensation and employees' happiness. Findings from this research showed that perceived leaders' empathy does mediate the relationship between monetary compensation and employees' happiness (p -value = 0.00; T -value = 4.688) with confidence intervals bias (CI) results $0.109 < CI < 0.233$. The findings are expected to be a basic source of reference for employers, leaders as well as human resource practitioner on the importance of ensuring employees to receive monetary compensation that is commensurate to their workload. Besides that, leaders are expected to have sense of empathy towards employees to nurture employment sustainability that is deemed can improve organisations' performance (Oruh et al., 2021).

Keywords: *Employees' Happiness; Monetary Compensation; Perceived Leaders' Empathy; Social-Exchange Theory.*

1.0 INTRODUCTION

Malaysia's economic situation is still reported to have not fully recovered following the Covid-19 attack. This has resulted in many organisations including the Malaysian private universities being financially affected and is expected to take a longer time to recover (Yunus, 2020). The situation has caused most of the affected universities to reduce their employees, including the academicians to sustain the universities (Othman et al., 2021). The employee reduction has led to workload expansion among the remaining academicians from just teaching and learning,

research and publication, and project paper supervision to sales and marketing, students' counselling, administrative and other non-academic duties. This situation has caused unhappiness among academicians (Janib et al., 2021; Sinniah et al., 2018). The situation worsens when these academicians are not receiving monetary compensation that is commensurate with their effort and sacrifices (Uresha & Opatha, 2020). Recent research by Raime et al., (2022) conducted among the private universities' employees has proven that monetary compensation does have a significant relationship with employees' happiness. Their research has also proven that other than monetary compensation, perceived leaders' empathy does have a significant relationship with employees' happiness since organisations' leaders are expected to be more empathetic towards their employees' feelings and well-being. This is because, the organisation's success depends on the performance of its employees (Oruh et al., 2021).

Despite the earlier research by Raime et al. (2022) has proven that both monetary compensation and perceived leaders' empathy do have a significant relationship with employees' happiness, there is a suggestion for future research to extend the study to identify a variable (mediator) to explain the significant relationship between monetary compensation, perceived leaders' empathy, and employees' happiness. Therefore, this research is an extension of the earlier research by Raime et al. (2022), at the same time filling the literature gap and responding to the earlier studies' recommendations.

Uresha and Opatha (2020) defined happiness as the feeling of delight, fulfilment, and satisfaction. Happiness is one of the most sought-after living elements as happiness allows one to achieve life tranquillity and contentment. In terms of employees' happiness, it is one of the most crucial elements sought by the organisations' management since happy employees will work happily thus producing better results and helping organisations to prosper (Sinniah et al., 2018; Uresha & Opatha, 2020).

Monetary compensation is money paid to employees for their work, efforts, and sacrifices rendered to the organisation where they work (Herpen et al., 2005). Monetary compensation i.e., adequate salary, bonus, or increment is deemed to be able to create a sense of happiness among employees hence making them have a low intention of leaving the organisation (Sinniah et al., 2018).

Empathy is defined as a special capability owned by someone to better comprehend other peoples' feelings, situations, and difficulties that is beyond someone's superficial or apparent behaviour (Marques, 2010). Previous studies confirmed that empathetic leaders lead to happy employees (Wan Abdul Rahman & Castelli, 2013) and empirically proven that they do have significant relationships with employees' happiness (Raime et al., 2022).

1.1 Underpinning Theory & Research Framework

The research framework that displays the mediation effect of perceived leaders' empathy between monetary compensation and employees' happiness is a result of a details study from previous literature. The proposed research framework illustrated in Figure 1 is underpinned by the social exchange theory, originated by George C. Homans in 1961. Social exchange theory proposes that a relationship is formed through benefits-costs exchanges ("Social Exchange Theory," 2020). Hence, the social exchange theory is to support the idea that employees' happiness (benefit) is pivotal for the universities' success, which can be obtained when the universities' management invested in appropriate monetary compensation (cost) complemented with a great sense of empathy (cost) (Oruh et al., 2021). Therefore, it is hypothesised that:

H1: Perceived leaders' empathy mediates the relationship between monetary compensation and private universities' academicians' happiness.

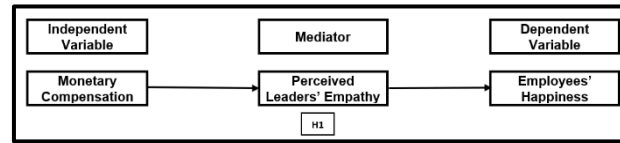


Figure 1 Proposed Research Framework

2.0 RESEARCH METHODOLOGY

The distribution of the questionnaires was self-administered and was distributed among the private universities' academicians via a google survey form. The convenience sampling method was adopted. The total number of academicians from all private universities in Kuala Lumpur and Selangor were retrieved from Macro Higher Education Institution was 25,961 ("Statistik Pendidikan Tinggi 2019," 2019). Therefore, based on the Krejcie and Morgan (1970) table, the required sample size is approximately 380. Nevertheless, only 209 responses were received after four (4) months. The data analysis then proceeded since analysis is permitted if the researchers have obtained at least 30% (114 responses) of the actual required total sample size (Sekaran & Bougie, 2013). Smart PLS 3.0 was used for both measurement model and structural model assessments.

3.0 DATA ANALYSIS AND RESULTS

3.1 Measurement Model Analysis

The measurement model for this research has gone the confirmatory factor analysis (CFA) to confirm the construct structure. The CFA was done to identify and then remove any items with low loading results basically to increase the assigned items' variance, subsequently ensuring all constructs are above the acceptable Average Variance Extracted (AVE) scores with a loading value that is not below the acceptable threshold (AVE>0.50) (Hair et al., 2019). Table 1 below reported the AVE scores after the removal of the items with low loading values.

Table 1 Average Variance Extracted (AVE)

	Average Variance Extracted (AVE)
Employees' Happiness	0.502
Monetary Compensation	0.618
Perceived Leaders' Empathy	0.762

The internal consistency has been assessed too for this research by employing the reliability test i.e., Cronbach's alpha (α), the composite reliability (pC) and the Dijkstra-Henseler's Rho (pA). Table 2 below summarised the results for all three reliability tests. Based on the results, it can be concluded that all the variables generated exceptional reliability that is above the minimum acceptable value (>0.70) (Dijkstra & Henseler, 2015; Sekaran & Bougie, 2013).

Table 2 Internal Consistency

	Cronbach's Alpha	rho_A	Composite Reliability
Employees' Happiness	0.858	0.874	0.889
Monetary Compensation	0.884	1.048	0.905
Perceived Leader's Empathy	0.976	0.978	0.978

3.2 Structural Model Analysis

Collinearity issues are determined by scrutinising the Variance Inflation Factor (VIF). The potential collinearity issues are deemed to exist if the VIF value is 3.3 or higher (Diamantopoulos & Siguaw, 2006). However, for this research, all the exogenous variables' VIF inner value (monetary compensation, perceived leaders' empathy) for the endogenous variable (employees' happiness) are lower than 3.3 (monetary compensation= 1.000; perceived leaders' empathy= 1.000) as shown in Table 3 below. This means that multicollinearity issues do not exist in this study (Diamantopoulos & Siguaw, 2006; Hair et al., 2019).

Table 3 Internal Consistency

	Employees' Happiness	Monetary Compensation	Perceived Leader's Empathy
Employees' Happiness			
Monetary Compensation			1.000
Perceived Leader's Empathy	1.000		

Smart PLS 3.0 was also used to assess the significance and relevance of the structural model relationship. Results were obtained by running the PLS algorithm to acquire the path coefficients diagram for the total indirect effect as depicted in Figure 2. Based on the empirical results presented in Table 4, the relationship between monetary compensation and employees' happiness with perceived leaders' empathy as mediator is found to be significantly related (t-value=4.688, p-value=0.000). In other words, monetary compensation is found to have indirect relationship with employees' happiness.

Table 4 Total Indirect Effects from PLS Bootstrapping

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Monetary Compensation - > Employees' Happiness	0.174	0.188	0.037	4.688	0.000

As for the 97.5% Bootstrapping Confident Interval (CI), results have shown that zero does not straddle in between [LLCI = 0.107, ULCI = 0.233]. Results were obtained by running the PLS Bootstrapping as depicted in Figure 3. The no zero straddle in between indicates that perceived leaders' empathy mediates the relationship between monetary compensation and employees' happiness (Baron & Kenny, 1986). Hence, this has made Hypothesis H1 to be accepted or supported.

Table 5 Confidence Interval Bias for Total Indirect Effects

	Original Sample (O)	Sample Mean (M)	Bias	2.5% (LLCI)	97.5% (ULCI)
Monetary Compensation -> Employees' Happiness	0.174	0.188	0.014	0.107	0.233

LLCI = Lower-Level Confidence Interval

ULCI = Upper-Level Confidence Interval

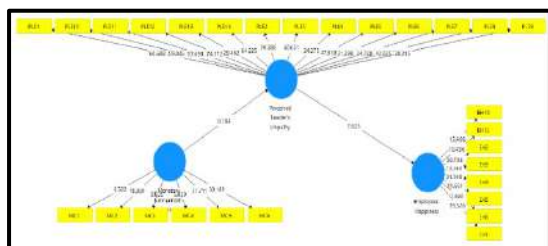


Figure 2 PLS Algorithm for Total Indirect Effect

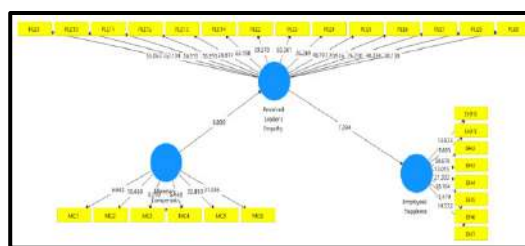


Figure 3 PLS Bootstrap for Total Indirect Effect

Table 6 below showed the R² value for the endogenous variables i.e., employees' happiness. The R² value for employees' happiness is reported to be 0.190. Based on the analysis results, it can be concluded that the size of the observed variation (employees' happiness) was explained by the model's input (exogenous variables – monetary compensation and perceived leaders' empathy) as much as 19.0% only and is considered as weak (Hair et al., 2019).

Table 6 R Square

	R Square	R Square Adjusted
Employees' Happiness	0.190	0.186

4.0 CONCLUSIONS

In conclusion, although this study was done to respond to previous research recommendations and fill the literature gap, further research still need to be conducted to examine what variables explain the relationship between monetary compensation and employees' happiness. In addition, it is suggested for future, researchers continue this study by adapting perceived leaders' empathy as a moderator to examine whether the presence of this variable will strengthen or weaken the relationship between monetary compensation and employees' happiness.

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FACTORS INFLUENCING ONLINE GROCERY PURCHASE INTENTION AMONG GEN-X IN KLANG VALLEY MALAYSIA

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ABSTRACT

This study was conducted to determine the most significant factors that influence online groceries purchase among Gen-X in Klang Valley, Malaysia. The independent variables are perceived usefulness, perceived ease of use, price, website design quality, trust, and perceived risk. The research adopted a convenient sampling technique for the sample collection. 505 valid responses were collected. The data collected were analyzed using Minitab software. The results revealed that the most significant relationships to online purchase intention are perceived usefulness, trust, and price. Recommendations to all related stakeholders including academicians, consumers, businesses, and authorities were also included to leverage the findings.

Keywords: Purchase Intention, Perceived Usefulness, Perceived Ease of Use, Price, Website Design, Trust, Perceived Risk, Online Grocery Shopping, Gen-X.

1.0 INTRODUCTION

The COVID-19 pandemic has expedited the digitalization process and e-commerce activities, thus changing the way consumers shop (Alfonso V, 2021). Buying goods and services online has become a common routine these days for numerous individuals globally. More than 2.14 billion individuals around the world are anticipated to purchase merchandise and groceries online, despite some still prefer to shop the traditional way and some shop both online and offline (Wut Yee Phyo, 2019).

Few reports found that 26% of online shoppers are more willing to purchase fresh groceries online. In Southeast Asia, Malaysia is one of the driving nations to practice e-commerce with an increase of 88% growth rate for online groceries sales. Online grocery shopping appeals to be more comfortable because consumers can now purchase their groceries from home without the need to travel to a supermarket, push the shopping cart, and wait in the queue for payment (Fong Ching Ming et al., 2020).

Gen-X was born between 1965 – and 1980 also known as a middle generation experience the transition from analog to digital phase. Gen-X was born on the cusp of when our world turns into a digital-first society (Vinoth. S, 2018). They have different characteristics, behavior, beliefs, and attitudes and look for a balance between personal life, family, and career. Their desires are wide-ranging and at the same time they have stronger buying powers, and they

generally often shop at value-oriented stores. They prefer a useful and practical approach to buying and will engage in secured buying behavior.

This research analyzed Gen-Xs' responses to see whether there are any significant relationships between perceived usefulness, perceived ease of use (Davis 1986), price (Phan & Mai, 2016), website design (Kim, Shaw, & Schneider, 2003), trust (El-Ansary & Roushdy, 2013) and perceived of risk (Singh, 2015) with consumer purchase intention towards online shopping of groceries.

There were limited previous studies done to find out the significant factors affecting consumers' intention among a specific group of Gen-X in Klang Valley to purchase grocery via online. Hence the analysis is made with the aim to examine whether the following factors: perceived usefulness, perceived ease of use, price, website design quality, trust, and perceived risk have an influence on online grocery purchases among this target group. The result of this study will have implications for users and indirectly contribute to the online vendors' understanding of what customer wants, as well as a policymaker to improvise current policies. The researchers hoped that the findings of the study will be able to guide all related stakeholders to make online grocery shopping the best shopping alternative that can benefit customers and other online shopping participants.

Figure 1 showed the proposed research framework that illustrates six independent variables that may have a significant relationship with the dependent variable.

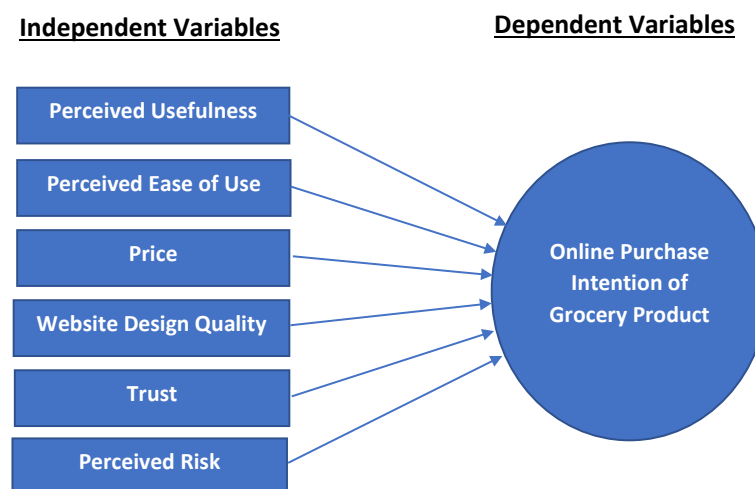


Figure 1: Proposed research framework

2.0 METHODOLOGY

The research is conducted to understand the factors that contributed to an online grocery purchase intention among Gen-X in Klang Valley. Questionnaires were distributed using google form using convenience sampling methods. It is an effective and convenient way to obtain information and data from the population. The questionnaires were adapted from Tee Yee Teng (2018). The respondents answered options in the Likert scale ranging from strongly disagree as 1 to strongly agree as 5. Data was analyzed using SPSS version 26.

3.0 RESULT

Table 1: Regression Analysis – Model Summary

Model Summary	R2	P-Value
	0.568	0.000

Table 1 showed the result of the regression analysis. It showed that R2 is 0.568, which means all factors have a 56.8% influence on Gen-X online grocery purchase intention.

Table 2: Correlation Coefficients

Predictors	Coefficients			
	Coefficients	Standard Coefficients	t	P-Value
Constant	-0.0630	0.1908	-0.33	0.741
Perceived Usefulness	0.2057	0.0801	2.57	0.011
Perceived Ease Of Use	0.1428	0.0763	1.87	0.062
Price	0.2749	0.0473	5.81	0.000
Website Design Quality	0.1108	0.0683	1.62	0.105
Trust	0.3427	0.0723	4.72	0.000
Perceive Risk	-0.0658	0.0497	-1.32	0.186
Dependent Variable: Online Purchase Intention				

The equation for this research based on Table 2 is as follows:

$$\text{Online Purchase Intention} = -0.062 + 0.2057 \text{ Perceived Usefulness} + 0.1428 \text{ Perceived Ease of Use} + 0.2749 \text{ Price} + 0.1108 \text{ Website Design Quality} + 0.3427 \text{ Trust} - 0.0658 \text{ Perceive Risk}$$

The findings in Table 2 showed that perceived usefulness (IV) has a $\beta = 0.2057$ and $p = 0.011$. It means that perceived usefulness explains 20.57% of the significant relationship with the online purchase intention (DV). This finding is supported by Tee Yee Teng (2018) who mentioned in the study consumers tend to purchase the product online if the perceived usefulness and trust exist throughout the process.

Next, the findings showed that Perceived Ease of Use (IV) has a $\beta = 0.1428$ and $p = 0.062$. It means that Perceived Ease of Use has no significant relationship with the online purchase intention (DV). This finding is supported by a study by Juniwati, (2014); which indicates that perceived ease of use does not have a significant impact on online purchase intention.

Next, Price (IV) have a $\beta = 0.2749$ and $p = 0.000$. It means that Price explains 27.49% of the significant relationship with the online purchase intention (DV). Price is one of the significant factors that affect the purchase intention be it online or offline for a wide range of products and services (Dam, 2020; Rai, B. 2021)

Next, Website Design Quality (IV) have a $\beta = 0.1108$ and $p = 0.105$. Website Design Quality do not significantly influence the online purchase intention (DV). This finding is supported by the study of Hasanov and Khalid (2015), which found that website design has no significant impact on purchase intention.

Next, Trust (IV) has a $\beta = 0.3427$ and $p = 0.000$ which means that Trust explains 34.27% of the significant relationship with the online purchase intention (DV). This factor has the strongest relationship among all independent variables. This finding is supported by a study done by Juliette Vera Maria Naudin (2021) which suggested that trust is a significant factor that positively affects online purchase intention.

Lastly, Perceive Risk (IV) has a $\beta = -0.0658$ and $p = 0.186$. It means that Trust does not significantly influence the online purchase intention (DV) since the P-value is less than 0.05. This finding is supported by G. Jordan et al. (2018) who indicated that based on their study on the consumers' fear of financial losses, reputation damage, and perceived risk, it is evidence that the perceived risk is negatively affecting online purchase intention.

Based on the results obtained above, only three variables provide significant influence on online purchase intention. The variables are perceived usefulness, price, and trust, as these three variables have a p-Value less than 0.05.

4.0 DISCUSSION

The results can be analyzed by looking into the respondents' demographic profile, and the internal and external factors that influence their purchase intention. Based on the demographic profile, it was found that the majority of the respondents are aged between 42 and 49 years, married, having extensive working experience, and a majority of them have higher educational background. This reflects that these respondents had long accepted technology in their daily life. Thus, the perceived ease of use is not a barrier for them to access the internet or e-commerce website. However, the perceived usefulness had given them great impact as we could relate it to the COVID-19 pandemic in the country that started in March 2020. The restrictions imposed by the government had force Malaysian to learn and get used to the e-commerce environment, prevent face-to-face and maintain social distance. Since then, e-commerce has been widely accepted and growing rapidly. In this study, the respondents found that the grocery stores' websites are useful, save time and stay safe.

Price significantly influenced the online purchase intention, as the flexibility and convenience of using websites, the online shoppers have easy access to the information needed and make a comparison from a variety of brands, substitute products, price ranges, and the specifications and functions. This is aligned with our study on grocery products where the price is the main contributor to the purchase intention, especially during the pandemic period, with the high unemployment rate in the country.

Trust is another factor that influences online purchase intention. Trust could be established from the experience of performing similar activities such as online purchases. As the online purchase is not new in the market, many well-established e-commerce owners started to sell grocery products. The purchase online naturally increases during the pandemic, i.e., Lotus, Lazada, Shopee, Grab, and food panda. The social interaction of the e-shoppers could be a powerful tool in expanding the leads to buy online. The study on e-commerce companies demonstrated a close relationship between reputation and trust (Maia et al., 2018). Online consumers have no hesitation to use the same website to purchase grocery products as compared to the newly established website where consumers may not trust and hesitate to buy from them.

5.0 CONCLUSION

As the online platform becomes increasingly crucial to consumers in everyday lives, it is important to know which and how the factors affect their purchase decision, particularly on grocery items. Consumers are shifting their purchasing behavior from traditional mode to online platforms, and this is becoming a normal routine among shoppers as they prefer to go for simpler mode, convenient and fast.

The result of this study can provide great understanding to all related stakeholders in the e-commerce business mainly online vendors. As the aim of this paper is to examine the relationship of the influencing factors for online grocery purchases, the online vendors especially can benefit from the input of this study to increase their sales by focusing on the

significant factors that influence consumers' decision to buy grocery via online. The result will also allow online vendors to develop a better and more intensive marketing strategy to gain more confidence among customers to participate in online purchase medium. The policymakers as well can benefit from this study by developing certain policies ensuring consumer protection in this e-commerce activity and they may also consider providing a special incentive to all online shopping participants be it from consumers or from the vendor's end.

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MODELLING TRUST IN CUSTOMER AND SUPPLIER INTERACTION – A SIMULATION OF DYNAMIC PERFORMANCES

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ABSTRACT

This paper writes about a theoretical model developed to understand trust in customer and supplier relationship. The model developed considers seven variables in an interaction between a customer and a supplier. These influencing factors suggest here affect customer's trust towards their suppliers. These factors are (1) Control, (2) Feedback, (3) Delay, (4) Disturbance, (5) Co-operation, (6) Supplier's Commitment and (7) Distance. The model proposes that a supplier's performance in a high volume with repeated transactions environment is dynamic. It is written here that making decision (investment) based on past supplier's repeated performances are possible links to trust. Simulation of supplier dynamic performance proofs the links possible, making prediction possible of what is known.

Keywords: *Modelling Trust, Supplier Performance, System Dynamics*

1.0 INTRODUCTION

Trust is an important factor in customer and supplier relationship and is by far the most important factor characterizing a good relationship as stated by Ford (1980). Trust cannot be measured. However, supplier's performance can be measured. In this paper, the influences of trust developed are represented in a model. The model is based on Wolstenholme (1992) influence diagram. This leads to two simple arithmetic equations which equates supplier's performance with factors influencing trust. The two equations relate supplier's performance with trust, a factor that customer has towards their supplier.

Modelling is completed by using system dynamics approach where trust is influenced by several factors. This is based on the Industrial Marketing and Purchasing IMP Model in Europe and other literature search. The factors formulate that the influences of trust are affected by (1) Control, (2) Feedback Rate, (3) Delay and (4) Disturbance. At later stage, the model is extended to include (5) Co-operation, (6) Supplier's Commitment and (7) Distance.

The above factors are broadly classified into four (4) main categories. These categories are *Authority, Information, Uncertainty* and *Attitude*. The Control factor is a representation of *Authority*. Feedback Rate and Delay is classified as *Information*. External Disturbances and the Distance between a customer and their suppliers cause *Uncertainty* in a relationship. Co-operation and Supplier Commitment indicates supplier's *Attitude* in a relationship.

The model is based on the Industrial Marketing and Purchasing IMP Model published, Hakansson (1982), by the group and also other literature search. The model represents industrial buying and selling in customer and supplier relationship. It simplifies customer and

supplier relationship to Interaction Processes (the processes in a relationship), Interaction Parties in a relationship (supplier and customer) and Environment in which an Atmosphere emerges as a customer interacts with a supplier forming a relationship. The interactions are assumed to be long term.

The model developed is to increase a low trust supplier to a higher trust supplier, to assist in decision as to whether it is important to invest further in the relationship based on quantifiable mathematical equations. It is also important not to neglect the qualitative part of making a decision, the consideration of the human factor in a decision. The model considers the qualitative part by considering or looking into the soft factors, identifying and defining the root cause of the problem, similarly to increase low trust supplier to higher trust supplier by improving the variable that influences trust. It is not possible to capture every factor that influences trust in a relationship. Here it is intended and limited to a few factors as stated in later sections.

2.0 SOME BACKGROUND ON CUSTOMER AND SUPPLIER RELATIONSHIP BASED ON LITERATURES SEARCH

The initial perception before getting into a relationship is interesting. Initially, both customers and suppliers are unaware of opposing abilities. It is only by perception, as the origin of trust in a customer and supplier relationship investigated by Smeltzer (1997) considers the origin by three factors - corporate identity, image and reputation. It is explained that customers perceived their suppliers by the above three (3) factors. On the other hand, suppliers perceive their customers by the same factors. This means that both customers and suppliers trust each other in a relationship by perception. In other words, the customer and the supplier perceive trust by their (1) corporate identity, (2) image portrayed and (3) established reputation of the interacting company or organization.

Examination of the nature of buyer-seller relationship in industrial market was done by Ford (1980) considering the development of their relationship through time, by analysing the process of establishment and development of a relationship over a five stages evolution. From this study, customer and supplier relationship builds up as it progresses. It is not an instantaneous situation that both parties know each other from the day a customer or a supplier meets. A relationship requires time to establish to a stage where more commitment will be exemplified.

However, if the customers are not benefiting from the suppliers, meaning not meeting the initial requirements, it is very likely that the customer will find another supplier. The customer will not commit further and just find another supplier that is able to offer the product or the service that is required. In this case, it is not in view of the long-term approach but it is only to seek another supplier which is able to offer the required product or service.

The terms of partnership, it is only form when both parties realize that there are shared benefits, especially the customer. One point to share is the utilization of resources that are available from the supplier to achieve the objectives. Another point is to spread financial prudence to the supplier. Both the customer and the supplier see the worth of getting into a partnership agreement and a closer relationship is formed. The resources and costs are spread between the two parties, and development time reduced, to mention a few benefits.

In partnership there are success and failures. Partnership pitfalls or success is written in an article by Lisa (1995). In the article, the reasons why buyer and supplier enter into a partnership are ranked. The key factors that contributed to a partnership failure are also tabulated. The main reason buyers enter into a partnership is due to price or total cost of delivered item or of product class. The main reason suppliers enter into a partnership is to secure reliable market for this item or of product class. It is also believed that the most important factor to the success of a purchasing partnership is due to two-way information sharing (by buyers) and top management support (by suppliers). The article found that the main reason of a failure in partnership is due to poor communication.

In addition to this, instead of just development of a relationship though time and to see whether it is worth continuing, Wilson and Mummalaneni (1986) put it such that two parties are brought together due to the “complementarity of their needs”, “ties or bonds” establishes between the two parties. The “investment and level of satisfaction” of the customer determine “the degree of commitment” in the relationship.

In every relationship, there bound to have uncertainties in a relationship realized before both parties get into a relationship. Hakansson, Johanson and Wootz (1976) explained the term *uncertainties* in three headings. These *uncertainties*, as explained are: (1) need uncertainty, (2) market uncertainty and (3) transaction uncertainty. As defined need uncertainty as being whether the customer can really know the exact product or service that is required from the supplier. Market uncertainty is to know whether knowledge in the market area is known and that the change involved offered by suppliers. Transaction uncertainty is being defined as the ability to purchase the product or service. This means that these uncertainties are realized throughout the purchase of product or service as defined. Uncertainties are in opposed to strengthening of a relationship. The uncertainties need to be reduced to ascertain the customer of its abilities.

In addition, Touboulic and Walker (2015) manage to investigate and map from a theoretical perspective, sustainable supply chain conceptualisation - for future field of works and development. It is also suggesting here that an impact on sustainable supplier selection, sustainable supplier performance (monitoring) and collaborative supplier development program will ensure or ascertain the relationship, as highlighted Yang and Zhang (2017), empirical study finding from a buyer perspective shows positive influences on buyer-seller relationship.

Recently in 2015, 193 countries for instance, adopted the Sustainable Development Goals SDGs which provides a viable model for long term growth, a framework that sets clear vision to address the global challenges we encounter today. This drive, in sustainable model, specifies the need for supply chain practitioners in the industry to overcome the situation with the goals to achieve, which is dynamic in the real world; dynamic models can characterize the real world to a certain extent.

3.0 THE DYNAMIC BEHAVIOUR – IN CUSTOMER AND SUPPLIER INTERACTION

The behaviour of suppliers in customer and supplier performance is dynamic. Occasionally, suppliers perform in a relationship. Inversely, the reverse occurs. The dynamic performance of the supplier is dependent on influencing factors that affects the interaction. For example,

trust is affected if the suppliers perform badly, trust being an important factor in customer and supplier interaction as informed by Han, Wilson and Dant (1993). The factors affecting an interaction must be identified. It will ultimately maintain the trust in subsequent interactions. It will gradually improve by lifting the lowest scored influence to an acceptable level, ensuring that the lowest value is within the required mean performance. It is agreed that it requires time to establish trust. In modelling customer and supplier relationship, the dynamic behaviour is dependent on factors effecting the interaction. It shows an approach of defined variables to simplify a complex problem situation. Modelling customer and supplier relationship is to represent the factors that will possibly affect the interaction between a customer and his or her supplier. The model identifies important influences of a complete picture in a relationship.

In view of a long-term relationship, it is not to dissolve a relationship but rather to increase the trust level from low to a higher level, if possible. Else, the mean performance of a relationship, which shows the dynamic behaviour throughout the interaction process should lies within the required level, based on trust, or around a value if the performance is calculated. The trust level is required to be established to a comfortable level. The performance level, quantitatively calculated, is an *indication* of a trusting relationship. It can be used as an indication of a rough prediction used as a measurement of a next value.

4.0 THE TRUST MODEL

The factors that influence the relationship in the trust model are shown in figure 1. It consists of seven variables; (1) Control, (2) Feedback Rate, (3) Delay and (4) Disturbance, (5) Co-operation, (6) Supplier's Commitment and (7) Distance. These variables can be extended or added. In addition, it can also be removed if it is not applicable. In this paper, seven variables affecting a relationship are explained. These variables are developed through the IMP Model and literature search.

Fig. 1 System Dynamic Representation – The Influencing Factors of Trust

Control and Feedback Rate increases the trust level whereas Disturbance and Delay reduces the trust level. The word *Control* is defined here. Incoming data that can be recorded, counted for the number of rejects in each dispatch quantity, etc., is a control factor on the assembly parts. The word Feedback Rate is the responses from the supplier when a customer requires information of a change in design requirements. In other words, it is how the rate of response or the response to the change is relayed back to the customer. If there is a delay in the respond to a change, the trust level will be affected because the supplier might not be interested. The attitude of the supplier plays an important role towards the success of a relationship. Disturbance is due to uncertainties beyond the known boundaries, for example, a change in market trend in foreign place, a change in end customers' perception, etc.

If the interface variable such as the number of rejects is measured, the number of known failures causing the reject can be controlled. A change in end customer requirements on the market is informed to the supplier to accommodate for the change. The feedback rate can be measured to show the keenness of the supplier. A delay in response to the change will affect the performance slightly. Disturbance due to uncertainties will affect the relationship slightly.

It is later added that distance of the customer cause uncertainty in a relationship. Co-operation and Supplier Commitment are indications of supplier's attitude in a relationship. This model is superimposed on the IMP Model and is shown in figure 2.

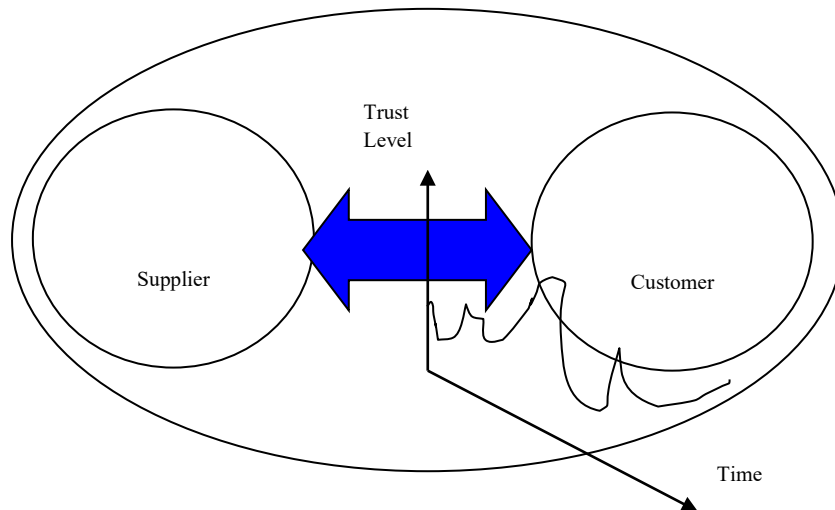


Fig. 2 Time Scale and Trust Measurement Between Customer and Supplier

It is to measure trust in an interface between the customer and supplier interaction. It is time scaled as shown to monitor and to see the possible trend developing, whether it is up, down or horizontal straight.

To be able to monitor this interface will benefit the interaction parties as improvement in the relationship is possible due to defined components of trust. The model reckons that a “low trust” supplier can be increase to a “higher trust” supplier, if the components of trust are defined to improve on the low scored components.

It is time scaled; hence, a trend is possible to be established to track past interactions. With the trend developed, the direction of the interaction can be determined. The trend will be able to identify and assist decision whether future investment into a relationship is foreseeable.

5.0 THE EQUATION OF TRUST MEASUREMENT MODEL

Trust is regarded and based on the past performances of suppliers. Supplier performance is determined by the arithmetic summation or subtraction of components in a relationship that are measurable between the interfaces.

Trust consists of performance of the suppliers which is quantifiable by specific key components, measurable to equate and to indicate it as a number, by a fraction total to one (1). A high number near to 1 shows high trust and a low number near to 0 shows low trust. The model relates trust to supplier's performance. Supplier's performance is an indication of trust towards the supplier.

Trust develops through time. It consists of the past performances in a customer and supplier relationship. The equation below shows the relation.

$$\text{Performance, } P = f(C, F, D1, D2) \quad (1)$$

where C = Control; F = Feedback Rate; D1 = Delay; D2 = Disturbance

$$\text{Performance, } P = f_1 * C + f_2 * F + f_3 * D1 + f_4 * D2 \quad (2)$$

where f1, f2, f3 and f4 are weighted factors, sum to 1.

As trust consists of past experiences, it is represented as follows.

$$\text{Trust, } T_{t=1} = (P_{t_0} + P_{t-1} + \dots + P_{t-n}) / n+1 \quad (3)$$

where n+1 is how many numbers of past experiences that sum up to a trust level (Moving Average Method).

Based on the above equation (3), the average of actual past experiences determines the trust level.

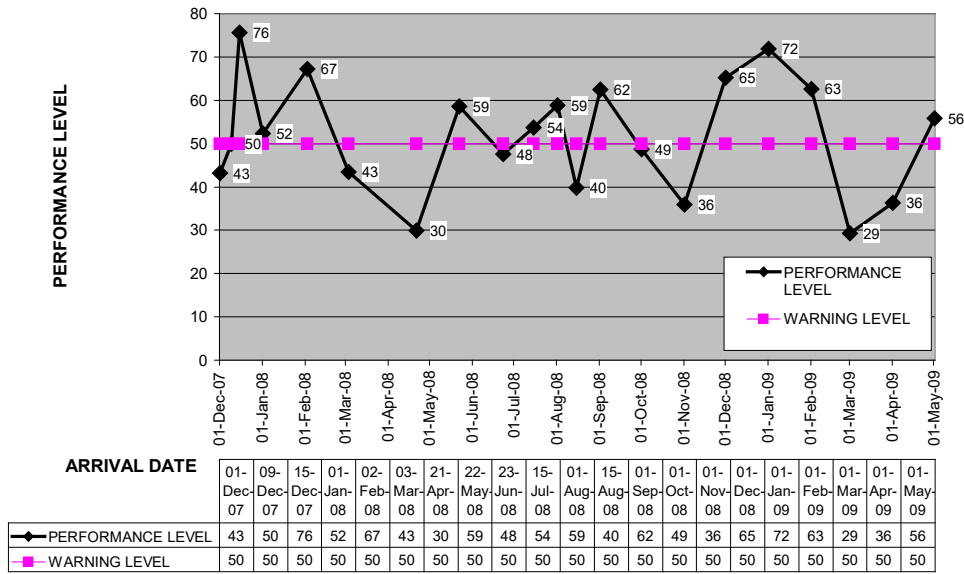
$$\text{Trust, } T_{t=1} = \alpha * P_{t_0} + (1-\alpha) * T_{t_0} \quad (4)$$

where α is a constant to weight more emphasis on the actual performance or initial trust level (Exponential Smoothing Method).

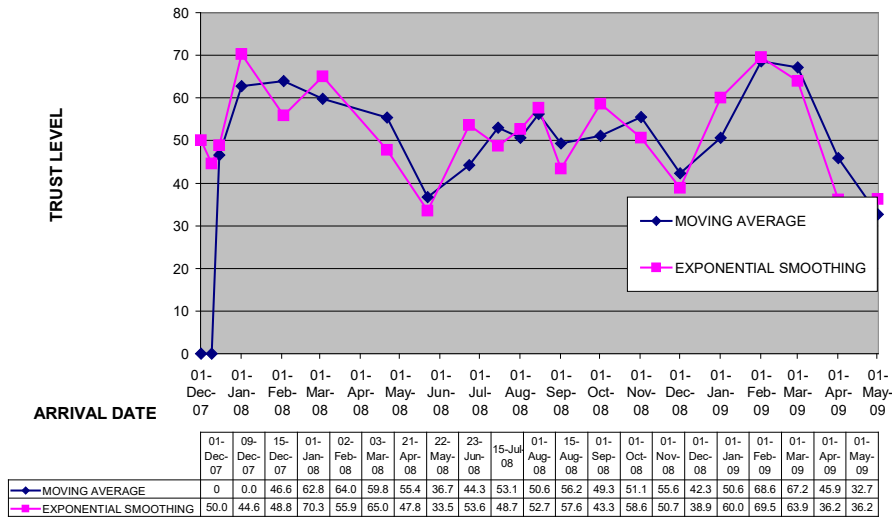
In equation (4), trust is part of the equation. The first trust level T_{t_0} , is a number, and it is the initial trust the customer has towards a supplier in the beginning of a relationship. The actual performance P_t is calculated based on equation 2. With this equation, subsequent trust level is calculated with a past performance and a past trust level.

A few simulations were calculated based on the above two equations (3 & 4). An equal weighted factor (f1, f2, f3 & f4 = 0.25) is assumed. Initial trust of 0.5 (or 50 percent) is assumed. Moving average is based on past two experiences. The smoothing factor is 0.8 for the exponential smoothing method, more emphasis on the performance. Below are the results.

GRAPH 1 : SUPPLIER'S PERFORMANCE LEVEL



GRAPH 2 : SUPPLIER'S TRUST LEVEL



(Note: The above graphs do not depict a real relationship. It does not have real data to substantiate. The equations are to introduce measuring trust in customer and supplier interaction)

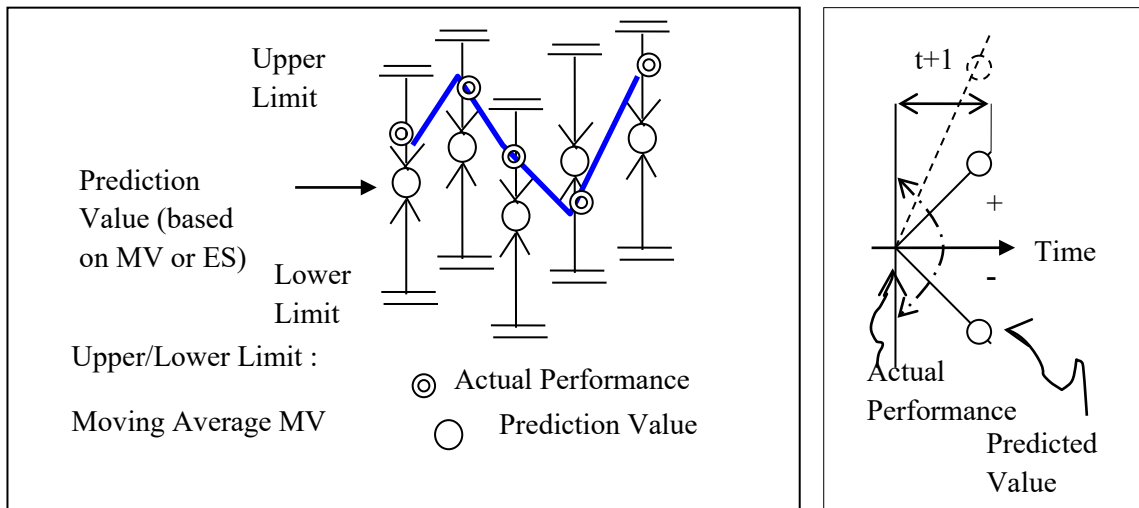


Fig. 3 Limits of Prediction (Representation)

Figure 3 shows that the prediction value based on moving average technique or exponential smoothing technique is within an error limit. As the next estimate is predicted, the value can either be an incline positive or negative slope from the performances.

The errors of prediction from the actual value are more than or less than the actual value. Summing the errors equates to an error which determines what lies within the upper and lower limit. The sum of errors equals to the sum of predicted performances minus the sum of actual performance.

$$\text{Error, } T_e = | \sum T_p - \sum T_a | \quad (5)$$

where \underline{e} is the error, ' \underline{p} ' the predicted value and ' \underline{a} ' the actual value.

6.0 AN ESTIMATED PREDICTION OF TRUST MODEL

In many instances, the next value in performance needs to be known to know the next decision. A subsequent commitment in a relationship in terms of money or time requires something to be based on before a decision is made. By looking into past performances, it can be a gauge that would assist in concluding a decision. Two predictive techniques – simple moving average or exponential smoothing, are measurement techniques that can calculate an estimate in a relationship quantitatively.

Although quantitative in nature, the fact that human emotion cannot possibly be gauge and is only amazing to know that people react towards the result because of the reward. Anyway, a predictive technique to measure past performance is applied in this case to track the past performance and linking it to trust. With these techniques, trust being an emotion of believing that suppliers meet the requirements, can be determined quantitatively. An estimate value of the two techniques with known error can be determined by the equations.

7.0 DISCUSSION ON THE TRUST EQUATIONS

The equations are a guide to assist in deciding whether it is worth committing further in a customer and supplier relationship where there are measurable interface components. The components are grouped into four main components. The components are Control, Feedback Rate, Delay and Disturbance. The interface components that are scored in the equation to know the performance and trust level towards the suppliers. It is later extended to include three more components. These are Co-operation, Supplier's Commitment and Distance. For example, some measurable items are the number of rejects, the number of later deliveries, the number of quantities received (whether correctly received), etc. The above items can be calculated.

The components of trust must be carefully selected. Deciding the components is important to monitor the interface that is required to be maintained or improved in a relationship. The equation is rigid which consist of only addition of the components. The components are scored high if it is good, and scored low if there are many rejects, for instance. Changing the components would mean starting the tracking process all over again.

The trust level is possible using moving average or exponential smoothing method, as defined. Based on random number generated from computer (= RAND()), it is found that the error is almost the same for the above two methods. Moving average technique sum the average of past trust level whereas exponential smoothing technique emphasis on whether to weight more on current performance or past trust level by the smoothing constant.

The components of trust need to be well defined to inform supplier of the requirements in the market condition where the product or service is sold. Secondly, the aspects of the market condition that can be listed down and informed to the suppliers on the requirements that the supplier need to play a part will be part of the equation. Change in the requirements need to be informed to the supplier and feedback actions need to be known to meet the change. The equation forms a trend which will show whether it is trending upwards, downwards, or just maintaining at that level. Based on this trend, further commitment into a relationship can be determined.

8.0 A RIGID EQUATION - A TECHNIQUE TO KNOW THE NEXT VALUE

Moving average is a mathematical equation that utilizes the past values to calculate the next value. It is the average of past performances and making it a next prediction value. The prediction value is then equated to "trust". Trust is known to be unquantifiable. Hence, the trust level as shown mathematically here is only an *indication* of past performances, which only link past performances to trust in a quantifiable manner. In real, it is impossible to link supplier's performance mathematically to a word "trust". It is the intention of this paper to show prediction of supplier performance mathematically - summation of past performances linking to trust; making it only as an *indication* quantitatively. A person after reading the trust level should not interpret it as a value but an *indication*. The value is intended as a tool in deciding future interactions with the suppliers in a high volume, repeated sales environment. Huge amount of money exchanges over a period. The predicted value is the summation of the latest two past performance { $T = ((P-1) + (P-2))/2$ }. As another interaction takes place, the previous performance is removed from the equation.

With the above techniques, it is possible to calculate a prediction value. However, it is only an estimate due to errors in prediction. Each time a next value is prediction, error exist, as

mentioned in the above section, within the upper and the lower limit. As the number adds, the lower and upper limit varies depending on the new actual value. The calculated predicted value falls within the variable limits.

The similarities of the above two techniques are that the mathematics equate performance to trust, defining trust as the average of past performances (for moving average technique) or a fraction of past and a guess value or subsequent trust value (for exponential smoothing technique). Trust is a belief or feeling whereas performance is a rating system based on soft factors, sometimes with quantifiable factors. Applying the result, it is found that the calculated value is an *indication* of the next trust level as defined within the factors that influences trust between a customer and a supplier.

9.0 AT THE DECISION POINT

To decide on further interaction is difficult especially when there are external factors which are not controllable. To make an overnight decision is ridiculous. At the point of decision making, past data need to be investigated. If the relationship can be improved, it is advisable to. If it turns out to be a bad relationship, then dissolving the relationship will be the resort.

The IMP Model, which analysed 1300 relationship in Europe is a good guide in understanding industrial relationship between customer and supplier. It describes the factors that are influencing customer and supplier relationship. Trust is one of the factors, grouped in the Interaction Process that will emerge when customer and supplier interacts.

The approach measures the components that make up trust, to avoid a “break up” in a relationship. This is because experience is gain from the interactions and a lot of money, time and effort involved. However, if this is not possible to work out a remedy, then it is better to just conclude the relationship. “Alternative” source is then required; however, it is in view of a long-term relationship.

The approach enables the relationship to be improved based on the defined components. With the components defined, the matter can be discussed and decisions can be made.

10.0 CONCLUSION

A model-to-model trust based on the Industrial Marketing and Purchasing IMP Model by the group and other literature search is modelled. It is a theoretical model with two equations that relates supplier’s performance to trust, trust being influence by four (4) broad factors; *Authority, Information, Uncertainty* and *Attitude*. More Control and Feedback from supplier improves the trust level the customer has towards the supplier. Delay and Disturbance will reduce the trust level. Co-operation, Supplier’s Commitment improves the trust while Distance reduces trust. It is an initial model developed to monitor, maintain, or improve customer supplier relationship in an environment with repeated interactions with long term intention. The intention of the model is to increase a low trust supplier to a higher trust supplier, to decide whether further commitment in the relationship is foreseeable for a longer-term relationship.

The dynamic behaviours of moving average and exponential smoothing techniques predicts the next trust level in customer and supplier interaction. Modelling trust in customer and

supplier interaction is to find out the factors that would affect a trusting relationship. The predictive equations calculate the next trust level utilizes past performances in moving average technique and an initial trust value or subsequent trust in exponential smoothing technique. The predicted value has error. It is within an error limit which varies as the next trust level is calculated. The calculated trust level is an *indication* of supplier performance, making trust predictable but only an *indication*.

Unfortunately, real data is required to show that the proposed trust model is true. Actual data to show the link between a customer trust towards their supplier and supplier's performance are required to be collected further to this. Without these data, the link is not possible. It is only at this point that there might a possible link between customer's trust and supplier's performances.

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CORPORATE SOCIAL RESPONSIBILITY (CSR) DISCLOSURE AND CORPORATE REPUTATION OF MALAYSIAN BANK: ADAPTING THE BURSA MALAYSIA'S FRAMEWORK

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ABSTRACT

Corporate social responsibility (CSR) means the obligation of the management of an organization to make decisions and take actions that will help the welfare and good of society and the organization itself. CSR is a commitment to improving people's well-being and the organization's image. Bursa Malaysia has developed a CSR framework as a guideline for publicly listed companies. The framework focuses on four dimensions: environment, community, marketplace, and workplace. Based on the framework, this study formulates several hypotheses to examine the relationship between CSR components and corporate reputation. Moreover, this study also aims to identify the most potent predictor that affects the corporate reputation of Malaysian banks. This study employed a cross-sectional design, and 300 respondents of Malaysian bank customers in the Klang Valley were selected as a sample study. Data were collected using a questionnaire approach, and Pearson's correlation and regression analysis were used to understand the relationship between the dependent and independent variables. The results obtained from this study initiate significant and positive correlations between community disclosure, environmental disclosure, marketplace disclosure, and workplace disclosure towards the corporate reputation of Malaysian banks. The most substantial independent variable that influences corporate reputation is the workplace. In conclusion, the findings are validated, and research and managerial implications are drawn accordingly.

Keywords: Bursa CSR Framework, corporate reputation, corporate social responsibility (CSR), Malaysian banking customer

1.0 INTRODUCTION

Companies are encouraged to care about the social environment because the business world is growing. The interests of employees, stakeholders, community, and environment are essential apart from the interests of management and shareholders (Ajina et al., 2020; Pratihari & Uzma, 2019). Information about corporate social responsibility (CSR) is needed as society becomes more aware of the essential functions of companies in the social environment. Companies' CSR disclosure is a public report on economic, environmental, and social corporate activities (Giannarakis et al., 2020). Corporate social responsibility is the company's obligation to participate in sustainable planning by focusing on corporate responsibility and order between social, environmental, and economic problems (Carlini et al., 2019; Sharma, 2019). The increase in environmental damage, such as global warming, air pollution, waste accumulation, forest burning, and others, promotes CSR development (Wang, Xu, & Wang, 2020). The most recent form of CSR communication is the sustainability report. Most organizations are beginning to realize that the World Wide Web (WWW) is the best option for disseminating CSR information to customers. This method can effectively communicate with employees, customers, shareholders, and investors. CSR activities result in customers' positive attitudes and behavior toward the organization (Latapí Agudelo et al., 2019).

Social responsibility has become necessary for companies and has a long-term investment, such as a good corporate image for the community and investors (Rahman et al., 2019). The company fulfills and expresses its social responsibility to gain community legitimacy (Moneva et al., 2020). Therefore, CSR has become an obligation that a company must own and initiate CSR to avoid negative public perception, which can disrupt the continuity of a company. The CSR campaign builds relationships between the public and the organization, forming a positive perspective for an organization in building business relationships. Previous studies have found that employees prefer to work in organizations with ethics and responsibility (Ajina et al., 2020; Nguyen et al., 2019; Pratihari & Uzma, 2019). Improving the organization's image and dignity through CSR initiatives impacts the self-identification of employees. Employees feel proud to say they work for an organization with a good reputation through CSR initiatives. It can increase employee loyalty to the organization (Nguyen et al., 2019). CSR initiatives can also influence the decision of employees' prospects to work in the organization. Wang et al. (2020) also found that comprehensive implementation of CSR improves the organization's reputation toward potential employees by increasing the organization's attractiveness. Therefore, CSR can increase the recruitment of quality employees while retaining the best employees. Thus, CSR is necessary for organizations due to several benefits, such as customer loyalty, building relationships with customers and shareholders, and producing employee satisfaction and motivation (Latapí Agudelo et al., 2019).

Beyond the aspects that promote CSR, there are also challenges faced by organizations in implementing CSR. CSR is not easy for some organizations since CSR is determined by the size of the organization and the awareness of its benefits (Nave & Ferreira, 2019). Hickman and Cote (2019) discussed the challenges in implementing CSR. These include weak culture, a lack of training to learn about CSR, low financial resources, and difficulty obtaining information about CSR implementation. Furthermore, previous studies such as Khan, Bose, and Johns (2020) and Morsing and Spence (2019) have argued that small organizations may experience various challenges, such as limited finances, shortage of workforce, and limited time. Farooq and Noor's (2021) study found that financial constraints are the main barrier to implementing CSR. In Malaysia, regulations on CSR have been established in confirmation of the law that regulates that Malaysian companies must fulfill their social responsibility towards society and the ecosystem. The government is among the few in Asia to enact CSR reporting requirements for Public Limited Companies. Bursa Malaysia provided voluntary guidance on CSR reporting to its members in 2006 and made CSR

reporting mandatory for all publicly listed firms. However, there is no statutory requirement for publicly listed companies in Malaysia to disclose social information to the public (Kamaludin et al., 2022). Several researchers have argued about the low level of CSR reporting among Malaysian firms and claimed that Malaysia is still in its infancy stage of CSR reporting (Alam et al., 2022; Dhoraisingam Samuel et al., 2022).

Lui et al.'s (2021) study among Malaysian banks found that Islamic banks have a higher level of CSR disclosure than conventional banks. The findings also show that high ownership reduces Malaysian banks' CSR level. The researchers recommend the role of Bank Negara Malaysia to monitor banks with a high ownership structure. According to Chakroun et al. (2017), many banks disclose CSR information in a narrative form where the workplace aspect has been prioritized in their annual report, and community involvement has been disclosed on the website. This indicates unstandardized CSR disclosure practices between annual reports and website disclosure. In addition, Ho et al. (2022) highlighted that banks tend to incur higher CSR spending when corporate governance is high. Corporate governance encompasses a network of processes, habits, policies, regulations, and institutions that affect a company or corporation's direction, management, and control. They are more active in corporate governance. Moreover, empirical studies also found that banks practice lower disclosure when a minimum regulation is imposed (de Oliveira et al., 2022).

This study's general objective is to examine how the disclosure of CSR information could affect the corporate reputation of Malaysian banks. Specifically, this study aims to (1) examine the relationship between CSR components (i.e., Environment, Community, Marketplace, and Awareness) and corporate reputation and (2) identify the most robust predictor that affects the corporate reputation of Malaysian banks. The present study has delivered two important insights into the current state of the literature. First, this study has provided insights into the overview of defined CSR factors that can determine corporate reputation. Although the study of CSR in developed countries is increasing, the study in developing countries, especially Malaysia, is limited. Society is beginning to give special attention to the adverse effects of business activities on society. The rise and establishment of various NGOs and activist groups in Malaysia show that stakeholders are increasingly concerned about the attitude of business companies in responding to the importance of social responsibility. The findings might reveal new knowledge for the current literature and research. Second, notwithstanding those past studies demonstrated the relationships between and among the proposed variables; however, there is little evidence to consider the examination of these variables from the context of the Malaysian banking setting, especially during the pandemic, which could offer future research with a reliable tool to assess the extent of the identified factors. A lack of studies has been conducted to examine CSR reporting in the Malaysian banking sector from the customer perspective. This study contributes to the relatively scarce literature by providing new empirical data.

2.0 LITERATURE REVIEW

2.1 Stakeholder Theory

The stakeholder approach emerged in the mid-1980s. Stakeholders are all internal and external parties who have a relationship, influencing and influencing the company directly or indirectly (Freeman et al., 2021). Stakeholders are parties interested in the company, including employees, consumers, suppliers, the community, government, shareholders, creditors, competitors, and others (Freudenreich et al., 2020). Stakeholders can be divided into two, namely, primary stakeholders and secondary stakeholders. A primary stakeholder is someone or groups which the company cannot survive without them. These include shareholders and investors, employees, consumers, and suppliers. Secondary stakeholder groups are those who affect or are affected by the company. However, they are unrelated to the enterprise's transactions and not essential to its survival

(e.g., NGO and public society) (Waheed & Zhang, 2020). Stakeholder theory states that a company is not an entity that only operates for its benefit but must be able to benefit all stakeholders. The company's survival depends on the support of stakeholders who influence or can be influenced by the company's activities (Freudenreich et al., 2020). The company is not only responsible for the owners but also for the environmental and social conditions of the community (McGahan, 2021). Such a phenomenon occurs because of the demands from society as a result of negative externalities and social inequality. The reasons that encourage companies to pay attention to the interests of stakeholders are: 1) environmental issues involve various interests of various groups in society that can disrupt their quality of life, 2) in the era of globalization, the products that are traded must be friendly to the environment, 3) investors in investing their capital tend to choose companies that own and develop environmental policies and programs, and 4) NGOs and environmentalists are increasingly vocal in criticizing companies that care less about the environment (Freudenreich et al., 2020). Stakeholder management aims to plan methods to manage various groups and relationships produced strategically (Freudenreich et al., 2020). Managers must manage the organization for the benefit of all stakeholders. The stronger the stakeholder, the company should increase its CSR activities (McGahan, 2021). In this case, the company voluntarily discloses the CSR investment to prove to the community that the company cares about the environment.

2.2 Corporate Social Responsibility (CSR)

Corporate social responsibility (CSR) refers to the commitment of a business to contribute to sustainable economic development by focusing on the balance between economic, social, and environmental (Carlini et al., 2019; Sharma, 2019). CSR is an action or concept carried out by the company as a form of social responsibility for the surrounding environment (Rahman et al., 2019). The demands on companies to provide transparent information, accountable organizations, and better corporate governance are increasingly forcing companies to provide information about their social activities (Ajina et al., 2020; Pratihari & Uzma, 2019). The community needs information about how the company has implemented its social activities to fulfill the community's right to a safe and peaceful life (Latapí Agudelo et al., 2019). Examples of the various forms of responsibility are improving the community's well-being and the environment, providing scholarships, providing funds for maintaining public facilities and contributing to community facilities. CSR can provide a good and ethical corporate image in the eyes of the public (Tamvada, 2020). The concept of CSR generally states that the company's responsibility is not only toward its owners or shareholders but also to the stakeholders who are related to or affected by the company's existence (Nguyen et al., 2019; Wang et al., 2020).

2.3 Bursa Malaysia CSR Framework

In general, Corporate Social Responsibility (CSR) means the obligation of the management of an organization to make decisions and take actions that will help the welfare and good of society and the organization (Sodhi et al., 2022). CSR is also a commitment to improving people's well-being and the organization's image. In Malaysia, Public Listed Companies (PLCs) must report on their CSR initiatives in their companies' annual reports. The issuance of the CSR framework by Bursa Malaysia followed this. The CSR Framework covers four dimensions of company responsibility: marketplace, community, environment, and workplace.

First, workplace activities address workplace issues, personal and professional conflicts, discrimination and harassment, labor relations, and health and safety (Han & Hazard, 2022). Examples of workplace initiatives are employee diversity, compliance with health and safety standards and regulations, employee training, and support for employee education. It also includes monetary welfare such as wages, pensions, and employee

benefits. Practical workplace activities facilitate teamwork, transparency, accountability, and flexibility among a firm's employees. For instance, diversity is an increasingly important issue in organizations, especially in the era of globalization, which makes the world smaller and expands the interaction between people. Everyone is unique because they have different values, such as skills, beliefs, personality, culture, gender, race, and others (Hays-Thomas, 2022). This diversity not only needs to be appreciated but also needs to be effectively managed to create a positive work environment in the organization. Another area of organizational efforts to establish a good workplace is occupational health and safety policies to prevent occupational injuries and diseases. An unsafe workplace will invite accidents and related illnesses with jobs that will affect the employees and the organization. Policy-related practices and safety procedures are essential matters for employers and employees to ensure safety at the workplace and reduce the risk of accidents at the workplace (Colenberg & Jylhä, 2022).

Second, the marketplace discusses questions about CSR relationship with the primary basis of business processes involving sales and other product aspects. The bank has to provide services more efficiently to achieve a competitive advantage. The banks must also provide service quality to meet customers' needs and guarantee customer loyalty. Customer loyalty and satisfaction are considered to be the main ingredients in improving business continuity, especially in Malaysia, where the situation faced by the industry is very competitive (Teeroovengadam, 2022). Banking companies in Malaysia are no exception in facing the shift competition. When these banking companies offer equal services, this opens up opportunities for customers to make choices. The image and identity of a company are claimed to influence the perception and selection of a product or service brand (Khamis & Wan Ismail, 2022). What differentiates banking companies in Malaysia is how a company presents its corporate image to attract customers' attention. The corporate image that is strongly displayed is said to be able to influence the customer's trust in a product or service (Le, 2022).

Third, community activities can be referred to as initiatives organizations take for the community's benefit. An organization is responsible for doing and approaching business practices that contribute to the community's well-being (Sharma & Sathish, 2022). For instance, by implementing SL1M, the participants will undergo soft skills training with companies to improve their self-confidence and job marketability. Corporate companies' implementation of CSR can help reduce the country's poverty rate. Various assistance provided by corporate companies in the form of financial aid can indirectly help the poor improve their living standards (Tandelilin & Usman, 2022). For example, educational assistance given to poor children can help change the family's life. Through education, the vicious circle of poverty can be eliminated. In addition, financial assistance in the form of capital to start a business can also help the poor improve their living standards. In addition, educational development programs that are carried out can produce a literate society. The commitment to CSR by the corporate sector can ensure the survival of corporate institutions for the long term.

Fourth, environmental initiatives reflect the organization's efforts in protecting and preserving natural resources and the environment. The private sector needs to play a role in preserving the environment (Gunawan et al., 2022). This aligns with the Eighth Focus in the 12th Malaysia Plan (RMK 12), accelerating green growth. Economic development should not affect the environment, and the coverage of green areas must be maintained. For example, Maybank Islamic and Etiqa have announced the installation of an Electric Vehicle (EV) charging station at Dataran Maybank in line with the efforts of banks and insurance companies in moving the organization towards achieving the goals of the sustainability agenda. The four chargers can be accessed through an application allowing Maybank customers and employees to pre-book services and make cashless payments. In the

meantime, SME Bank is optimistic about supporting the involvement of small and medium enterprise entrepreneurs in the green technology industry. The financing provided is in the form of working capital for projects such as intelligent buildings with green technology, solar farms, and installing energy-saving systems in buildings. Funding that meets business needs and various dynamic entrepreneur development programs allows us to produce more highly innovative entrepreneurs (Chen et al., 2022).

2.4 Implications and Effects of CSR Disclosure Implementation

CSR can create and encourage customer trust. A company that complies with high ethical standards and cares ultimately positively impacts the consumer's assessment of the company's reputation (Rahman et al., 2019). CSR also is one of the strategies to create a competitive advantage and is considered a critical factor that supports the survival of companies (Moneva et al., 2020). Companies have begun to use CSR activities to benefit society and inject their values into company decisions (Ajina et al., 2020). There are two reasons why CSR is getting more and more attention. First, companies increasingly understand that CSR is the key to business success, and second, NGOs and the government need social support, which encourages companies to participate (Carlini et al., 2019). CSR adds value to the firm by creating and maintaining an excellent corporate reputation and brand equity. In marketing, brand equity refers to the value of a brand and is determined by consumer perception of the brand (O'Brien et al., 2020). Customers of firms that practice CSR feel they are helping the firm support a good cause. A positive response from consumers toward CSR efforts by organizations increases sales of goods and services (Lin et al., 2019). This CSR initiative can also open new markets, especially in developing countries. CSR activities can improve a firm's reputation and good relations between companies, banks, investors, and the government (Pratihari & Uzma, 2019). This improvement is an economic benefit received by a company. CSR influences the investment decisions made by banks and financial institutions. Therefore, a company with a high CSR profile can attract more funds into the company (Islam et al., 2021; Lin et al., 2019; O'Brien et al., 2020).

Moreover, employees often stay longer and are more committed to their firm if they know they work for a business that practices CSR (Wang et al., 2020). In addition, the knowledge gained from CSR efforts will benefit the institution and drive innovations to the company (Nguyen et al., 2019). For example, as experienced by the Bell Atlantic company. When this company took on a project to explore New Jersey in the early 1990s, it worked hard to improve children learning. During the process, the company has developed a range of technologies, leading to promising and eventual patented technologies, Bell Atlantic Infospeed DSL. This example shows that commitment to CSR impacts innovation and creativity in a company. Bursa Malaysia has developed a CSR framework as a guideline for publicly listed companies. The framework focuses on four dimensions: environment, community, marketplace, and workplace.

In this study, the customers were asked whether they knew and aware of their preferred bank annual report, website, and social media platform. As one of the leading platforms for CSR disclosure information reporting, the Internet has promised a new dimension in the world of information dissemination. The latest technology can generate and further strengthen knowledge-seeking activities and information sharing among Internet users. CSR disclosure is a process to convey corporate information in the form of financial or non-financial information related to the resources and performance of a business entity (Wang et al., 2020). The Internet is an influential communication tool and is also known as a medium of new voluntary disclosure (Schröder, 2021). Initially, the Internet was only used commercially in marketing and advertising. Now, the Internet has played an essential role in various fields of business. Providing CSR information is expected to increase corporate reputation, which has changed the method of delivering information based on printed reports

on the Internet as a method of channeling information (Georgiadou, 2022). However, most CSR studies in the banking industry have focused on the impact of CSR initiatives on organizational reputation from the employee perspective. Recently, a few studies have investigated the effect of CSR disclosure on customers' responses in the banking context. Therefore, future research may need more representative customers as potential subjects. Organizational ethical standings result in customer trust, which leads to a higher organizational reputation (Ajina et al., 2020; Carlini et al., 2019). The present study is exclusive since only a few studies have investigated CSR disclosure using a sample of banking customers. Based on the discussion, several hypotheses have been developed to be tested. The hypothesis is:

- H1: There is a significant positive relationship between CSR community disclosure on the corporate reputation of Malaysian bank
- H2: There is a significant positive relationship between CSR environmental disclosure on the corporate reputation of Malaysian bank
- H3: There is a significant relationship between CSR marketplace disclosure on the corporate reputation of Malaysian bank
- H4: There is a significant positive relationship between CSR workplace disclosure on the corporate reputation of Malaysian bank

Based on Figure 1, this study considered four independent variables, namely, 1) community disclosure, 2) environmental disclosure, 3) marketplace disclosure, and 4) workplace disclosure that potentially affects the dependent variable (i.e., the corporate reputation of Malaysian banks). This study has examined the influence of CSR disclosure made by Malaysian banks on corporate reputation from the customer perspective. Customer perceived value is essential since the banking sector might evaluate how consumers view their CSR performance.

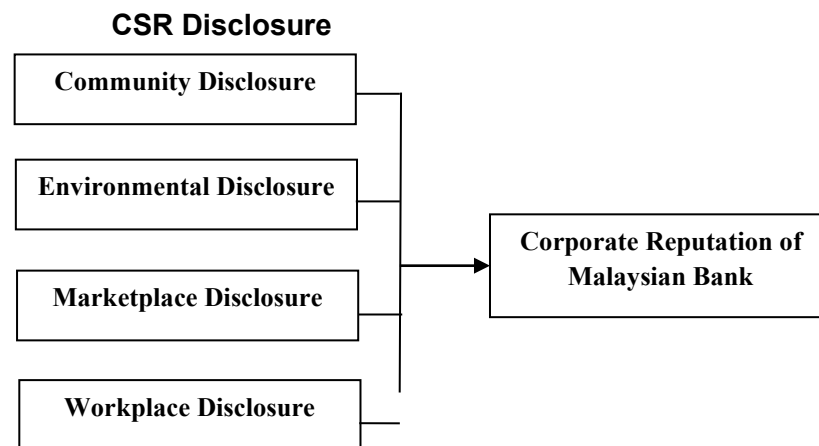


Figure 1: Conceptual Framework

3.0 METHODOLOGY

This study involves a descriptive study using the survey method. Cohen (1992) states that 85 respondents are sufficient to conduct a statistical correlation analysis. Thus, 300 respondents were selected for this study. The respondents of this study were selected using a systematic sampling technique. The proposed selection is based on the study population of a Malaysian bank customer in the Klang Valley. A questionnaire containing closed questions that were adapted from Shirley et al. (2009) study. The questionnaire format is

based on a Likert scale from 1 to 5, from strongly disagree to strongly agree. The questionnaire is divided into three parts. Part A is related to the information and background of the respondent. The second part consists of four independent variables (i.e., community disclosure, environmental disclosure, marketplace disclosure, and workplace disclosure). Examples of the questions used are “This bank known as a company that cares about the communities where it does business,” “I believe that this bank is helping and improving the quality of life of people in society better,” “This bank has a program to improve energy efficiency,” and “This bank has a program to reduce carbon emission.” Next, Section C contains six questions related to respondents' self-perception of the corporate reputation of Malaysian banks. Examples of the questions used are “The company always fulfills my expectation,” “I am satisfied with the service provided by this bank,” and “I tend to remain as this bank customer.”

Descriptive analysis through percentage and mean and Pearson's correlation analysis are used to understand the relationship between the dependent and independent variables. Before all hypotheses are tested, the researchers conduct normality and reliability tests. The normality test aims to identify whether the data have extreme value and conform to the characteristics of normal data distribution or vice versa. Skewness value should fall within the range of -3 to +3, while kurtosis, the range of -10 to +10, while values outside the range indicate that the data is outside the normal distribution (Kline, 2005). On the other hand, reliability refers to an understanding that the instrument used in research can be trusted as a data collection tool and can reveal essential information in the field. If the Cronbach alpha value is more than 0.60, it means sufficient reliability, while if the alpha is more than 0.80, this suggests that all items have strong reliability (Gliner & Morgan, 2000). The data in the study were analyzed using the Statistical Package for Social Science Version 23.0 (SPSS) software.

4.0 FINDINGS

Out of 300 surveys distributed, 248 valid questionnaires were received, which accounted for an 82.7% return rate. Most respondents were female (53.2%), and the remaining respondents represented the male group (46.8%). Most of the respondents were within the age group of 18-25 years old (72.6%). The data collected shows that most respondents are Maybank users (63.7%). Table 1 summarises the profile of respondents in this study.

Table 1: Profile of Respondents

No.	Profile	Frequency (n)	Percentage (%)
1.	Gender		
	Male	116	46.8
	Female	132	53.2
2.	Age		
	18-25 years old	180	72.6
	26-30 years old	39	15.7
	31-35 years old	29	11.7
3.	Bank		
	Maybank	158	63.7
	CIMB	107	43.1
	Bank Islam	102	41.1
	RHB	29	11.7
	Ambank	14	5.6
	Affin Bank	17	6.9
	Bank Nasional Berhad (BSN)	41	16.5

Bank Rakyat	52	21
Bank Muamalat	6	2.4
Public Bank	16	6.5
Others	0	0

Table 2: Normality & Reliability Results

Variable	Mean	SD	Skewness	Kurtosis	Cronbach's Alpha
Community Disclosure	3.526	0.659	-0.518	0.917	0.777
Environmental Disclosure	3.348	0.626	-0.054	1.219	0.663
Marketplace Disclosure	4.204	0.560	-0.257	-0.091	0.715
Workplace Disclosure	3.783	0.490	-0.338	1.063	0.706
Corporate Reputation of Malaysian Bank	3.817	0.502	-0.127	1.140	0.843

Table 2 shows that the skewness and kurtosis values fall between -3 to +3 and 10 to +10. Thus, the data is normally distributed. From Table 2, the Cronbach's Alpha values results for all variables are more than 0.60, and it can be concluded that all question items in the questionnaire are reliable.

Table 3: Pearson Correlation Results

		Corporate Reputation of Malaysian Bank
Community Disclosure	Pearson Correlation	0.335**
	Sig. (1-tailed)	0.000
	N	248
Environmental Disclosure	Pearson Correlation	0.268**
	Sig. (1-tailed)	0.000
	N	248
Marketplace Disclosure	Pearson Correlation	0.393**
	Sig. (1-tailed)	0.000
	N	248
Workplace Disclosure	Pearson Correlation	0.539**
	Sig. (1-tailed)	0.000
	N	248

Table 3 shows there are significant and positive correlations between Community Disclosure ($r = .335, p < .000$), Environmental Disclosure ($r = .268, p < .000$), Marketplace Disclosure ($r = .393, p < .000$), and Workplace Disclosure ($r = .539, p < .000$) towards Corporate Reputation of Malaysian Bank. Thus, all proposed hypotheses are accepted.

Table 4: Regression Results

Variable	Beta (β)	Sig. (p)
Community Disclosure	-0.057	0.456
Environmental Disclosure	0.042	0.510
Marketplace Disclosure	0.207	0.000
Workplace Disclosure	0.425	0.000
R ²	0.335	
Adjusted R ²	0.322	
F Change	24.415	
Sig.	0.000	

Table 4 shows that the R^2 value was 0.335, indicating that 33.5% of all the independent variables influence the dependent variable. The balance of 66.5% comes from other variables that were not used in this research. It also can be seen that the most substantial independent variable that influences corporate reputation is CSR Workplace, with a beta value of 0.425 ($p < 0.001$).

5.0 DISCUSSION AND CONCLUSION

Corporate social responsibility (CSR) generally means a company's commitment to social needs that include community rights, care of the environment, the welfare of workers, consumer rights, and others (Latapí Agudelo et al., 2019). CSR is a development effort by the private sector that indirectly helps the government and multilateral development institutions deliver social efforts to the community (Tamvada, 2020). CSR is also a commitment to improving people's well-being and the organization's image (Wang et al., 2020). Based on the Bursa Malaysia CSR framework, this study's primary aim is to examine the relationship between CSR components: community disclosure, environmental disclosure, marketplace disclosure, workplace disclosure, and corporate reputation of Malaysian banks. Moreover, this study also aims to identify the most robust predictor that affects the corporate reputation of Malaysian banks.

The result revealed significant and positive correlations between all determinants of the corporate reputation of Malaysian banks. Consistent with previous studies (e.g., Rahman et al., 2019; Moneva et al., 2020), CSR activities can obtain various benefits. CSR helps to reduce the risk and accusations of inappropriate behavior received by the company (Ajina et al., 2020; Carlini et al., 2019). A company that carries out its social responsibility consistently will get comprehensive support from the community that has benefited from its various activities (O'Brien et al., 2020). CSR will boost the company's image, which in the long run, will improve the company's reputation.

Moreover, employees will feel proud to work for a company with a good reputation (Nguyen et al., 2019; Wang et al., 2020). This will ultimately lead to an increase in organizational performance and productivity. CSR implementation results in good stakeholder relationship management (Pratihari & Uzma, 2019). Consumers also will prefer products produced by companies that consistently carry out their social responsibilities (Carlini et al., 2019). Then, the CSR workplace is the most vital independent variable that influences corporate reputation. Some research results show that social responsibility can increase employee commitment to the organization because corporate social responsibility activities include improving the well-being of employees and families (Nguyen et al., 2019; Wang et al., 2020). In order to maximize the benefits of CSR, employees must be involved in the decision-making process so that every activity carried out can contribute to the environment, society, employees, and stakeholders (Islam et al., 2021; Lin et al., 2019).

As research implications, this study validates the applicability of the Bursa Malaysia CSR Framework to highlight its influence on Malaysian bank reputation which is critical when the banking industry faces extensive public scrutiny. A quantitative analysis approach from the perspective of consumers adds value to the methods used for analyzing CSR disclosures. Prior studies have heavily focused on measuring the impact of CSR on banks' profitability and performance. However, a lack of studies has examined the concerns of stakeholders, such as the public and consumers, on the performance of the Malaysian banking industry in any CSR activities and programs. The academicians and researchers could have the necessary insight from adopting the Bursa Malaysia CSR Framework in the Malaysian banking sector. As for practical and managerial implications, the leaders need to be able to

see and explain how CSR activities help their organization fit into the larger purpose (Tamvada, 2020). CSR is cross-sectoral and often requires partnerships with other organizations (Carlini et al., 2019; Sharma, 2019). Strategic thinking, sustainability, research, analytics, and marketing are some of the skills most commonly sought in CSR roles (Rahman et al., 2019). The organization needs to have a reliable reporting system to facilitate the evaluation of CSR. It is also recommended to measure and report the progress made using CSR monitoring tools or key performance indicators (KPIs) (Ajina et al., 2020; Pratihari & Uzma, 2019). The department should use KPIs to analyze and track CSR performance. Furthermore, the audit and reporting mechanism should demonstrate the use of recognized CSR standards and reflect the strategies and programs that are the core of the organization's activities (Latapí Agudelo et al., 2019). In conclusion, CSR is a social responsibility that the company's management must carry out for all stakeholders and all parties with interests.

6.0 SUGGESTIONS FOR FUTURE RESEARCH

There are limitations of this study that should be taken into account in evaluating the results of the study. First, this study only looks at the influence of Bursa Malaysia CSR Framework, which covers four dimensions of company responsibility towards marketplace, community, environment, and workplace on corporate reputation. This study does not consider other factors such as the board of director knowledge of CSR, awareness of CSR, shared culture, law and regulation, and others. Therefore, the results of this study are only limited to these factors. It is hoped that future researchers will highlight other influencing factors. Second, this study only uses a sample of 248 respondents who are a customer of a Malaysian bank in Klang Valley. The effect and ability to give a better picture of the sample are limited. Therefore, the results of this study cannot be generalized. Future researchers should generalize the sample area so that the information can be seen from various state clusters, institutions, and industries. The third is cross-sectional research has been used. The main weakness of cross-sectional studies is generally no evidence of a temporal relationship between the predictor and outcome variable. Without longitudinal data, it is not possible to establish an actual cause-and-effect relationship. Hence, future studies could employ longitudinal studies to detect changes in the proposed relationships. Future studies are also expected to focus on comparing different segments (e.g., bank, sector, maturity, location, and others) or against different cultures that are expected to be one exciting field of study.

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THE IMPORTANCE OF THE PROCUREMENT PHASE IN SUPPLY CHAIN MANAGEMENT FOR RESOURCES (5M) PURCHASE; CASE STUDY OF ENGINEERING PROCUREMENT CONSTRUCTION (EPC) PROJECT

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ABSTRACT

The procurement phase and project management phase are typically dealt with in every construction project. The procurement responsibilities are to purchase following the project's requirement aligned with contractual agreement involved in the project. The use of machinery, manpower, method, money, and materials (5M) to complete the job necessitates all of these resources at once in to set up a stable financial cycle. The importance of 5M as resources in procurement to support organisational policy is thus discovered by this study. The literature search on the procurement flow and responsibilities digest from scholars and generates the conceptual framework of Engineering Procurement Construction (EPC) project's procurement's responsibilities and workflow. Hence, this study was aimed to examine the value of procurement responsibilities for resources purchasing in supply chain management's perspectives specifically in oil and gas fabrication EPC projects as a theoretical framework study. The term procurement appeared in the EPC contract to emphasise that the phase participated not only stages but also the contractual of the project applied. Spending within budget, financial control meeting project value, optimising material usage, and sufficiently matching project goals within contract as for EPC projects as a case study involved million-dollar contract value at different currencies from various countries are important procurement duties that contribute to project control.

Keywords: cost control, procurement, resources 5M, supply chain

1.0 INTRODUCTION

Procurement is an important element of all projects and can provide practical methods for project execution. According to Alnoor Akberali Halari, (2010), approximately 35% of the costs of an oil and gas project are spent on acquiring equipment and materials. Construction accounts for roughly half of all expenditures, making it a critical area of focus for cost-effectiveness. Procurement effectiveness is primarily determined by the contract strategies used with the respective vendors, suppliers, and contractors. The most important aspect of contract consideration is risk and determining which party is best suited to handle it. Most owners prefer to minimise risk by transferring it to third parties, but this comes at a high cost. As a result, involving the procurement group early in the project is critical for planning and having a realistic schedule, resulting in timely material, manpower and machinery deliveries, and method of ordering ahead of schedule also provides an additional buffer to the schedule and the potential for cost savings in term of money (Rina & Roshdi, 2022). Failure to collect long-lead items early in the project results in materials and machinery not being available at

the construction site when required. As a result, construction tradesmen frequently have no work fronts open, causing project delays and possibly cost overruns. Thus, this study is to examine the value of procurement responsibilities for resources purchasing in supply chain management's perspectives specifically in oil and gas fabrication EPC projects. The respective fields of global supply chain management, procurement management, and dynamic capabilities all use several definitions for the same terms. In order to understand the research, the researcher and reader must be of the same understanding (ZDEL et al., 2001 ; Cooper-Rooney, 2018). The following terms and concepts are used in this paper.

1.1 Procurement effectiveness

Procurement planning refers to one obtaining goods and or services within timeline and control budget and the processes thereof meet the needs of the organization. Procurement is a phase involved in this project (Chavan et al., 2020).

1.2 Resource Allocation 5M (Manpower, Material, Machinery, Money and Method)

Resources are items that are waiting to be distributed after site ownership in the construction phase according to project activities (Ismail et al., 2014 ; Kannimuthu et al., 2019).

1.3 Cost Control Element

While budgeting is often not a controlling factor in handling projects well, ultimately the allocation and cost expenditure should be addressed, including estimating each task within the scope definition (Badiru & Osisanya, 2016).

1.4 EPC project in Oil and Gas Industry

The oil and gas industry is divided into three main sectors namely upstream, midstream and downstream (Suppramaniam & Ismail, 2019). The upstream concentrates on exploration and production which covers facilities for production and processing of oil and gas; whereas midstream covers transportation, storage and marketing of the raw product; and downstream focuses on refining of the raw products and distribution of the by-products. EPC is an important step in the operation of the oil and gas industry, focusing on the upstream. The EPC project included the fabrication project, which was assigned to the contractor and fabricator. Each sector of the Oil and Gas Industry its operation cycle (Mohd Roshdi et al., 2021).

2.0 LITERATURE REVIEW ON ATTRIBUTES AND STRATEGIES FOR PROCUREMENT TO AVOID COST OVERRUNS AND DELAYS

Several criteria, including their relative importance, influence the choice of a procurement technique. These will make it easier to choose the appropriate procurement strategy to use. Production quality, stable delivery, demand change in time, service, pricing, delivery performance, technical ability, manufacturing capability, financial position, and lead-time were utilised as decision factors in the study by (Chang et al., 2009). Collaboration, environmental investment, resource availability, environmental management, research and design activities, and green purchasing were all considered by Gupta & Barua, (2017).

Therefore, delays in the design process, delays in the awarding of subcontracts, delays in the procurement of materials, delays in the awarding of subcontracts, delays in the management and control of subcontractors, and delays in communication and coordination are all factors in the delay.

The value of the client's prompt approval for the documents permits the following phase to start as soon as possible and prevents any standby by the consultant or the construction contractor, even though Hamzah et al., (2011) views this procurement stage as being of utmost importance. It was corroborated by Le-Hoai et al., (2008), which claimed that the Client's modifications during execution resulted in extensions and deviations to the original timetable as well as additional delays and excessive expenses Mohd Roshdi et al., (2021).

2.1 Decision Making Theory

The use of decision-making theory to organise resource allocation in order to achieve the best method for reducing project costs. A supplier may offer a low-quality product with a better and more reliable delivery time, while another may offer a high-quality product with an uncertain delivery time, posing trade-offs to decision-makers. Uncertainty has long been considered an essential component of decision-making (Kaviani et al., 2019).

Decision-makers may have to make trade-offs between a supplier's low-quality product and a better, more dependable delivery time with another's uncertain delivery time and high-quality product. It has long been believed that uncertainty is a crucial part of the decision-making process (Kaviani et al., 2019). The most important factors for evaluating suppliers are risks, relationship closeness, technical level of the supplier, warranty level and experience time, which are regarded as the most important and determining factors for supplier evaluation (Kaviani et al., 2019).

2.2 Supply Chain Management

Comparing the operational regions of the supply chain in the manufacturing sector to those in the construction industry, supply chain management has also been extensively studied in academic literature. Supply chain management is the effective management of supply chain operations, and it is carried out in order to maximise customer satisfaction and secure a long-term competitive advantage. It demonstrates a focused effort on the part of supply chain management firms to build and manage supply chains in the most trustworthy and effective way possible. All building processes are represented by the construction supply chain. (A. Papadopoulos et al., 2016) state that the initial client/owner standards for design, building, repair, replacement, works, and subsequent demolition should be followed.

The management of materials in the construction industry is now fragmented, with inadequate communication and ambiguous roles for the parties involved. The division of design and construction, a lack of coordination, and poor communication have all contributed to a large amount of fragmentation. Time delays, higher prices, and unhappy owners are just a few of the negative effects of this. The system is crucial to the procurement of subcontracting and material is an efficient construction environment. The supply chain is typically involved during construction planning and scheduling.

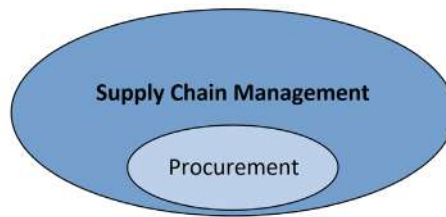


Fig. 1 Procurement Phase in Supply Chain Management
Source: Self-developed by author(s)

According to Solomon et al., (2004), supply Chain Management is difficult to implement in the construction sector because it requires controlling a sizable and active group of institutions that operate to meet a number of different and incompatible business objectives (2003). The main problems caused by the restricted and independent regulation of the construction supply chain manifest themselves at the intersections of various participants or phases. Love et al., (2004) assert that the building industry is highly fragmented. As an illustration, the separation of design and construction, a lack of coordination and integration across various functional disciplines, and poor communication are all major impact factors that contribute to performance-related problems like low productivity, cost and time overruns, conflicts, and disputes.

2.3 Engineering Procurement Construction (EPC) Project and Contract

The term procurement illustrated in stage as Figure 2 and major part appear in EPC project and contract that discover the similar responsibilities.

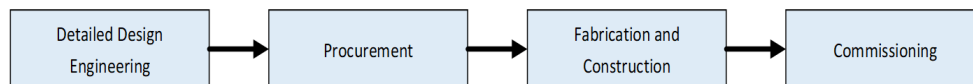


Fig. 2 Development Stages on EPC contract
Source: Self-developed by author(s)

Therefore, procurement action for purchasing and at the same time to furnish to end user and project management the request that aligned with the contract. Changes are the post-stage after the decision for the new development is made. As a result, the contract agreement between Client and the contractor is written. A tender process, similar to that of other construction projects, is being used. Once the conceptual stages and capital to build a new platform are approved, the development stages. Clients issue a tender to select the best technically and commercially qualified fabricators under their contract for the building projects of a steel structures platform. These contracts reflect the design and construction concepts. The contract is well-known in the EPC contract in the Oil and Gas industry, whereas the phase starts with preparing a detailed plan (Ismail et al., 2014). The stage is in the Engineering phase. Thus, the Procurement phase of the contract is used to process long-lead equipment or bulk orders, as well as resource allocation for project needs. According to the contract, Engineering and Procurement supported with the construction or fabrication phase. With money as capital, resources are derived to support the construction phases in the form of material, manpower, machinery, and method.

Important stakeholders which include the owner as the owner and subcontractor, vendors, special consultants, and service providers are involved in managing the fabrication project operation in onshore fabrication projects, to manage the EPC contractor, as shown Figure 3.

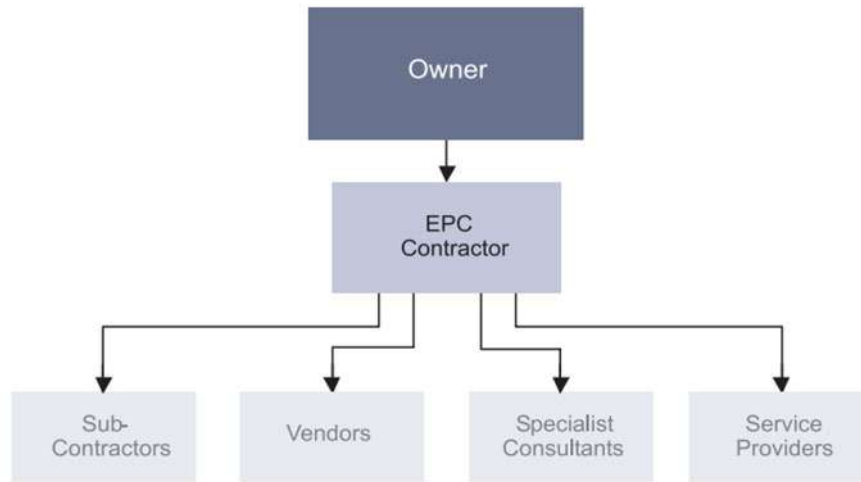


Fig. 3 Stakeholders in EPC Project
 Source: Schramm et al., 2010

Procurement manages their responsibilities in this project under EPC Contractors in order to handle the request of 5M convert into the award of subcontractors, vendors, specialist consultants or service provider to support the project EPC operation as a whole.

Table 1. A review of the literature on global studies on the importance of 5M resources at the procurement phase in supply chain management.

Authors	Issues and Resources' (5M) Classifications	Importance of Procurement	Oil and Gas Projects	Country
(Nissi Kalio, Isaac Zeb-Obipi, 2018)	Manpower : Human resources management is one of the arms of the organization that uses information systems to support activities	The Employee Information System is an extensive and comprehensive system that maintains and tracks information pertaining to all the employees in an organization and applicants who chose the organization making human resource planning easier by providing a high degree of customization that allows the user to set up the system with the necessary requirements before recruitment. An organization should implement Employee Information System EIS in order to improve human resource procurement activities in the organization.	Oil and Gas sector	Nigeria
(Vytvytska et al., 2019)	Money : development of methodological approaches to	Divide the life cycle of oil and gas resources development into three periods - the period of investment costs (exploration,	Oil and gas fields	Ukraine

	<p>the capitalization of resources of oil and gas fields</p> <p>For each period, appropriate methods are provided for determining the influence of the time factor, taking into account natural and geological features, as well as the risks of investing and receiving cash flows during the development of oil and gas resource</p>	<p>drilling, field development), the payback period of investments and the main operational period.</p>		
(Al-juboori, 2017)	<p>Material : Inventory management represents an important thing for any company because it is considered as a competitive feature of the company in the market</p>	<p>Aims to model and manage the inventory when the demand of product is sudden (unexpected) and how the company can deal with it especially, if there is a limit time for delivery which affects the company work and required additional cost for overtime work.</p>	<p>Material manufacturing (none oil and gas industry) the system can be applied to the inventory management in Oil and Gas Industry</p>	<p>Jordan, Saudi Arabia</p>
(Ghaeli, 2019)	<p>Machineries : Maintenance engineering plays an important role in management of oil and gas projects. This paper presents a dynamic programming approach for resource allocation in oil and gas projects. The study presents a dynamic programming approach to allocate human resources for repairment of oil and gas equipment.</p>	<p>Many heavy equipment normally needs to be repaired on predetermined scheduled and the process normally takes days or even weeks. The process can be divided into three stages of disassembling the equipment, executing the repairment and assembling the equipment.</p>	<p>Oil and Gas projects</p>	<p>Canada</p>

(Silvianita et al., 2017)	Method : The development process of jacket structure is not always in accordance with the planned schedule in advance. Many factors affect the planning failure, among others, the time or the planned schedule, budgeted costs, equipment and material needed, the human resources (manpower) and hours of labor (man hours)	The objective of this paper is identifying what are the impact of delays on the jacket construction project. One method that can be used to analyze these problems is the method of Event Tree Analysis (ETA). This method is useful in analyzing the consequences arising from a failure or undesirable events.	Oil and Gas Fabrication Project	Indonesia
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3.0 METHODOLOGY

The first phase involves reviewing the literature reviews from previous researchers in the specified field of study. The significance of a literature search is to gain an understanding of the procurement responsibilities and their importance incurred in terms of cost control elements while determining the problem and research gap. To capture the issues in managing the oil and gas industry with various oil and gas megaprojects, a similar area of study is required. Exploring procurement phase is part of the bigger perspectives in supply chain management managing resource allocation and contributing factors related to managing oil and gas projects in fulfilling resource allocation are extracted at this stage. Journals, articles, conference papers, annual reports, and books as secondary data sources for this study. An inductive approach that can also be combined with a deductive approach and thematic analysis will be used to perform a qualitative case study method-based interpretivism research in greater detail as Figure 4.

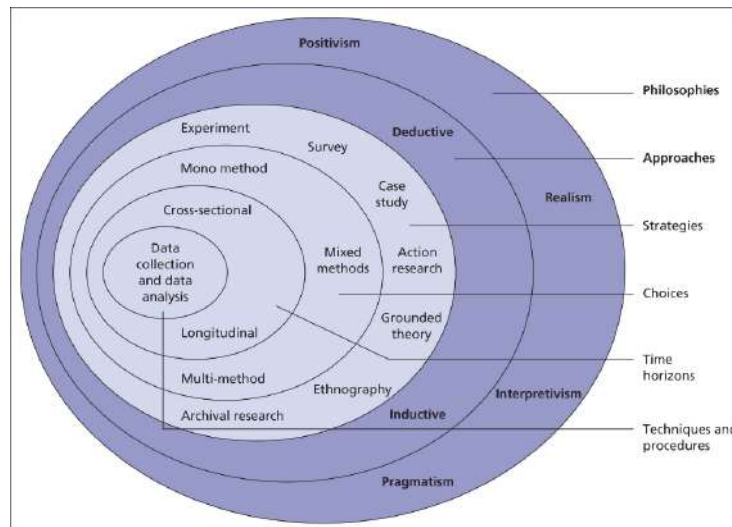


Fig. 4 Identification of the direction of the researcher's methodology
Source: Saunders et al., 2016

4.0 RESULT AND DISCUSSION

Procurement is the phase that involves the intelligent in delegation of furnishing the request from the project team on 5M to the realistic at construction and engineering phase. The support from the Procurement on time basis and urgently readiness of 5M for the onshore fabrication projects assist the project on track with control delays and cost overruns. Request of 5M will go through phases under Procurement is managing the bid packages as request from the end user aligned technically and commercially are deserved in this project in controlling project value. For the Procurement to float bid to the vendors and expert on 5M as requested, the Project team including Project Manager and Project Engineer shall provide the details of request confirmed specification and approved details drawings which are related and aligned with the Client's approval. This information required by Procurement to set up Request for Quotation (RFQ) to get the right 5M on the right activities of fabrication, schedule and procure right at one time avoid cost overruns within budget and maintain the quality in procuring 5M. Therefore, the information details also assist to expedite the 5M quickly aligned with the project schedule which require the responsibilities of project team of onshore EPC project in compilation.

The next step is to manage, execute and mobilize the delivery once biddings are closed at this stage, the responsibilities of Procurement to acquire the best award, bidding and the right 5M a per requested by onshore EPC project team. The procurement must endorse the best of their expertise to procure the 5M aligned with the time, cost and quality. Before finalisation, the Procurement again get the approval thru the preparation of technical and commercial proposal or evaluation and present to the end user, led by Project Manager in order to proceed for award. Purchase Request (PR) are processing from initial stage until the preparation of technical and commercial evaluation completed with the recommended vendor. Suggested vendor always the best vendor that fulfil with time, quality, and cost within budget meeting project value with profit calculated. Some potential vendors of 5M provide the proposal completed with timeline, availability of 5M , fastest mobilization and good quality of products and services are chose. The procurement workflow for processing 5M request for EPC projects and contract award for project procurement performance process is shown in Figure 5.

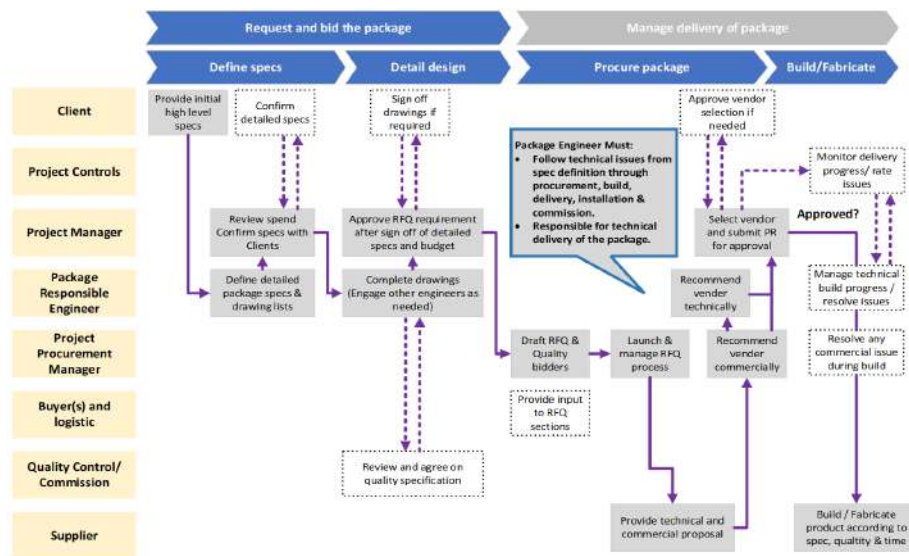


Fig. 5. Procurement Workflow for processing 5M request for EPC projects and Contract award for project Procurement Performance Process
 Source: Self-developed by author(s)

The workflow in this research illustrated the procurement workflow that entitled from Procurement to process the 5M requests in onshore fabrication projects created due to project schedule or activities and approval requirements in terms of budget and time. The responsibilities weightage in under Procurement which is led by Procurement Manager, distribute by Procurement Executive, Buyer and Subcontract Executive aligned with the Quality Control team and Cost Control team to acquire the best 5M upon request. The procurement process is successfully furnished due to the support by the Project Manager, Project Engineer, Project Control directly liaised with Client.

5.0 CONCLUSION

Therefore, procurement cost control is a cleaning activity that promotes resource efficiency and cost awareness while avoiding valuable resources. Costs can be reduced by improving the efficiency of material use, labour productivity, and machinery. In contrast Afshari et al., (2011) , non-excusable delay factors with the largest impact are failing to select a competent subcontractor, poor project change management, and a lack of a mechanism for recording and transferring project lessons. Therefore, delays in material procurement, delays in subcontract award, a lack of proper management and control of subcontractors, delays in design, and a lack of communication and coordination everything that contribute to the delay. While Hamzah et al., (2011) considers this procurement stage to be very important, the value of the client's quick approval for the documents allows the next step to commence as early as possible and avoids any standby by the consultant or the construction contractor. It was supported by Le-Hoai et al., (2008) stated that the Client's changes during execution caused additional delays and high costs because they impacted the designing documents and ordered materials, resulting in original schedule extension and variations.

Implementing supply chain management in the construction industry is challenging because it necessitates overseeing a sizable and active group of institutions that collaborate to address a range of requirements. However, it's also important to strengthen competing company goals.

The limited and independent management of the building supply chain creates significant issues at the intersections between several phases or participants. Among other things to consider is the general supply chain. There is still no defined management in the construction sector, notably in Malaysia. The highest recommendation shows that the response executive has a desire to change the way they conduct themselves to advance in supply chain management for building materials. This is since the contractors discovered they were unaware of the benefits of supply chain management for materials in the building business. One of their extremes would be willing to have solid knowledge about it. Spending within budget, financial control, meeting project value, optimising material usage, and sufficiently matching project goals within contract are all important factors that contribute to project control. 5M are linked together in project management according to project requirements. It can be characterized as the integration of project management, supply chain management, procurement, engineering management, and construction management into a single circle to successfully complete the management of an EPC project in terms of cost, time, and quality. The use of an inductive strategy, which can also be combined with a deductive approach and thematic analysis, will be used to conduct interpretive research based on qualitative case study methods in the future with interviews in greater depth.

AUTHOR CONTRIBUTION

All authors contributed to the research, theoretical research, case study techniques and write up. The methodology was undertaken by the researcher.

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APPRAISING LEGAL MEASURES AGAINST BID RIGGING IN MALAYSIA

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ABSTRACT

Bid rigging is an agreement between bidders that may prevent or restrict competition in tendering activities. It has negative consequences for the economy and customers' well-being. In realising its harmful effects, bid rigging is prohibited under the Competition Act 2010 (Act 713)(CA 2010). Under the CA 2010, the Malaysia Competition Commission (MyCC) has investigated more than 3,000 companies for rigging tenders worth RM5.8billion. This shows that bid rigging is prevalent and, if not addressed properly, can have a negative impact on the country's economy. The question arises as to what other legal measures are being implemented in Malaysia to prevent bid rigging apart from the CA 2010. This research adopts a doctrinal approach involving a detailed analysis of the relevant legal provisions, legal documents and scholarly writing related to this area. The research found that through the examination of literatures, in addition to the CA 2010, there are other legal measures relevant to bid rigging in Malaysia. Firstly, the Anti-Corruption Commission Act 2009 (Act 694) (ACCA 2009) that can be used against bid rigging if it involves bribery. Besides, matters relating to bid rigging in government procurement are subject to rules as mentioned in the followings: (i) Treasury Instructions, (ii) Malaysian Treasury Circular - Integrity in Government Procurement (PK 1.6), (iii) Malaysian Treasury Circular - Disciplinary Action against Companies in Government Procurement (PK 8) and (iv) Integrity Pact in Government Procurement.

Keywords: Bid rigging, Competition, Competition Act 2010, Malaysia Competition Commission, Government Procurement

1.0 INTRODUCTION

Competition is necessary for a market to operate effectively. The benefits of competition include increased business efficiency, a broader variety of choices for consumers, and help to lower prices and improve quality (European Commission, n.d.). To ensure that businesses compete fairly, many countries, including Malaysia have competition laws that ensure that businesses do not engage in anti-competitive activities that may prevent or disrupt the market (OECD, 2020). In Malaysia, matters relating to competition law are governed by the Competition Act 2001 (Act 72)(CA 2010). The Act aims to promote economic development through the promotion and protection of competition, thereby safeguarding the interests of consumers and providing for matters connected therewith. To achieve this, the Act prohibits certain anti-competitive behaviours that harm competition. One of these is bid rigging. The prohibition of bid rigging is contained in Section 4(1) read together with Section 4(2)(d) of the CA 2010. Under competition law, bid rigging is regarded as a part of cartel (Vadász et al., 2016). Cartel is defined by Connor (2008) as "An association of two or more legally

independent firms that explicitly agree to coordinate their prices or output to increase their collective profits.” This implies that cartel which includes bid rigging aims to control the market, thereby restricting competition.

The fight against bid rigging is currently a top priority in many countries including Malaysia and is also a much-debated internationally (Imhof et al., 2018). In realising its harmful effects, MyCC has taken various enforcement strategies to detect and prevent cartel including bid rigging activities in Malaysia (MyCC, 2020). The efforts mobilised by the MyCC have resulted in more than 3,000 companies coming under investigation for rigging tenders worth RM5.8 billion (John Bunyan, 2021). This shows that bid rigging is prevalent and, if not governed properly, can have a negative impact on the country’s economy. The aim of this research therefore, is to examine legal measures that can be taken against the parties involved to prevent bid rigging in Malaysia. Hence, the research is believed to provide a better understanding concerning legal measures that can be used against bid rigging in Malaysia.

2.0 METHODOLOGY

This research adopts doctrinal research since the research involved a detailed analysis of legal provisions such as the CA 2010, the Competition Commission Act of 2010 (Act 713) (CCA 2010), the Anti-Corruption Commission Act 2009 (Act 694) (ACCA 2009), Treasury Instructions, Malaysian Treasury Circular - Integrity in Government Procurement (PK 1.6), Malaysian Treasury Circular - Disciplinary Action against Companies in Government Procurement (PK 8) and Integrity Pact in Government Procurement. In addition, this research also refers to relevant journal articles, and scholarly writings related to this area. The data collected were examined analytically and critically to examine legal measures that can be taken to prevent bid rigging in Malaysia.

3.0 FINDINGS AND DISCUSSION OF THE RESEARCH

Bid rigging is a widespread issue that can have far-reaching impacts on global markets (Giosa, 2020) affecting various sectors, including construction, pharmaceuticals as well as government procurement (Jones, 2021; Giosa, 2020; MyCC, 2019). Previous research in Malaysia have explored cartels in general, including enforcement, cartel prohibitions, and the use of leniency programmes to detect cartels (Ramaiah & Hussein, 2021; Mohd Rozaimy et al., 2020; Safinaz et al., 2014; Lee, 2014). However, very few studies have specifically focused on bid rigging and its prevention, particularly in the context of government procurement even though bid rigging in Malaysia is a serious issue, given the fact that more than 3,000 companies are currently under investigation worth RM5.8 billion (John Bunyan, 2021). This highlights the need for further research on bid rigging and relevant legal measures to prevent it from escalating in Malaysia.

3.1 Definition and Types of Bid Rigging

Before delving into details about bid rigging, it is important to discuss first about its meanings and types. In discussing about this, reference to the CA 2010 is necessary. Neither the term “bid rigging” nor its forms are defined under the CA 2010 (Shila, 2013). That said, the details of bid rigging, which include definition and forms, are elaborated in the Guidelines and its Handbook. The MyCC defines bid rigging in its Handbook as “*An agreement (written or oral) between bidders that may prevent or restrict competition in tendering activity.*” Bid rigging is therefore regarded as an agreement between bidders aimed at undermining the tendering activity through anti-competitive actions. Meanwhile, the Australian Competition & Consumer Commission (ACCC) (n.d.) defines bid rigging as collusion in competitive bidding, where two or more competitors agree that they will not actually compete with each other for tenders so that one of the cartel members wins the tender. The definition suggests that competitors

intentionally do not want to compete with each other to determine the winner of a tender. On the other hand, Carlin & Haans (2006) explained that bid rigging is usually the collaboration of competitors to restrict competition in a tender, regardless of whether the tender is issued by a public authority or a private company. This suggests that the aim of bid rigging is to restrict competition between bidders in tenders issued by either the government or the private sector.

Besides understanding the definition of bid rigging, it is also important to understand its forms. Bid rigging is unique in that there are various forms of bid rigging. The MyCC classifies the forms of bid rigging as (1) cover bidding, (2) bid suppression, (3) bid rotation, (4) bid withdrawal, and (5) non-confirming bids in its Guidelines and Handbook. Cover bidding means where one or more of the parties submit the bid for disguised purposes, knowing that the bid will not be as successful as a bid with too high a price. Bid suppression means where parties agree that only one of them will submit a bid for the contract and the others will not. Then, bid rotation means where the parties to the agreement take turns to win contracts (MyCC, 2012). Bid withdrawal can be understood as one or some of the parties agreeing to withdraw a bid that was previously submitted. Meanwhile, non-confirming bid means parties include terms and conditions that they know will not be acceptable to the procuring authority (ACCC, n.d.).

3.2 Legal Framework against Bid Rigging in Malaysia

This section discusses legal measures that can be used to prevent bid rigging. In general, there are several legal measures that can be considered against bid rigging as follows namely the CA 2010, the Anti-Corruption Commission Act 2009 (Act 694) (ACCA 2009) and other relevant measures against bid rigging in government procurement. The discussion starts with the CA 2010 and is followed by others.

3.2.1 Competition Act 2010

The CA 2010 aims to promote economic development by promoting and protecting the process of competition, thereby protecting the interests of consumers and to provide for matters connected therewith. To achieve this goal, several practices are prohibited because they are anti-competitive. Among these prohibitions is that enterprises must not enter into horizontal or vertical agreements which have as their object or effect the prevention or restriction of competition, as stated in Section 4(1) of CA 2010 (Mohd Safri et al., 2019). Based on the reading of Section 4 of the CA 2010, bid rigging is one of the examples of cartel. The term “cartel” is not found or defined in the CA 2010. However, it is defined by the MyCC in Paragraph 1.1 of the Leniency Guidelines as “*A horizontal agreement between enterprises with the object of significantly preventing, restricting or distorting competition in any market for goods or services.*” With reference to the definition provided, it can be inferred that cartels are prohibited under Section 4(1) and is read together with Section 4(2) of the CA 2010. Section 4(2) of the CA 2010 is a deeming provision, where a horizontal agreement (a horizontal agreement refers to an agreement between enterprises operating at the same level (business competitors) in the production or distribution chain) between enterprises that has the object to bid rigging is deemed to have the object of significantly preventing, restricting, or distorting competition in any market for goods or services.

The word “deeming” means that the MyCC will not have to conduct a detailed analysis, including taking into consideration the marketing aspect of an enterprise because it is considered as restricting competition. In other words, the MyCC only needs to prove the existence of the cartel which includes bid rigging. The reason is that the existence of bid rigging itself is sufficient to prove the existence of the object of significantly preventing, restricting, or distorting competition in any market for goods or services. Upon finding infringements, the MyCC may impose orders as outlined in Section 40(1) of the CA 2010 which include (c) the power impose a financial penalty on any enterprise who is a party to the bid rigging. This is

subject to Section 40(4) of the Act to the effect that a financial penalty shall not exceed ten percent of the worldwide turnover of an enterprise over the period during which an infringement occurred. In determining the amount of financial penalty in a specific case, reference can be made to the Commission's Guidelines on Financial Penalties at paragraph 3.2 which among others include the seriousness (gravity) of the infringement; turnover of the market involved; duration of the infringement and impact of the infringement.

It is worth noting that the MyCC is an independent body established by the CCA 2010 to enforce the CA 2010 (MyCC, n.d.). The MyCC was established with the purpose of safeguarding and preserving the competition for the benefit of businesses, customers, and the economy (Safinaz et al., 2014). The MyCC's duties include enforcing the provisions of CA 2010 to ensure compliance. Enforcement duty is critical to protect the competitive process for the benefit of businesses, customers, and the economy (MyCC, n.d.). It has a number of function and powers which include the power to enforce the CA 2010 (Section 14 of the CA 2010), power to conduct market review (Section 11 of the CA 2010). The MyCC's power to take enforcement action arises from Section 14 of the CA 2010, which provides that the MyCC may conduct investigations if it has reason to believe that an enterprise has infringed or is infringing a prohibition in CA 2010. Generally, the MyCC may conduct the investigation when it is suspected that there is an infringement by any enterprise or arising from complaints made by the public (Section 15 (1) of the CPC) as well as upon instruction by the Minister charged with the responsibility for domestic trade and consumer affairs (Section 14 of the CA 2010). To discover bid rigging actions in Malaysia, the MyCC has used a variety of enforcement techniques. As a result of the MyCC's actions, more than 3,000 companies have been investigated for rigging tenders worth RM5.8 billion. So far, as recorded on the MyCC's website, pursuant to Section 40 of the CA 2010, the MyCC found that eight (8) enterprises have infringed Section 4 of the same Act, prohibition by participating in a series of anti-competitive bid-rigging agreements and/or concerted practices concerning several projects at the National Academy of Arts, Culture and Heritage of Malaysia (MyCC, 2022).

3.2.2 Anti-Corruption Commission Act 2009 (ACCA 2009)

Bid rigging may be associated with other unlawful activities such as bribery. In this instance, it is subject to the application of the ACCA 2009. The ACCA 2009 is a specific law for the prevention of corruption. There are several sections that can be used on parties involved in bid rigging if there is an element of corruption such as Sections 16 and 20 of the ACCA 2009.

The first provision is Section 16(a) and (b). Under Section 16(a), it explains that any person corruptly soliciting or receiving or agreeing to receive for himself or another person any gratification as inducement for or reward for doing or not doing anything. Whereas Section 16(b) states that any person who corruptly gives, promises, or offers to any person either for the benefit of himself or others any gratification as an inducement for or reward for doing or not doing anything. The term "gratification" under Section 2 of the ACCA 2009 is given a broad definition not only to mean money, but also includes reward, valuable security, or property. For example, if one party offers or give gratification to another party so that the latter does not make a bid (bid suppression), an offence under Section 16 of the ACCA 2009 has been committed. This is because gratification given is intended to discourage the other party from making a bid. Furthermore, the Section is also violated when one party gives gratification to another party as an inducement for the latter to submit excessively high price for disguised purposes, knowing that the bid will not be accepted (cover bidding).

A violation under the same section can also occur if one party offers or gives gratification to the other party as an inducement for the latter to withdraw a previously made bid (bid withdrawal). Whether Sections 16(a) and (b) should be read with A or B depends on the suspect's status. If the suspect is not an officer of a public body, it is read together with A. However, if it involves a suspect who is an officer of a public body, it is read with B. Although there is a difference in the status of the suspect as mentioned in A and B, the punishment

provided if convicted of an offence remains the same, which must be read with Section 24(1) of the ACCA 2009 which is imprisonment for a term not exceeding twenty years; and a fine of not less than five times the sum or value of the gratification which is the subject matter of the offence. To understand the meaning of officer of public body, reference to Section 2 of the ACCA is necessary. The term “officer of a public body” is given a broader definition to mean any person who is a member, an officer, an employee or a servant of a public body, and includes a member of the administration, a member of Parliament, a member of a State Legislative Assembly, a judge of the High Court, Court of Appeal or Federal Court, and any person receiving any remuneration from public funds, and, where the public body is a corporation, includes the person who is incorporated as such.

Next, reference can also be made to Section 20 of the ACCA 2009. It is a specific provision that deals with corruption in procuring withdrawal of tender. Offences under this Section can take two forms. The first refers to a person who intends to obtain a contract from any public body who offers any gratification to any person who has bid for the contract, as an inducement or a reward for his withdrawing the tender. Secondly, an offence is committed if a person solicits or accepts any gratification as an inducement or a reward for his withdrawing a tender made by him for such contract. In short, this Section is applicable only if the alleged corruption relates to a contract from a public body and it concerns the withdrawal of tender that has already been made due to the specificity of the application of this Section in the aforementioned circumstances only.

3.2.3 Other Relevant Measures against Bid Rigging in Public Procurement

It is important to note that, although bid rigging can occur in both public and private sectors, it is more harmful in the former sector due to its detrimental effects such as causing great harm to taxpayers, eroding public confidence, and undermining the benefits of a competitive marketplace (Jones, 2021). Public procurement allows the government to foster transparency, competition and provide better public services (Sitti Hasinah et al., 2021). These benefits, however, will not be realised unless the system is adequately protected against distortion caused by corruption and collusion. (Jones, 2021).

Realising this and the need to ensure that government procurement is managed effectively and properly, matters pertaining to public procurement in Malaysia are subject to rules as mentioned in the followings: (i) Treasury Instructions, (ii) Malaysian Treasury Circular - Integrity in Government Procurement (PK 1.6), (iii) Malaysian Treasury Circular - Disciplinary Action Against Companies in Government Procurement (PK 8) and (iv) Integrity Pact in Government Procurement (Rohana et al., 2010; MyCC, 2022).

(i) Treasury Instructions

Treasury instructions are produced by the Treasury under the authority of Section 4 of Financial Procedure Act 1957 (Act 61) on matters pertaining to financial and accounting procedures in Malaysia. Based on instruction 167.1 clearly puts the responsibility on the civil servant in charge of procurement to reimburse any losses suffered by the government especially if he has received any bribe for not disclosing the bid rigging activity to the authorities. Therefore, the government can take a legal action against the officer responsible to obtain such reimbursement for any losses incurred due to the bid rigging activities. The repercussion of bid rigging is clearly spelt out in Instruction 167.2 as a measure to combat corruption among the civil servants. It highlights the offences of bribery and bid rigging in the same paragraph since the officer in charge of procurement will in most cases, gain something at the expense of the government through bid rigging.

(ii) Malaysian Treasury Circular - Integrity in Government Procurement (PK 1.6)

PK 1.6 aims at upgrading the integrity of public administration through the prevention of corruption. Integrity is of utmost importance to prevent money leakages in government spending. It also increases the integrity of companies involved in the government procurement through the practice of healthy competition (Sariha & Suzalina, 2022). The statutes referred to in PK 1.6 include; the Malaysian Anti-Corruption Commission Act 2009 (Act 694), the Official Secrets Act 1972 (Act 88); and the Competition Act 2010 (Act 712). PK 1.6 states that, to ensure the integrity of public procurement, government agencies must pay close attention to the issue of cartels/bid rigging in government procurement and report any signs of bid rigging to the Malaysian Competition Commission (paragraph 2.3(iii)). Besides, the government agencies must also insert a warning clause to remind the civil servants about the corruption offences related offences in all government procurement documents (paragraph 2.5). Furthermore, the government agencies must include a clause on non-collusion declaration during the preparation of the procurement offer document, acceptance letter and contractual documents in order to combat cartels/ bid rigging (paragraph 2.6). Last but not least, is the implementation of the Integrity Pact whereby all bidders and civil servants involved in any government procurement must make a self-declaration on non-corruption at certain stages as required by the circular (paragraph 3.2). The details of this will be explained in 3.2.3(iv).

In short, PK 1.6 provides a rather comprehensive measures during all the stages of the procurement process to preserve the integrity in the public administration in their effort to combat corruption and bid rigging.

(iii) Malaysian Treasury Circular - Disciplinary Action against Companies in Government Procurement (PK 8)

PK 8 aims to provide information on disciplinary actions that will be imposed on individuals, companies, consultants, or bodies registered with Ministry of Finance (MoF) due to non-compliance in public procurement. It also specifies the types of offences that can lead to disciplinary actions which include bid rigging as prescribed in paragraph 1(i)(b)(4) of the PK 8. Pursuant to the paragraph, bid rigging occurs when a company or firm collude with another company or firm to determine the price when participating in government procurements such as tender or quotation price with the aim of obtaining a high price or guarantee that only a certain company or firm will win the tender or quotation price. This shows the government’s commitment in its effort to curb bid rigging in government procurement.

Furthermore, paragraph 2 of PK 8 provides the types of disciplinary actions or penalties that can be taken if the companies or firms involved in the offences listed in PK8 which include bid rigging. The disciplinary actions or penalties are listed as follows:

Table 1. Disciplinary actions or penalties under paragraph 2 of PK 8

No.	Disciplinary Actions or Penalties
1	Issuance of warning letters
2	Cancellation of approved field code
3	Suspension of Ministry of Finance’s registration for a maximum period of up to five (5) years and prohibition from receiving or participating in future tender or quotation
4	Cancellation of registration for a maximum period of up to five (5) years and removal from the Ministry of Finance registration record
5	Blacklisting owner and / or board member of company for a maximum period of up to five (5) years
6	Cancellation of Bumiputera status for a maximum period of up to five (5) years

To decide appropriate disciplinary actions or penalties for offences committed as mentioned in Table 1, a Disciplinary Action Committee (Committee) has been established.

The Committee will decide the appropriate action to be taken against the companies or other bodies registered with the MoF. The Committee will exercise its power to decide the types of offences committed, whether they relate to a violation of the terms of the registration, a violation of tender or contractual terms, or criminal offences such as bribery and fraud, and the types of disciplinary actions or penalties to be taken.

(iv) Integrity Pact in Government Procurement

Integrity Pact in Government Procurement is contained in Treasury Circular Letter no. 10 of 2010 (Circular). This Circular aims to inform all Ministries, Departments and Statutory Bodies (Agencies) on the Guidelines for the Implementation of the Integrity Pact in Government Procurement. The implementation of the Integrity Pact is a concept introduced by the Transparency International to assist the government, business institutions and the general public in curbing corruption in government procurement. The implementation of Integrity Pact is expanded in government procurement to include:

- (a) Implementation of the Integrity Pact for civil servants involved in government procurement;
- (b) Implementation of integrity pact for procurement-related committee members;
- (c) Implementation of integrity pact for board members/ procurement committee;
- (d) Implementation of integrity pact for bidders; and
- (e) Implementation of integrity pact for the appointment of consultants.

First and foremost, every civil servant who is involved directly or indirectly in the government procurement process shall be required to sign a Declaration by Civil Servant Involved in Government Procurement form. Secondly, every individual appointed to any Procurement Related Committee shall be required to sign a Declaration by Members in Procurement Related Committee. Thirdly, every individual appointed as member or alternate member to the Procurement Board shall sign a Declaration by Procurement Board Members form. The declarations need to be adhered to by the signer of the declarations to abstain from any corrupt practices with any person directly or indirectly engaged with any procurement; and to lodge a report at the Malaysia Anti-Corruption Commissioner's (MACC) office or at the nearest police station if there is any attempt of bribery such as bid rigging involving elements of bribery from any party.

Fourthly, the integrity pact for the bidders. Every government agency must ensure a copy of the Bidder's Declaration is attached together with the tender or quotation documents when the documents are made available to bidders. Every bidder upon submission of tender or quotation documents must ensure the Bidder's Declaration is duly completed and signed and is attached with the tender or quotation submitted. Every government agency is required to ensure that the provision on corruption in the Bidder's Declaration Form is included in all contract documents. The provision states that if there is/are any individual(s) representing bidder's company, is offering or giving any bribes to any individual(s) as an inducement to be selected in the tender or quotation, these actions can be taken against them which are revocation of the contract offer for the tender or quotation, or termination of the contract for the tender or quotation, and other disciplinary actions according to the Government procurement rules and regulations currently in force.

Last but not least, the integrity pact with the consultants. Every government agency shall ensure a Declaration of Interest By Consultant form is attached with the Letter of Intent from the government to the consultant. The government must ensure that the clause on corruption is included in all consultancy agreements. If there is any attempt of bribery such as bid rigging involving elements of bribery from any party, they shall lodge a report at the MACC's office or at the nearest police station.

In short, the Integrity Pact implementation is intended to increase awareness among civil servants and parties involved in government procurement on corruption offences and subsequently eradicate corrupt practices in government procurement. One of the main objectives of this Integrity Pact is to provide a greater transparency when dealing with government procurement and enhanced access to information. This could lead to greater confidence and trust in public decision and at the same time allowing more bidders to compete for government contracts.

4.0 CONCLUSION AND RECOMMENDATION

In light of the above discussions, it is undeniable that bid rigging has a negative effect on competition. In recognising the dangers of bid rigging, it is prohibited under the CA 2010. If bid rigging involves an element of corruption, the ACCA 2009 will apply, especially Sections 16 and 20. It is worth noting that although bid rigging can occur in both public and private sectors, bid rigging is more harmful in the former sector due to its detrimental effects such as causing great harm to taxpayers, eroding public confidence, and undermining the benefits of a competitive marketplace. The recognition of the dangers posed by bid rigging is vital, as it undermines fair competition and leads to anti-competitive outcomes as discussed in section 3.2.3. Thus, to prevent bid rigging in public sector and to ensure that government procurement is managed properly and transparently, matters pertaining to it are also subject to (i) Treasury Instructions, (ii) Malaysian Treasury Circular - Integrity in Government Procurement (PK 1.6), (iii) Malaysian Treasury Circular - Disciplinary Action against Companies in Government Procurement (PK 8) and (iv) Integrity Pact in Government Procurement.

Although the government's efforts to provide legal measures against bid rigging are laudable, it is worth noting that the CA 2010 which is the main law governing the issue of cartels, including bid rigging, does not criminalise bid rigging specifically bid rigging in public procurement. While the Act prohibits bid rigging, it is not considered an offence under the Act unless it involves an element of bribery which triggers the application of the ACCA 2009. Consequently, despite the detrimental effects of bid rigging in public procurement, no criminal actions can be taken against the parties involved. Furthermore, instructions and circulars are only administrative directives which although subject to administrative actions as discussed in 3.2.3 (iii), they are not criminally punishable in nature which can have a deterrent effect on those involved. Therefore, this research proposes that, in addition to the existing legal measures, the CA 2010 be amended to criminalise bid rigging particularly in government procurement. By adding a credible threat of criminal sanction, it is likely to provide a sufficient deterrent against bid rigging. This will send a clear message to the public that bid rigging, especially in public procurement, is unacceptable and will not be tolerated. As a result, not only taxpayer's money can be saved, it could also improve the efficient delivery of public works as well as foster public trust in the tendering process.

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