

PROCEEDING BOOK



**INTERNATIONAL e-
CONFERENCE ON
BUSINESS MANAGEMENT**

2021

International e-Conference on Business Management (e-ICBM2021)
“Reforming Business Management in Digital Era”
Faculty of Business and Management, Universiti Sultan Zainal Abidin (UniSZA)
14-15th September 2021

INTERNATIONAL e- CONFERENCE ON BUSINESS MANAGEMENT 2021

PROCEEDING BOOK

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ABOUT CONFERENCE

Background

International e-Conference on Business and Management 2021 (eICBM2021) with the theme of "Reforming Business Management in Digital Era". The conference aims to bring together leading academicians, researchers, scholars and students to exchange and share their experiences and researches on all aspects of business and globalization. It provides a premier interdisciplinary platform for researchers, practitioners, educators, and students to present and deliberate the most recent findings, trends, and concerns as well as practical challenges encountered and solutions adopted in the fields of business and management.

e-ICBM2021 is proposed to be held virtually due to the Covid-19 pandemic on 14th and 15th September 2021. The conference is to be hosted and organized by Faculty of Business and Management, Universiti Sultan Zainal Abidin, Terengganu, Malaysia in collaboration with the State Tourism Department of Terengganu. It is also jointly organized by four university from Indonesia which are Universitas Syiah Kuala, Aceh, Indonesia, Universitas Islam Negeri Sunan Ampel, Surabaya, Universitas Jember and Politeknik Negeri Semarang, Faculty of Islamic Economics & Finance, Universiti Islam Sultan Sharif Ali, Brunei, IQRA University, Pakistan and Faculty of Islamic Sciences, Prince of Songkla University, Pattani, Thailand.

Objectives

The eICBM2021 aims to bring together leading academicians, researchers and research scholars to exchange and share their experiences and research results on all aspects of Business and Management. It also provides an interdisciplinary platform for policy makers, top managers, researchers, practitioners and educators to present and discuss the most recent innovations, trends, and concerns as well as practical challenges encountered and solutions adopted in the fields of Business and Management. The themes for the conference are revolved around reforming business management in digital era.

Theme and Subthemes

Reforming Business Management in Digital Era.

Subthemes

Accountancy	Hospitality Management and Tourism	e-Learning
Finance	Risk Management and Takaful	Integrated Reporting
Economics	Contemporary Issues in Research	Social Responsibility Issues
	Methodology	
Islamic Finance	Data Analysis	Islamic Marketing & Management
Management	Entrepreneurship	Halal Tourism and Lifestyle
Marketing	Pandemic COVID-19	Operations Management

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EFFECTS OF ENVIRONMENTAL KNOWLEDGE ON ENVIRONMENTAL AWARENESS: A STUDY AMONG HOMESTAY OPERATORS IN SELANGOR

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Abstract

The homestay program is one of the human-oriented service industries, thus increasing tourist arrivals will impact the environment. In addition, the hospitality sector is the one that contributes to environmental issues, primarily through day-to-day operations, which involve abundant resources, such as water and energy consumption. However, several barriers to implementing green practices in the homestay include lack of knowledge and awareness among homestay operators on environmental issues and strategies, financial problems, customer attitudes, operations, and law. Therefore, this study examined the relationship between environmental knowledge and environmental awareness among homestay operators. This study uses quantitative methods where the questionnaires were distributed to 147 respondents, consisting of homestay operators who were selected using simple random sampling among 16 homestays in Selangor, Malaysia. The analysis of this study used SPSS software for descriptive and inferential tests such as T-test and ANOVA test and AMOS software to build Structural Equation Modelling (SEM). The finding indicated that is a significant relationship between environmental knowledge and environmental awareness. The contribution of this study is needed to initiate attitude change in the community and raise awareness to the community so that they are more likely to spend on green products or services on offer.

Keywords:

Environmental Knowledge, Environmental Awareness, Homestay, Structural Equation Modelling.

1. INTRODUCTION

Malaysia is a popular country with a unique tropical environment, historical and culinary attractions, magnificent beaches and islands, various ethnicities and cultures, hotels and resorts, and shopping places (Tourism Malaysia, 2015; Nanthakumar, Subramaniam, & Kogid, 2012). However, despite being a popular tourist destination in Asia, Malaysia is also suffering from environmental issues, such as water pollution, air pollution from industrial and waste disposal, climate change, global warming, deforestation, and haze due to forest fires in Indonesia (Central Intelligence Agency, 2015; Mohamad, Tengku Arifin, Samsuri, and Mior Badrul Munir, 2014). Therefore, the government realized that the tourism sector could contribute towards sustainable development in the economic sector (Ibrahim, Ibrahim, & Hasbullah, 2006).

Tourism is an industry that is linked directly to nature and the environment. The increase in tourists and imperfect management harm nature, communities, cultures, and societies through pollution, waste generation, and land degradation (Perrottet & Benli, 2016; Sucheran, 2013; Meler & Ham, 2012; Klepsh & Schneider, 2012). The emerging awareness of this problem has triggered alternative tourism, including green tourism. The term green tourism also refers to “environmentally-friendly,” “environmentally-sensitive,” “ecologically compatible,” and “ecologically sound” (Han, 2015; Meler & Ham, 2012; Faulk, 2000).

Moreover, the hospitality and accommodation sector are one of the sectors in the tourism industry that contributes significantly to environmental issues, especially during production and through day-to-day operations, involving abundant resources, such as water and energy consumption (Chikita, 2012; Zengeni, Zengeni, & Muzambi, 2013). However, the adverse effects of tourism on the environment damage the essential resources of tourism in the coastal areas and significantly affect other non-tourism economic activities. In addition, the negative impact of tourism activities can also occur because the level of visitor use is greater

than the ability of the environment. This situation will cause the locals to compete for the limited resources. The tourism sector needs to be planned, managed, and implemented to preserve the environment to benefit local social and economic development.

Also, being “green” is a significant problem for the tourism industry, especially concerning accommodation (Jones, Hillier, & Comfort, 2014; Eldemerdash & Mohamed, 2013; Barber, 2012; Jin-Zhao & Jing, 2009). According to (Han 2015; Han & Yoon, 2015; Chen & Tung, 2014), in recent times, demand from consumers for eco-friendly accommodation has increased. Sucheran (2013) and Zengeni, Zengeni & Muzambi (2013) list the challenges for the tourism industry, among others being environmentally friendly. Moreover, with limited awareness among small business owners such as homestay operators in sub-urban areas (Tzschentke, Kirk & Lynch, 2008), lack of commercialized knowledge with little support (Hillary, 1998), implementation of green practices among homestay operators is difficult to do (Hillary, 1998). Based on an interview with a Tourism Director in Malaysia, they consider that Malaysia is not ready to practice green practices in accommodation due to attitudes, knowledge, and rules. It is also believed that some accommodation managers still operate in an outdated manner and do not fully recognize or fully appreciate the demands and environmental values associated with their business (Butler, 2008).

Environmental changes and the effects that occur due to daily human activities are significant issues affecting ecological systems. Increasing the individual awareness of the importance of preserving and conserving the environment is the foundation that leads to the love of the environment. This awareness has greatly influenced several sectors of the economy and is no exception to the tourism sector (Andreck, 2008; Tsai, Wu & Wang, 2014). Entrepreneurs in this economic sector have emphasized green practices to minimize resource use, reduce waste, and eliminate environmental pollution.

1.1 OBJECTIVES

The objectives of this study are as follows:

1. To identify the level of environmental awareness among homestay operators according to demographic factors.
2. To measure the relationship between environmental knowledge toward environmental awareness among homestay operators.

2. LITERATURE REVIEW

Homestay is community-based tourism that offers tourists a natural experience and local rural lifestyle (Jabil Mapjabil, Siti Asma Mohd Rosdi, Munir Shuib, & Sharmini Abdullah, 2011). Visitors who participate in this homestay program will experience the peace of the countryside and enjoy the deliciousness and diversity of traditional food in Malaysia. So, most of the activities offered in the homestay industry use natural resources; if the activities provided by the operator do not follow established green practices, the destruction of ecosystems in homestay areas will apply. Hence, homestay operators must have knowledge and awareness of the environment and implement green practices in their homestay. Various previous studies have discussed factors influencing individual green practices or pro-environmental attitudes, but this study still lacks a homestay program.

Awareness of the environment has a broad meaning. It implies knowledge of the environment and the attitudes, values, and skills needed to solve problems related to the environment. Moreover, awareness of the environment is an early step that leads to more responsible behavior (Sengupta, Das, & Maji, 2010). Fostering awareness of the environment is considered an important goal in today’s educational context because it is interdependent between humans and nature (Hadzigeorgiou & Skoumios, 2013). Research by United Nations Development Program Malaysia (2008) on the causal factors to low awareness of environmental issues including lack of education, lack of environmental knowledge, and insufficient role of media to disseminate these issues.

Environmental awareness refers to knowledge and concern for the effects of individual behavior on the environment (Madsen & Ulhøi, 2001; Afsar, Badir & Kiani, 2016). In addition, environmental awareness has been classified by Madsen & Ulhøi (1996) into three categories, namely fundamental beliefs, scientific facts and knowledge, and commitment to solving environmental problems. Kollmuss & Agyeman (2002) also define environmental awareness as knowing the impact of human behavior on the environment because the environment consists of two components: cognitive, the knowledge-based component, and the affective, the view-based part that relates one’s emotions. Increasing environmental awareness is essential in building national capacity towards sustainable development (Iksan et al., 2015). Understanding through a practice carried out by individuals indeed impacts their lifestyle and those around them.

According to Suriasumantri (2005), knowledge is all the things we know for something directly or indirectly and acts as a mental set that enriches individual observation/awareness. Davenport and Prusak (1999) classify knowledge as a group of human experiences, values, and related information that bind to objects used as a basis for receiving new information and experiences to evaluate information and experiences that are subsequently applied in one’s mind. Knowledge encompasses various purposes:

decision making, judgment, imagination, problem-solving, classification, and assessment (Thio, 1994; Davenport & Prusak, 1998). Environmental knowledge is a term used to indicate knowledge and awareness of environmental problems and solutions (Zsóka, Szerényi, Széchy & Kocsis, 2013).

Abdullah, Shafii & Wee (2013) have stressed that the importance of environmental knowledge to human beings can no longer be denied because the ability sculpted in an individual it can, to some extent, encourage him to act positively towards the environment. A study conducted by Wihardjo, Hartati, Nurani & Suharwanta (2017) also confirmed that individuals’ knowledge of the environment would influence their actions towards the environment. This result is in line with the following Environmental Awareness Model (Hoffman, 1990), which explains that information and knowledge will trigger positive actions and attitudes towards the environment:

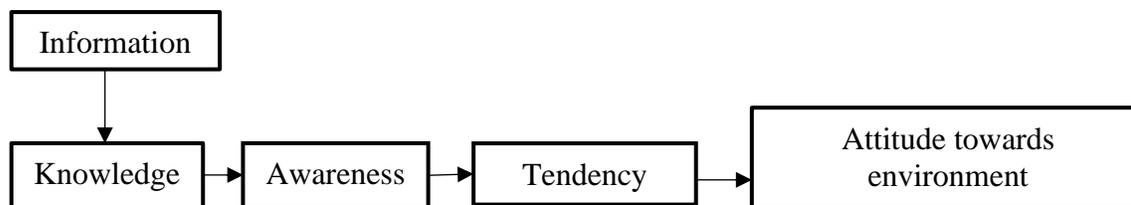


Figure 1: Environmental Awareness Model

This model illustrates that the information and knowledge of an individual or a group will determine whether or not they are concerned about the environment. In addition, a high level of environmental awareness will encourage the individual to be positive and help environmental sustainability. On the other hand, if their knowledge is less, they are more modest in caring for the environment (Zsóka et al., 2013).

A study from the Center for Information Science and Technology (MASTIC) showed that public awareness of environmental care increased from 1998 to 2004 compared to previous years. The study found that environmental pollution is the most well-known issue compared to other scientific and technological development issues. The news about the environment that is contagious on social media and the public’s attitude towards environmental issues is very worrying. Preliminary studies show that most people consider caring for the environment to be the responsibility of the government. The community is more sensitive to environmental issues, especially those close to them, but the awareness to overcome the problem is too minimal (Sabri & Teoh, 2006; Iksan, Zakaria & Azizahsamsuddin, 2015). The community’s attitude that it is not responsible will negatively affect the neighborhood’s environment a’s quality of life (Ahmad, Mustafa, Abd Hamid & Abd Wahab, 2011).

In addition, the study conducted by (Sabri & Teoh, 2006) is to determine the relationship between environmental awareness and practices in conserving the environment. The study was conducted on 80 employees of Schmidt BioMedTech Sdn. Bhd. The study findings prove that more than 70% of respondents have a deep concern for the environment. However, the level of green consumption practice is still moderate. In addition, environmental studies conducted in higher education institutions show that awareness and level of practice among students in Malaysia are at a reasonable level (Mohd Yusof et al. 2003; Ramli 2003; Zurina & Norjan 2003; Norlila 2007). However, students’ willingness to practice environmental practices is still low. The findings of this study are in line with the study of Azizan (2008), who stated that students have a good awareness of environmental problems. Still, this awareness is no longer transformed into a practical.

Based on a study conducted by Safari, Salehzadeh, Panalhi & Abolghasemian (2018) show that environmental knowledge and awareness influence the green behavior of individuals. This finding means that as environmental knowledge and awareness increase within the organization, green behavior also increases. Their study also found that individual attitudes, environmental commitment, and green practice commitment influence their green behavior.

H1a: Differences of environmental awareness based on gender

H1b: Differences of environmental awareness based on age

H1c: Differences of environmental awareness based on the education level

H2: Environmental knowledge has a significant relationship with the environmental awareness of homestay operators.

3. METHODS

This study approach is based on non-experimental studies, which is survey research using questionnaires. By using structured questionnaires, this study has been divided into three parts of questions, which are Part A (demographic), Part B (Awareness), Part C (Knowledges). For Part B and C measured by Likert Scales, questions represent scale 1 (Strongly Disagree) until scale 10 (Strongly Agree). Furthermore, this study uses SPSS software to analyze descriptive statistics and inferential statistics such as T-test and ANOVA test. In contrast, AMOS software examines the relationship between environmental knowledge and environmental awareness. Before analysing the data, the researcher performed factor analysis and normality tests. Normality tests are performed to determine whether the study data has a normal or abnormal distribution. This procedure is essential to ensure the normal distribution of data and allows researchers to perform parametric analysis, such as hypothesis testing and inferential statistics (Chua, 2014).

3.1 DATA COLLECTION

There are 147 operators has been chosen using simple random sampling from 454 operators from 16 homestays registered with the Ministry of Tourism, Arts and Culture Malaysia. Until March 2018, Selangor has served the highest total of rooms within peninsular Malaysia, 724 out of 5604 rooms, as shown in Table 1.

Table 1: Homestay Program in Malaysia until March 2018

NO	NEGERI	NO. OF HOMESTAY	NO. OF OPERATOR	NO. OF ROOM
1	Perlis	3	56	64
2	Kedah	16	345	442
3	Pulau Pinang	11	234	264
4	Perak	11	305	409
5	Selangor	16	454	724
6	Melaka	9	137	217
7	Negeri Sembilan	13	288	435
8	Johor	24	497	663
9	Kelantan	8	152	182
10	Terengganu	10	185	187
11	Pahang	16	323	450
12	Sarawak	41	594	859
13	Sabah	25	345	611
14	Labuan	3	79	97
	Total	206	3,994	5,604

4. RESULTS AND DISCUSSION

4.1 DESCRIPTIVE ANALYSIS

Descriptive analysis for this study was analysed using Statistical Package for Social Science (SPSS) version 21.0. The summary of the homestay operator involved in this study was illustrated in Table 2

Table 2: Summary of Homestay Operator Profile

Characteristics	Frequency (n:147)	Percentage %
Gender		
Male	76	51.7
Female	71	48.3
Age		
21 - 30 years old	5	3.4

31 - 40 years old	5	3.4
41 - 50 years old	23	15.6
51 - 60 years old	57	38.8
61 - 70 years old	53	36.1
70 and above	4	2.7
Education		
Secondary School	136	92.5
Higher Education	11	7.5

Based on Table 2, 147 respondents who answered this questionnaire consisted of 76 people, 51.7 percent male operators, while 71 female operators or 48.3 percent. In terms of age, most homestay operators are 114 people, or 77.6 percent aged 51 years and above meanwhile, 33 people or 22.4 percent of homestay operators aged 50 years and below. For the education level, the majority of the homestay operators completed their secondary school, which is 92.5 percent. Only 11 respondents pursued their study in higher education, such as diploma and degree level.

4.2 INFERENCE ANALYSIS

The results of this study are discussed based on the objectives of the study, namely:

- 1) To identify the level of environmental awareness among homestay operators according to demographic factors and
- 2) To measure the relationship between environmental knowledge toward environmental awareness of homestay operators.

Inference analysis in this study has used two tests, namely t-test and ANOVA. Both tests were used to identify the differences in environmental awareness based on the respondents' demographic factors, such as gender, age, and education level. In this study, a T-test was used to analyze the gender and education level of the respondents, while the ANOVA test was used to analyze demographic factors such as age.

H1a: Differences of environmental awareness based on gender.

The T-test was used because gender had only two mean, namely male and female. Table 3 shows there is no significant differences ($t = 1.458$, $sig = 0.147$) between males and females. This significant value exceeds 0.05. These findings indicate that there is no difference in environmental awareness between male or female homestay operators. Therefore, H1a; environmental awareness has a significant difference based on the gender of homestay operators is reject.

Table 3: Differences of environmental awareness based on gender

Variables		N	Min	SP	t	df	Sig(2-tailed)
Environmental Awareness	Male	76	8.8191	.84167	1.458	145	.147
	Female	71	8.6303	.71779			

Through the T-test that has been done, environmental awareness does not show any difference for all factors, namely gender Carlsen, Getz & Ali-Knight (2010) and level of education Kollmuss & Agyeman (2002). However, the findings of this study contradict the findings (Braun, 2010), which indicates that business entrepreneurs among women tend to practice green practices compared to men. Another study (Laroche, Bergeron & Barbaro-Forleo, 2001; Han, Hsu, Lee & Sheu, 2011; Tsai, Wu & Wang, 2013) found that female respondents were more willing to spend their money on green products. In their study, Dipietro, Cao & Partlow (2013) also stated that female respondents are more likely to buy environmentally friendly products, prefer to receive information about green products or services, and prioritize businesses that practice green.

H1b: Differences of environmental awareness based on age.

The ANOVA test in Table 4 shows the value of $F = 2.534$ and $Sig = 0.031$. Significant values below 0.05 indicate that there is a significant difference between environmental awareness based on age. This means that there is a difference in green practice between respondents of different ages. ANOVA Tukey's HSD Post Hoc test was conducted to determine significant differences between age factors and ensure any difference groups significantly, and the results are shown in Table 5. Therefore, H1b; environmental awareness has a significant difference based on the age of homestay operators fails to reject

Table 4: Differences of environmental awareness based on age

Factor	Source	Total Square	DK	Min Square	F	Sig.
Age	Between Group	7.461	5	1.492	2.534	.031
	In Group	83.043	141	.589		
	Total	90.505	146			

For the sample of this study ($n=147$), mean score for respondents age 41-50 ($M= 9.1920$, $SD= 62837$, $n= 23$) is higher than respondent aged 51-60 ($M= 8.5629$, $SD= .81790$, $n= 57$). However, based on this post hoc test, there is no difference in environmental awareness for other aged.

Table 5: Post Hoc for differences of environmental awareness based on age

(I) Age	(J) Age	Mean Differences (I-J)	Std. Error	Sig.
41-50	51-60	.62916*	.18958	.014

* The mean difference was significant at the level of < 0.05

This study found that respondents aged between 41 to 50 years have a higher awareness of the environment than respondents aged 51 to 60 years shows that when a person has increased knowledge of the environment, they are more alert and aware of taking good care of the environment. This result aligns with Dimara et al. (2017) and Agag (2019) state that younger users show greater intention to pay more for hotel towel reuse programs than older users. In addition, hotel guests under the age of 30 show a higher desire to book green hotels and are more willing to pay more for green hotels than users aged 29 and 60 years.

H1c: Differences of environmental awareness based on the education level.

Table 6 shows no significant differences ($t = -.826$, $Sig = 0.410$) between the education level involved, such as secondary school and higher education. This significant value exceeds 0.05. These findings indicate no difference in environmental awareness among homestay operators; either they studied in secondary school or pursued higher education. Therefore, H1a; environmental awareness has a significant difference based on homestay operators' education level is rejected.

Table 6: Differences of environmental awareness based on the education level

Variables		N	Min	SP	t	df	Sig(2-tailed)
Environmental Awareness	Secondary School	136	8.7126	.79374	-.826	145	.410
	Higher Education	11	8.9167	.70907			

This study found that the level of education did not affect environmental awareness. Based on the T-Test analysis conducted, there is no difference in respondents' level of awareness towards the environment for respondents who study in secondary school and below with respondents who study in higher education. These findings contradict the results of a study by Sukhu & Scharff (2018) found that respondents who have a higher level of education are more likely to practice green practices. Their higher knowledge has opened their minds to find environmentally friendly products or implement green practices in daily life.

H2: Environmental knowledge has a significant relationship with the environmental awareness of homestay operators.

Since this study deals with the constructs measured using the items indicator, the best analysis method is Structural Equation Modelling. SEM can combine quantitative data and the expected effects of many relationships into a single model. In this study, the researcher used AMOS software because it has advantages in terms of the graphic representation in the model. It was created to produce a model to analyze effectively and precisely the relationship between a construct that has many complex indicators (Awang, 2012).

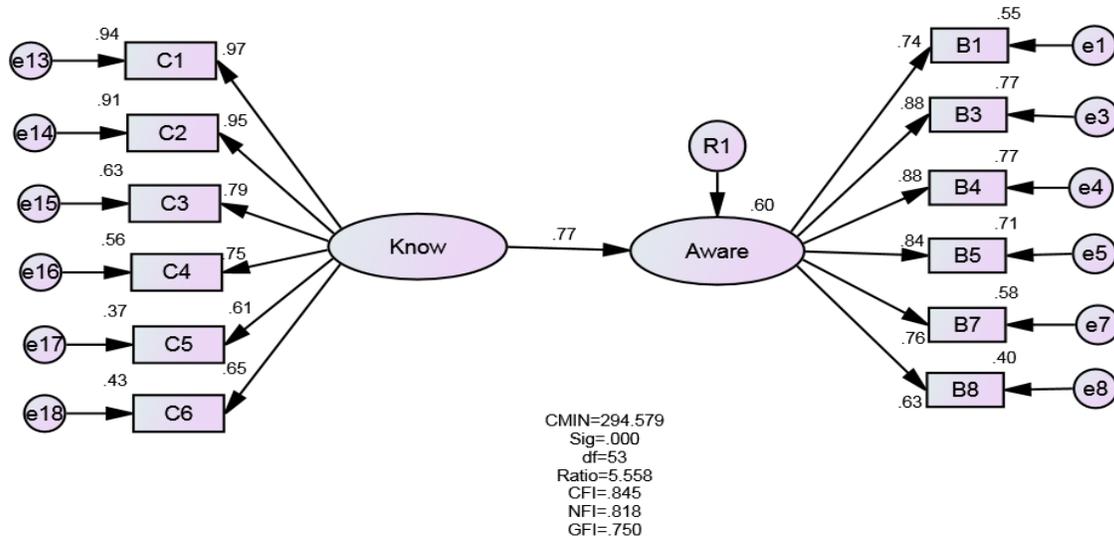


Figure2: Structural Equation Modelling

Figure 2 shows the value of R^2 for the overall model is 0.60. This model shows that 60 percent of environmental awareness among homestay operators is influenced by environmental knowledge. In addition, the model shows good fitness indexes since the values achieve the required level, and all the items have a high factor loading (above the required 0.6).

Table 7: Regression Weights

			Estimate	S.E.	C.R.	P	Result
Environmental Awareness		Environmental Knowledge	.801	.089	8.956	***	Significant

Table 7 shows that environmental knowledge has a significant relationship with environmental awareness. Therefore, H2; environmental knowledge has a significant relationship with the environmental awareness of homestay operators is fail to reject.

5. CONCLUSION

Although green practices have long been used in developing countries in the tourism and manufacturing sectors, Malaysia still has a new indicator. Nowadays, tourists are more likely to choose products and services that offer a green element and make it a must to travel while conserving the environment. Therefore, operators need to identify and realize the importance of green practices for their homestays. Green practices are often associated with high-cost involvement and burdening operators. Still, previous studies have pointed out that some operating costs have been reduced, increased service reputation, shown businesses carry out corporate social responsibility, and improved environmental conditions.

Thus, this study can provide understanding to entrepreneurs and players in the homestay industry to improve their level of environmental knowledge and environmental awareness toward green practices in their homestay. This study has proven that high environmental knowledge will influence the environmental awareness of homestay operators.

The government needs to formulate appropriate educational programs to increase environmental awareness among the community, impart environmental knowledge through different mediums and emphasize the importance of green practices to

ensure environmental sustainability in the future. Moreover, recent trends indicate that customer demand for facilities offering green concepts is significant. Environmental destruction has primarily driven customer decisions in the Western and Northern European regions but not Eastern and Eastern European regions. Thus, more frequent and comprehensive environmental awareness programs are needed to initiate attitude change among the community and raise awareness to be more likely to spend on green products or services.

Apart from the homestay training courses that are often regularly implemented by the government, modules containing environmental awareness programs and environmental issues should also be provided to operators. Awareness programs like these are essential to help overcome barriers such as issues related to organizational culture and change management, which are common during transformations to organizations that lead to the adoption of green practices. Ongoing environmental awareness programs can help entrepreneurs add knowledge to preserve the environment in their area, knowing their duties and how each of their actions will affect the environment.

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THE MEDIATING ROLE OF EMOTIONAL INTELLIGENCE IN THE RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE AND EMPLOYEE COMMITMENT

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Abstract

The role of faculty members is crucial in higher education institutions in Jordan. Today their commitment has gained importance in government universities because the country is facing problem of low commitment from faculty members. Thus, it is important for public universities to take measures in order to enhance commitment of faculty members and become loyal to their respective universities. Current study is an attempt to analyze the impact of organizational culture and emotional intelligence on organizational commitment of faculty members. This study is quantitative in nature. The target population of the study is the academic staff at public universities in Jordan (JPU). A quantitative analysis approach was used, and the survey was pretested by nine experts and three practitioners using a self-administered questionnaire and. Overall, it has 5754 participants as its target group (JPU). where the unit of analysis was the academic staff at Jordanian’s public universities (JPU). The target population of the study is the academic staff In ten public universities in Jordan (JPU) A stratified random sampling technique was employed to select a sample of 397 respondents from the population. The respondents were given a self-administered questionnaire to respond at their convenience. A total of 350 usable responses were received. The data were analyzed using Structural Equation Modeling (SEM) in IBM-SPSS-AMOS 21.0 software. The study show that emotional intelligence is significantly related to organizational commitment. The relationship between organizational culture and organizational commitment is also significant. Emotional intelligence offers full mediation in the relationship between organizational culture and organizational commitment. The findings of the current study are helpful for researchers, policymakers, academicians and human resource practitioner. Findings of the study are helpful in suggesting that emotional intelligence of academic staff is more important to enhance commitment. In future, identifying other contingent variables of organizational commitment in private universities of Jordan will be an important addition in literature. At the present time, the study on the mediating role of emotional intelligence in the relationship between organizational culture and organizational commitment is limited, especially for members of the teaching staff. Organizational commitment is extremely important to ensure the best in the continuity and survival of their universities.

Keywords:

Organizational Culture; Organizational Commitment; Emotional Intelligence; Structural Equation Modelling; Academic Staff.

1.INTRODUCTION

Organizational culture has grown in importance in management since the 1980s. Several best-selling books have extensively explored the significance of it (Deal & Kennedy, 1982). If we look at developing economies like the United States, we can see that corporate culture is seen as a critical element in achieving organizational performance (Peters & Waterman, 1982). In a Japanese scope, the same observations are observed (Ouchi, 1981). Past surveys in university environments in developing economies have treated universities as a legacy (Christie et al. 2012), and have concluded that faculty members' engagement is linked to student success, faculty success, and behaviour. It was common knowledge that dedicated faculty members laid their personal interests aside in favour of institutional interests. Lack of dedication, on the other hand, leads to redundancy, which has occurred in the area commitment characteristics among academic workers all over the world. It's also important to understand how faculty members lead to such changes and how they affect their teaching commitment level (Rungruang, 2012).

The current paper aims to analyse the dedication profiles of academicians employed in Jordan's public sector institutes. The explanation for this is that Jordanian professors have a low level of dedication, as shown by an international survey report. Poor dedication and brain drain in Jordanian institutions are the reasons for this Awamleh (1996).

The purpose of this research is to look into the factors influencing academic staff's engagement in Jordan's public universities. Human resources managers and university leaders will be able to create strategies that will help institutional personnel improve organizational engagement by evaluating the importance of organizational culture in relation to commitment levels. cultural experiences in academic settings of public sector universities of Jordan.

2. LITERATURE REVIEW

Organizational commitment is a significant phenomenon that requires attention (Best, & Kellner, 2020). Organizational culture is shaped by the norms that exist within the organization (Monga, Monga, Mahajan, & Monga, 2015). Employee commitment is inextricably linked to organizational culture (Masouleh & Allahyari, 2017). It was found that none of the Jordanian university was mentioned in this report. The reason is low commitment and brain drain in institutions in Jordan Awamleh (1996).

Success of business schools depends on the committed faculty members who help in developing business schools and continue teaching business school students rather than leaving (Lorange, 2008). Suliman and Iles (2000) are of the view that commitment literature lacks attention of academic researchers particularly in the context of Arab countries. Same situation of low commitment can be seen in Jordan. It is observed that over the last 25 years, around 3000 academic staff left their job. Adding to this, about 20% of academicians were planning to quit job and looking for another job inside or outside Jordan. If protective measures are not taken into account, it is not encountered this percentage will increase up to 60% by 2020 (Ghadi, 2017). If rate of turnover is low, it is good for organizations as institutes can hire new talent without any disruption of smooth functioning of academic activities while high turnover is problematic and is negatively associated with the academic performance (Ghadi, 2017).

2.1 ORGANIZATIONAL COMMITMENT

It is characterized as an employee's emotional and functional connection to their place of employment. It describes how attached an employee is to their business. Organizational dedication indicates whether or not an employee will continue to work for the company (Allen & Meyer, 1990). Meyer and Allen (1987) described organizational commitment as being divided into three types: affective commitment, normative commitment, and continuance commitment. The three measurements were accurately measured and were unrelated to one another. According to Meyer and Allen (1997), it is about an individual's belief in their organization's loyalty and desire to be with the organization, and this should be thought of as a psychological position. The first component of organizational loyalty is affective commitment.

2.2 ORGANIZATIONAL CULTURE

It is classified as a group of people in an organization who have trying to differentiate features (that set them apart from all other) (Lee, 2020). When two or more individuals join together to accomplish a common purpose, an agreement has been reached. People in the organization are compelled by certain aims and priorities. Values, norms, views, and shared ideals are instances. In general, culture explains how individuals behave (Purnell & Fenkl 2019). Culture is a collection of common values and standards that people share with one another and use to direct their actions (Eisenberg & Mattarelli, 2017). Organizational culture has recently taken the interests of many academics and analysts who want to learn more about it (Denison & Mishra, 1995; U Khan, Usoro, & Majewski, 2010). The explanation for this may be because of the impact it has on corporate effectiveness and efficiency (Bakker & Albrecht, 2018).

2.3 EMOTIONAL INTELLIGENCE

It is a relatively new and expanding trend of behavioral science that has taken the interest of the scientific world, academicians, corporations, and the general public (Cole, Cox & Stavros, 2018). Many scholars have defined different forms of intelligence, such as spatial intelligence (Gani, Safitri, and Mahyana, 2017), verbal propositional intelligence (Pino, 2018), and perceptual-organizational intelligence (Pino, 2018), using diverse theoretical models (Edelman & Knippenberg, 2018). Apart from the growing curiosity, Martin-Raugh, Kell, and Motowidlo (2016) said that human intelligence research in psychology has sparked heated debate among the general public about whether it is worthwhile to test individuals based on a single factor of cognitive competency. Montgomery, Mc Crimmon, Climie, and Ward (2018) are convinced that both of these various intelligence variables help to better distinguish human behaviors. Many academics are likely to see emotional intelligence as a dimension that contributes to healthy habits, beliefs, and organizational outcomes at first (Ang & Van Dyne, 2015). Meanwhile, the current literature suggests that emotional intelligence can be explained by either personality characteristics or ability (Serrat, 2017). Emotional intelligence can be explained in a variety of ways, according to the literature, and the term has been drawn from a variety of sources. Emotional intelligence is linked to social intelligence (Serrat, 2017), non-intellectual intelligence (Robertson, Hatton, Emerson, & Baines, 2017), intrapersonal and interpersonal intelligence (Jauhari, & Bharwani, 2017).

2.4 ORGANIZATIONAL CULTURE AND EMOTIONAL INTELLIGENCE

The relationship between corporate culture and emotional intelligence is depicted in this segment. Rezaei et al. (2018) examined the relationship between organizational culture and emotional intelligence. The sample of his study consists of 168 employees in Babol Branch in Iran. Easy random sampling was used to contact respondents. It was found that organizational culture has a significant effect on the emotional intelligence of the employees. The reason is that organizational effectiveness cannot be achieved without the emotional intelligence of the employees due to their importance in organizational settings. The relationship between emotional intelligence and organizational culture in this study, and also the influence of some of the factors such as emotional intelligence on organizational culture is recommended for the growth and enhancement of individual and professional capabilities of individuals. In addition, Igbinovia and Popoola (2016) investigated the relationship between emotional intelligence and organizational culture in order to assess the success of Nigerian library staff. The study collected data from 181 library staff from 15 different libraries around the world. For data interpretation, the researchers used mean, standard deviation, correlation, percentage, and multiple regressions. Organizational culture and success have a major impact on emotional intelligence, according to the findings. Organizational culture and work success have a clear positive association. In educational libraries, the linear procedure of EI and organizational culture predict job success of library staff.

Jyoti and Kour (2017) also looked at the impact of social intelligence and EI on social intellect, as well as the mediating role of multicultural transition in the relationship between and work routine. In addition, the research looked at the importance of social intelligence and presumed social support in multicultural transition. A total of 342 administrators working for national banks in Jammu and Kashmir, India, were responded to the study. Furthermore, the findings revealed that EI and social intelligence had a major effect on public intellect. The relationship between job routine and social intelligence was often mediated by multicultural change.

H1: Goal setting has positive and significant effect on emotional intelligence.

H2: Training program has positive and significant effect on emotional intelligence.

H3: Work setting has positive and significant effect on emotional intelligence.

2.5 ORGANIZATIONAL CULTURE AND ORGANIZATIONAL COMMITMENT

It's a crucial factor in employees' loyalty to the business (Joo, 2010). It is a crucial part of corporate engagement that motivates workers and will help them accomplish their goals (Berberoglu, 2018). Furthermore, corporate culture leads to high levels of employee engagement (Nikpour, 2017). Employee commitment is influenced by corporate culture, which is rich with cultural habits, traditions, and beliefs that aid in maximizing employee commitment (Al-Sada, Al-Esmael, & Faisal, 2017). Furthermore, corporate culture is critical to an organization's success or failure. A supportive culture, in particular, strengthens employees' loyalty to their business (Kucharska, & Kowalczyk, 2019). Furthermore, corporate culture will increase employee dedication to meeting organizational goals (Sabir et al., 2012). Organizational culture, according to Lok and Crawford (2001) and Meyer and Allen (1991), is the precursor to organizational commitment. The impact of corporate culture and loyalty was investigated by Inanlou and Ahn (2017). They gain from the Korean government's national manager survey figures from 2011. Organizational culture is defined by organizational engagement, according to the results. In addition, concerns about representative engagement in human resource demand will influence the relationship between corporate culture and organizational commitment. As a result, corporate culture is a genuine factor in increasing employee morale by a contribution to a human resource demand formulation scheme, thus increasing professional excitement. In the light of above-mentioned literature, following hypotheses are developed:

H4: Goal setting has positive and significant effect on organizational commitment.

H5: Training program has positive and significant effect on organizational commitment.

H6: Work setting has positive and significant effect on organizational commitment.

2.6 EMOTIONAL INTELLIGENCE AND ORGANIZATIONAL COMMITMENT

People with a high EI are thought to be more involved in communicating and interacting with others, as well as fostering worker morale (George, 2000). The majority of recent research has found that the organizational commitment had a significant impact on emotional commitment. Mohamad, Khani, and Lalardi (2012) investigated the relationship between organizational dedication and EI among housing staff in Iran's Tehran 5-Star hostels. A descriptive, research-based, correlational model was used in this analysis. The population consisted of 423 workers from Tehran's 5-star hostels, including Homa, Esteghlal, and Laleh. The population sample, which included 142 people, was chosen at random using the Krejcie and Morgan (1970) table for sample size estimation. According to the findings, there was a close connection between organizational engagement and EI. This demonstrated the value of attracting and hiring highly perceptive people, training them in a few steps, and encouraging them to

apply management principles. Clearing the area for the growth and maintenance of information among station staff and managers, as well as private companies, are also crucial factors to remember.

Hasan (2018) investigated the connection between employee organizational engagement and manager emotion theory approaches. The information was gathered from 323 employees of five Chinese support organizations. For research, the PLS-SEM methodology was used. According to the findings, a manager's success is adversely linked to followers' normative, continuance, and affective engagement. Deep acting by a monarch, on the other hand, has a favorable effect on followers' normative, continuance, and affective engagement. Job satisfaction and interpersonal commitment were also investigated by Saridakis, Muoz Torres, and Gourlay (2018). They employed a two-stage probity least square (2SPLS) estimator to analysed the data.

H7: Emotional intelligence has positive and significant effect on organizational commitment

2.7 ORGANIZATIONAL CULTURE, EMOTIONAL INTELLIGENCE AND ORGANIZATIONAL COMMITMENT

The importance of corporate culture in understanding organizational behavior cannot be overstated. According to Wagner (1995), corporate culture has a significant impact on employee attitudes and behavior. Furthermore, according to a study on corporate culture, the culture of the workplace may have a significant impact on the emotions, thoughts, performances, and experiences of employees (Saeed and Hassan, 2000).

In the other hand, a positive corporate culture seems to foster greater employee engagement. Allen and Meyer (2000) looked at the connection between organizational culture and organizational commitment and concluded that organizational culture is a predictor of organizational commitment. Several scholars have proposed that corporate culture and responsibility have a theoretical relationship. Organizational culture appears to have an impact on employee commitment through values and human resource practices (Manetje, & Martins, 2009). Workers whose skills grew as a result of the corporate culture, according to Chatman, Caldwell, and O'Reilly (1999), are dedicated employees. Emotional intelligence is potentially related to increasing employee corporate engagement, as companies rely on emotional relations to achieve desired outcomes much of the time, and many occupations need the capacity to control emotions. Emotional intelligence, according to Goleman (1998), is a means of controlling and managing emotions so that people can achieve their goals efficiently and properly. It's one of the predictors of workplace engagement and work satisfaction (Aghdasi, et.al 2011).

H8: Emotional intelligence mediates the relationship between goal setting and organizational commitment

H9: Emotional intelligence mediates the relationship between training programs and organizational commitment

H10: Emotional intelligence mediates the relationship between work setting and organizational commitment

3. METHODS

3.1 PARTICIPANTS

The data was collected from academic staff of different universities in Jordan. About 364 participants included in this study consist of faculty members serving in different academic departments in public sector universities. Sample comprises 75.2% male and 24.8 % female faculty members. As sample of the study consists of academic staff serving in different government universities, they hold different levels of education. For example, 15.7% of the academic staff has master degree, 83.5% of the academic staff has PhD degree while 0.9% of the academic staff is post-doctoral fellows.

3.2 PROCEDURE

Before getting response from faculty members, consent from university management was taken. Upon receiving consent, questionnaire was sent to participants of the study. A brief explanation of the questionnaire was written before the start of the questionnaire.

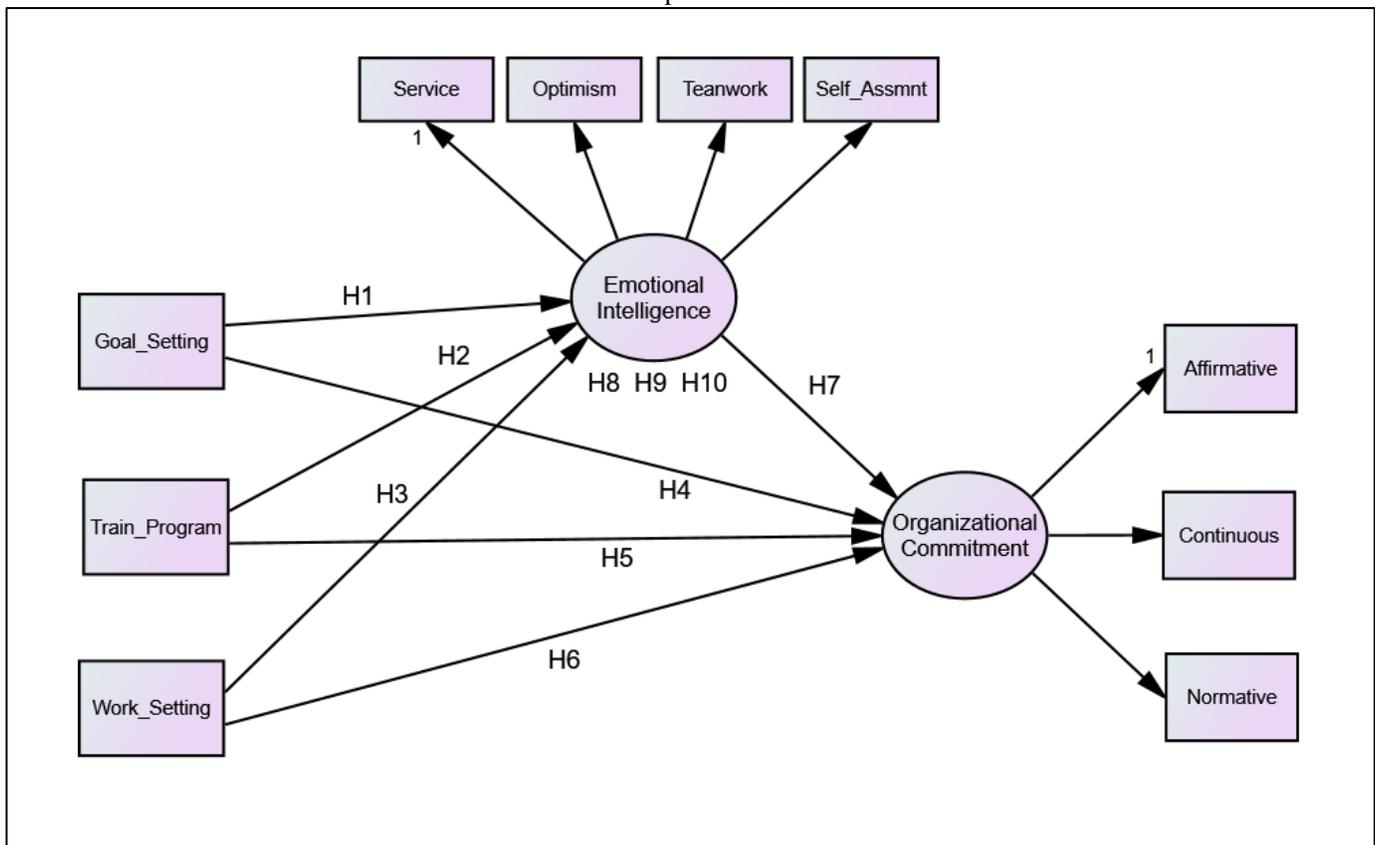


Figure 1: The framework and hypotheses of the study

3.3 MEASURES

ORGANIZATIONAL CULTURE

In this analysis, it is used as an independent variable. Academic assignments, community care, administrative duties, research programs, and teaching facilities are all included in this study's definition of workload (Allen, 1996). Cooke and Rousseau (1988) created the job load item that was included in this analysis (Cooke & Szumal) (1993). The efficacy of corporate culture measures varies from 0.74 to 0.78, according to previous literature (Apaydin, 2012; Bakker, Winefield, Winefield, Gillespie & Stough, 2010; Gillespie, et. al, 2001).

Job pressure is described as the amount of work that an employee must do in a given amount of time (Karasek & Theorell, 1990). Six elements were created by Karasek and Theorell (1990) to quantify job intensity. (Brennkmeijer, Demerouti, le Blanc, & van Emmerik, 2010; Braine & Roodt, 2011; Mauno, Kinnunen, & Ruokolainen, 2007; Shirom, Melamed, Rogowski, Shapira, & Berliner, 2009; Taipale, Selander, Anttila, & Nätti, 2011; Shirom, Melamed, Rogowski, Shapira, The questions' statements were updated to make them more relevant to the present research. In addition, the study's size has been altered to further comply with the study's style.

EMOTIONAL INTELLIGENCE

It is described as a person's attitude toward their work and organization (Weiss, Dawis, England & Lofquist, 1967). To assess emotional intelligence, Weiss, Dawis, England, and Lofquist (1967) created a short version of the emotional intelligence scale. There are 24 products in all. According to previous research, the reliability rating varies from .90 to .96 (Goleman, 2006). The terms "organization" and "supervisor" were replaced by "university" and "dean."

ORGANIZATIONAL COMMITMENT

Organizational commitment is defined as a positive feeling which shows individual's dedication towards the job. As presented in Table 3.3, Organizational commitment scale by Schaufeli, W.B. (2013) was used to measure organizational commitment. It has 18 items. This 18-item Organizational commitment instrument is valid and reliable as shown by previous studies. Past literature shows that reliability of this scale ranges from 0.70 to 0.90 (De Braine & Roodt, 2011; Schaufeli & Bakker, 2004).

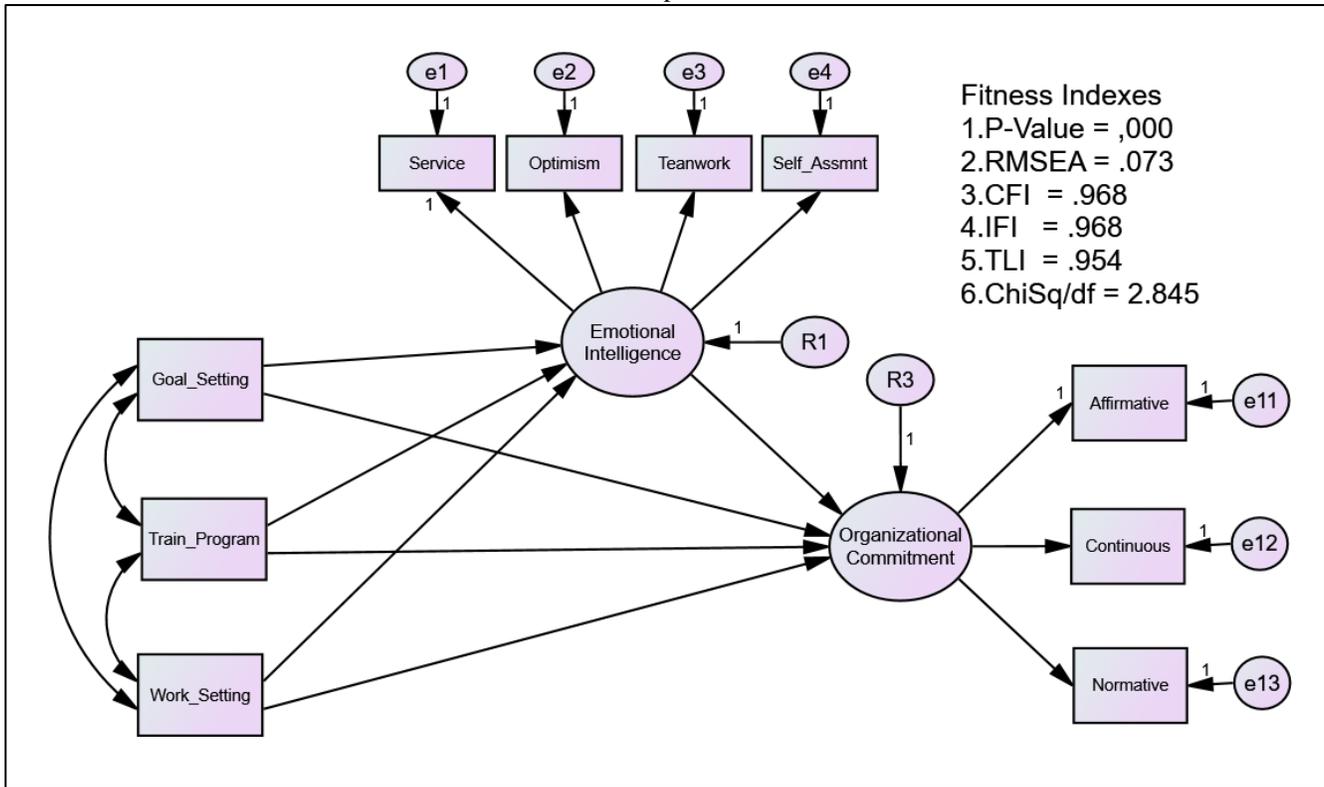


Figure 2: The framework of the study in IBM SPSS AMOS

4. DATA ANALYSIS

Structural equation modeling (SEM) using SPSS AMOS 21. was employed to model and estimate the parameter for testing the hypothesized relationships. SEM assessed the fitness of a model (Cortina, 1993). SEM also facilitates in simultaneous examination of multiple paths (Hoyle and Smith 1994). Also, its flexible nature and analyzing complex models makes it more appropriate for analysis (Hair et al. 2010; Hopwood 2007). Results of the study including critical ratio, AVE, reliability statistics and reliability statistics are shown in Table 1. Goodness-of-fit indices indicate the model fit ($\chi^2 = 289.786$, $NC = 2.157$, $GFI = 0.887$, $RMSEA = 0.073$, $AGFI = 0.921$), $TLI = 0.954$, $CFI = 0.968$ and $NFI = 0.915$). The results of the hypothesized relationship are presented in Figs. 2 and 3 and Table 2.

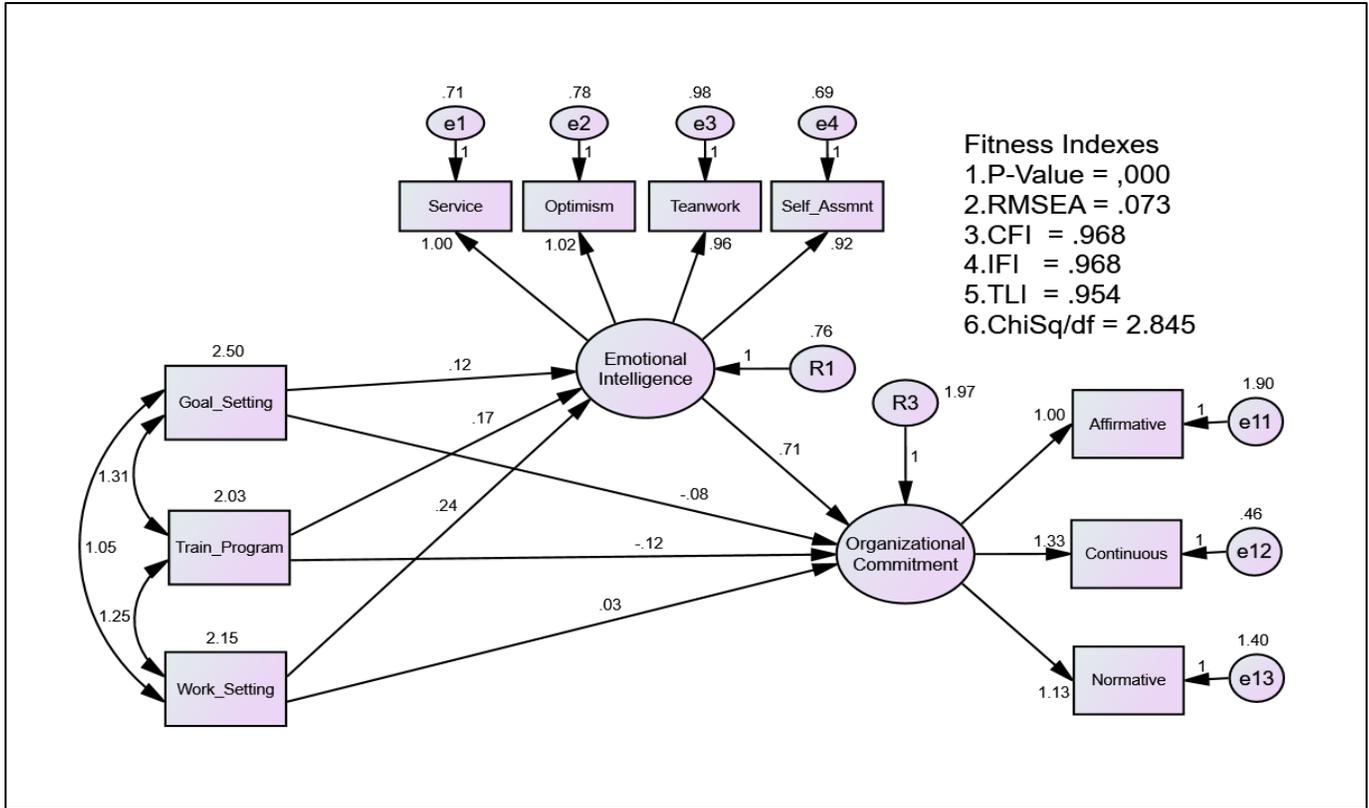


Figure 3: The regression path coefficient between constructs in the model

Table 1: The regression coefficient and its significance

			Estimate	S.E.	Z	P	Results
Emotional Intelligence	<---	Goal Setting	.120	.042	2.871	.004	Significant
Emotional Intelligence	<---	Train Program	.169	.052	3.273	.001	Significant
Emotional Intelligence	<---	Work Setting	.239	.046	5.176	***	Significant
Organizational Commitment	<---	Emotional Intelligence	.707	.115	6.174	***	Significant
Organizational Commitment	<---	Goal Setting	-.078	.065	-1.205	.228	Insignificant
Organizational Commitment	<---	Train Program	-.123	.081	-1.528	.127	Insignificant
Organizational Commitment	<---	Work Setting	.028	.074	.374	.709	Insignificant

Table 2: Hypothesis testing

	Hypothesis Statement	P	Results
H1	Goal Setting has positive and significant effect on Emotional Intelligence	.004	Supported
H2	Training Program has positive and significant effect on Emotional Intelligence	.001	Supported
H3	Work Setting has positive and significant effect on Emotional Intelligence	.000	Supported
H4	Goal Setting has positive and significant effect Organizational Commitment	.228	Not Supported
H5	Training Program has positive and significant effect Organizational Commitment	.127	Not Supported
H6	Work Setting has positive and significant effect Organizational Commitment	.709	Not Supported
H7	Emotional Intelligence has positive and significant effect on Organizational Commitment	.000	Supported

	Hypothesis Statement
H8	Emotional Intelligence mediates the relationship between Goal Setting and Organizational Commitment. Result: The mediation occurs since both H1 and H7 are significant. Awang (2014, 2015) and Awang et al. (2018) The type of mediation is full mediation since H4 is not significant. Awang (2014, 2015) and Awang et al. (2018)
H9	Emotional Intelligence mediates the relationship between Training Program and Organizational Commitment. Result: The mediation occurs since both H2 and H7 are significant. Awang (2014, 2015) and Awang et al. (2018) The type of mediation is full mediation since H5 is not significant. Awang (2014, 2015) and Awang et al. (2018)
H10	Emotional Intelligence mediates the relationship between Work Setting and Organizational Commitment. Result: The mediation occurs since both H3 and H7 are significant. Awang (2014, 2015) and Awang et al. (2018) The type of mediation is full mediation since H6 is not significant. Awang (2014, 2015) and Awang et al. (2018)

5. DISCUSSION

The results of the study indicate that organizational culture dimensions (goal setting, training program and work setting) have positive effect on emotional intelligence at; the findings of the study are providing support to the hypothesized results. The results of the current study indicate the fact that organizational culture is one of the important determinants and share values, culture of faculty involvement, shared believe are playing key roles in enhancing the emotional intelligence of faculty members in Jordanian universities. Organizational Culture has significant effects and direct effect on Emotional Intelligence.

Social exchange theory states that there exists reciprocal relationship between two contracting parties. In case of this study, university is providing a healthy environment for its employees. In turn, it not only helps in improving emotional intelligence of academic staff but also enhancing their commitment level for their respective university. It shows that academic staff is also offering their services to the universities which complement the statement of social exchange theory. Further, the results of the study are providing support to the social exchange theory (Gelfand et al., 2017) and are consistent with the prior finings of (Igbinovia & Popoola 2016; Jyoti & Kour, 2017; Altındağ & Köseadağı, 2015). The Miao et al. (2017) continued and argued that association with subordinates; work environment and culture affect the social interactions in any firms. Thus, based on the results of the currents study it can be argued that the social exchange plays a significant role in determining the relationship between organizational culture and emotional intelligence as the ever-changing dynamics of personal and professional life are bringing the change in the patterns of our feelings and emotions.

Moin, (2018) suggested that manager’s performance has a negative impact on followers’ normative commitment, continuance commitment and affective commitment. However, leader deep acting has a positive impact on followers’ normative commitment, continuance commitment and affective commitment. Moreover, Saridakis, Muñoz Torres, and Gourlay, (2018) investigated the relationship between job satisfaction and organizational commitment. They employed a two-stage probity least square (2SPLS)

estimator to analyzed the data. Their findings revealed that an increased JS is likely to lead to improved OC; however, they also showed that better OC leads to greater levels of JS recommending that JS and OC are likely to be equally linked. Generally, the IV estimates confirmed the significance of addressing the endogeneity problem in the analysis of the association among JS and OC. Thus, the current study is also providing support to these explanations as Jordanian academic staff view the organizational culture as one of the important determinants of the emotional intelligence.

6. LIMITATIONS

The study's goal was to look into the relationship between organizational culture, emotional intelligence, and organizational engagement among Jordanian academics. The research was conducted in public sector universities in Jordan. However, selecting public sector universities is the first limitation of the study. Future studies might replicate the findings of the study by including private sector universities by introducing contingent factors of organizational commitment. Secondly, study is cross sectional in nature. Future researchers might consider longitudinal studies for in depth analysis. Thirdly, response was taken only from academic staff. It might create problem of respondent bias (Crowne and Marlowe 1960). Future studies might consider university administrators and other non-academic staff to examine the influence of organizational culture, emotional intelligence on organizational commitment.

7. CONCLUSION

Past literature shows that organizational commitment of academic staff is low in public sector universities of Jordan. In this way, universities have to face problem in terms of smooth functioning of universities and they have to bear additional financial cost in terms of hiring new academic staff. So, there was a strong need felt by university administrators to overcome this issue in higher education setting of Jordan, particularly in public sector universities. By doing so, it not only improves performance of universities but also improves student learning. The reason is that, when academic staff including lecturers, assistant professors, associate professors and professors will continue their job, universities only need to improve their basic structure which is fulfills their satisfaction level. In this way, university administrators no need to worry about to bear additional cost and wastage of time in recruiting new faculty. Contrary to it, if organizational culture is sufficient enough to satisfy academic staff, in turn, they will continue their services and their commitment and loyalty remains with their current environment.

Literature shows that several factors constitute employee's organizational commitment, including emotional intelligence, which affects organizational performance in the end. In human centered organizations, such as universities, organizational culture plays an important role in strengthening the organizational commitment and organizational effectiveness. In order to promote a healthy culture within organizational settings, it is important to first analyze the existing culture and find out its draw backs. HR personnel can play their role in improving existing organizational culture which enables the administrators to strengthen commitment of employees.

8.COMPLIANCE WITH ETHICAL STANDARDS

Conflict of interest: The authors declare that they have no competing interests.

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WORKLOAD AND NURSING SHORTAGE: A QUALITATIVE STUDY

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Abstract

The burden of nursing work is a major problem in the healthcare system. Nurses experience high workload and nursing shortage, it's a problem that being experienced world-wide. The purpose of the study is to explore the issue of nursing shortage from the lens of workload among nurses working at tertiary hospital in Klang Valley. This study was conducted using a qualitative approach. Eight participants were purposively selected from tertiary hospital in Klang Valley. Data was collected through semi structured interviews and analysed using qualitative content analysis. The study revealed that respondents have the same understanding that shortage of nurses has negative impact on workload. Two major themes and four sub themes emerged these are: 1) Quality care 2) Extended hours 3) Dissatisfying 4) Non nurse duties. The contributors to the increasing workload of nurses are the insufficient number of nurses based on patient care needs. Nurses experience high workload if the number of nurses does not meet the needs of the patient. Hence, workload is caused by nursing shortage and nursing shortage has caused additional workload among nurses.

Keywords:

Nursing, shortage, workload.

1.INTRODUCTION

Currently the world is witnessing a serious health hazard posed by a newly found virus named Coronavirus or COVID-19 (nCov-19) (nCov-19). World Health Organization (WHO) director-general Tedros Adhanom Ghebreyesus has cautioned that the world needed at least six million nurses to manage the COVID-19 pandemic which highlights the dire situation of nursing shortage. Nursing shortages are caused by a variety of variables; however, this study will focus solely on the workload component because it is linked to the approaching crisis in modern healthcare. Nursing workloads are a critical problem that is getting international attention. In the healthcare system, the weight of nursing job is a serious issue. Nurses are overworked for four reasons: rising nursing care needs, an insufficient number of nurses, which forces nurses to work overtime, an insufficient number of nurses based on patient needs, and a reduction in the length of time a patient spends in the ward. These are some of the factors that contribute to nurses' increased workload. Nurses in Malaysia face a tremendous workload due to a shortage of nurses, which causes stress and burnout among them. In addition, a shortage of nurses has an impact not only on the quality of patient care provided by nurses, but also on their decision to leave the profession. Nursing needs in patient care are determined by observing and analysing the patient's requirements. High workloads will ensue if the quantity of nurses does not satisfy the needs of the patient.

1.1 PROBLEM STATEMENT

The burden of nursing work is a major problem in the healthcare system. Nurses experience high workload due to three main reasons which is 1) increased nursing care needs (Mohammadkarim, Ramin, Mehdi et al. 2014), 2) inadequate number of nurses and causes nurses to work overtime (Ross, Rogers & King, 2019) and 3) inadequate number of nurses based on patient needs (Amin, 2011). These are some of the reasons for the increased workload experienced by nurses. This situation also affects the job satisfaction that results in increased job retention as well as the shortage of nurses (Padilha, Barbosa, Andolhe et al. 2017). In

addition, increasing patient equity, work system factors where nurses' need to perform non-patient tasks (Fagerstrom & Vainikainen, 2014) such as packing, sending patients, coordinating and performing non-nursing side tasks also added to the burden of workload.

2. METHODS

The main purpose of this qualitative descriptive study was to explore the issue of nursing shortage from the lens of workload among nurses working at tertiary hospital in Klang Valley.

2.1 ETHICAL CONSIDERATIONS

An approval letter from Universiti Teknologi MARA (UiTM) Research Ethical Committee then from Ministry of Health (MoH) through National Medical Research Registry (NMRR) with participating hospitals before the research is being conducted.

2.2 RESPONDENTS

The study involved staff nurses and nursing sisters. At the onset of the study, a number nurses were invited to be interviewed about their daily experiences and concerns in the wards. Eight respondents were agreed to have interviewed. (Table 1)

Respondents	Age	Gender	Ward	Education	Experience (Years)
1	38	Female	Orthopedic	Diploma	18
2	30	Female	Medical	Diploma,	8
3	30	Female	Medical	Diploma	11
4	31	Female	Medical	Diploma	8
5	30	Female	Medical	Diploma	8
6	39	Female	ICU	Degree	15
7	36	Female	Medical	Diploma	14
8	48	Female	Medical	Degree	25

Table 1: Interviewees

2.3 DATA COLLECTION PROCESS

The study was carried out at two tertiary hospitals in the Klang Valley. Individual semi structured interviews with open-ended questions were used to obtain data. All people who wanted to participate were given an information document to read. An appointment was set after working hours in the study. The researcher physically questioned the respondents in a nursing sister room at an agreed-upon time in order to guarantee privacy and confidentiality. Each session lasted about fifteen to twenty-five minutes on average. Audio recordings of the interviews were made. The interviews were done in English and were coded with the letters R1 through R8.

2.4 ANALYSIS

All of the interviews were verbatim transcribed and analysed thematically. The data was analysed using the known narrative analysis approach. To begin, the researcher looked over the eight interview transcripts for things that indicated the presence of possible themes. In the interviews, the number of times the same concepts or subjects were discussed was counted. The codes Q1, Q2, Q3, Q4, and so on were assigned to the concepts mentioned in the interviews. Workload, caring for too many patients, holistic care, fundamental routine and advanced tasks, efficacy, and expertise in delivering care, for example, were all factors in the definition of shortage. A nurse colleague independently coded 10% of the whole transcripts to guarantee inter-rater reliability;

following that, an English version of the report was created and reported. In this interview, a case-by-case analysis was conducted, followed by a cross-case study of common themes (see Table 2).

Theme	Sub- theme
Workload	Quality care Extended hours
Shortage of nurses	Dissatisfaction Non nurse duties

3. FINDINGS

3.1 WORKLOAD

Nursing workloads is a serious issue that are gaining worldwide attention. According to Mojgan, Easa and Zohreh (2015), the workload experienced by nurses and the quality of patient care is associated with limited resources or numbers of nurses and excessive workloads. Among the contributors to the increasing workload of nurses is the insufficient number of nurses based on patient care needs, as stated:

I feel that really upset and frustration because we can't deliver full care of nursing because of the workload itself. And it's really like tiring we need to do aa. double shift up to fourteen hours per day just to cover the shortage of staff itself.

(Respondent 2)

As staff nurse sometime it will. it will feel so burning because of heavy work load to do.

(Respondent 4)

Nurses have less time to connect with patients and provide nursing care. Among the contributors to the increasing workload of nurses is the insufficient number of nurses based on patient care needs.

3.2 SHORTAGE OF NURSES

The nursing shortage is a problem that is being experienced world-wide. It is a problem that, left unresolved, could have a serious impact on the quality health care. The study was conducted as Malaysia was one of the countries affected by the shortage of nurse work force and the quality of care was declining. Nearly all countries in the world are challenged by workers' shortage; the same sentiment was shared by the respondents as detailed below

It's really bad. It's really bad. It's really very bad shortage.

(Respondent 2)

According to National Nurse United based in UK, general medical and general surgical nurse ratio is one in four. They also have leg. legislation act for to improve nursing staffing to patient ratio. Their nurse association speaks out for them collectively.

(Respondent 3)

The adequate number of nurses stationed in each department is necessary to ensure that the patient can receive the needed healthcare and promote better injury and disease prevention (Feldkamp, 2009). As a result, the nursing shortage constituted a significant challenge for the healthcare business.

3.3 QUALITY CARE

Measuring quality of care is a difficult task. In fact, the definition and meaning of quality in all healthcare disciplines remains elusive and subjective. The basis of quality care for nurses focused on the ability of nurses to evaluate the patient's condition, provide quality patient care and see the effectiveness of nursing actions and skills in providing care (Mhlanga, Zvinavashe, Haruzivishe & Ndaimani, 2016). As they express:

Quality is the degree to which an object or entities satisfy specify set of entry goods or requirements.

(Respondent 3)

For my opinion, in term of nursing point of view it is the ability the. the. er. to deliver healthcare that minimize risk and harm to service users including avoiding preventable injuries and reducing medical errors, effective nursing care, providing service based on scientific knowledge and evidence-based guidelines and reducing delays in providing and receiving healthcare.

(Respondent 6)

Quality of care is achieved when patients feel heard and understood, consider themselves to be in safe hands and know that their care problems have been noticed.

3.4 EXTENDED HOURS

The study revealed that nurses are working long hours. Where there are only a few nurses on duty and if one is sick or absent the remaining work is extended. Instead of going at 2pm the nursing sister will request the remaining nurse to work for double duty. As They expressed

Usually, I working for the seven hours and sometimes will be fourteen hours for the double duty.

(Respondent 4)

Okay err... normally if not enough staff aa... we doing fourteen hours morning to night. If normal days seven hours.

(Respondent 5)

Err... my working hour is more eight hour per day.

(Respondent 7)

As a result, it is critical for hospital management to understand how lengthy working hours affect employees' physical, emotional, and social well-being, and to take remedial action to reduce working hours.

3.5 DISSATISFYING

Improving nurses' working circumstances may enhance satisfaction among both nurses and patients, as well as the quality of care provided. Dissatisfied nurses may be distracted from their patients, fail to provide holistic care, and in general, provide a lower quality of nursing care (Mrayyan, 2006). As their said:

No. Not yet for now because we cannot delivery truly our care to patient because of the shortage of staff itself. Because of the err... one to four patient you cannot focus to one-by-one patient

(Respondent 2)

I'm not satisfied. No. Because it affects the individualize care giver to patient.

(Respondent 4)

Excessive workload demands were the greatest cause of dissatisfaction among the nurses. Low job satisfaction usually relates to nurses' inefficiency and has an impact on their overall care.

3.6 NON-NURSE DUTIES

Nurses also need to do many side-by-side tasks that sometimes go beyond their basic tasks such as sending patients, doing clerical tasks, calculating stock and doing cleaning work. The study revealed that nurses are doing non-nursing duties. This was indicated by the respondents by saying:

Admission and transfer out patient, registration indenting in medication for patient and then some more urm... indenting urm... consumable item, inventory also the asset management. Now... nowadays the asset management urm... managed by team leader and sometime a nurses will do the asset management. So, I think it's not really proper for nurses to do it. And then also the stationery so something like that.

(Respondent 1)

This is very serious question which is I really love it because from my opinion nurses should. shouldn't be transfer patient shouldn't err. send patient to X-Ray or MRI or other department even clinics. Because they need to be in the ward, they need to do the round they need to attend to their patient. If we can err. exchanged the job so we can err. replace err. we can improve a lot in our care.

(Respondent 2)

Nurses, on the other hand, keep track of the patient over time via direct and indirect care methods. Reduced time spent on non-nursing chores allows more time to be spent on patient monitoring, preventing avoidable patient decline. As a result, work efficiency is critical.

4. DISCUSSION

The findings contribute to our understandings of nursing workload and nursing shortage. The interviews conducted with eight nurses provided a variety of insights into factors that contributing to the workload and nursing shortage as well as quality of care. The problem of shortage of nursing staff in our nation's hospitals remains a question of concern and triggers a phenomenon that complicates the field of health care today. Therefore, pragmatic initiatives should be addressed to address this problem and bring this area of health service to a higher level of service quality. Proper strategy planning is very important and needs to be implemented quickly and correctly. This is because the global competition in the health care field is increasingly challenging and gaining popularity since the world began to move into the millennium, with the rapid development of global level of science. In this study, nurses believe that to improve productivity there should be adequate and qualified human resources. Heavy workloads and interruptions to work flow showed strong associations with two patient outcomes. Nurses are aware of harmful outcomes associated with time pressure; they may compensate for these job-level heavy workload demands by coming in early, staying late and working through breaks. Quality patient care also based on the result of a good work environment and lack of resources affects the quality of patient care. High-quality care is a big priority for nurses, as it contributes to patients' self-sufficiency and return to full health. However, it raises the image of nursing as a profession as a whole. Based on previous studies, an impact on the workload is closely related to the nursing shortage

5. CONCLUSION

The ability of nurses to make decisions for patients helps improve the quality of care (Amin, 2011). Studies in the late '90s found that nurses were under pressure if they failed to provide proper care or in accordance with established standards (MacPhee et al. 2017). The shortage of nurses in patient care makes it difficult for nurses to maintain quality of care. Among the side effects that

nurses may experience as a result of high workload are fatigue, stress and frequent pain. When nurses experience such an impact, it can affect the services provided to patients. Nurses who are tired and stressed or in pain due to high workload cannot provide good and consistent services. Insufficient numbers of nurses to meet the needs of patients can impact patient care quality (Ross et al. 2019). With adequate staffing levels and appropriate allocation of physical resources, is achievable to resolve the problems and thus improve outcomes. The motivation of this study is due to fact that shortage of nurses might affect their quality of care. A study conducted by Bridges, Griffiths, Oliver and Pickering (2019) conducted at 30 Australian National Health Service hospitals found that wards with a shortage of nurses were associated with neglect of patient care and high death rates. Hence, workload is caused by nursing shortage and nursing shortage has caused additional workload among nurses.

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THE EFFECT OF ORGANIZATIONAL SILENCE ON BURNOUT AT AL-QUNFUDAH COLLEGE OF TECHNOLOGY IN SAUDI ARABIA

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Abstract

The universities and colleges play an important role in human development in any country as they provide the training essentials for doctors, engineers, nurses, teachers, scientists, etc, and foster the economic, social and knowledge level of country. Hence, it is vital to have a high-quality education in the country. In order to achieve the high-quality education, burnout level is to be reduced by all instructors to a minimum level in the universities and colleges as burnout is considered as one of the most important factors in influencing organizational effectiveness. As such this study aimed to analyze the effect of organizational silence and its dimensions on burnout at Al-Qunfudah College of Technology in Saudi Arabia. Primary data were used and collected by distributing self-administered survey questionnaires to 72 instructors at the college. The questionnaire was developed to detect the organizational silence dimensions (acquiescent silence, defensive silence, and prosocial silence) and the level of burnout. Out of total 90 questionnaires distributed, 72 instructors responded, the response rate was 80%. Regression results indicated that there is statistically significant effect for organizational silence and its dimensions on burnout at Al-Qunfudah College of Technology in Saudi Arabia.

Keywords

Organizational Silence, Acquiescent silence, defensive silence, prosocial silence and burnout.

1. INTRODUCTION

The universities and colleges play an important role in human development in any country as they provide the training essentials for doctors, engineers, nurses, teachers, scientists, etc, and foster the economic, social and knowledge level of country. Hence, it is vital to have a high-quality education in the country. Human resources are the most important resources in any organization. Employees in the education sector such as universities and colleges are playing important role to achieve goals (Bakri & Ali, 2015). As the doctors and instructors are the main force of innovating and developing talents and in their role in developing the university and college. Therefore, the management of such universities and colleges need to foster and develop a strong contingent of doctors and instructors with high quality. In order to achieve the high-quality education, burnout level is to be reduced by all doctors and instructors to a minimum level in the universities and colleges as burnout is considered as one of the most important factors in influencing organizational effectiveness. Furthermore, burnout is negatively related to improve job performance, organizational commitment, and job satisfaction (Bin Zaid, 2019; Akdemir, 2019; Behilak & Abdelraof, 2019).

One of the measures that can play an important role on burnout among employees is *organizational silence*. The universities and colleges to achieve high quality education it is important to provide them good organizational climate that allows them to voice, and work with peace of mind that keeps productive employees. Moreover, to have a high-quality education in the universities and colleges, it is important for the management to apply and understand organizational silence because employee behaviours are affected by organizational silence such as organizational commitment, employee’s productivity, and performance (Farrokh & Nooshabadi, 2018; Bordbar, Shad, Rahimi, & Rostami, 2019; Al Maaty & fayyad, 2018).

1.1 PROBLEM STATEMENT

The education sector plays an important role in human development in Saudi Arabia as they provide the training essentials for doctors, engineers, nurses, teachers, scientists, etc, and foster the economic, social and knowledge level of country in general and

of the Saudi citizen in particular. Therefore, the management of such universities and colleges need to foster and develop a strong contingent of doctors and instructors with high quality. Al-Qunfduah is a Saudi city in Makkah province, it has a population of 297000, Al-Qunfudah College of Technology currently employs 115 employees and has more 1500 enrolled students, and offers four diploma degrees in information technology, mechanics, management science, and electronics. Hence, Al-Qunfudah College of Technology is one of the important colleges in the country that provides high quality of education is Saudi Arabia in general and in Al-Qunfduah in particular. Based on the college reports, Al-Qunfudah College of Technology has a 15 percent turnover rate, which considered as high level. Many studies supported the effect of burnout on turnover intentions such as Elci, Yildiz, & Karabay (2018) and Wang, Jin, Wang, Zhao, Sang, Yuan (2020). This study will add to existing knowledge by testing the effect of organizational silence on burnout that has not been tested before by researchers in Al-Qunfudah College of Technology.

1.2 OBJECTIVES

This research attempt to achieve five specific objectives as follows:

1. To examine the effect of Acquiescent Silence on Burnout
2. To examine the effect of Defensive Silence on Burnout
3. To examine the effect of Prosocial Silence on Burnout

1.3 STUDY QUESTIONS

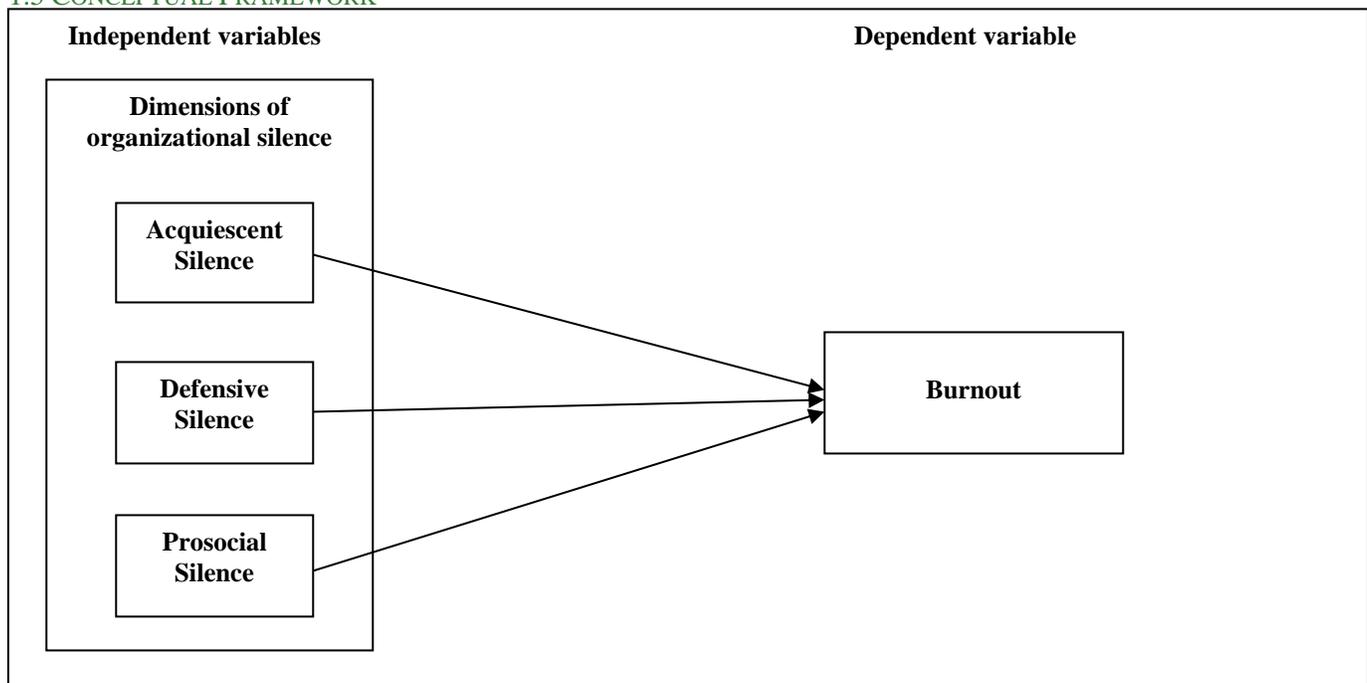
This study seeks to answer the following research questions:

1. Does acquiescent silence affect the burnout?
2. Does defensive silence affect the burnout?
3. Does prosocial silence affect the burnout?

1.4 STUDY HYPOTHESIS

1. Acquiescent silence has positive significance effect on burnout.
2. Defensive silence has positive significance effect on burnout.
3. Prosocial silence has positive significance effect on burnout.

1.5 CONCEPTUAL FRAMEWORK



2. LITERATURE REVIEW

2.1 BURNOUT

Many researchers studied burnout widely and provided many definitions of the burnout concept, such as, “the extinction of motivation or incentive, especially where one’s devotion to a cause or relationship fails to produce the desired results” (Freudenberger, 1974, p. 159), “psychological withdrawal from work in response to excessive stress or dissatisfaction” (Cherniss, 1980, p. 16), and “a condition in which one loses all concerns and feelings toward the people one works with and comes to treat them as impersonal objects” (Maslach, 1976, p. 7).

The MBI-General Survey is one of the most popular multidimensional approaches (Maslach, Jackson, & Leither, 1996), Hence, there are three dimensions of burnout: (a) Exhaustion, (b) Cynicism, (c) Reduced Professional Efficacy.

2.2 ORGANIZATIONAL SILENCE

Many researchers studied organizational silence widely and provided many definitions of the burnout concept, such as, “a potentially dangerous impediment to organizational change and development and is likely to pose a significant obstacle to the development of truly pluralistic organizations” (Morrison & Milliken, 2000, p. 707), “The opposite of voice -organizational silence- results when people cannot contribute freely to organizational discourse” (Bowen & Blackmon, 2003, p. 1394), and “motivation to withhold versus express ideas, information, and opinions about work-related improvements” (Van Dyne et al., 2003, p. 1361).

The multidimensional approach to organizational silence of Van Dyne and his college is one of the most popular multidimensional approaches. Hence, there are three dimensions of burnout: (a) Acquiescent Silence, (b) Defensive Silence, (c) Prosocial Silence.

2.2.1 ACQUIESCENT SILENCE

Van Dyne et al. (2003, p. 1366) defined acquiescent silence as “withholding relevant ideas, information, knowledge, or opinions, based on resignation”. Pinder and Harlos (2001), described acquiescent silence as strong acceptance and resigning to organizational circumstances and submission.

2.2.2 DEFENSIVE SILENCE

Defensive silence was defined by Van Dyne et al. (2003, p. 1367) as “withholding relevant ideas, information, or opinions as a form of self-protection, based on fear”. Pinder and Harlos (2001), described defensive silence as deliberate neglect depended on employee’s fear of the consequences of sharing information, idea, and speaking up.

2.2.3 PROSOCIAL SILENCE

Van Dyne et al. (2003, p.1368), defined prosocial silence as “withholding work-related ideas, information, or opinions with the goal of benefiting other people or the organization – based on altruism or cooperative motives”.

Korsgaard, Meglino, and Lester (1997), described this kind of silence as proactive and intentional behavior that focused on others.

2.3 PERSON-JOB FIT THEORY

This study was underpinned on the person-job fit theory in testing the effect of organizational silence on burnout. Maslach and Leiter (1997) have established a model of burnout. This model concentrates on the degree of mismatch or match between the person and six domains of employee’s job environments. According to this model, whenever the gap or mismatch between the person and the job is greater, they are more likely to experience burnout. These six domains of employee’s job environment include: workload, control, reward, community, fairness, and values. In community domain which suggests that when the employees because of feeling of lack of support and of trust in their relationship with employees and managers that will let an employee to fear to express their ideas, information, and opinions and let an employee to prefer to keep silent that will lead them to be more likely to experience burnout.

2.4 THE RELATIONSHIP BETWEEN ORGANIZATIONAL SILENCE AND BURNOUT

Organizational silence is considering as one of various factors that affect burnout in the organization. Many researchers supported the effect of overall organizational silence on burnout such as Saeed, Raheemah, and Shaalan (2019) and Abied and Khalil (2019), they found that organizational silence positively and significantly affect the burnout of employees. For the studies conducted on

the universities field. A study of Akin and Ulusoy (2016) about the effect of organizational silence on burnout in 17 state universities in Turkey indicated that there is a significant positive relationship between the organizational silence and burnout.

3. METHODS

3.1 BURNOUT

The questions were adapted from the questionnaire of Schaufeli et al. (1996) to measure the burnout variable. Exhaustion measured by a five-item scale. The responses are based on ranging from scale from “never” to “everyday”, cynicism dimension measured by a five-item scale. The responses are based on ranging from scale from “never” to “everyday”, and prosocial silence measured by a five-item scale. The responses are based on ranging from “never” to “everyday”.

3.2 ORGANIZATIONAL SILENCE

The questions were adapted from the questionnaire of Van Dyne et al. (2003) to measure the organizational silence variable. Acquiescent silence measured by a five-item scale. The responses are based on ranging from scale from “strongly disagree” to “strongly agree”, defensive silence measured by a five-item scale. The responses are based on ranging from scale from “strongly disagree” to “strongly agree”, and prosocial silence measured by a five-item scale. The responses are based on ranging from “strongly disagree” to “strongly agree”.

3.3 DATA COLLECTION

For this study it was decided to collect data through structured questionnaire. The study population consisted of 90 instructors at Al-Qunfudah College of Technology. Data were collected through a self-administered questionnaire that was distributed to all instructors in the college. However, 72 instructors responded, the response rate was 80%.

4. STUDY FINDINGS

4.1 STUDY RELIABILITY

The current study undergone Cronbach’s Alpha to measure the reliability of the scale. Cronbach's Alpha coefficient value for the scale is 0.80 which is satisfactory.

4.2 DEMOGRAPHICAL INFORMATION

There were 72 instructors for this study. In Saudi Arabia, the universities and colleges students are separated by their gender. Hence, the male instructors teach the male students and female instructors teach female students. In this study only male instructors were involved. Majority of the respondents were from 31 to 40 years old of age with, from 3 to 5 years teaching experience. 70.8% of the respondents are married and 29.2% single. Most of the instructors had a bachelor degree. Table (1) presents the descriptive analysis of the respondents.

Table 8. Descriptive Statistics

Variable	Characteristics	Frequency	Percentage
Age	≤30	22	30.5%
	31-40	36	50%
	≥41	14	19.5%
Length of teaching service	≤2	15	20.8%
	3-5	29	40.3%
	6-10	20	27.8%
	≥11	8	11.1%
Marital status	Single	51	29.2%

	Married	21	70.8%
Level of education	Bachelor	46	63.9%
	Master	26	36.1%
	PhD	0	0%

4.3 CORRELATION ANALYSIS

Pearson correlation was conducted in the current study to test the association between variables in the study. This analysis revealed that organizational silence was positively related to burnout with $r=.692$, acquiescent silence was positively related to burnout with $r=.412$. Defensive silence was also positively related to burnout with $r=.455$, and prosocial silence was positively related to organizational commitment with $r=.487$. In conclusion, this analysis revealed a positively related between organizational silence towards burnout among Al-Qunfudah College of Technology instructors in Saudi Arabia, as shown in table (2).

Table 2. Correlation Analysis

Variable	Organizational Silence	Acquiescent Silence	Defensive Silence	Prosocial Silence	Burnout
Organization Silence	1	.669**	.598**	.679**	.692**
Acquiescent Silence	.669**	1	.001	.217	.412**
Defensive Silence	.598**	.001	1	.184	.455**
Prosocial Silence	.679**	.217	.184	1	.487**
Burnout	.692**	.412**	.455**	.487**	1

** . Correlation is significant at the 0.01 level (2-tailed).
 * . Correlation is significant at the 0.05 level (2-tailed).

4.4 REGRESSION ANALYSIS

This analysis measures how much the variable impacts the other and its direction of impact. This study used organizational silence with its three dimensions as independent variable whereas burnout as dependent variable.

Table (3) shows that multiple correlation coefficient value was (.696) and the (R^2) was (.484) and the value of adjusted (R^2) was (.461) which indicate that acquiescent silence, defensive silence and prosocial silence were capable of accounting for (46.1%) of the changes in the dependent variable (burnout).

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.696 ^a	.484	.461	.14715

a. Predictors: (Constant), PS, DS, AS

b. Dependent Variable: Burnout

Figure 1. Multiple linear Regression

There is a statistical significance for the coefficient of the multiple linear regression formula related to acquiescent silence, which the value of (t) was (3.780), with a statistical significance of (0.000), which is below the significance level ($\alpha \leq 0.05$), which means that there is a significant relationship between Acquiescent silence and burnout, therefore H1 is accepted, as shown in figure (2).

There is a statistical significance for the coefficient of the multiple linear regression formula related to defensive silence, which the value of (t) was (4.420), with a statistical significance of (0.000), which is below the significance level ($\alpha \leq 0.05$), which means that there is a significant relationship between defensive silence and burnout, therefore H2 is accepted, as shown in figure (2).

There is a statistical significance for the coefficient of the multiple linear regression formula related to prosocial silence, which the value of (t) was (3.756), with a statistical significance of (0.000), which is below the significance level ($\alpha \leq 0.05$), which means that there is a significant relationship between prosocial silence and burnout, therefore H3 is accepted, as shown in figure (2).

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.311	.349		.891	.376
	AS	.255	.067	.338	3.780	.000
	DS	.328	.074	.392	4.420	.000
	PS	.318	.085	.341	3.756	.000

a. Dependent Variable: Burnout

Figure 2. The Significance of Standardized and Unstandardized Multiple Linear Regression Coefficient

5. DISCUSSION

The current study aimed to examine the effect of organizational silence and its dimensions on burnout at Al-Qunfudah College of Technology in Saudi Arabia. In this study three hypotheses were measured. Firstly, acquiescent silence has positive significance effect on burnout; this study indicated a positive significance effect of acquiescent silence on burnout. The result was supported by many researchers that acquiescent silence has a role to decrease the burnout of employees in the organizations such as Knoll, Hall, and Weigelt (2018). Secondly, defensive silence has positive significance effect on burnout. In line with this result, Abied and Khalil (2019) found that defensive silence positively and significantly effects on burnout of employees in their hospitals. Lastly, prosocial silence has positive significance effect on burnout; this study indicated a positive significance effect of prosocial silence on burnout. This result was supported also by many researchers that prosocial silence has a role to decrease the burnout of employees in the organizations such as Abied and Khalil (2019). However, this result is inconsistent with studies of Knoll, Hall, and Weigelt (2018).

6. MANAGERIAL IMPLICATIONS

The management of the college has to understand the role of organizational silence in decreasing the burnout of the instructors in the college. Depending on the importance of acquiescent silence, the managers need attention that they have to adopt the culture that let every instructor to express their ideas, information, and opinions and the managers in the college have to respond to these ideas, information, and opinions, also encourage them to participate in discussing and solving the issues in the college. Based on the results of the current study which reported the effect of defensive silence on burnout of the instructors in the college, the managers should let every instructor to express their ideas, information, and opinions without any fear that they may afraid to encounter such as fired from their work or facing punishment from the management. Lastly, based on the results of this study that affirmed the effect of prosocial silence on burnout, the managers should take advantage of prosocial silence by adopting encouraging regulatory environment that encourage instructors to have an effective communication among them in the college.

7. CONCLUSION

The current study was conducted within Al-Qunfudah College of Technology in Saudi Arabia and reported a positive significant effect of organizational silence and its dimensions on burnout. Management of the college must work towards decreasing the organizational silence level which may lead to decrease the burnout level of the instructors in the college. In conclusion, managers in the college should need attention and understand the effect of organizational silence on burnout minutely because decreasing the organizational silence of the instructors leads to better college.

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CONCEPTUALIZING THE ROLE OF PATIENT SATISFACTION IN THE RELATION BETWEEN INFRASTRUCTURE AND PATIENT LOYALTY IN JORDAN PUBLIC HOSPITAL

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Abstract

The purpose of this study is to experimentally validate the importance of patient satisfaction in the relationship between the hospital infrastructure, patient satisfaction and patient loyalty. The 357 patients in Jordanian MOH hospitals who will complete the questionnaires. Structure Equation Modelling will be used to examine the collected data (SEM). The proposed model, which represents a study model in health procedures that deal with patients, will aid health managers and planners in improving the quality of treatment and health services in MOH hospitals in Jordan, and the researcher suggests that more research be done to extend this model to the health system.

Keywords

Patient Satisfaction, Patient loyalty, Hospital Infrastructure

1. INTRODUCTION

Jordan's Ministry of Health oversees the country's healthcare system. Jordan's healthcare system is made up of both government and private hospitals. Jordan's healthcare services are constantly being improved by the ministry. Jordan's rapidly rising population, along with health insurance, is having a huge impact on the country's hospitals. Considering the situation, the demand for healthcare services in the country exceeds the supply, putting the quality of medical services in risk. As a result, the researchers looked into the level of patient satisfaction with government hospital services in this study. Customer satisfaction refers to an individual's contentment or unhappiness as a result of comparing a product's or service's perceived performance or outcome to their expectations. The consumer is disappointed if the perceived performance falls short of expectations, The customer is satisfied if the performance meets his or her expectations, customer is exceedingly satisfied or delighted if the performance exceeds expectations.

The purpose of health development in this situation is to raise everyone's awareness, willingness, and ability to live a healthy lifestyle in order to achieve an optimal level of public health through the construction of a nation and state society. It is defined by people who live in healthy settings and engage in healthy lifestyles, as well as the opportunity to access good and competent health services in a fair and equitable manner, in accordance with governmental policies and health development strategies. As the need for and knowledge of great service grows in the state and society, it becomes a communal need. As a result of the progress of information technology, this occurs. High quality is a need, not only in business, but also in government institutions' service operations, which are resistive to the standards of public service quality. In the following section, discusses in brief the existing related literature.

2. LITERATURE REVIEW

The quality of health-care services is influenced not only by the technical and functional activities of organizations, but also by several other aspects that academics have overlooked, such as interaction, infrastructure, and atmosphere, Zineldin (2000). Fewer studies have been conducted to “investigate the relationship between technical and functional quality dimensions and patient

satisfaction in the healthcare sector, while no research has been done to empirically examine how the atmosphere, interaction, and infrastructure might impact overall patient quality perception and satisfaction” (Zineldin, 2006, p. 61).

The rising cost of medical care has become a big concern for all patients these days. One of the most important prerequisites in attempts to improve community health is the provision of health facilities and infrastructure. Hospitals and community health centres could be included in these institutions (Ministry of Health of the Republic of Indonesia, 2008).

Patient satisfaction is influenced by a variety of factors, including the quality of clinical services delivered, medicine availability, doctor and other health-care personnel behavior, cost of services, hospital infrastructure, physical comfort, emotional support, and respect for patient preferences.

Sururi (2016) discovered that the quality-of-service facilities and infrastructure had a positive and significant impact on student satisfaction. Meanwhile, in her research, Alicia, Yanwir Kamal (2013) discovered a link between the satisfaction of Askes Sosial participants and the Administrative Services, Medical Services, and Infrastructure of Family Doctors. After that, Ida Yunari Ristiani's hypothesis was tested, and the results were presented, Ida Yunari Ristiani (2017), concluded that there was a relationship and influence between infrastructure and patients' satisfaction.

2.1 CUSTOMER SATISFACTION

Customer satisfaction is an important factor in calculating the quality of care provided to patients (Ware et al., 1978; Donabedian, 1988). “It is important to begin with the obvious by emphasizing that quality is a trait that medical services might have in varied degrees,” observed Avedis Donabedian, a prominent thinker in modern medical quality assurance, in 1980. As a result, a quality evaluation is a determination of whether or not a specific instance of medical treatment possesses this attribute, and if so, to what extent (Donabedian, 1980).

According to Zeithmal et al. (2006), customer satisfaction is defined as a customer's assessment of whether a service or product meets their wants and expectations. When a customer compares a product's or service's perceived performance to his or her expectations, he or she experiences pleasure or disappointment as a result, expectations and perceived performance have an impact on contentment. The consumer is disappointed if the service does not meet his or her expectations. The customer is satisfied if the performance meets his or her expectations.

The customer is exceedingly satisfied or delighted if the performance exceeds expectations. Patients' pleasure is properly determined based on two elements, according to Tarantino (2004), their expectations of the service and their perceptions of the actual service they received. Thus, if the patients are satisfied, it suggests that they have a positive impression of the hospital's service quality.

Patient satisfaction is the most crucial indicator of medical service quality since it reveals whether or not the practitioner has met the patient's values and expectations. As a result, measuring patient satisfaction is a crucial tool for research, administration, and planning.

According to some research, patient satisfaction is one of the most crucial markers of a hospital's emergency department's quality of care (Hansagi et al., 1992; Kurata et al., 1992; Yanold et al., 1998). According to Lewis et al. (1985), service quality entails a comparison of expectations and performance. In evaluating service quality, Gronross (1982) established a model in which he claims that clients compare the service they expect with perceptions of the service they receive. Service quality is described by Parasuraman et al. (1988) as a “global assessment, or attitude, referring to the superiority of the service.” They defined service quality as “the degree and direction of discrepancy between clients' perceptions and expectations” and linked it to the concepts of perceptions and expectations as follows: “Service quality is defined as the degree and direction of discrepancy between clients' perceptions and expectations” (Parasuraman et al., 1988).

2.2 INFRASTRUCTURE

According to Rendy (2013: 72), medical facilities are anything that can be used as a tool to achieve the purpose or goal; tool; media, which can be used. Meanwhile, according to Sulastiyono (2006: 86), there are three indicators of Facilities/ Infrastructure: (1) Patients' evaluation of the completeness of the service facilities/ infrastructure, (2) Patient's evaluation of facilities/ infrastructure supporting the services, (3) Patients' evaluation of the cleanliness of the service facilities/ infrastructure. According

to the Indonesian Ministry of Health (2003), the standards of infrastructure required in the development of Inpatient Health Centres are:

1. Adequate outpatient rooms (comfortable, spacious and separate between children, women and men to maintain privacy)
2. Operation room and post-operation room
3. Delivery room (and nursing room as well as recovery room)
4. Rooms for nurse on guard
5. Linen and laundry rooms

2.3 CUSTOMER LOYALTY

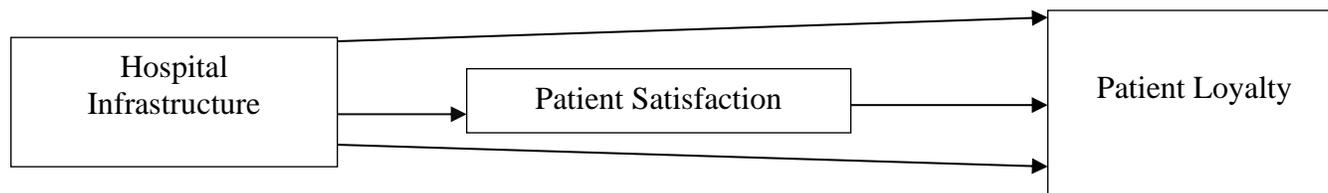
Loyalty is built over time based on a consistent record of consultation and, in some cases, exceeding client expectations. One such definition of client loyalty is Bove & Johnson's (2006) proposition. The degree to which a client can explore repurchasing behavior from a service where the client would possess a constructive attitudinal nature towards the provider and reflects on the exploitation with this provider when a requirement of the service exists is included in this study's prediction of loyalty (Kheng, Mahamad, Ramayah, & Mosahab, 2010).

Nor Mohamad (2016) stated that the quality of health-care services has a favourable association with consumer happiness and loyalty expansion. Customer pleasure leads to increased customer loyalty, which occurs when patients choose to communicate or receive treatment from the same non-public provider. Glinkskien, Kvedarait, and Kvedaras (2010) claim that marketing idea of loyalty has long been viewed as the buyer's ongoing repetitive activity of purchasing a specific brand, product, or service. Changes in the concept of loyalty have led to a debate over the attachment to indicate the value of loyalty, which is vital not only for the deed but also for the psychological reason behind it. In the 1970s of the twentieth century, customer loyalty was already taking on. Loyalty has been associated with repeat purchases, subsequently this provision of another, and a broadening of the definition.

3. THE CONCEPTUAL FRAMEWORK

Based on the past experimental literature review, a study framework is aim to established and investigate the relationships between hospital infrastructure, patient satisfaction, and patient loyalty, as displayed below in Fig. 1.

Figure. 1



3.1 INFRASTRUCTURE AND PATIENT SATISFACTION

The environment of the healthcare facility largely influences patient satisfaction with quality of care. Patients derive their first impression of the healthcare facility through its physical appearance; this reinforces the need to keep the hospital tidy at all times. A clean, safe and pleasing environment can significantly improve the patient's mood, satisfaction and perceived quality of the healthcare experience. Fottler, Ford and Heaton (2002) identified three reasons for maintaining a hygienic environment (Atinga et al., 2011: 553).

Study of Hussain et al. (2019) state that that medical equipment, information received, distance from the hospital, and physical infrastructure had significantly positive impacts ($p = 0.001$) on patient satisfaction. To promote higher level of satisfaction, there is a need to take appropriate steps for improvement, this study took place at public hospitals in Southern Punjab, Pakistan. An exploratory research technique was used. They distributed 700 questionnaires through a random method, and 579 provided proper responses. A confirmatory factor analysis (CFA) and a regression analysis were used for the data analysis.

Saaty & Ansary (2015) measured the satisfaction levels of the patients from the infrastructure of the government hospitals in Saudi Arabia measured patients' satisfaction, by investigate ten infrastructure facilities; parking, general entrance, emergency entrance, waiting area, seating places, washroom facilities, cleanliness and hygiene, canteen, signboards and technology. This study concluded that the infrastructure of the government hospitals in Saudi Arabia needs an enhancement to meet the patient's

expectations. The basic facilities such as the parking, washroom, lobby, refreshment, sitting arrangement, technology, cleanliness and et al., are not able to satisfy the patients and visitors to the hospital.

Neufville, Lee, & Scholtes (2008) argue that hospital procurement under public private partnership, in particular under the UK private finance initiative, can be an inhibitor to the design and development of flexible infrastructure.

Gohain, Thambiah, & Hong (2018), stated that hospital infrastructure influences patient satisfaction and loyalty factors, in their study conducted with close ended questionnaire as an instrument to collect the responses from outpatient centers of public hospital in Malaysia. The results were estimated by using SPSS and Amos 23 to evaluate the relationship between the proposed constructs, infrastructure was used as one of the six service quality dimensions; objective, process, interaction, atmosphere, social responsibility and infrastructure.

3.2 PATIENT SATISFACTION AND PATIENT LOYALTY

Based on Coyne (1986), there are two critical thresholds affecting the link between customer satisfaction and customer loyalty. On the high side, when satisfaction reaches a certain level, loyalty increases dramatically, at the same time satisfaction declined to a certain point, loyalty dropped equally dramatically (Oliva, Oliver & MacMillan 1992.) The customer is link to a business success. Customer satisfaction and loyalty should be incorporated into the long-term goal of a business. Customer satisfaction is a key element for every organization wishing to increase customer loyalty and create a better business achievement. The role of satisfaction in loyalty largely indicates that the former is a key determinant of the latter (Dick & Basu 1994).

Customer satisfaction and loyalty represent a top priority of the company's success and profit. Satisfaction does not automatically lead to loyalty it needs a step-by-step process. Steps are described as customers going through different phases such as awareness, exploration, expansion, commitment, and dissolution. (Arantola 2000.) Customer loyalty can be considered to be a by-product of customer satisfaction. The satisfaction of business customer leads to customer loyalty (Fornell 1992.) Customer loyalty will increase significantly when satisfaction accomplishes at a certain level and at the same time customer loyalty will decline automatically if the satisfaction level drops to a certain point. Moreover, highly satisfied customers are tending to be more loyal than the customers who are merely satisfied. Overall, it is clear that there is a significant positive relationship between customer satisfaction and customer loyalty. Customer loyalty leads to an increase in both sales and profitability (Chi 2005.).

Study by Rostami et al. (2019) showed that patient satisfaction with service quality affects their hospital choices and increases patient loyalty, this study was tacked place in 2017 in Kerman, Iran. The participants of the study were all patients admitted to different hospital wards (except emergency) in three academic hospitals affiliated to Kerman University of Medical Sciences (Shafa, Afzalipour, and Shahid Bahonar).

Wong, Tong, and Wong (2014) conducted a quantitative study on the healthcare insurance industry in Hong Kong using a questionnaire survey of over 500 participants. Customer satisfaction has a positive effect on customer loyalty and provides insights into how hospital branding influences the public's perceptions of hospitals and patient satisfaction Wong et al., (2014).

McDougall and Levesque (2000) found that consumer satisfaction was strongly related to the establishment of loyalty (an average $R^2 = 0.833$ for the four units of service).

Olsen (2002) conducted a split-sample survey of households in Norway to examine evaluations of different seafood products. The authors defined and measured relative attitudes and compared the results to evaluations of dissimilar or individual products. Their model included satisfaction as a mediator between quality and repurchasing loyalty. The relationship between satisfaction and loyalty was significant and positive across products in both the comparative and non-comparative approaches.

4. CONCLUSION

Based on the model developed in this paper, this will contribute significantly to the body of knowledge in the relationship hospital infrastructure and patient satisfaction, which has an impact on patient loyalty. This approach also emphasizes the importance of patient satisfaction in the relationship between infrastructure and patient loyalty, which enables Jordanian public hospitals to better respond to patients' needs and demands. This model, on the other hand, will aid health managers and planners in the development of the health system. This model still needs to be extended in future studies to include other factors that have impact on patient satisfaction and patient loyalty. It's also recommended to examine this model in privet hospital in Jordan and make comparative statics between public hospitals and privet on the level of health services.

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THE INFLUENCE OF PROFITABILITY, CAPITAL INTENSITY, SALES GROWTH, FIRM SIZE, LEVERAGE, AND FIRM AGE TOWARD TAX AVOIDANCE IN REAL ESTATE AND PROPERTY COMPANIES LISTED ON IDX

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Abstract

Tax avoidance is a way to reduce taxes that are still within the limits of the provisions of tax laws and regulations and can be justified, especially through tax planning. This research aims to obtain empirical evidence regarding the effect of profitability, capital intensity, sales growth, company size, leverage, and company size on tax avoidance. The population in this research is real estate and property companies listed in Indonesia Stock Exchange during 2015-2018 period and 22 companies are selected based on certain criteria. Determination of the sample was made by applying a purposive sampling method and obtaining 87 samples. Data are tested through multiple linear regression methods to test various hypotheses by using the SPSS program. The results of this research seem to indicate that profitability and leverage influence tax avoidance partially, while capital intensity, sales growth, firm size and firm age have no significant effect toward tax avoidance partially in real estate and property companies listed on IDX.

Keywords:

Profitability, Capital Intensity, Sales Growth, Leverage, Tax Avoidance

1. INTRODUCTION

Tax is one of the state revenues that have an important role in financing government activities and national development. There are different interests between the government and companies in tax matters. For the state, taxes are an important source of revenue that will be used to finance state expenditures. On the other hand, for companies, taxes are a burden that will reduce net income. Seeing this condition, there is a tendency for companies to try to minimize the tax burden.

Tax avoidance is one way to minimize the tax burden. According to Robert H Anderson in Siti Kurnia Rahayu (2010:147) tax avoidance is a way to reduce taxes that are still within the limits of the provisions of tax laws and regulations and can be justified, especially through tax planning. There are many ways/strategies that companies do in doing tax planning, one of which is tax avoidance. The findings obtained by the Tax Justice Network in 2020 reported that due to tax evasion, Indonesia is estimated to lose up to US\$ 4.86 billion per year. This figure is equivalent to Rp. 68.7 trillion. (Kontan. 2020). These findings are also in line with the tax ratio indicator in 2020 of 8.3%, which has decreased by 1.5% from the previous year which was 9.5%.

Factors that influence tax avoidance are profitability, capital intensity, sales growth, firm size, leverage, and firm age. Research conducted by Bambang Setyobudi et al (2017) shows that profitability has a positive effect on tax avoidance. According to the research of Wastam Wahyu H. (2018), Camelia Mayang S. (2018), profitability has a negative effect on tax avoidance. Research by Amanda Dhinari et al (2018), shows that profitability has no effect on tax avoidance.

Research related to the effect of capital intensity on tax avoidance that has been carried out by Nawang Kalbuana et al (2020) Ajeng Wijayanti (2017) shows that capital intensity affects tax avoidance. Different results were obtained by Camelia Mayang

S. (2018), Fatimatus Zahra (2017) who stated that capital intensity had no effect on tax avoidance. The results of research related to sales growth on tax avoidance conducted by Deanna and Meiriska (2017) concluded that sales growth had an effect on tax avoidance. Research conducted by Amanda Dhinari et al (2018), Muhammad Ridho (2016) states that sales growth partially has no effect on tax avoidance. Research related to company size on tax avoidance by Turyatini (2017) shows that company size partially has a significant effect on tax avoidance. While the results of research by Amanda Dhinari et al (2018), Annisa (2017) state that company size has no effect on tax avoidance.

Research related to the effect of capital intensity on tax avoidance that has been carried out by Nawang Kalbuana et al (2020) Ajeng Wijayanti (2017) shows that capital intensity affects tax avoidance. Different results were obtained by Camelia Mayang S. (2018), Fatimatus Zahra (2017) who stated that capital intensity had no effect on tax avoidance. The results of research related to sales growth on tax avoidance conducted by Deanna and Meiriska (2017) concluded that sales growth had an effect on tax avoidance. Research conducted by Amanda Dhinari et al (2018), Muhammad Ridho (2016) states that sales growth partially has no effect on tax avoidance. Research related to company size on tax avoidance by Turyatini (2017) shows that company size partially has a significant effect on tax avoidance. While the results of research by Amanda Dhinari et al (2018), Annisa (2017) state that company size has no effect on tax avoidance.

Research on leverage on tax avoidance by Muhammad Ridho (2016) states that leverage affects tax avoidance, while the research results of Wastam Wahyu H. (2018), Amanda Dhinari et al (2018), Ida Ayu R.D. and Putu Ery S (2016) stated that leverage has no effect on tax avoidance. Research conducted by Ida Ayu R.D. and Putu Ery S (2016) stated that company age had an effect on tax avoidance, while the results of research by Amanda Dhinari et al (2018), stated that company age had no effect on tax avoidance.

The inconsistency findings obtained by several prior studied related to the factors that affect tax avoidance, namely profitability, capital intensity, sales growth, company size, leverage, and company age this research on what factors influence tax avoidance in property and real estate sector companies in 2015 – 2018 which are listed on the Indonesia Stock Exchange (IDX).

2. LITERATURE REVIEW AND HYPOTHESIS

2.1 AGENCY THEORY

The concept of agency theory according to Anthony and Govindarajan (2011:10) is the relationship or contact between the principal and the agent. The principal is the party who gives direction to the agent to act on behalf of the owner, while the agent is the party who is mandated by the owner to run the company. The agent is obliged to be responsible for what is mandated by the principal to him. The agent as the party in charge of managing the company has more information about the company's capacity, work environment, and the company as a whole. On the other hand, the principal does not have sufficient information about the agent's performance. This has resulted in an imbalance of information between the principal and the agent. This information imbalance is called asymmetric information.

Managers do not always act according to the best wishes of shareholders because the choice is the worst or there is a moral hazard. In addition, information asymmetry and earnings management can occur. Hanlon and Heitzman (2010) state that in the corporate context, there is a separation between ownership and control. If managers perceive that tax avoidance is a profitable activity, owners must devise appropriate incentives to ensure that managers make decisions that lead to tax efficiency.

2.2 TAX AVOIDANCE

Tax avoidance is a tax avoidance effort that is carried out legally and safely for taxpayers because it does not conflict with tax provisions, where the methods and techniques used tend to take advantage of the weaknesses (grey areas) contained in the tax laws and regulations themselves, to reduce the amount of tax payable (Pohan, 2013: 23). Tax avoidance is one part of tax planning that is used by company management to minimize the company's tax burden.

Research on tax avoidance to date has examined the relationship between firm characteristics and tax avoidance using a number of proxies (Hanlon and Heitzman, 2010). This study uses six independent variables that affect tax avoidance. This variable represents the characteristics that exist in the company, namely: (1) profitability, (2) capital intensity, (3) sales growth (4) company size, (5) leverage and (6) company age.

2.3 PROFITABILITY

According to Kasmir (2012: 196) profitability ratio is a ratio to assess the company's ability to seek profit. Basically, the use of this ratio indicates the level of efficiency of a company. A high level of profitability in the company will increase the competitiveness between companies. Companies that generate high profits will open new lines or branches, then tend to increase investment or open new investments related to the parent company. In this study, to measure the level of company profitability is to use Return on Assets (ROA), because ROA shows the company's effectiveness in managing assets, both own capital and borrowed capital, investors will see how effective the company is in managing assets. The level of profitability in this study uses the ratio of Return on Assets (ROA). According to Richardson & Lanis (2007) companies that have a high level of profitability will be subject to high taxes, so the greater the income tax received by the company, the greater the income tax imposed on the company. The results of Darmawan & Sukartha (2014), Mahanani & Titisari (2016) research, profitability has a positive effect on tax avoidance. High corporate profitability will carry out tax planning optimally, therefore tax avoidance will increase. Based on the description above, the following hypothesis can be formulated:

H1: Profitability has an effect on Tax Avoidance.

2.4 CAPITAL INTENSITY

Capital intensity is one form of financial decisions set by company management to increase company profitability. Capital intensity reflects how much capital the company needs to generate revenue (Mulyani and Darminto, 2013). In general, capital intensity is associated with the amount of capital owned by the company in the form of fixed assets, so the capital intensity ratio is measured by the proportion of fixed assets of the total assets owned by the company. Deductible depreciation costs will cause the company's taxable profit to be reduced which in turn will reduce the amount of tax that must be paid by the company (Mulyani & Darminto, 2013).

Kraft (2014) states that capital-intensive companies have a greater opportunity for tax planning or tax avoidance strategies than other companies, for example they decide whether to buy or lease to acquire assets. Sabli and Noor (2012) explained that companies with high fixed assets tend to do tax planning, so that the effective tax rate is low. Based on the description above, the following hypothesis can be formulated:

H2: Capital intensity has an effect on tax avoidance.

2.5 SALES GROWTH

According to Budiman & Setiyono (2011), sales growth shows the development of sales levels from year to year. Increased growth allows the company to be able to increase the company's operating capacity. On the other hand, if the growth declines, the company will face obstacles in increasing its operating capacity.

Sales growth can also affect tax avoidance activities. This is evidenced in research conducted by Budiman & Setiyono (2012) which explains that sales growth has an effect on tax avoidance. The higher the company's sales growth, the more likely the company's profit will be large. If the profit generated by the company is large, the company will do better tax planning. Based on the description above, the following hypothesis can be formulated:

H3: Sales growth affects Tax Avoidance

2.6 FIRM SIZE

According to Hormati (2009) defines company size as a scale or value that can classify a company into large or small categories based on total assets, log size, and so on. Company size is generally divided into 3 categories, namely large firms, medium firms, and small firms (Kurniasih and Sari, 2013). When viewed from the tax regulations, the greater the company's profit, the greater the tax rate imposed, logically the greater the assets owned. Determination of company size is based on the total assets of the company. The greater the total assets, it indicates that the company has good prospects in a relatively long period of time. This also illustrates that companies are more stable and more capable of generating profits compared to companies with small total assets (Ngadiman & Puspitasari, 2014).

The higher the total asset means that the size of the company is bigger. The bigger the size of the company, the more complex the transactions will be. So, it allows companies to take advantage of existing loopholes to take tax avoidance actions from each

transaction (Rego, 2003). Turyatini's research (2017) which says that company size has a significant effect on tax avoidance. Based on the description above, the following hypothesis can be formulated:

H4: Firm size has an effect on Tax Avoidance.

2.7 LEVERAGE

According to Fakhrudin (2008), leverage is the amount of debt used to finance/buy company assets. Meanwhile, according to Sartono (2009), leverage indicates the use of debt to finance investment. The leverage ratio describes the source of operating funds used by the company. The leverage ratio also shows the risks faced by the company. Companies are allowed to use debt to meet the company's operational and investment needs. However, debt will cause a fixed burden in the form of interest expense. The interest expense paid by the company will reduce the company's profit so that the tax paid will be smaller. The bigger the debt, the smaller the taxable profit because the tax incentives on debt interest are getting bigger (Darmawan & Sukartha, 2014). This implies an increase in the use of debt by companies. The results of research by Nursari, Diamonalisa & Sukarmanto (2017) show that leverage has an effect on Tax Avoidance. Based on the description above, the following hypothesis can be formulated:

H5 : Leverage has an effect on Tax Avoidance

2.8 FIRM AGE

The age of the company shows how long the company has to exist and be able to compete in the business world. The age of the company in this study uses the age of the company from the date the company is listed on the IDX (Ulum 2009:203). Companies with a longer operational period will also make the company more skilled in managing their tax management. Human resources who are experts in corporate taxation will be asked to reduce the tax burden so that the tax management carried out by the company can be maximized. This means that companies tend to do tax avoidance will be higher. Research conducted by Mahanani & Titisari (2016), Dewinta & Setiawan (2016) found that the age of the company has an effect on tax avoidance. Based on the description above, the following hypothesis can be formulated:

H6: Age affects Tax Avoidance

H7: Profitability, capital intensity, sales growth, company size, leverage, and company age simultaneously affect Tax Avoidance.

Based on the explanation presented above, the research model can be described as follows:

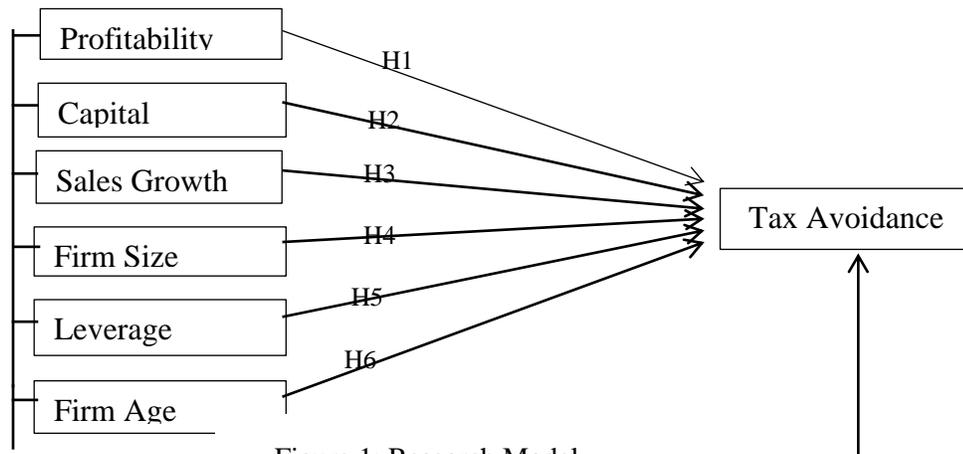


Figure 1: Research Model

3. METHODS

This study, the data needed to be further processed is data on the financial statements of real estate and property companies listed on the Indonesia Stock Exchange (IDX) in 2015-2018. The independent variables used in this study are profitability (X1), capital intensity (X2), sales growth (X3), firm size (X4), leverage (X5), company age (X6) while the dependent variable is tax avoidance (Y). The sampling technique in this study used the purposive sampling method, namely the technique of determining the sample using certain criteria (Sugiyono, 2017:122). The results of the sample process obtained as many as 87 samples. The criteria used in this study include:

1. Real estate and property companies listed on the Indonesia Stock Exchange during the study period, from 2015 to 2018.
2. Presenting financial statements using the financial year ending December 31.
3. Companies that use rupiah currency, so that the criteria for measuring the value of the currency are the same.
4. Companies with a positive profit value so as not to cause the Cash Effective Tax Rate (CETR) to be distorted
5. Companies that have a Cash Effective Tax Rate (CETR) of less than 1 (CETR<1) during the study period.

The measurement of tax avoidance in this study follows Dyreng et.al. (2009) which uses the Cash Effective Tax Rate (CETR) by dividing cash tax paid by profit before tax. The greater the CETR value indicates the company does not avoid tax. The Cash Effective Tax Rate (CETR) value used is one that has a value below 1 (CETR<1) (Deanna and Meiriska, 2017). The formula for calculating the Cash Effective Tax Rate (CETR) is as follows:

$$CETR = \frac{\textit{Tax Paid}}{\textit{Profit before Tax}} \quad (1)$$

Return on Assets (ROA) as a proxy for measuring profitability. Return on Assets (ROA) is a comparison between earning after tax and total assets at the end of the period, which is used as an indicator of the company's ability to generate profits (Kurniasih & Sari, 2013). The formula for calculating return on assets (ROA) is as follows:

$$ROA = \frac{\textit{Earning after Tax}}{\textit{Total Asset}} \times 100\% \quad (2)$$

Capital intensity is associated with the amount of capital owned by the company in the form of fixed assets, so that the fixed asset intensity ratio is measured by several proportions of total fixed assets from the total assets owned by the company (Mulyani & Darminto, 2013).

$$\textit{Capital intensity} = \frac{\textit{Total Fixed Asset}}{\textit{Total Aset}} \quad (3)$$

Sales growth shows the development of sales levels annually. Therefore, the development can increase or decrease. Sales growth is measured by the net sales of the prior period from that of the current period divided by the net sales of the prior period (Budiman and Setiyono, 2011).

$$\textit{Sales Growth} = \frac{\textit{net sales of the current period} - \textit{net sales of the prior period}}{\textit{net sales of the prior period}} \quad (4)$$

Company size is a picture of the size of a company. Firm size variable is measured using the Natural logarithm of the total assets owned by a company (Budiman & Setiyono, 2011).

$$\textit{Size} = \ln(\textit{Total Asset}) \quad (5)$$

Leverage is a ratio that measures the ability of both long-term and short-term debt to finance investment (Kurniasih and Sari 2013).

$$\textit{Debt to Equity Ratio} = \frac{\textit{Total Liabilities}}{\textit{Total Equity}} \quad (6)$$

The age of the company shows how long the company has to exist and be able to compete in the business world. Company Age = Total age since the company was listed on the IDX (Mahanani et al., 2017)

3.1 DATA COLLECTION

In order to obtain the data, the researchers used two methods, namely library research and field research.

3.2 LIBRARY RESEARCH

Researchers obtain data related to the problem being studied through books, journals, internet, news, and other tools related to the research title.

3.3 FIELD RESEARCH

The type of data used in this study is secondary data sourced from the Financial Statements of real estate and property companies from 2015 to 2018 published by the Indonesia Stock Exchange through its official website, namely www.idx.co.id.

4. RESULTS AND DISCUSSION

4.1 NUMERICAL RESULT

The population of this research object is real estate and property companies listed on the Indonesia Stock Exchange (IDX) in 2015-2018. Table 1 shows the test results on the independent and dependent variables, which consist of the minimum, maximum, average and standard deviation values for each variable.

The independent variable Profitability (ROA) shows a minimum value of 0.00, a maximum value of 0.22, an average value of 0.07, and a standard deviation of 0.05. The independent variable Capital Intensity shows a minimum value of 0.0017, a maximum value of 0.70, an average value of 0.09, and a standard deviation of 0.14. The independent variable Sales Growth shows a minimum value of -0.52, a maximum value of 0.81, an average value of 0.05, and a standard deviation value of 0.24. The independent variable firm size shows a minimum value of 27.84, a maximum value of 33.08, an average value of 29.82 and a standard deviation of 1.09. The independent variable Leverage shows a minimum value of 0.07, a maximum value of 0.66, an average value of 0.39 and a standard deviation of 0.16. The independent variable of Firm Age shows a minimum value of 3, a maximum value of 29, an average value of 16.69 and a standard deviation of 7.99. The dependent variable of Tax Avoidance shows a minimum value of -0.29, a maximum value of 0.98, an average value of 0.24 and a standard deviation of 0.22.

Table 1: Descriptive Test Results

Variabel	Min	Max	Mean	Std. Dev
Profitability (X ₁)	0.00	.22	.07	.05
Capital Intensity (X ₂)	0.0017	.70	.09	.14
Sales Growth (X ₃)	-.52	.81	.05	.24
Firm Size (X ₄)	27.84	33.08	29.82	1.09
Leverage (X ₅)	.07	.66	.39	.16
Firm Age (X ₆)	3	29	16.69	7.99
Tax Avoidance (Y)	-.29	.98	.24	.22

NORMALITY TEST

Table 2 shows that the significance value (Asymp.Sig.(2-tailed)) is 0.122. The significance value is greater than 0.05 so it can be concluded that the research variables have a normal data distribution.

Table 2: Normality Test Results

	Unstandardized Residual
N	87
Monte Carlo Sig. (2-tailed)	.122

MULTICOLLINEARITY TEST

Based on the results of the multicollinearity test in Table 3 shows that Size, Age, Profitability, Leverage, and Sales Growth have a tolerance value above 0.1 and a VIF value below 10, the regression model is free from multicollinearity in its regression.

Table 3: Multicollinearity Test Results

Variabel	Tolerance	VIF	Result
Profitability (X ₁)	.755	1.325	Free of Multicollinearity
Capital Intensity (X ₂)	.884	1.132	Free of Multicollinearity
Sales Growth (X ₃)	.894	1.118	Free of Multicollinearity
Firm Size (X ₄)	.707	1.415	Free of Multicollinearity
Leverage (X ₅)	.697	1.434	Free of Multicollinearity
Firm Age (X ₆)	.974	1.027	Free of Multicollinearity

AUTOCORRELATION TEST

Based on the autocorrelation test on the variables studied, it was obtained that the Durbin Watson value was 1.413 so that the DW value was between $-2 < 1.997 < +2$, which means that the data in this study did not have autocorrelation.

Table 4: Autocorrelation Test Result

Durbin Watson	Standar	Result
1,413	$-2 < DW < +2$	No autocorrelation

HETEROSCEDASTICITY TEST

The heteroscedasticity test in this study used the Spearman method. Based on table 5 values of sig. (2-tailed) for all independent variables above 0.05 so it can be concluded that there is no heteroscedasticity problem.

Table 5: Heteroscedasticity Test Result

Variabel	Sig.(2-tailed)	Standar	Result
Profitabilitay	0.574	0.05	No heteroscedasticity
Capital Intensity	0.126	0.05	No heteroscedasticity

Sales Growth	0.620	0.05	No heteroscedasticity
Firm Size	0.794	0.05	No heteroscedasticity
Leverage	0.663	0.05	No heteroscedasticity
Firm Age	0.408	0.05	No heteroscedasticity

MULTIPLE REGRESSION MODEL

Based on the table above, the regression model can be formed as follows:

$$Y = 0.604 - 1.939 X_1 + 0.269 X_2 - 0.046 X_3 - 0.016 X_4 + 0.397 X_5 + 0.003 X_6$$

The test results above show that profitability (ROA) and leverage have an inversely proportional effect on tax avoidance because they have a negative coefficient value. The variables of capital intensity, sales growth, company size and company age have no effect on tax avoidance.

Table 6: Multiple Regression Model

Variable	(Constant)	Profitability	Capital Intensity	Sales Growth	Firm Size	Leverage	Firm Age
	0,604	-1,939	0,269	-0,046	-0,016	0,397	0,003

COEFFICIENT OF DETERMINATION

From table 7 it is known that the R value is 0.573 which means that the correlation between the variables of profitability, capital intensity, sales growth, company size, leverage, company age and tax avoidance is 57.3%. The Adjusted R Square value is 0.278, so it can be concluded that the ability of the independent variable to explain the Tax Avoidance variable is 27.8% while the rest is explained by other variables not examined in this study.

Table 7: Coefficient of Determination

Model	R	Adjusted R Square
1	.573	.278

T-TEST

The t-statistical test basically shows how far the influence of one explanatory/independent variable individually in explaining the variation of the independent variable (Ghozali, 2012:98). Determination of the decision to accept or reject the hypothesis is a significance value less than 0.05 then Ho is rejected and Ha is accepted, in other words it can be concluded that the independent variables individually have a significant influence on the dependent variable.

Table 8: t-test result

Variabel	Sig	Result
Profitability	0,000	H ₁ accepted
Capital Intensity	0,086	H ₂ rejected
Sales Growth	0,605	H ₃ rejected

Firm Size	0,467	H ₄ rejected
Leverage	0,011	H ₅ accepted
Firm Age	0,190	H ₆ rejected

4.2 VALIDATION

The Effect of Profitability (ROA) on Tax Avoidance (H₁)

The results of the research analysis show that profitability (ROA) has a negative effect on tax avoidance which indicates that the higher the profitability, the lower the tax avoidance action on the company. This is because companies with large profits are able to pay taxes. Return on Assets (ROA) shows the level of company profitability. Where profitability is an important factor in the imposition of income tax for the company because profitability is an indicator of the company in achieving its profit. Companies that have high profitability tend to position themselves in good tax planning to obtain optimal taxes, so that the tendency of companies to avoid tax will decrease. This is in accordance with the results of research from Deanna & Meiriska (2017) and Wastam Wahyu Hidayat (2018) which state that profitability proxied by ROA has a significant negative effect on tax avoidance. The results of this study do not support the results of research from Amanda Dhinari (2018) which concludes that profitability has no effect on tax avoidance.

Effect of Capital Intensity on Tax Avoidance (H₂)

The capital intensity variable has no effect on the tax avoidance variable. This shows that the company uses its fixed assets for the company's operational activities, not solely to take advantage of the depreciation expense of fixed assets. Therefore, depreciation expense originating from the company's fixed assets has no effect on the reduction of corporate income tax. The results of this study support the research conducted by Fatimatus Zahra (2017) which states that capital intensity has no effect on tax avoidance. This is not in accordance with the results of Ajeng Wijayanti's research (2017) which states that capital intensity affects tax avoidance.

Effect of Sales Growth on Tax Avoidance (H₃)

Sales growth has no effect on the tax avoidance variable. This reflects that the size of the company's sales growth does not affect the company's decision to avoid tax, because companies with increasing or decreasing sales growth have the same obligation to pay taxes. The results of this study support the research of Muhammad Ridho (2016) and Shella Octaviana (2018) which state that sales growth partially has no effect on tax avoidance. The results of this study do not support the research of Deanna and Meiriska (2017) which concludes that sales growth has an effect on tax avoidance.

Effect of Firm Size on Tax Avoidance (H₄)

Firm size variable has no effect on tax avoidance variable. These results are in line with research conducted by Annisa (2017) and Noviyani & Muid (2019). Every taxpayer, both private and independent, has an obligation to pay taxes. The size of the company, both large and small, has the same obligation to pay taxes to the state.

The Effect of Leverage on Tax Avoidance (H₅)

Based on the results of the t test, leverage has a positive effect on tax avoidance, which explains that the higher the leverage, the higher the company's tax avoidance. This is because the debt owned by the company will incur interest costs which will reduce the company's profit and will ultimately reduce the taxes that must be paid by the company.

The results of this study are in line with research conducted by Annisa (2017) where companies that have high taxes choose debt so that they can reduce tax costs. Financing originating through debt will cause interest expenses where the higher the interest expense will reduce the taxes that must be paid by the company (Ngadiman and Puspitasari, 2014).

The Effect of Company Age on Tax Avoidance (H₆)

The results of the t-test state that the age of the company has no effect on the tax avoidance variable. This explains that companies that have been listed on the IDX must submit their financial statements to the public, so that both companies that have just or have been registered on the IDX always try to maintain their good name by always paying their taxes.

This research is in line with the research of Honggo and Marlinah (2019), where the longer the company has been listed on the IDX, the experience the company has to generate profits without avoiding tax is getting better.

5. CONCLUSION

From the results of the research that has been done, it can be concluded that partially capital intensity, sales growth, company size and company age have no effect on tax avoidance. Profitability (return on assets) partially has a negative effect on tax avoidance which indicates that the higher the profitability, the lower the tax avoidance action on the company. Leverage partially affects tax avoidance. This is because the company chooses to borrow so that it can reduce profits through the incurrence of interest costs, so that the tax that must be paid by the company is reduced.

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SYSTEMATIC LITERATURE REVIEW OF MUSLIM FRIENDLY SPA ATTRIBUTES FOR TOURISM DESTINATIONS

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Abstract

The spa market is one of the large hit markets in 2020 due to the sudden COVID-19 pandemic. The spa industry in Malaysia has become the fastest expanding leisure industry, providing amenities to promote a person's health and well-being. However, spa, tourism and wellness in Terengganu are a relatively new trend yet has received increased attention as a marketing tactic for attracting clients in the wellness industry. In addition, the uniqueness of Muslim-friendly spa that follows the Islamic Shariah teachings brings benefits and improved the quality of the spa. However, there is not enough study about Muslim friendly spa as it is a new scope to be focused in spa tourism hospitality services. The objective of this systematic review is to provide an overview of Muslim-friendly spa concept that considered following the Shariah law. We used the PRISMA checklist and Google Scholar as the primary database with the specific key words: (Muslim friendly) AND ((spa) OR (Shariah compliant*) OR (Halal spa*) OR (Islamic spa*) OR (Muslim friendly spa*) OR (Shariah compliant spa*) AND (attribute*) OR (factor*)). Out of 58 articles identified in our database searches, nine articles were selected. All of the articles concluded that attributes for Muslim-friendly spa establishments are Halal Products, Gender Segregations in Treatments and Procedures, and Physical Construct Elements. This review underscores the need to perform empirical studies to evaluate the effects and benefits of Muslim-friendly spa's determinants for improving our understanding of the success factors in Muslim friendly spa operation's implementation.

Keywords:

Muslim friendly spa, marketing, tourism, wellness, PRISMA.

1. INTRODUCTION

Tourism has been identified as one of the country's national key economic areas (NKEAs) with the potential to contribute to the country's economic development. In which, Malaysia's tourism industry also contributes significantly to the country's economic stability. The Malaysian Tourism Transformation Programme (MTTP) was created to capitalize on the tourism sector's growth potential. As a tourism product, the spa industry is being closely monitored by the government, which intends to make it the country's fifth largest source of revenue. As a result, it is only natural for this industry to pool its resources not only for economic sustainability, but also for environmental sustainability (Štefko, Jenčová, & Vašaničová, 2020). However, tourism has been one of the most affected sectors since the World Health Organization (WHO) declared Covid-19 a pandemic. According to the UNWTO (2020), between 20% and 30% of foreign tourist excursions will be cancelled by 2020, resulting in a loss of \$300 million to \$450,000 million in revenue. However, the current pandemic may create a circumstance that allows for the adoption of new tourism development methods that are more sustainable.

The spa market is one of the large hit markets in 2020 due to the sudden COVID-19 pandemic. The industry is becoming popular around the world as people are more concerned of their health and well-being. Spa tourism, in this context, is a tourist product distinct from mass tourism or overtourism (Fletcher et al., 2019).

In Malaysia, as Muslims make up the majority of its population, better understanding of Islamic teachings and Islamic-based products has become a critical driving force in the emergence of the Shariah compliance spa (Halim & Mohd Hatta, 2017). According to the Pew Research Center (2015), Muslims would account for 26.4 percent of the global population by 2030. The

objectives of this review were to summarize systematic reviews with meta-analysis of determinant factors of Muslim friendly spa based on PRISMA model, and to provide a perspective for future research.

1.1 WELLNESS AND SPA TOURISM IN ISLAM

In Islam, the idea of wellness and spa tourism has essentially existed for a long time ago. The usage of water for healing purposes guided by Al-Quran and As-Sunnah through a diversity of specialized services that promote the regeneration of mental, body and soul. The concept of ‘health via water’ as stated in the Al-Quran highlighted the importance of water as the most precious elements for human being and specifically for their health means. The Arabic word for the water is ma’ occurs sixty-three times in the (“Al-Quran,”) and stated that Allah’s throne is described as resting on water while Paradise is described as

“Not only does water give life and good health but every life is itself made of water. We made from water every living thing” (Surah Al-Anbiya, verse 30).

Muslim-friendly spa concept differs from a traditional spa in that it caters to the specific demands of Muslim customers. This type of spa is not merely limited to provide halal products and segregation services between men and women, but the operation throughout the spa must act in accordance with Maqasid Syariah principles. In Islamic spa, aspects such as purpose of a visit to spa, Islamic guidelines of spa resource that consist of water therapies such as body wrap, body scrub, baths, the built environments of the spa according to Islamic values with treatment therapist segregation by gender, the use of rooms and the different services to clients both men and women (Wan, 2016). Given these points, this study addressed the Islamic spa tourism components embedded in Muslim friendly spa realm.

2. METHODS

The objective of this study is to review Islamic spa tourism papers, either empirical or theoretical, which highlight the embedded Muslim friendly tourism concept. This study applied the systematic literature review (SLR) method in filtering and finding the relevant articles on Muslim friendly spa tourism. This study seeks to fill a gap in the literature by comparing the concepts of Islamic spa, Muslim-friendly spa, and Syariah compliant spa. To locate relevant articles, this study used Google Scholar as the primary database. There are three stages of SLR process in filtering the relevant articles. The first stage is known as the identification phase. To expand the search into a specific study, the use of AND string as a Boolean advance search was utilized immensely in this process. The relevant articles were found using search strings; 1) “Islamic spa”, 2) “Halal spa”, 3) “muslim-friendly spa” 4) “Syariah compliant spa”, 5) “Islamic AND spa AND attribute”, 6) “Halal AND spa AND attribute”, 7) “Muslim-friendly spa AND spa AND attribute”, 8) “Syariah compliant spa AND spa AND attribute”, 9) “Shariah compliant OR halal spa OR Muslim friendly spa OR Islamic spa AND spa AND attribute”.

3. RESULT

Table 1 above describes the publication of Muslim friendly tourism research from the 5 years latest, generated from google scholar. From the Table 1 results, a total of 58 publications were identified as being relevant to the research question. The findings significantly show there are very few studies on attributes of Muslim friendly tourism research.

TABLE 1. Number of research articles for the searched keyword.

Keyword/Combination of Keyword	Database	Number of Results
“Islamic spa”	Google scholars	10 000
“Halal spa”	Google scholars	4880
“Muslim-friendly spa”	Google scholars	2590
“Syariah compliant spa”	Google scholars	278
“Islamic AND spa AND attribute”	Google scholars	1430
“Halal AND spa AND attribute”	Google scholars	685
“Muslim-friendly spa AND spa AND attribute”	Google scholars	1260
“Syariah compliant spa AND spa AND attribute”	Google scholars	150
“Shariah compliant OR halal spa OR Muslim friendly spa OR Islamic spa AND spa AND attribute”	Google scholars	161
“Muslim friendly spa” AND “Dimension”	Google scholars	58

The following discussion focuses on content analysis technique used. After applying the inclusion and exclusion criteria, duplicate articles were eliminated, leaving a total of ten articles for review. The PRISMA flowchart illustrates the search process in its entirety (see Figure 1).

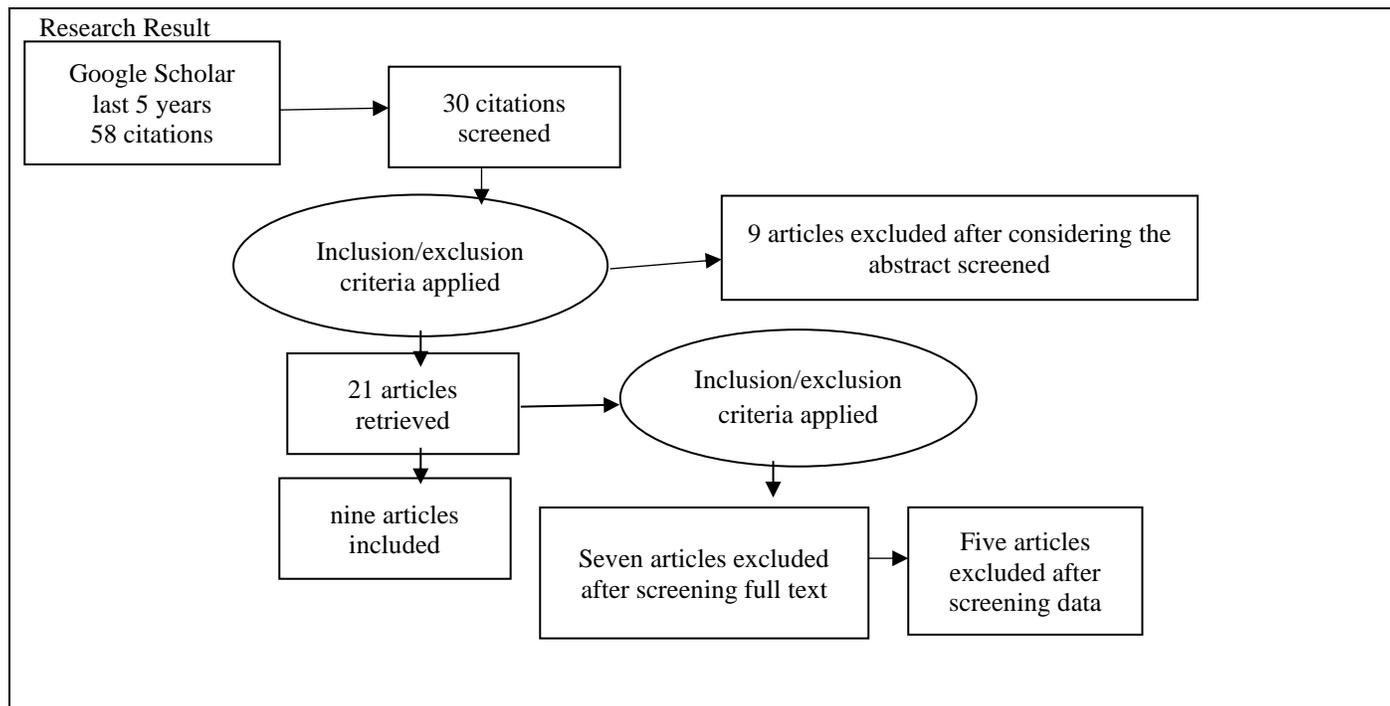


FIGURE 1. PRISMA FLOW Diagram showing the process of selection of research paper.

4. DISCUSSION

4.1 ATTRIBUTE OF MUSLIM FRIENDLY SPA

The selected studies show attributes of Muslim-friendly, which can be helpful for spa marketers to formulate a favorable spa image, elicit repeat visitation, and promote word-of-mouth behaviors. Based on the finding, it can conclude that Most studies show some attributes for Muslim-friendly spa establishments are Halal Products, Gender Segregations in Treatments and Procedures, and Physical Construct Elements. Table 3 shows the discussion of each study on the attribute’s application in the spa.

Table 3. The attribute’s application in the spa.

Author	Factor	Attribute
Rashidi et.al (2019).	Security, privacy, segregation gender in space, spa design component.	
Marican (2021)	Gender Segregations in Treatments and Procedures	1. Beauty therapist segregation by sex 2. Separate rooms and services among women and men. 3. Hiring Muslim women or men employees and they must cover their aurah.
	Spa design component	1. Concept and internal decoration that compatible with religion of Islam 2. Design of space planning is closed and hidden from non-muhrim’s view

	Halal Products	1. using beauty products from halal sources
	Facilities	1. Provide musollah/ praying area,
	Staff	1. Begin a treatment with the reading of verses from Al-Quran 2. No hair dye with black colour and shaves the eyebrow
Jamaluddin et. al (2018).	Facilities & Equipment, Products & Services, Staff, Finance and Design & Decoration	
Halim & Hatta (2017).	The concept of Maqasid Shari’ah and explains its relation with Halal Spa products.	
Han et. al (2019).	Social environment, facilities, food and beverages, locals and staff and services	
Rashidi & Has-Yun (2018)		Halal food, copied of Quran, prayer mat, qibla’ direction, art no depict human form, no night club and conservative tv channel
Jeaheng et. al (2020).	Halal-friendly services and staff, physical environment and facilities, and halal foods and beverages,	
Jamaludin et. al (2019).	Knowledge and awareness, infrastructures and facilities, product & services and Shariah Compliance and ethics	.
Wan (2016).	Halal Product	1. Halal product use 2. Permissible treatment 3. Serving permissible drinks 4. Certified halal product
	Gender Segregations in Treatments and Procedures	1. Gender segregation area 2. Gender segregation in treatment 3. Separation therapist by gender 4. Separation of amenities by gender 5. Separation of changing room 6. Separation in waiting room
	Sharia compliance in treatments and procedure	1. Certified spa therapist 2. Sharia compliance ambiance 3. Sharia compliance dress code
	Physical element	1. Peaceful surroundings 2. Allocation of prayer area

5. CONCLUSIONS

This paper uses a systematic literature review (SLR) process to study journal papers published in the year of 2016 until 2020, which are related to Muslim friendly spa tourism. Therefore, as a preliminary study, this paper focuses on standardizing some variables of Muslim-friendly spa concept, and in order to achieve this aim, various conceptions and definitions, and determinants of Muslim-friendly spa have been identified. Furthermore, this study highlighted more on the issue of the self-claiming Muslim friendly spa standard based on the interpretations and judgments. This review of the literature adds to the theoretical framework in several ways. First, it compiles research from previous studies and synthesizes it to figure out what the concept, definition, and principles are for Muslim-friendly spa concept. The review process involved conceptual analysis of how Muslim-friendly spa was defined by the previous researcher. Second, the result of literature review gives some dimensions of Muslim-friendly spa that used by most successful spa operations. The dimensions were Halal Products, Gender Segregations in Treatments and Procedures, and Physical Construct Elements. These dimensions could be used in the future by practitioners or researchers to develop Muslim-friendly spa checklist. Finally, the PRISMA method used in this review has implications for conducting review research in future, as it involves a template with checks and balances to ensure that the sample of articles reflects the broader corpus of literature.

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START-UP BUSINESS FACTORS FOR EDIBLE BIRD NEST SWIFTLET RANCHING INDUSTRY IN MALAYSIA: A REVIEW PAPER

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Abstract

The major goal of this study is to focus the factors of expanding bird nest for entrepreneur firms by comparing variables of start-up business in previous studies. The proposes of the start-up business factors which include 10 factors which are innovation, knowledge, capital, government support, employee, marketing strategy, strategic location, threats of swiftlets and tools for EBN farming. Most of the entrepreneurs did not have a proper managing in start-up. Giving up with process and can make many of them having a failure will causing them more losses. Besides, start-up business requires a highly skilled, devoted staff and inventive management to succeed in today's market. Hence, this study focuses on the factors of start-up business for this EBN industry applicable for increase the performance. In this study, there are a few ways on which we provide feedback based on whether they are excellent or undesirable strategies for increasing bird nests, as determined by the bird nest approach entrepreneur. This study dynamically contributes to the understanding of the entire start-up business factors for EBN Swiftlet Ranching Industry. In addition, these findings will give the impact of increasing the EBN production especially for export and the ranching industry economy will be increased.

Keywords:

Start-up Business factors, Entrepreneur, Bird Nest Products and Swiftlet Ranching Industry

1. INTRODUCTION

In Malaysia, Swiftlet nests have become one of the major agricultural commodity exports. As of the end of 2007, it is estimated that there are more than 20,000 premises of this bird in Malaysia (Idris, Abdullah, and Abd-Rehman 2014) . The ability of collection has traditionally to accommodate rising demand and high supply prices has led entrepreneurs to take initiatives to increase production. Therefore, they make constructions to lure birds by making nests in artificial habitats (Martin, 1993). The initial initiative of building swiftlet houses was started in Indonesia in the 1980s to take advantage of the high demand and rising prices in the Chinese national market (Connolly 2016). Among the main factors of this surge in demand was China's open economic policy implemented by Chinese leader at the time Deng Xio Peng (Hao and Rahman 2016). The result of this policy is an increase in income and consequently an increasing purchasing power of the Chinese people. The released economic statistics show that the per capita income of the Chinese people has increased almost 16 times in two decades from RMB1,634 in 1990 to RMB25,866 in 2009 (Vaiappuri et al. 2012).

However, there are many entrepreneurs who face problems in the swiftlet nest farming industry so they cause a lot of losses (Rafi et al. 2015). Some factors such as the lack of guidance in swiftlet farming, many entrepreneurs have failed in their business. This is because, some entrepreneurs have little knowledge and they are more likely to entrust completely about design and care to their contractors or consultants (Kamaruddin, Ismail, and Ahmad 2019). A number of entrepreneurs are easily fooled by trusted consultants on previously managed swiftlet care.

There are several environmental factors that influence the development of swiftlet breeding, namely complicated procedures and treatment of farms (Rabu, Abidin, and Nazmi 2013). Furthermore, the problem of swiftlet settlements built near residential areas

and conventional downtown activities caused disruption in the swiftlet farming business (Hong, Choy, and Kiat 2005). This has caused many locals to voice complaints about the noise and faces of birds that interfere with their daily activities. They also claim that many swiftlet breeders allow tweeters (speakers to attract swiftlets) to operate without the consent of the surrounding area (Creighton Paul 2016). As more and more failures and environmental impacts from swiftlet farming to society, the government began to arrange appropriate legal guidelines and regulations to educate and expand the development of this swiftlet industry in Malaysia. In addition, the biggest issue in the Edible Bird Nest Swiftlet Ranching Industry is that 80% of entrepreneurs involved in this industry fail because they do not have knowledge of the cost of start-up. The starting cost to start this industry is a major issue as it involves high risk (Wan Khairy, 2016). Similarly, in terms of entrepreneurship and personal knowledge of the Malays viewed as obstacles to the factors in starting up a business (Wan Khairy, 2016). The issue of lack of innovation in enterprises is also one of the factors that make some entrepreneurs fail to achieve their goals while starting up their business.

Before begin the business or to become entrepreneur, it is important to manage the start-up business for its early phases of development. This is because entrepreneurship and entrepreneurs are inextricably linked to the notion of a start-up. Furthermore, it is the carrying out of new combinations of company structure such as new goods, new services, new sources of raw material, new techniques of production, new markets, and new forms of organization as mentioned by Schumpeter (1942: 81-86). Moreover, in the new century, the ideas, abilities, skills, and knowledge that support entrepreneurship are visible in individuals all around the world, but notably in today's generation. This is a departure from earlier eras, when the dynamics of economic expansion favoured more established business people from the corporate sector.

In order to establish and build a successful start-up business, there are several factors must come together. A firm without a defined vision and direction, such as a business model and business strategy, is more likely to fail when it confronts its first obstacle. Some entrepreneurs begin their businesses without a clear company strategy or specified target consumers, as well as without thoroughly researching the sector. If an entrepreneur does not conduct market research, he or she will have no understanding of industry trends, opportunities and threats, business positioning, or how to target consumer wants and expectations, and hence will be unable to develop a realistic business model and strategy (Pendrieth, 2014).

2. LITERATURE REVIEW

The purpose of this study is to review existing research on the overview of EBN swiftlets ranching industry in Malaysia entrepreneurs, as well as the factors of start-up businesses in Edible Bird Nest Swiftlets Ranching Industry in Malaysia.

2.1 OVERVIEW EBN SWIFTLETS RANCHING INDUSTRY IN MALAYSIA

Malaysia's swiftlet farming industry has grown dramatically in the previous decade. Malaysia was projected to have 900 swiftlet residences or farms prior to 1998. However, the number of operating swiftlet farms in Malaysia was predicted to exceed 60,000 units by the end of 2013. (Malaysia Economic Transformation Programme Annual Report, 2013). The overall value of Malaysia's EBN, on the other hand, is generally unstable and is largely determined by the quality of raw bird's nests, which is determined by a variety of factors including size, shape (half-cup, stripe, or biscuit), type (white, black, or grass), origin (man-made house or natural cave), and colour (white, yellow, or red).

Undeterred by numerous efforts of multiple entities, swiftlet ranching and the EBN business still confront a number of severe challenges that impede swiftlet development. These flaws result in fluctuating market prices for raw and processed EBN in both domestic and international trade. Adulteration of EBN, population decline of swiftlets, and poorly traceable and imprecise quality standards of raw and processed EBN from various sources are examples of such problems.

Because of technological advancements and availability, EBN grading and authentication methods have changed dramatically over time. EBN producers used to grade EBN and detect adulteration by looking at the colour and texture of the product. Individual experience informed such a strategy, which was rather subjective. Since then, researchers have developed a number of methods for grading EBN and identifying fraudulent or contaminated EBN based on an analysis over its composition, microscopic observation, and genetic analysis (Ma & Liu 2012; Marcone, 2005; Wu et al., 2010). However, each method has its own set of benefits and drawbacks, and no single method can accurately assess the quality.

Among the challenges faced by entrepreneurs such as EBN forgery, swiftlet population, and raw and processed quality standards that are less detectable and cannot be determined by EBN from various sources (Rafi et al., 2015). EBN evaluation and validation methods have changed drastically due to the development and availability of technology over the years. Previous EBN manufacturers typically only evaluate EBNs and detect counterfeiting with observations based on color and texture but the method

is quite subjective and based on individual experience. Researchers began developing various methods based on EBN composition analysis, microscopic observations and genetic analysis for EBN assessment, and to identify EBNs whether fake or violated (Daud et al., 2019). Although many methods have been tried, each method has its own advantages and disadvantages and none of the methods can determine the quality of EBN. In order to establish a long-term swiftlet ranching and EBN industry, there are various start-up business factors must be applied for the entrepreneur to establish best business practices in EBN swiftlet ranching industry, as well as the entire value chain processes for producing EBN as value-added products that meet the needs of both domestic and international markets.

2.2 FACTORS OF START-UP BUSINESS FOR EBN SWIFTLETS RANCHING INDUSTRY IN MALAYSIA

There are many factors of start-up businesses in Edible Bird Nest Swiftlets Ranching Industry in Malaysia in the past study but the relevant factors are chosen to increase the production. The factors are innovation, knowledge, capital, government support, employee, marketing strategy, strategic location, threats of swiftlets and tools for EBN farming.

2.2.1 INNOVATION

Many entrepreneurs for Edible Bird's Nest industry have faced challenge for starting up their business or their ongoing ventures. Most of them realize that many procedures are identical, and want something that different from others, they can discover extremely profitable niche markets to innovate without the need huge investments (Kim, Kim, and Jeon 2018). This led many companies to come into the world of designing the products for innovations, although this is traditionally known for the aesthetic appearance of products, but it is the primary objective in order to promote maximum well-being in people's lives. Innovation process allows even a number of methods, tools and techniques that can be used for different steps to increase the number of new products and services (Badzińska 2016). The design proposes a process in which companies can look the same context with a new perspective, so that a start-up is not only driven by the marketing of new technologies, but driven by new meanings to promote products and services, since the consumers do not buy more exclusively by the impulse of the aesthetic quality of products, but their decisions include criteria emotional, social, cultural and psychological and usability (Okrah, Nepp, and Agbozo 2018). For examples, the innovation of the bird's nest product with different benefits that will come out as a unique product.

2.2.2 KNOWLEDGE

Knowledge wields power in this new era because it can govern access to opportunities and development. In reality, people almost use the available advanced in information, business and technologies for their daily usage (Kamaruddin et al. 2019). Globalization has introduced numerous current trends, and businesses must adapt to them as fast, simply, and painlessly as possible in order to stay competitive. Today, knowledge – both individual and organisational that is a critical strategic resource (Vaiappuri et al. 2012). Companies have began to manage and enhance intellectual resources after understanding their importance. As a result, knowledge management as a notion of organisational knowledge focused at the efficient application of knowledge to make quality decisions has become increasingly important. People have a crucial part in this notion. Intellectual resources and first-class knowledge contribute to the company in the form of revenue contributions from products and services, the preservation and enhancement of reputation, the reduction of operating costs, the creation of barriers to entry for potential competitors, and the creation of innovation (Wan Khairy, Yaccob, and Abdullah 2015). Organizational success is primarily dependent on ongoing investment in learning and obtaining new information in order to establish new companies and enhance current ones. The balanced scorecard, as a strategic management tool, is extremely useful in these procedures.

2.2.3 CAPITAL

One of the most fundamental for the start-up business are the capital structure. Nowadays companies face a huge variety of challenges affecting their market value. Small and Medium enterprises act as catalysts in the economic development of the developed and developing countries. Developing countries like Malaysia that require sustained economic growth in their economies must pay attention to the SME sector and harness the great potential to generate employment, improved local technology, output diversification, developed indigenous entrepreneurship and forward integration with large-scale industries that can be provided by the sector. Unfortunately, the SMEs for EBN industries have underperformed despite the fact that the SMEs in Malaysia constitute more than 90% of EBN businesses, their contribution to the nation's GDP is below 10%. This very low percentage contribution of the SMEs to Malaysia's GDP could be attributed to amongst others; unfriendly business environment, poor funding, low management skills and lack of access to modern technology. Consequently, a solution is required to conduct company activities in a cost-effective and efficient manner, but changing business conditions have added to the obstacles and demands. As a result, methods and solutions diverge from the norm (Ehrenfield, 2008). Fundamental and technological changes are required in the business world, and these changes occur not only in the cost structure but also in the

culture of business models. Keuschnigg (2004) venture capital plays a role in developing innovative business models that are thought to help start-ups expand quicker and provide value. Furthermore, the outcomes of work and innovation created are superior to traditional company methods. Venture capital may be viewed as a crucial link in the chain of company continuity. Analysts or internal venture capital parties will perform analysis and selection of start-up firms before investing in them. According to Ramdhan (2016) said that venture capital's funding process is distinct from that of other financial businesses and is regarded to be high risk, necessitating further research before opting to participate in start-up firms.

2.2.4 GOVERNMENT SUPPORT

The government's support plays important role for business. SMEs play a considerable role in a country's economic growth through the creation of new businesses as well as expanding the current businesses to new markets. Statistics showed that this type of business has contributed significantly (64%) to the United States' gross domestic product (Astrachan and Shanker, 2003). Likewise, in Malaysia, SMEs have been the backbone for the country's economic growth that contributed 37% to the GDP in 2010 (Kumar, 2009). It is also expected that SMEs will contribute to the country's GDP to 40% by 2020 (New Sabah Times, 2011). In this regard, SMEs are widely seen as a critical tool to solve current economic issues such as unemployment and industry stagnation (Fakhrul and Wan Norhayate, 2011).

2.2.5 EMPLOYEE

A firm can achieve a competitive advantage when they have employees that are valuable and well organized. Companies that do a superior job of managing their employees through increasing their knowledge, developing their skills and improving their capabilities add value to the organization (Bhojaraju, 2005). Managers must develop strategies for recognizing and hiring the finest talent obtainable. Once they hire these individuals, they must make them valuable assets to the company. They must then develop these employees in ways that are specific to the needs of the company, encouraging them to generate new ideas while familiarizing them with the company's strategies. Employee management is an essential function within a company both traditionally, and more importantly, strategically (Management and Business n.d.). Before a company can plan for its needs, it must be aware of its organizational goals and strategy. If managers are to increase productivity, reduce costs, and improve their organization's competitive advantage, they must focus on how to increase the skill (Isa, Ugheoke, and Noor 2016). They need to create an effective compensation plan, focus on motivating employees, become good leaders, recruit and hold on to qualified personnel, develop effective training programs, reward and take care of their employees, promote change, and create an environment that supports the employees.

2.2.6 MARKETING STRATEGY

The goal of competitive strategy is to achieve a long-term competitive advantage (SCA) and therefore improve a company's performance (Bharadwaj, 1993). One of the main goals of marketing strategy is to improve a company's long-term financial success. As a result, a competitive marketing strategy may help a company enhance its financial performance by gaining long-term competitive advantages. For a resource/skill to be a source of SCA, it must meet four criteria (Barney, 1991). This must be valued; it must be uncommon among rivals; it must be imperfectly replicable; and there must be no strategic equivalents for this resource talent. SCA sources lead to a competitive positioning advantage (differentiation and low cost). Long-term market and financial success are enhanced by the maintenance of positioning advantages. Recognizing connections between parts of the marketing mix as well as analysing the influence of competition and market circumstances on marketing mix formulation are all part of developing competitive marketing strategies. A model (Carpenter, 1987) The link between product quality levels, promotion expenditures, and pricing has been described, and the influence of industry structure on the formulation of marketing mix has been assessed. Relationship marketing acts as a moderator for the preservation of positioning advantages by influencing the impact of competitive and market factors on the marketing mix composition.

2.2.7 STRATEGIC LOCATION

The location selection factor gives a competitive advantage to *Bumiputera* entrepreneurs to get involved in this industry as they still control several strategic locations and have *Bumiputera* privileged status related to land ownership and selection (Zedadra et al. 2019). Furthermore, the importance of location selection is among the most important characteristics for success in this enterprise. Location can be broken down into several aspects such as good location, saturated location and weather according to the frequency of these elements (Wan Ibrahim and Yaacob 2019).

2.2.8 THREATS OF SWIFTLETS

Analysing the threat of wallet birds is very important in this company. Among the threats that need to be emphasized are the high prices of land and building materials. The selling price of land has become very high, making it difficult for swallow nest entrepreneurs to develop a swallow nest business.

In the estimation of the population affected by the rainy and hot seasons, the populations of swallows in buildings A and B are very different in size. Rainy season/at harvest time is obtained 120 grains/kg so that the total population of swallows in building A is obtained by multiplying the number of pieces at harvest time so that there are 12000 birds, and in building B, 125 grains/kg so that the population of building B is obtained by multiplying the number of pieces at harvest time so that there are 12000 birds, and in building C, 125 grains/kg so that the population of building C is obtained by multiplying the number of pieces at harvest time so that, there were 2184 tails harvested from the nests. According to Hakim et al. (2011), the number of building bird populations A and B decreases during the summer. This is because wallet bird feeders are plentiful during the rainy season, while during the dry season, the insect population plummets due to drought in vegetated areas and breeding waters.

2.2.9 TOOLS FOR EBN FARMING

Swiftlet breeding is a difficult process. The birds themselves are extremely sensitive to humans and need special attention in order to build a high-quality nest and increase productivity (Zedadra et al. 2019). More than 1,500 swiftlet farms have been developed in Sarawak, Malaysia, but none of them have real-time monitoring (Han and goleman, daniel; boyatzis, Richard; Mckee 2019). Therefore, the need of tools such as electrical equipment such as humidifiers, audio systems, clocks, thermometers, and humidity testers are important to sustain in this industry (Wan Ibrahim and Yaacob 2019).

3. CONCLUSION

This study examines the factors for start-up business for entrepreneurs in EBN swiftlets ranching industry. The viability of the company idea and the creation of a realistic business model are two crucial start-up success criteria, according to this study. Many entrepreneurs fail in the early phases of their firm because their business strategy is inadequate or non-existent. Entrepreneurs must have or create a specific profile, which is a combination of information, skills/know-how, and personality qualities, in order to succeed in their companies. In order to achieve the objectives of this study, we will use the interview with the EBN entrepreneurs and the lecturers on these variables. Even we very alert about start-up of business in edible bird nest swiftlet ranching industry but the entrepreneurship must have the backup system also very important such as protection of insurance or takaful (Ghazali et. al, 2019a, 2019b, 2017, 2012a, 2012b & 2012c).

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THE EFFECT OF PATRONAGE BUYING MOTIVES ON THE GOING CONCERN OF MSME IN SEMARANG IN THE MIDST OF THE COVID-19 PANDEMIC

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Abstract

This research aims to analyze the effect of patronage buying motives consisting of: company location, product price, "new habit adaptation" and product quality on the principle of going concern for MSME in the midst of the Covid-19 pandemic. This research was conducted on café/restaurant entrepreneurs in Tembalang and Banyumanik Regencies which were selected randomly. Data collected using questionnaires and interviews were processed using SPSS. The population was MSME subjects in Semarang, with samples of UMKM center in Tembalang and Banyumanik Regencies, Semarang. Tembalang and Banyumanik are MSME centers that are rapidly growing, especially cafe or restaurant business. The number of samples taken was 40 respondents, who were chosen randomly. Data analysis was performed by multiple linear regression. The results of this research found that patronage buying motives consisting of: company location, price, product quality, and "new normal or adaptation of new habits" did not provide significant effects on the principle of going concern for MSME in the midst of the Covid-19 pandemic. Thus, it is necessary to perform further investigation to find factors affecting the principles of going concern in the midst of the pandemic.

Keywords:

Company Location, Price, Adaptation to New Habit, Product Quality, Going Concern

1. INTRODUCTION

Going Concern is one of the absolute accounting principles to ensure business continuity, especially for MSMEs. Many factors affect going concern, including price, quality, facilities, and many other factors besides the business. During the economic crisis in 1998, MSMEs have shown its power to survive in the middle of the worst monetary crisis. Even MSMEs were invulnerable to the rising inflation and interest rates, in which in contrast, the crisis had brought down many conventional banks.

Going concern is an established business. Going concern means an expectation of continuity indefinitely (Finney & Miller, 1959). Going concern is synonymous with sustainability in the context of development. To achieve this in accordance with the accounting concept, an entity must be able to generate profits to grow. Including MSMEs, the smaller the entity the concept of going concern is, the more important it is. This is because small companies need to take more actions to be survived in order to ensure the survival of corporate entities (Svanberg & Ohman, 2014).

Currently, in the midst of the Covid-19 disaster, does going concern persist for MSMEs, especially small market-class entrepreneurs or street vendors? The Covid-19 disaster or Corona is caused by the virus which spreads quickly. The transmission is very fast and causes mass deaths. The government enforces social distancing to slow the spread of the virus for all parties. Schools and campuses apply online learning, while offices as much as possible instruct their employees to work from home (WFH). Due to this social distancing, streets become quiet and there are only few visitors can be found in the sectors of the market economy. In reality, it is not sure whether social distancing really affects the market economy because online market and go-send still run. In subsequent developments, the government declares a new normal or new adaptation policy. This new adaptation means the implementation of new habits in connection with the Covid 19 disaster, for example, by getting used to wearing masks, implementing social distancing, and washing hands. For restaurant businesses or MSMEs, rules for distance seating arrangements are applied according to health procedures (*prokes*).

Going concern can only be achieved through the struggle for sustainable living. For small companies, this can be achieved through by increasing their product sale. Besides, it is necessary for small and medium enterprises, especially cafe and restaurant entrepreneurs to able to achieve going concern by analysing patronage buying motives as a variable that affects the going concern principle of MSMEs. Patronage Buying Motives are variables related to the motivation of consumers towards the production of a business. Various changes in consumer tastes will cause the profit and asset turnovers to be more volatile (Mahapsari & Taman, 2013).

Moreover, changes in consumer tastes will also affect sales changes. When sales increase, it will directly affect profitability (Sari, et al, 2013). In addition to the need motive, other reasons for buying are also due to factors such as environment, culture, social strata, family behavior, and references from friends (Alma, 2009). Of these many factors, personal and psychological factors also take effect, such as establishment, age, occupation, lifestyle, personality, and self-concept (Setiadi, 2003). These motives and factors are internal and external elements of the consumer, so it cannot be ignored that there are factors that come from the company. Those factors are summarized in patronage buying motives, namely: price, production location, product quality, and production facilities.

Based on this background, it is necessary to perform further investigation on the effect of patronage buying motives consisting of: company location, price, "new normal" and product quality on the principle of going concern for UMKMs in the midst of the Covid-19 disaster. This research was conducted on randomly selected cafe/restaurant entrepreneurs in Tembalang and Banyumanik Regencies. Tembalang and Banyumanik are cities with MSMEs that are growing faster, especially in small-scale industrial centers of restaurants and cafes. Those two regencies are densely populated and is occupied by three large campuses (Universitas Diponegoro, Health State Polytechnic, and Politeknik Negeri Semarang). Therefore, those two regencies are growing faster and have a large population. There are many newcomers (boarding students) need services and goods, such as ready-to-eat food. This research replicates the research of Totanan, Chalarce (2018) by adding the variable of "new adaptation". The novelty of this research is to add a "new adaptation" variable that was recently declared by the government in order to slow down the spread of the Covid-19.

2. METHODS

The population of this research was MSMEs in Semarang. To be more focused, the case study was conducted in Tembalang and Banyumanik Regencies where MSMEs are growing rapidly, especially home industries: Cafe and Restaurant. Samples were randomly selected as many as 40 industries that had been running for at least 2 years (purposive sampling), as proof that the business have run and survived. The data were obtained through a questionnaire with respondents, such as managers or business owners of cafes/restaurants in the Tembalang and Banyumanik areas selected randomly.

This research was a survey with the research object of patronage buying motives consisting of: sales location, production facilities, product prices, and product quality, new habit adaptation, as the independent variables, and going concern as the dependent variable. The indicators of the research variables are shown in table 3 below.

Table 3. Research Variables and Indicators

Variables	Variable Concept	Research Indicators	Scale
Sales location (X1)	Company Location	Strategic location	Ordinal
Production Facilities (X2)	Availability of production facilities	Adequate facilities, Technological facilities used	Ordinal
Price (X3)	Price of products sold	Price variations, packaging variations	Ordinal
Product quality (X4)	The quality of the products sold	Production permits, packaging attractiveness, product quality	Ordinal

New Habit Adaptation (X5)	A new life habit in the midst of the pandemic	Physical distancing, mask wearing, hand washing	Ordinal
Principle of Going Concern (X6)	The company will continue to run and not be liquidated	Capital, resources, continuity, production and sales	Ordinal

The hypotheses of this research are: Sale location, production facilities, product prices, and product quality, each of which affects the going concern principle based on the concept in accounting. With the addition of the "New Habit Adaptation" variable or called as the new normally used as a business development in the midst of the pandemic. Conceptual and testing process was carried out based on the following Figure. 3:

Patronage Buying Motives

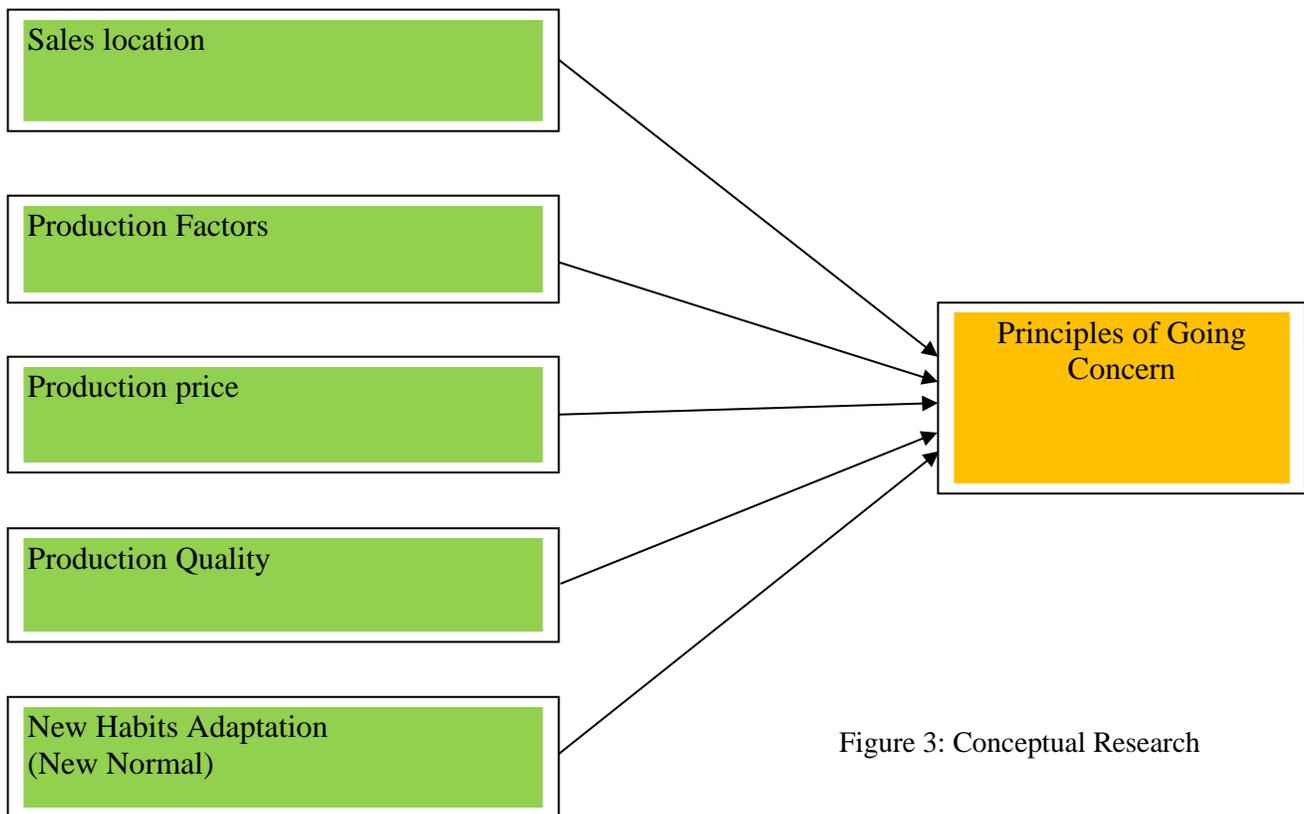


Figure 3: Conceptual Research

3. RESULT AND DISCUSSION

This research was conducted by distributing questionnaires directly to respondents who were involved in the MSME business sectors in Semarang in the midst of the Covid-19 pandemic. There were 32 questionnaires that have been filled in, and 24 of which met the requirements to be processed. In this research, the characteristics of the respondents were grouped into several categories, including gender, age, last education level, marital status and length of work. The following is a description of some characteristics regarding the profile of the respondents.

Table 4.1 Age of the Respondents

Age	Frequency (person)	Percentage (%)
21-30 years	8	33.3
31-40 years old	11	45.8
41-50 years	1	4.2
51-60 years old	3	12.5
> 60 years old	1	4.2
Total	24	100.0

Source: Primary Data Processing, 2020

Based on the table above, it can be seen that respondents in this research that are in the range of 31-40 years was 45.8%, then 33.3% in the range of 21-30 years, 21.5% in the range of 51-60 years, 4.2% in the range of 41-50 years and 4.2% in the range of >60 years. Therefore, according to these data, it could be concluded that the average MSME entrepreneurs in Semarang were people in young adults. Moreover, Respondents by gender are as follows:

Table 4. 2. Gender of the respondents

Gender	Frequency (person)	Percentage (%)
Male	11	45.8
Female	13	54.2
Total	24	100.0

Source: Primary Data Processing, 2020

Based on the number of questionnaires distributed to respondents, there are 24 questionnaires that can be analysed. From a total of 24 respondents who had been met by researchers, the data found that there were 11 male respondents and 13 female respondents. This showed that there are more female than male acted as business actor of MSME. Next, respondents' last education level is as follows:

Table 4.3. Respondent's Last Education Level

Education Level	Frequency (person)	Percentage (%)
Elementary School	1	4.2
Junior High School	2	8.3
High School	8	33.3
Vocational	2	8.3
Bachelor degree	11	45.8
Total	24	100.0

Source: Primary Data Processing, 2020

Based on the number of questionnaires that had been distributed to respondents there are 24 questionnaires that can be analysed. From a total of 24 respondents who were successfully processed, it was found that most of the MSME business actors were graduated from Bachelor’s degrees (S1), which were 45.8%. In contrast, there were only 4.2%, who were graduated from elementary school. This showed that MSME business actors were highly educated. Moreover, the following is the business length of respondents:

Table 4.4 Business Length

Business Length	Frequency (person)	Percentage (%)
0-1 year	1	4.2
2-3 years	4	16.7
> 3 years	19	79.2
Total	24	100.0

Source: Primary Data Processing, 2020

Based on the number of questionnaires that had been distributed to respondents, there are 24 questionnaires that can be analysed. From a total of 24 respondents who were successfully processed, it can be found that most of them have run the business for more than 3 years, which were 19 respondents (79.2%) and the distribution of respondents based on position in the company is as follows:

Table 4.5. Position in Company

Position	Frequency (person)	Percentage (%)
Owner	11	45.8
Manager	1	4.2
Owner and Manager	3	12.5
Others	9	37.5
Total	24	100.0

Source: Primary Data Processing, 2020

Based on the number of questionnaires that had been distributed to respondents, out of a total of 24 respondents, it was found that most of them were MSME business owners, which were 11 respondents (45.8%) and there is at least 1 person worked as a manager or company manager (4.2%).

Description of Research Variables

	N	Minimum	Maximum	Mean	Perception of each indicator
G1	24	2	5	4.42	High
G2	24	1	5	4.13	High
G3	24	4	5	4.25	High
G4	24	4	5	4.79	Very high
G5	24	4	5	4.75	Very High
G6	24	4	5	4.75	Very High
G7	24	2	5	4.04	High

Based on the table above, it was found that going concern had a minimum average of 4.04 and a maximum of 4.79. This number was categorized as high to very high, so the going concern of MSMEs was perceived as high and very high by respondents.

SALES LOCATION

L8	24	2	5	4.38	High
L9	24	3	5	4.42	High
L10	24	1	5	4.08	High
L11	24	3	5	4.42	High
L12	24	2	5	3.83	High

Based on the table above, it was found that the sales locations have an average minimum of 4.08 and a maximum of 4.42. This number showed a high score, then the location of the sale was perceived as high by the respondents.

SALES LOCATION

F13	24	2	5	4.33	High
F14	24	1	5	3.08	Medium
F15	24	3	5	4.46	High
F16	24	3	5	4.21	High
F17	24	3	5	4.42	High

Based on the table above, it was found that the average score of production facilities was a minimum of 3.08 and a maximum of 4.46. This number was categorized into the medium to very high score, so the MSME production facilities were perceived as high by the respondents because most of the averages were high.

PRODUCT PRICE

H18	24	4	5	4.54	Very High
H19	24	4	5	4.75	Very High
H20	24	4	5	4.67	Very High
H21	24	2	5	4.50	Very High
H22	24	2	5	4.17	High

Based on the table above, the average product price was a minimum of 4.17 and a maximum of 4.75. This number was categorized into high to very high, so the going concern of MSMEs was perceived as high and very high by respondents.

PRODUCT QUALITY

K23	24	4	5	4.63	Very High
K24	24	4	5	4.54	Very High
K25	24	4	5	4.58	Very High
K26	24	2	5	4.00	High
K27	24	3	5	4.29	High

Based on the table above, it was found that the average product quality had a minimum score of 4.00 and a maximum of 4.63. This number was categorized as the high to very high, so the quality of MSME products was perceived as high and very high by respondents.

NEW HABIT ADAPTATION

A28	24	4	5	4.50	Very High
A29	24	3	5	4.46	High
A30	24	3	5	4.17	High
A31	24	3	5	4.38	High
A32	24	3	5	4.46	Very High
A33	24	3	5	4.25	High

Based on the table above, it was found that the new habit adaptation had a minimum average of 4.17 and a maximum of 4.50. This number was categorized into high to very high, so the new habit adaptation of MSME business actors was perceived as high and very high by respondents.

A good regression model must meet the requirements of classical assumptions, namely: it must be normally distributed, there should be no correlation between independent variables or there should be no multicollinearity and heteroscedasticity.

Normality test is very important, to find out whether the residual value is normally distributed or not. The linear regression test requires that the residuals must be normally distributed, if the residuals are not normal, then logistic regression analysis, or ordinal regression must be used instead of linear regression analysis. In this research, the normality test used statistical analysis of the Z test and the sig value. A regression model is considered to have a normally distributed residual if the value of Z count is between -1.96 to 1.96, and the significance value must be higher than 0.05. The complete normality test of the three research equations/models is presented in Table 4.7.

Table 4. 7 Results of Normality Test

Model/Equation	Z value count	P Value	Conclusion
1	0.148	0.188	Normal

Source: Processed secondary data, 2020

Based on the results of the normality test, it was found that Z count = 0.148 higher than -1.96 and lower than 1.96, and the significance value was higher than 0.05, which was 0.188. These results indicated that the data in this research were normally distributed.

MULTICOLLINEARITY TEST

Multicollinearity aims to determine whether in the regression model there was a strong correlation between independent variables. This multicollinearity test is performed by looking at the tolerance value and variance inflation factor (VIF), if the tolerance value is higher than 0.10 or VIF is lower than 10, it can be concluded that there is no multicollinearity between independent variables in the regression model. The following is the results of multicollinearity testing on all models/equations.

Table 4.8 Multicollinearity Test Results

Equation/Model	Collinearity Statistics	
	Tolerance	VIF
Sales location (X1)	0.857	1,167
Production Facilities (X2)	0.708	1.412
Product Price (X3)	0.482	2.073
Product quality (X4)	0.591	1.693
New Habit Adaptation (X5)	0.498	2.007

Source: Processed secondary data, 2020

Based on Table 4.8, it showed that in the regression equation, the smallest tolerance value was 0.482 and the highest tolerance value was 0.857 and the smallest VIF value was 1.167 and the highest VIF was 2.073. The smallest tolerance value was still higher than 0.1 and the highest VIF value was still lower than 10. So, the independent variables used in the regression model did not show a strong correlation. Therefore, the regression analysis could be continued.

HETEROSCEDASTICITY TEST

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals of one observation to another observation. If the variance of the residual from one observation to another observation does not change, so it is called homoscedasticity, but if it changes, then it is called heteroscedasticity (Ghozali, 2007). A scatter plot graph test is used to detect the presence or absence of heteroscedasticity. Therefore, heteroscedasticity is detected to present if the points do not form a clear pattern. The results of the heteroscedasticity test are as follows:

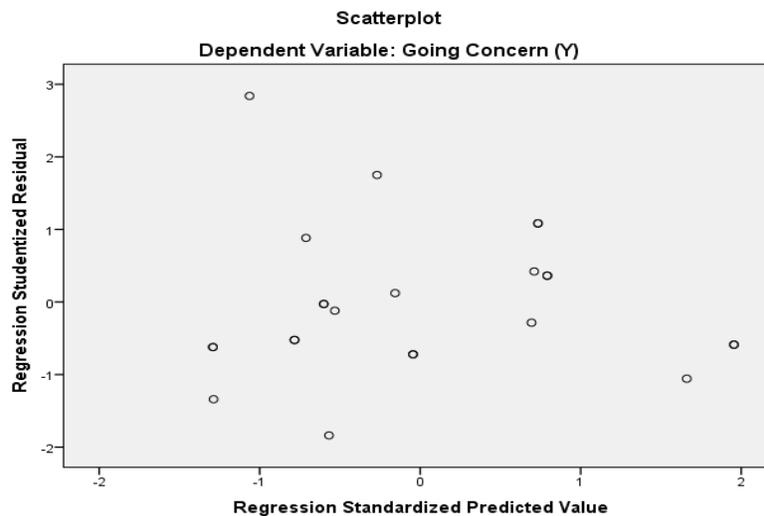


Figure 4.1 Graph of Heteroscedasticity Test

Based on the scatterplot graph, it could be seen that the scattered points did not form a certain other pattern and the spread was below zero and above zero, so it can be concluded that it did not have any heteroscedasticity problems.

3.RESULTS OF FIT TEST OF MODEL

DETERMINATION COEFFICIENT (R^2) TEST

The coefficient of determination aims to determine and measure how far the model's ability to explain the variation of the dependent variable. Furthermore, the value of the coefficient of determination was between zero and one (Ghozali, 2016).

Table 4.9. Results of Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.804	0.646	0.548	1.401

Source: Processed secondary data, 2020

In Table 4.9, the coefficient of determination was 0.548 or 54.8%. The coefficient of 54.8% meant that the going concern of MSMEs could be explained by the variables of sales location, production facilities, product prices, product quality and new habit adaptation by 54.8%, while the remaining 45.2% was explained by other factors which were not investigated in this research.

STATISTICAL F-TEST

The F test aims to find out that all the independent variables in the model can be used to predict the going concern variable of MSMEs. The F test is carried out by looking at the significance value of F on the SPSS output with a significance level of 0.05 ($\alpha = 5\%$). If the significance value is lower than 0.05, then this regression model is feasible or fit.

Table 4.10. Results of Equation F-Test

Model	F count	Sig Value	Conclusion
1	6.567	0.001	There was a simultaneous effect/model fit

Source: Processed secondary data, 2020

In Table 4.10, the F test had a significance value of 0.001 which was lower than the level of $\alpha = 0.05$. These results indicated that the regression model in this study was feasible or fit.

HYPOTHESIS TESTING RESULTS

Multiple linear regression analysis was used to determine the effect of sales locations, production facilities, product prices, product quality and new habit adaptation on the going concern principle of MSMEs. Sales location, production facilities, product prices, product quality and new habit adaptation will provide a positive effect on the going concern principle in MSMEs, if the t value is positive and significant ($p < 0.05$). On the other hand, sales location, production facilities, product prices, product quality and new habit adaptation will provide a negative effect on the going concern principle for SMEs, if the t-count is negative and significant ($p < 0.05$). The results of the complete regression analysis are presented as follows:

Table 4.11 Test results of the effect of sales location, production facilities, product prices, product quality and new habit adaptation on the principle of going concern for MSMEs

	Unstandardized Coefficients		Standardized coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	46.191	4.525		10.208	0.000
Sales location (X1)	-0.405	0.092	-0.667	-4.404	0.000
Production Facilities (X2)	0.310	0.133	0.388	2.325	0.032
Product Price (X3)	0.479	0.166	0.584	2.894	0.010
Product quality (X4)	-0.559	0.204	-0.499	-2.735	0.014
Adapting New Habits (X5)	-0.434	0.145	-0.594	-2.989	0.008

Source: Processed secondary data, 2020

Based on the results of SPSS calculations in Table 4.11, the following multiple linear regression equation was obtained:

$$Y = 46,191 - 0,405X1 + 0,310X2 + 0,479X3 - 0,559X4 - 0,434X5$$

Description:

Y = Going Concern Principle on MSMEs

X1 = Location

X2 = Facility

X3 = Price

X4 = Quality

X5 = New habit adaptation

The hypothesis test of this research proved the effect of each variable, including: sales location, production facilities, product price, product quality and new habit adaptation.

Hypothesis Test Results 1: the effect of sales locations on the going concern principle in MSME

Table 4.6 showed that the sales location provided a negative and significant t-count value of 0.000 which was lower than 0.05, so the sales location provided a negative effect on the going concern principle in MSMEs. The better the sales location, the lower the going concern of MSME was, on the other hand the worse the sales location, the higher the going concern of MSMEs was.

Hypothesis Test Results 2: the effect of production facilities on the going concern principle in MSME

Table 4.6 showed that production facilities provided a positive and significant t-value of 0.032, which was lower than 0.05. Therefore, production facilities provided a positive effect on the going concern principle in MSMEs. Good or bad production facilities affect the level of going concern of MSMEs was. The lower the production facilities, the lower the going concern of MSMEs was. The higher the production facilities, the higher the going concern of MSME was.

Hypothesis Test Results 3: the effect of product prices on the going concern principle in MSME

Table 4.6 showed that the product price provided a positive and significant t-count value of 0.010 which was lower than 0.05, so the product price provided an effect on the going concern principle in MSMEs. Good or bad product prices affect the going concern of MSME. The lower the product price, the lower the going concern of MSMEs was. The higher the product price, the higher the going concern of MSMEs was.

Hypothesis Test Results 4: the effect of product quality on the going concern principle in MSME

Table 4.6 showed that product quality provided a negative and significant t-count value of 0.014 which was lower than 0.05. So, the quality of the product affects the principle of going concern on MSMEs. Good or bad product quality could increase or decrease the going concern of MSMEs. The lower the product quality, the higher the going concern of MSMEs was. The higher the quality of the product, the lower the going concern of MSMEs was.

Hypothesis Test Results 5: the effect of adapting new habits to the going concern principle in MSME

Table 4.6 showed that the new habit adaptation provided a negative and significant t-count value of 0.008 which was lower than 0.05. So, the new habit adaptation affects the principle of going concern for MSMEs. Good or bad new habit adaptation could increase or decrease the going concern of MSMEs. The lower the new habit adaptation, the higher the going concern of MSMEs was. The higher the new habit adaptation, the lower the going concern of MSMEs was.

4. CONCLUSION

Based on the results of the analysis test, it could be concluded that: Sales location, product quality, and new habit adaptation provide a negative effect on the going concern principle of MSMEs in Semarang. The results of this research are limited to MSME restaurant business in the Tembalang and Banyumanik areas of Semarang, which are densely populated areas and campus areas. In the future, this research can be expanded in the scope of the hospitality business or creative industry, by adding the PPKM variable (Imposition of Restrictions on Community Activities). PPKM is the policy of the President of Indonesia to control the rapid death rate due to Covid 19 in Indonesia, starting from July 3, which was extended to August 2, 2021.

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THE EFFECT OF MICRO WAQF BANK ON THE FINANCIAL INCLUSION OF MICRO AND SMALL ENTERPRISES IN THE PESANTREN AREAS

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Abstract

While the role of other financial institutions in the development of MSEs (Micro and Small Enterprises) is well documented, the relationship of Micro Waqf Bank and the MSEs is less explored. This initial study aims to discuss the presence of MWB and its influence on the financial inclusion of MSEs and the roles of pesantren in improving access of the MSEs in the Pesantren areas to MWBs financial services. This research uses a descriptive qualitative method of literature study. Data were collected from extant literature, including journals, books, documentation, the internet, and the library, to produce conclusions under the topics discussed. The study results indicate that MWB increases financial inclusion, especially for low-income communities and MSEs actors in the pesantren areas. The presence of MWB strengthens capital and empowers the community through MSEs. Financing provided by MWB increases the financial inclusion of MSEs through business development and profits sharing. As the target for establishing MWBs, Pesantrens, play an essential role in SMEs' financial inclusions, particularly in rural areas.

Keywords:

Sharia Micro Enterprise (SME), Micro Waqf Banks (MWB), Financial Inclusion.

1. INTRODUCTION

The MSEs (Micro and Small Enterprises) sector have an essential role in increasing the GDP (Gross Domestic Product), and its existence has its place in economic activities and development in Indonesia. It can be said that its existence is very much needed by people who have low and limited abilities in terms of finance. The following is evidence recorded at the OJK (Financial Services Authority) regarding the contribution of MSMEs (Micro, Small, and Medium Enterprises) to GDP revenue from 2010 to 2020. The data shows the contribution of MSMEs to GDP. The sharp increase occurred in 2018 at about 60.5%; in 2019, it fell to 60%, yet in 2020, it rose again to 61%. The data suggest that MSEs have a significant role in increasing national GDP, especially in recent years. The MSEs also have a more outstanding contribution than large businesses because MSEs are more able to survive during an economic crisis in a country due to permanent consumers and willingness to buy products from MSEs and the ease of absorbing workers who do not have to be highly educated.

Meanwhile, large businesses are vulnerable to risk from changes in the economic and political climates, which often do layoffs for their employees. Some of these things become the strengths of MSEs to survive in the financial crisis. Another proof is when the economic crisis hit Indonesia in 1998, where MSEs skyrocketed to export their products with high profits, in line with the high exchange rate of the USD against IDR (Fiona, 2020).

MSEs are micro and small businesses with a capital capacity limit of less than IDR50 million and less than sales of IDR300 million for total sales per year. The development of MSEs has a vital role in developing the economic capacity of small communities and accelerating economic growth in Indonesia. MSEs are the dominant form of business organization in Indonesia and play an essential role in the Indonesian economy. MSEs collectively represent more than 99% of Indonesia's total businesses, 97% of employment, and 57% of GDP per year (Wijaya, 2015).

However, in reality, MSEs experience problems developing their businesses due to the lack of productivity from their business activities. The obstacles to the development of SMEs include manual production processes, lack of access to reliable workers,

machines, and IT infrastructure. These indicators trigger low productivity caused by weak capital owned by micro-scale businesses. Lack of financial capital is due to the limitations of micro business actors in obtaining funds in the form of financing in the form of credit or loans used as capital for economic activities and become a driving force for business progress.

The limitations of MSEs actors are triggered by the lack of ability to access formal financial institutions. Under these conditions, MSEs need support. Therefore, the government, the community, and financial institutions have an essential role in empowering MSEs actors. The government is necessary to make policies as a means to develop businesses run by MSEs. Meanwhile, financial institutions provide capital assistance in financing through loans and strengthening capital to MSEs. In addition, the community elements can play a role as a mentoring function for micro-business actors. Microfinance institutions are the best solution for the development and empowerment of micro-enterprises in the regions to equalize income and reduce poverty. Microfinance institutions can overcome some of the problems faced by MSEs, which has triggered the birth of financial institutions that are tasked with managing finances to collect funds from the community and provide financing to the community to improve the standard of living of the people at large (Ramadhan & Sukmana, 2019).

One of the government's responses to weak capital at the micro-enterprise level, which the OJK made a breakthrough to help MSEs, was establishing SMIs (Sharia Microfinance Institutions). Thus, in October 2017, the Government, OJK, and all Pesantren (Islamic boarding schools) collaborated to build a financial institution aimed at helping micro-entrepreneurs around Pesantren called MWB (the Micro Waqf Bank). Three reasons backed the birth of the MWB. First is the desire of the government to support MSEs actors in their financial capital. Second is the government's concern about the limitations of micro-business actors in accessing formal financial institutions because of the lack of guarantees, information, and the amount of interest that must be borne. The third is the potentials offered by the number of pesantren in Indonesia, especially in East Java.

With a total of 28,194 pesantren across Indonesia, it is believed that there is enormous potential that can be utilized to empower the people and eliminate trepidation, especially the community in the pesantren areas (Ramadhan & Sukmana, 2019). Islamic boarding schools have a role in transferring religious knowledge, but their existence also has a vital role in developing and building the economy in the pesantren area. The potential of pesantren roles was then welcomed by OJK and assisted by LAZNAS (National Amil Zakat Agency) so that the MWB emerged.

Micro Waqf Bank is a financial institution incorporated as a cooperative run based on sharia principles developed by OJK in collaboration with LAZNAS, which aims to reduce inequality and poverty through economic empowerment of the people performing a mentoring function (BWM, 2019). With the financing function of the MWB, it is believed to increase access to financing for micro-business actors, encourage the birth of economic empowerment and productivity of the community, which is considered to increase income and create prosperity for the community.

According to the World Bank and the World Health Organization, 52% of Indonesia's population uses formal financial services, and 79% of the poor do not have access to traditional financial services (Masnita et al., 2020). The presence of MWB aims to increase the income and welfare of the community, especially those with lower middle income, namely MSEs actors who have easy access to capital. MWB only charges operational and administrative costs of three percent per year and without collateral. So that tiny amounts of capital loans can be obtained by the community through MWB (Faujiah, 2018). With the facilities provided by MWB, it is hoped that the community will be able to take advantage wisely and adequately.

1.1. PURPOSE OF STUDY

The existence of the MWB is associated with issues related to financial inclusion that arise amid remote communities, low incomes, unclear jobs, homeless, and not having a bank account. Therefore, the MWB is an inclusive effort to improve people's living standards and create prosperity. Thus, the current study serves to achieve two primary purposes.

1. Analyse the role of Micro Waqf Bank in the financial inclusion of SMEs in rural areas.
2. Analyse the role of Pesantrens in supporting Micro Waqf Bank in the financial inclusion of SMEs in rural areas.

2. THEORETICAL REVIEW

2.1 MICRO WAQF BANK

MWB (Micro Waqf Bank) is a sharia microfinance institution established with the permission of the OJK, which aims to assist in the form of business capital loans to underprivileged communities. MWB is part of the non-bank financial industry. MWB is a cooperative legal entity with a business license for a Sharia Microfinance Institution (Pamikatsih & Latif, 2020).

MWB is composed of three syllables. First, in the Islamic Banking Law No. 21 of 2008, the bank is a business entity that collects funds from the public in savings and distributes them to the people in the form of credit (UNDANG-UNDANG, 2008). Even though the MWB uses the term bank, in its implementation, there are no collection practices from the public, such as savings deposits, time deposits, and similar products. Second, most people see waqf as traditional waqf, covering the still physical objects, establishing Islamic boarding schools and mosques. Understanding waqf as material things leads to less impact on the economy, which has implications for the people's goals (Fauziah & Fatkhurrozi, 2020). And what is meant by micro in economics is a branch of economics that studies consumer and company behavior and determines market prices and the number of input factors, goods, and services traded (Faujiah, 2018).

2.2 SMALL MICRO ENTERPRISES (UMK)

According to Law no. 20 of 2008 concerning MSMEs, micro-enterprises are productive businesses owned by individuals or individual business entities that meet the criteria for micro-enterprises as stipulated in the law. Whereas what is meant by a small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or are not included in the branch of a company that is owned, controlled, or becomes a part either directly or indirectly of a medium-sized business or large businesses that meet the criteria as stipulated in the legislation. In addition, medium-sized businesses are productive economic businesses that stand-alone, which are carried out by individuals or business entities that are not subsidiaries of a company or branch of a company that is owned, controlled, or become a part either directly or indirectly with a small business or a large business with the amount of net worth or annual sales proceeds, as referred to in the legislation (Nur et al., 2019).

Based on law no. 20 of 2008 concerning MSMEs, Micro Enterprises are productive businesses owned by individuals and or individual business entities that meet the criteria for small business as regulated in this law. Small Business is a compelling economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries of companies that are owned, controlled, or become a part either directly or indirectly of a medium or large business that meets the criteria of small business as referred to in this law.

In general, MSEs in the national economy are significant players in economic activity, providing the most considerable employment opportunities, an essential player in the development of the local economy, empowering communities, creating new markets and sources of innovation, and contributing to the balance of payments (Singgih, 2007). This study only involves or is devoted to MSEs, productive poor people living in the vicinity of Islamic boarding schools who cannot or do not have access to formal financial institutions.

2.3 FINANCIAL INCLUSION

The concept of financial inclusion emerged as a countering idea of financial exclusion. Financial exclusion is defined as a process of preventing social groups and individuals from gaining easy access to the formal financial system. It is also a process where people face difficulties accessing or operating financial services and products in the market in general that suit their needs. Financial inclusion is opposed to financial exclusion. Bank Indonesia defines inclusive finance as all efforts to remove price and non-price barriers to public access to financial services.

Inclusive finance is the adequate availability of financing, savings, transfers, and insurance from financial service institutions for low-income groups, lack of collateral, services convenient, affordable, transparent, fair, and regulated by law (Masnita et al., 2020).

The financial inclusion model in rural-based MSEs is the entry of financial institutions that provide capital and marketing. Capital criteria include low interest, people's business credits, and assistance (Irmawati et al., 2013). Accelerating the development of Islamic financial inclusion can be done by establishing an MWB or collaborating with MIFI (Micro Islamic Financial Institutions) such as Baitul Mal Wattamwil (BMT) or Islamic financial services cooperatives holding on to prudential principles.

The importance of financial inclusion stems from various factors, including 1) the inability to access financial services can result in the exclusion of financial entities from obtaining capital, 2) lack of access to safe and formal savings to reduce the ability and encouragement for them to save, 3) lack of credit products means the inability to invest and make efforts to improve their livelihoods, resulting in small entrepreneurs unable to improve their finances, 4) lack of remittance products make money transfer

difficult and risky, and 5) lack of insurance products means lack of opportunities for risk management and levelling welfare (Savita, 2013).

According to Bank Indonesia, Financial Inclusion aims to: 1) improve economic efficiency, 2) support financial system stability, 3) reduce shadow banking or irresponsible finance, 4) support financial market deepening, 5) provide new potential for banks, 6) support increasing Indonesia's Human Development Index (HDI), 7) contribute positively to sustainable local and national economic growth, and 8) reduce inequality and low-income traps, to improve people's welfare which ultimately leads to a reduction in poverty levels (Nasution et al., 2017).

3. METHODS

The methodology used is a descriptive qualitative method of studying literature on scientific articles related to Micro Waqf Banks. The data or sources were collected from various sources: journals, books, documentation, the internet, and libraries. This data collection stage follows Fahiminia's steps in conducting a theoretical study that includes four phases: defining keywords, initial search results, refinement of search results, compiling statistics on initial data, and data analysis (Fahimnia et al., 2015). The data obtained were then analysed using descriptive analysis. Descriptive analysis is carried out by describing the facts found and then followed by the implementation of the investigation. The analysis process involved defining or describing the object as providing sufficient understanding and explanation.

4. RESULTS AND DISCUSSION

4.1 THE INFLUENCE OF MWB ON THE FINANCIAL INCLUSION OF SMEs

Throughout the country and at all income levels, there are still groups of people who lack access to financial services that involve expanding public access to the financial system at an affordable cost (Irmawati et al., 2013). One of the substantial efforts to break the chain of poverty is by expanding the access of SMEs in obtaining capital facilities not only from formal financial institutions but also MFIs (Micro Finance Institutions) (Wijono, 2005).

It is undeniable that the existence of MSEs as a form of community contribution can improve the national economy through the productive activities carried out by MSEs. In addition, MSEs have a high chance of opening up opportunities to open new jobs. Thus, MSEs can play an essential role in realizing local community welfare because they help the income of the poor and economic development. MSEs are also the largest group in the key to financial security in Indonesia during the economic crisis. However, in carrying out their activities, MSEs need support from several parties because their existence also experiences obstacles that can hinder their growth. Among the main problems of MSEs are financial and non-financial (organization or management). The financial constraints are the lack of access to traditional sources of funds, either the unavailability of legal institutions in remote areas or procedures that are pretty complicated, and the transaction costs are pretty high for credit procedures. In contrast, the number of credits launched is small (Firmansyah & Pratiwi, 2004).

Credit disbursement in the form of capital facilitated by banks, both state-owned commercial banks, and privately-owned commercial banks, apply a general scheme to MSEs, making it difficult for entrepreneurs to access capital assistance in the form of financing. This access is constrained by the weakness of the business financial administration system, lack of bankable guarantees, low competitiveness, and weak integrity of MSE development (Zain, 2004). The limited access experienced by MSEs in accessing formal finance has turned to non-formal financial sources. There are various forms of informal finance, such as moneylenders, cooperatives, and other savings and loan units. Informal finance is the most appropriate choice for MSE actors because of the flexible and easy process in terms of disbursement (Machmud, 2013). In addition, there is an indicator that micro-enterprises need informal financial institutions.

MWB is part of the SMIs established based on the OJK permit and aimed to facilitate capital and financing for small communities with difficulty accessing formal financial institutions. MWB is a micro to small financial institution that provides funding and assistance for micro and small business actors. Their target is the community in the pesantren area, which has a vital role in community empowerment, including the realm of economic improvement, especially the poor who fall into the category of economically active poor and lower-income people.

MWB provides new hope for the community to feel the benefits of establishing a sharia microfinance institution. As stated by the Financial Services Authority, the profit-sharing margin system is 3% per year. Their financing is carried out without collateral, without interest, and training and business assistance, increasing financial literacy and inclusion, reducing inequality and poverty. President Joko Widodo said that Micro Waqf Banks could solve problems that the traditional banks cannot solve because when

small business actors want to borrow from a bank, they must have collateral and administration in stacks before they can go to the bank (LAVINDA, 2018). The ease of implementing financing in Islamic micro waqf banks includes charging only operational and administrative costs of 3% per year and not requiring collateral. Thus, small amounts of capital loans can be obtained by the public through micro waqf banks.

As a microfinance institution, the MWB has other conveniences in accessing financing, in that customers can pay in instalments weekly with a joint responsibility system. Mutual responsibility is another facility created to increase the sense of responsibility between groups in one customer, namely other customers helping customers who are having difficulties that week to pay off their financing. Another offer provides the capital customers receive on a scalable and limited basis from IDR1 million to IDR3 million. In carrying out its activities, the MWB is supervised by DPS (Sharia Supervisory Board). DPS's task is to lead and assist MWB in financing business activities that do not conflict with sharia principles. Micro Waqf Banks operating in Islamic boarding schools also have principles in carrying out their business activities, including, 1) empowerment of the poor or underprivileged, 2) assistance provided must be under sharia principles, 3) cooperation is carried out with group financing, which is often referred to as *ta'awun*, 4) providing convenience (*sahl*), *amanah*, 6) sustainability program and 7) containing blessings in it (Balqis & Sartono, 2020). These conveniences make the Micro Waqf Bank a financial institution with excellent potential to be enjoyed by micro and small business actors, with small instalments and capital provision. So that micro and small business actors in the pesantren area can enjoy their programs.

4.2 PESANTREN'S ROLES IN IMPROVING FINANCIAL INCLUSION FOR MSEs ACTORS

Pesantren can implement empowerment programs supported by the MWBs because it is a potential institution for the community and a religious, educational institution for Muslims. Currently, pesantren's active involvement in empowering their communities is its commitment to the community to improve their economy, both individually and in groups (Balqis & Sartono, 2020). Pesantren also has a strategic role for the community around it, not only about education and religious institutions but also economic, social, and political institutions. The economic role played by pesantren is very important. With a significant number of students, pesantren have become the primary source of economic activity for the people around the area. In addition, pesantren is the center of financial activities for those who live inside and outside the pesantren (Tirta, 2017). The establishment of MWB in pesantren also has a goal for students to learn to manage a bank. If MWB grows, the people's economy can run well, especially in the pesantren area. Another goal is that resources can be achieved optimally, and the community's welfare can increase so that the quality in the community can rely on independence. A study states that, although its primary purpose is to teach religious knowledge to their students, pesantren can develop local communities around pesantren by improving their economic conditions (Kantun et al., 2019).

A study reported Indonesia has the largest Muslim population globally and so many Pesantren in almost all regions. The growth of pesantren for the period 2003-2015 amounted to 14,305. This number is a reference to see that pesantren has considerable potential to empower communities in the area and play an active role in alleviating poverty (Syafe'i, 2017). The MWB established in the pesantren is an epic collaboration; both have the goal of helping in the cause of Allah. If united, the purposes of spirituality and economy can be realized. Before OJK established the MWB, some things to be fulfilled by the pesantren are worthy of establishing this financial institution, namely the condition of the community in the pesantren area, the commitment of and human resources in the pesantren. This support has a positive influence and optimism on the growth of MWB and economic development for the community in the pesantren area.

MWB has an essential role in increased financing for small communities needing assistance in the form of capital to develop their businesses. It also makes the basis of community welfare the principle of the mechanism for implementing financing activities. It also has excellent potential to become a living system to revive the welfare cycle. That is, the convenience provided to access financiers for minorities and have limitations in exercising their right to enjoy programs and services from formal financial institutions. With a strong capital structure with a low rate of return and easy access of micro-business actors, the presence and sustainability of MWB are an excellent hope for distribution, development, and others.

It is known that the development of MWB from the beginning of their formation to the present has increased in the number of units. The vast number is believed to assist the community in realizing prosperity by increasing the ability to develop MSEs. This development has been proven from the beginning; namely, in 2017, 20 institutions obtained business licenses from the OJK, with customers reaching 827 and a financing distribution of IDR658 million per year. Meanwhile, in 2018 there was an increase in the number of customers by 3,876 with financing distributions of IDR3.63 billion (OJK, 2018). As of September 2019, MWB had 21,557 customers with financing distribution of IDR27.7 billion and 53 MWB branches spread across 16 provinces in Indonesia. In 2020 OJK noted that the MWB distributed the total financing of IDR55.56 billion to 38,860 customers.

A total of 56 MWB in Indonesia have obtained permits. Therefore, in 2021 there will be 60 MWB spread throughout Indonesia, with cumulative beneficiaries of 41,436 customers and total financing of IDR60.6 billion (Rully R. Ramli, 2021). This number indicates that MWBs have increased in number, followed by an increase in the number of customers, which means there is an opportunity to improve productivity. This situation illustrates that MWB has tremendous potential for the welfare of the people in the pesantren area by providing capital assistance to MSEs actors.

The MWB provides apparent support for the SME actors who have limitations in accessing formal financial institutions, which is not uncommon due to the lack of information received by micro-business actors, lack of ability to pay too high interest, and requirements that cannot be met and the obligation to have collateral. Thus, the emergence of MWB seems to answer the needs of SME actors to enjoy easy business capital financing without collateral, no interest. The most important thing is business assistance provided to monitor, evaluate, and input the perpetrators, thereby increasing MSE actors' capital and profits. SMEs can borrow and pay in instalments with small funds from MWB. Micro waqf banks have also proven to be one of the solutions for the community amid difficult funding (Arinta et al., 2020). Fulfilling access to capital for MSE actors in rural and remote areas is a form of creating financial inclusion.

Financial inclusion itself is the government's effort to equalize the use of low-interest capital to maximize the function of SMEs. The main objective and target of establishing the MWB and financial inclusion are the community in the pesantren area who do not have access to commercial, financial facilities due to the limitations both in information and prudence commercial banks in providing credit can enjoy financing easily. Financial inclusion is also defined as a person's ability to access various financial service products that are affordable and according to needs (Sari, 2020).

The manifestation of efforts to increase financial inclusion is by establishing MWB in pesantren in Indonesia. The government has determined with certainty the target of financial inclusion, namely the community around the pesantren who have a business and the ability and willingness to develop their business. This potential is sufficient to implement inclusion for the poor, marginalized, living in remote areas with minimal information about formal institutions or banking institutions, and living in poverty.

Overcoming poverty and inequality through financial inclusion is manifested in the Shariah-Islamic MFI business model (Finance, 2017). MWB is believed to increase financial inclusion, especially for low-income communities and SME actors. This form can be seen from the small capital provision, namely IDR1 million to IDR3 million, without interest, an administrative fee of 3% per year, and assistance provided by BWM to assist business actors in solving problems or obstacles faced in developing the business.

These are the financial inclusion models carried out by rural-based microfinance institutions (Irmawati et al., 2013). Research shows that MWB strengthens capital and empowers the community through micro and small businesses. Financing provided by MWB is proven to increase actors' ability through business development by increasing customer profits. This mechanism directly affects micro and small business actors (Ramadhan & Sukmana, 2019). The existence of the MWB is also effective in empowering the community so that it has a positive impact on poverty alleviation (Safitri & Sukmana, 1967). The provision of financing in line with business assistance for SMEs actors significantly contributes to increasing customer capital.

It should be noted that the MWB does not take deposits from the public because it focuses on community empowerment through financing accompanied by business assistance. With the increasing number of customers and MWB from year to year, the potential for continued development can still be implemented and supported by a high number of Islamic boarding schools. It is evidence that Micro Waqf Banks have been able to carry out financial inclusion as the initial goal of establishing microfinance institutions.

It is concluded that the existence of the Micro Waqf Bank is one of the institutions that influence the realization of financial inclusion for the community, especially micro and small business actors in the pesantren area, with the facilities provided and the business assistance carried out, making this institution a source of strength for social new finance as a micro-business actor in the pesantren area.

5. CONCLUSION

Micro Waqf Bank is one of the Islamic microfinance institutions that provide financing and assistance. It is established in pesantren supported by OJK and the Government. This Micro Waqf Bank offers new hope for the community to feel the benefits

of installing a sharia microfinance institution. As stated by the Financial Services Authority, the profit-sharing margin system is 3%, financing is carried out without collateral, without interest, conducting training and business assistance, increasing financial literacy and inclusion, reducing inequality and poverty. So that the productive poor who own micro-enterprises can enjoy loans and small instalment payments. Not only that, the operational system of the Micro Waqf Bank that makes it easier for micro-business actors is increasingly providing optimism for the development of this Islamic microfinance institution.

With the increasing number of customers and Islamic Micro Waqf Banks in recent years, which have almost spread throughout the region, it is proof that it has been able to carry out the function of financial inclusion as the original purpose of establishing this microfinance institution. Furthermore, the existence of the Micro Waqf Bank in the boarding school area, which is the economic center of the community in the area, becomes another reinforcement for Islamic boarding schools to carry out activities that are not only used as places to transfer religious knowledge but also have another potential, namely helping economic growth of the community around pesantren. Furthermore, it has been proven that the existence of the Micro Waqf Bank has a positive influence on micro and small business actors in increasing their income. A Micro Waqf Bank is very much needed for MSEs actors who have limited access to financing from formal institutions to quickly get capital assistance to develop their business, which creates financial inclusion. This effort follows the government's program to increase public financial inclusion to create a prosperous society.

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QUADRILEMMA POLICY AND INFLATION RATE IN INDONESIA

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Abstract

The Quadrilemma policy is a development of the Trilemma policy which cannot overcome financial imbalances after the collapse of the Bretton-Woods system. This Quadrilemma policy contains four objectives that will be determined by the central bank, namely exchange rate stability, financial openness, monetary independence, and financial stability. In this policy, the central bank can only choose three among four objectives to be determined. This study aims to explain how the selection of policies in quadrilemma to maintain inflation in Indonesia. The method's used is quantitative analysis method which using DOLS. The results show how three policies in quadrilemma affects the inflation rate.

Keywords:

Quadrilemma Policy, DOLS, Inflation Rate, Central Bank, Indonesia

JEL Classification: C10, E04, E44

1. BACKGROUND

The economic crises that hit the world in 1997, 2008, and 2011 caused global instability. The Asian financial crisis in 1997 caused the currencies of several countries in Asia to experience devaluation (Shabbir, 2016). The global economic crisis in 2008 that began with the bursting of the housing credit bubble in the United States had a wide impact on the economies of other countries. The United States, Japan, and European countries experienced negative output growth. In contrast, Asian countries, Emerging Countries, and several other developing countries experienced a decline in economic growth compared to 2007 and 2008 (Aizenman et al., 2010; Raj and Roy, 2013). In 2011, Europe experienced a debt crisis stemming from the debt crisis in Greece. This situation then spread widely to other European countries, such as Italy, Spain, Portugal, and several other countries (Akala, 2017; Ito and Kawai, 2012).

Reflecting on the economic crisis, a policy developed by Mundell-Fleming emerged, the policy known as "Trilemma" or "Impossible Trinity," which was widely applied during the Bretton Woods period (1944-1976). Where a country with a small open economy can only choose two of three goals: monetary independence, exchange rate stability, and financial openness, these three objectives cannot be implemented simultaneously (Schoenmaker, 2011). Each goal is not independent but interrelated, but conflicts of policy priorities are inevitable in implementing them. The trilemma policy is implemented to achieve several macroeconomic objectives (Aizenman et al., 2010). The macroeconomic objectives include reducing inflation volatility, increasing economic growth, and expanding employment opportunities (Hsing, 2013).

The collapse of the Bretton Woods system, the 1982 debt crisis, and the 1997-1998 Asian crisis caused structural changes in the configuration of the trilemma index, the 2008 global financial crisis caused developing countries, emerging countries, and developed countries to see other variations of the trilemma policy to create macroeconomic stability (Garg, 2015). From the crisis, it is known that the shortcoming of the trilemma is the absence of monetary policy instruments. Financial instability relates to private capital flows, which were not allowed during the Bretton Woods regime. Therefore, financial stability is achieved by

several policy instruments, including countermeasures and the use of international reserves, issued by the central bank (Aizenman, 2018). Financial stability is added to the three goals of the trilemma so that it becomes a quadrilemma, where a country can choose three of four goals: exchange rate stability, monetary independence, financial integration, and financial stability (Aizenman, 2017). With the existence of this quadrilemma policy, the selection of policy objectives that cannot choose the three policy objectives in the trilemma can finally select the three policy objectives in the possible combination of the choice of policy objectives in the quadrilemma.

Quadrilemma policies have been implemented in various countries to address macroeconomic problems, one of which is inflation. This policy began to be implemented after the collapse of the Bretton-Woods system, especially with the financial globalization that occurred various economic crises caused by the decline in the monetary regime, especially those that had a domino effect on the financial sector from one country to another. Shocks/shocks that occur in the financial industry, especially in capital outflows, cause financial instability. This condition can be overcome by one of the variables in the quadrilemma, namely IR (Financial Stability), which can be a buffer in the financial sector (Mansour, 2014; Aizenman, 2017). The existence of external and internal shocks required Bank Indonesia to change its exchange rate system. Changes in the exchange rate system can minimize quadrilemma pressure because the exchange rate system is no longer controlled. During the period of the fixed exchange rate system, sizeable foreign exchange reserves are required to intervene. Then it was changed to a floating exchange rate system suitable for application in emerging countries combined with the Inflation Targeting Framework (ITF).

The implementation of the ITF is aimed at maintaining the inflation rate so that the actual inflation rate does not exceed the inflation target so that the inflation rate is maintained. Explicitly, the determination of inflation targeting as a monetary policy instrument to maintain and achieve inflation rates began in the second quarter of 2005. In implementing the ITF, monetary independence is one of the requirements in the implementation of the ITF. In contrast, the other requirement is to avoid nominal targets other than inflation, for example, the target value: exchange rate and the money supply. The application of the floating exchange rate is by the inflation targeting policy (Warjiyo and Juhro, 2016). This is to limit the vulnerability of the domestic economy from exchange rate fluctuations and increase monetary independence from threats from external factors. In Indonesia, the monetary policy instrument used to achieve the inflation target is the short-term interest rate. The primary condition of using short-term interest rates to control inflation is a predictable relationship between interest rates and inflation.

Research on the quadrilemma of the inflation rate is still very rarely done. No study examines the determination of quadrilemma policy from time to time and its effect on inflation. So far, the research conducted is still related to the trilemma and its impact on macroeconomic variables.

For example, the study conducted by Cortuk and Singh (2011) examines the trilemma, international reserves, inflation, and GDP using the OLS and TSLS methods. While Akcelik et al. (2012) examined the trilemma, foreign reserves and GDP were calculated using the OLS, RESET, and VAR methods. Therefore, research on the Quadrilemma on the inflation rate can assist Bank Indonesia in choosing the best combination that can be applied to control and achieve the inflation rate. Changes in the variety of policies will encourage changes in economic conditions. This study aims to determine the effect and the appropriate combination pattern to be applied in maintaining the inflation rate in Indonesia in the long term. To answer this goal, the DOLS (Dynamic Ordinary Least Square) method is used.

2. LITERATURE REVIEW

In a narrow sense, inflation is defined as a continuous increase in the price of goods over a particular time (Bank Indonesia, 2018). In addition, inflation is a condition in the economy where the prices of goods, services, and factors of production generally increase. Another definition states that inflation is a condition where there is an imbalance (disequilibrium) between aggregate demand and aggregate supply, meaning that aggregate demand is more significant than aggregate supply ($AD > AS$). Inflation is divided into four types, namely mild inflation, where the inflation rate in an economy is less than 10% per year. Moderate inflation, namely inflation rates ranging from 10%-30% per year, then heavy inflation where the inflation rate is in the range of 30%-100%, and hyperinflation is a condition where the inflation rate exceeds 100%. In an economy, the inflation rate is often calculated using a price index, either the Consumer Price Index (CPI) or the Producer Price Index (PPI). The CPI measures the price level of goods based on the consumption costs of the household sector in a certain period, while the IHP measures the level of change in the price of goods at the producer level in a certain period. The indicator that is often used in calculating inflation is the CPI (Consumer Price Index).

The Quantity of Money Theory (Irving Fisher) analyses the causes of inflation, especially in developing countries. According to this theory, the reason for inflation is that there are two factors, namely the increase in the volume of money circulating (currency

and demand deposits) in the community and the expectations or expectations of the public regarding price increases. In his inflation theory, Keynes disagreed with Irving Fisher's quantity theory of money. Keynes argued that as the money supply increases, the output increases (employment opportunities and growth increase), so prices will not increase. Keynes also disagreed with the elasticity and velocity of money because both things are influenced by people's expectations which are difficult to predict. Keynes argues that inflation is not only caused by the money supply but can also be caused by production costs. If production costs increase while the money supply remains constant, inflation will still occur.

The Quadrilemma Policy is a development of Mundell's Trilemma (Classical Trilemma Condition). The trilemma is a crucial implication of the Mundell-Fleming macroeconomic framework. Trilemma states that the central hypothesis in international finance, namely the impossible trinity (Aizenman, 2011). Trilemma says three interrelated policy objectives, including monetary independence, exchange rate stability, and financial openness (Aizenman, 2017). Of the three objectives, the central bank cannot implement all the objectives of the trilemma. The central bank experiences a trade-off where it can only choose two of the three trilemma policies (Schoenmaker, 2011).

Along with the globalization of the economy, the trilemma policy is insufficient to deal with the increasing volatility of the exchange rate, which has caused domestic financial instability. Therefore, the quadrilemma policy was introduced, in which there is one additional policy objective in Mundell's Trilemma, namely Financial Stability (Aizenman, 2017). With this addition, the three objectives of the trilemma, which were initially impossible to implement simultaneously, can finally be implemented together as one of the policy options of the quadrilemma policy. In the quadrilemma policy, the central bank can set three of four policy objectives. The quadrilemma policy is illustrated in the following figure.

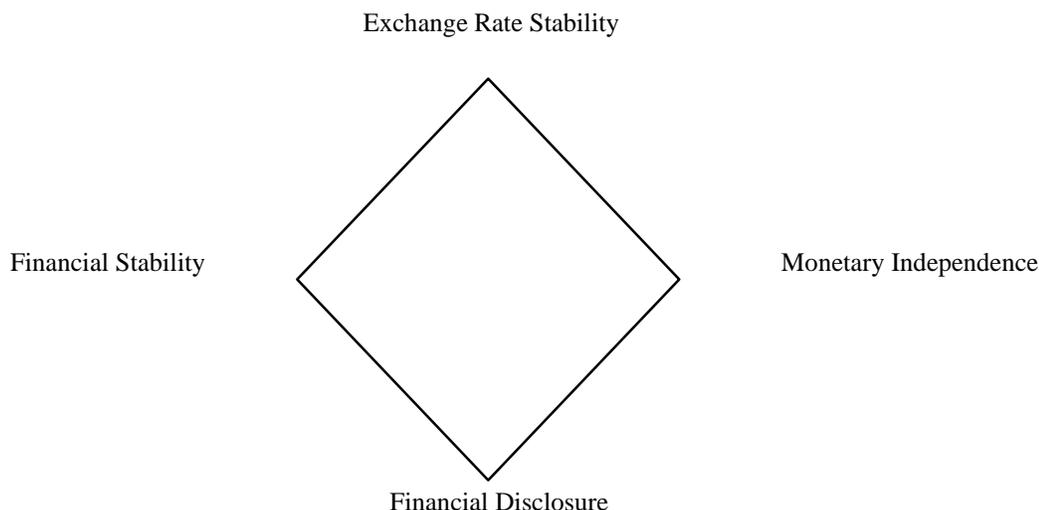


Figure 1. Quadrilemma Policy Configuration

(Source: Mansour, 2014)

In the first case, the central bank implemented the policy objectives of exchange rate stability, monetary independence, and financial openness. In this case, the central bank encourages the central bank to obtain a higher degree of monetary autonomy without being affected by interest rates from abroad. Its monetary policy focuses on inflation and exchange rate stability because the central bank sets high exchange rate stability. The objective of financial stability is removed because foreign exchange reserves are used for exchange rate stability. The state has the opportunity to expand its economic openness. In the second case, the central bank chooses monetary independence, financial transparency, and financial stability. In this case, the central bank abandoned the policy objective of exchange rate stability so that the exchange rate system applied became a free-floating exchange rate system. Thus, there is no need for foreign exchange reserves to stabilize the exchange rate. Its monetary policy focuses on controlling inflation so that the country's economy can be more open and capital flows are more prominent.

In the third case, the central bank implemented a policy strategy of financial openness, financial stability, and exchange rate stability. In this case, monetary policy is not independent. The exchange rate system used is a controlled floating exchange rate

system, this is because the central bank also establishes a financial stability policy strategy where foreign exchange reserves cannot be issued only for exchange rate stability, so a controlled floating exchange rate system is chosen, which requires small foreign exchange reserves to stabilize it. . Economic openness also occurs, the state can encourage or limit export and import activities in this case. In the fourth case, the central bank chooses monetary independence, exchange rate stability, and financial stability. The central bank relinquished the aim of its financial disclosure policy. Monetary policy, in this case, will operate similarly to a closed economy, where the main focus is on exchange rate stability and inflation. The exchange rate system applied is controlled floating. Its foreign exchange reserves are not only for exchange rate stability but also for the state. Based on the four cases above, a country needs to know the proportion of its policy objectives. This concept also helps policymakers choose the combination of policies to be taken because later changes in the variety of approaches will also change the country's economic conditions.

Monetary policy is defined as a policy carried out by the central bank using the money supply and interest rate instruments to influence variables in the economy. The objective of monetary policy is to create macroeconomic stability reflected in price stability, improved per capita income, and widely available job opportunities (Mishkin, 2010). Monetary policy is an attempt by the government to control inflation. The application of monetary policy in a country is carried out using policy instruments: the interest rate. There are several targets in achieving the ultimate goal of monetary policy, including Monetary Targeting, Exchange Rate Targeting, Implicit but not explicit anchors.

The exchange rate can be interpreted as the price of a currency (Mankiw, 2016). The exchange rate arises from trade in goods or services that occurs between the two countries, giving rise to a comparison of the values between the two currencies of the trading countries.

The exchange rate will fluctuate from time to time, be it appreciation or depreciation. Exchange rates are divided into nominal exchange rates (Nominal Exchange Rate) and actual exchange rates (Real Exchange Rate). In the current era of economic openness, the role of the exchange rate is vital in maintaining the stability of the exchange rate by establishing the use of the exchange rate system. Several exchange rate systems include: Fixed Exchange Rate, Manage Floating Exchange Rate, Free Floating Exchange Rate.

3. METHODS

The type of research to be carried out is included in quantitative analysis. The data in this study is secondary data in the form of time series in the form of annual data starting in 1987 - 2018 with the object of research in Indonesia. The independent variables used are Exchange Rate Stability as proxied by the exchange rate, Monetary Independence as proxied by interest rates, Financial Openness as proxied by Foreign Direct Investment, Financial Stability as proxied by international reserves, and Inflation as proxied by the Consumer Price Index. Sources of data taken are data sourced from government and non-government agencies that have been published, such as the World Bank, International Monetary Fund, and Bank Indonesia. The method used in this study is Dynamic Ordinary Least Square (DOLS). This study aims to determine the long-term relationship between quadrilemma policy and inflation due to cointegration between variables. The model used in this study was developed from the research of Ihnatov et al. (2014), namely:

$$Y_t = c + \beta_1 ERSt + \beta_2 MI_t + \beta_3 KAOPEN_t + \beta_4 IR_t + \epsilon_t$$

It is inflation, ERS is exchange rate stability index, MI is monetary policy independence index, KAOPEN is financial openness index, IR is financial stability index, C is intercepted, is coefficient, and t is the error term. Because this study using the DOLS method, the econometric research model is:

$$Inf_t = f(ERS, MI, KAOPEN, IR)$$

Loganathan and Subramaniam (2010) explain that selecting the maximum and optimum lag in the DOLS model is the selection of the lowest AIC and SC, which are almost the same in the section of the leading and optimum lag in the model. Before the DOLS analysis, the classical assumption test was first performed, which aims to determine whether the model used is correct or not. This test is portrayed as a requirement in the OLS analysis. Classical assumption tests used include Heteroscedasticity Test, Normality Test, Autocorrelation Test, Linearity Test.

4. FINDING AND DISCUSSION

A classical assumption test is used to determine whether the model used is correct or not, with the assumption of BLUE (Best Linear Unbiased Estimator). This test is used as a requirement in analysing Ordinary Least Squares (Gujarati, 2008).

Table 1. Classical Assumption Test Results

Diagnostic Test	Test	Count Output	Probability
Autocorrelation	Durbin-Watson	5.334493	2.625552
Heteroscedasticity	White (No Cross Item)	25.79130	0.3638
Normality	Jarque-Bera	1.155046	0.561287
Linearity	Ramsey-Reset	20.94431	0.1370

The results of the Autocorrelation test show the DW value of 2.625552, so the value of $dl (1.1092) < (1.625552) > du (1.8187)$, which can be concluded that in the regression analysis, there is no Autocorrelation. Heteroscedasticity test results yield a value of 0.3638, more significant than (5%), so it can be concluded that there is no Heteroscedasticity. The normality test shows a value of 0.561287, more excellent than (5%), so the data is usually distributed. The Linearity test resulted in a matter of 0.1370, which is higher than (5%), indicating that the relationship between the independent and dependent variables is linear.

Table 2. Optimum Lag Test Results

Lag	AIC	SC	HQ
1	6.311441	6.727759	6.447150
2	5.891016	6.498202	6.085260
3	5.954443	6.755961	6.205468
4	5.769479	6.768632	6.074930
5	5.567950	6.767799	5.924728

Based on the optimum lag test results in the table, it is known that the optimum lag is in the 5th lag. This conclusion is obtained based on the AIC value of the 5th lag (5.567950) and the SC value of the 5th lag (6.767799), which is the smallest value among the five lags. Therefore, in estimating the DOLS equation model, we use lag 5, which is the optimum and maximum lag.

Table 3. DOLS. Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Probability
ERS	34.82923	9.438801	3.690006	0.0662
IR	-24.51484	42.67188	-4.308292	0.0337
KAOPEN	-16.75923	5.831547	-2.873890	0.1028
MI	-8.817918	11.01578	-0.800481	0.5074
ERS(-1)	-35.00590	11.79236	-2.968523	0.0972
IR(-1)	27.07416	61.44150	3.695778	0.0660

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KAOPEN(-1)	23.78627	5.552835	4.283627	0.0504
MI(-1)	43.35159	21.14396	2.050306	0.1768
ERS(-2)	51.01292	11.11719	4.588651	0.0444
IR(-2)	38.15339	45.49675	0.838596	0.4900
KAOPEN(-2)	-1.556446	4.339855	-0.358640	0.7542
MI(-2)	-31.73185	16.23414	-1.954637	0.1898
ERS(-3)	37.22512	8.935825	4.165829	0.0531
IR(-3)	-17.39904	56.82768	-0.306172	0.7884
KAOPEN(-3)	-3.211324	5.494094	-0.584505	0.6180
MI(-3)	-27.14996	20.18293	-1.345194	0.3108
ERS(-4)	-28.84656	7.895891	-3.653363	0.0674
IR(-4)	-28.58198	35.93958	-0.908257	0.1966
KAOPEN(-4)	-0.617301	3.022868	-0.204211	0.8571
MI(-4)	4.852477	8.748087	0.554690	0.6349
ERS(-5)	-14.04488	7.451020	-1.884961	0.2001
IR(-5)	-28.25638	37.31375	-0.829255	0.2089
KAOPEN(-5)	-7.244247	2.112266	-3.429609	0.0755
MI(-5)	-21.89666	15.60118	-1.403526	0.2956
C	-25.18968	30.95894	-0.813648	0.5013
R-Squared		0.977095		

Based on table 3, the R-Squared value of 0.977095 shows that the effect of quadrilemma policy on the inflation rate is 97%. This figure indicates a dynamic change in quadrilemma policy, so it cannot be ascertained how the conditions of quadrilemma policy will be in the future. The coefficient values of the variables IR, KAOPEN, and MI show negative numbers, which indicate that these three variables have a positive effect on decreasing the inflation rate in Indonesia. Meanwhile, the positive value of the ERS variable suggests that the variable has a positive impact on the increase in the inflation rate in Indonesia. Implementation of the Quadrilemma Policy on the Inflation Rate in Indonesia. The results in table 3 are by the Mundell-Fleming model, which states that monetary policy is ineffective in an exchange rate regime that is managed when capital moves. Bank Indonesia prefers to release its responsibility for exchange rate stability in the foreign exchange market by changing the exchange rate regime from managed floating to free-floating (Tambunan, 2010; Bawono et al., 2019). Financial globalization and financial openness have made the managed floating governance no longer effective. Economic vulnerability is characterized by increased capital inflows and outflows, prompting the central bank to reduce its control over exchange rate stability. In the interest rate parity theory, states that adopt a free-floating system will obtain complete monetary independence. The increase in monetary autonomy means that the central bank's determination of domestic interest rates is not affected by global interest rates. The increase in monetary independence impacts the decrease in the contribution of the variable exchange rate stability. This result is in line with the findings of Frankel et al. (2004) and Obstfeld et al. (2003).

Monetary independence has an impact in line with the adopted financial openness so that capital flows can be controlled by setting interest rates. Bank Indonesia uses monetary independence to handle several economic situations in Indonesia in the face

of openness, one of which is managing interest rates and controlling inflation. This finding aligns with Shambaugh (2004), which states that monetary independence cannot be obtained in total even though it has implemented a free-floating regime. Monetary freedom can serve as a buffer for countries that are still vulnerable to financial openness shocks. The existence of economic openness encourages the central bank to mitigate the risk of financial instability. The increase in foreign exchange reserves becomes a buffer when the central bank sets high financial exposure and implements a free-floating regime.

Analyst's results show that monetary independence has a positive effect on reducing inflation. This result also shows that monetary independence from Bank Indonesia is considerable. High monetary independence (the determination of domestic interest rates by Bank Indonesia is not affected by global interest rates) is required to implement the ITF, established in 2001. The implementation of the ITF is the central bank's monetary policy in controlling and achieving the predetermined inflation rate. The implementation of the ITF encourages Bank Indonesia to focus on stable and low inflation in the long term. This condition is by the theory of monetary policy with an inflation target, where inflation is the medium target and price stability is the long-term target, with the ITF as the monetary policy strategy.

In line with monetary independence, financial openness also has a positive effect on reducing inflation. High economic openness can be seen from the high inflow of capital in the Indonesian financial and capital markets (net inflow to date of US\$ 4.1 billion and net outflow of US\$ 5.7 billion), high financial openness is also supported in the absence of barriers for investors to invest and withdraw their capital in Indonesia, high financial vulnerability can increase GDP and reduce the volatility of inflation that occurs. Financial stability has a positive effect on reducing inflation, sizeable foreign exchange reserves (above the international adequacy standard to finance 3 months of imports) become a buffer when financial instability occurs as a result of financial openness and the application of a free-floating regime on exchange rates which can cause an increase in inflation as well as volatility. Inflation.

The variable exchange rate stability has a positive value, which means that the strength of the exchange rate has a positive effect on the increase in inflation. This is because Bank Indonesia prefers to abandon exchange rate stability by changing its regime to free-floating. With this regime, if the exchange rate is determined by supply and demand in the forex market, it will directly impact the domestic inflation rate if the exchange rate depreciates. This condition is by the interest rate parity theory, which states that a country that adheres to a free-floating system will obtain complete monetary independence. In addition, in the theory of exchange rates, an imbalance in this regime will increase the inflation rate when using a free-floating regime determined by supply and demand in the forex market. This regime change is also due to the financial openness adopted, if you continue to use the managed floating regime, it will not be effective and require sizeable foreign exchange reserves, where the ratio position is above the international adequacy standard to finance three months of imports, where currently Indonesia's foreign exchange reserves are equal to US\$ 121 billion, according to Bank Indonesia, Indonesia's foreign exchange reserves are sufficient to finance 7.2 months of imports, payment of the foreign debt, and to stabilize the Rupiah exchange rate. However, in reality, de facto Bank Indonesia is still trying to manage exchange rate stability. A de facto measure can be observed based on nominal exchange rate behavior and several other indicators. On this basis, Bank Indonesia has implemented inconsistent policies. This means that although Bank Indonesia has changed its exchange rate regime to free-floating, Bank Indonesia is still trying to intervene to maintain exchange rate stability. According to Calvo and Carmen (2002), this condition is referred to as fear of floating, which is a condition in which a country implements a free-floating exchange rate regime. However, in practice, it still intervenes in the forex market to stabilize its exchange rate. According to Warjiyo and Juhro (2016), fear of floating in Indonesia can be characterized by several conditions. First, the low volatility indicates that Bank Indonesia deliberately implements specific policies to stabilize the exchange rate. Second, the more significant value of foreign exchange reserves. Third, there is no correlation between commodity prices and exchange rates. This condition indicates that the exchange rate is intentionally not allowed to adjust to shocks from the terms of trade.

5. CONCLUSION

The conclusion obtained is that the quadrilemma policy has a significant effect on the inflation rate. This indicates that there is a dynamic change in the quadrilemma policy. It cannot be ascertained how the condition of the quadrilemma policy will be in the future. In addition, three of the four policies, namely financial stability, financial openness, and monetary independence, negatively correlate with the inflation rate in Indonesia. This means that every change in the three objectives will reduce the inflation rate. This can be shown in the coefficient values of the three variables, which are harmful. Theoretically, this result is by the concept of quadrilemma.

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THE INFLUENCE OF PRICE AND INCOME ON PURCHASE DECISIONS AMONG FAST-FOOD CONSUMERS: THE MEDIATING EFFECT OF LIFESTYLE

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Abstract

Individual, social, economic, and psychological factors contribute to purchase decisions among consumers. This study examined the effects of price perception, income, and lifestyle on purchase decisions and specifically analysed the degree to which lifestyle mediates the effect of income on purchase decisions. A total of 200 respondents: 100 of KFC and 100 of McDonald's consumers participated in this study. They were to fill out a questionnaire containing some demographic information and Likert scale items. Descriptive and hierarchical regression analyses were performed to examine the effects of predictors on purchase decisions. Results show that married consumers have higher purchase decisions than non-married consumers. Then, price perception, income, and lifestyles directly and significantly affect purchase decisions. However, lifestyle completely mediated the effect of income on purchase decisions. This study contributes to predictors of purchase decisions by providing empirical evidence using a mediation mechanism.

Keywords:

Income, Lifestyle, Price, Purchase Decisions

1. INTRODUCTION

Food is one of the basic needs related to efforts to survive and must be met by humans. It is one of the reasons why many culinary businesses have sprung up. One of the culinary businesses that many people favour is a fast-food restaurant which usually sells one of the staple foods of the Indonesian people in the form of rice and side dishes as well as other complementary foods. The menus offered by fast-food restaurants are considered prestigious foods that can be served anytime in a short time while maintaining hygiene and can reduce the time consumers have in completing their orders.

Fast food restaurants included in the top five best fast-food restaurants in the world in the 2018-2020 Top Brand Index include Kentucky Fried Chicken (KFC) and McDonald's. Quoted from CNBC Indonesia, it shows that KFC suffered a net loss of IDR61.47 billion in the first quarter of 2021 (Sandria, 2021). In contrast, McDonald's can reach a profit of IDR32.1 trillion in the first quarter of 2021 (Sorongan, 2021). This profit results from the company's strategy to attract consumers' attention by launching a new menu collaborating with public figures and artists. The increasingly fierce competition has led to various alternative products so that consumers have a changing attitude towards their choices.

1.1 AIM OF THE STUDY

Four main factors are most often associated with purchasing decisions for both food and non-food products: cultural (e.g., eating habits), personal (e.g., economy and lifestyle), social (e.g., family status), and psychological factors (e.g., perception) (Rizal, 2020, pp. 80–85). Several studies have shown the positive effects of price (Sari & Yuniati, 2016b), Income (Fautngiljanan et al., 2014), and lifestyles (Fahimah et al., 2020) on purchase decisions. Yet, how these factors interact to affect purchase decisions is under researched. Therefore, this study examines a model of food purchasing decisions at fast-food restaurants in Indonesia by

offering the mediation effect of lifestyles. The results are expected to provide strong field evidence regarding the factors influencing people to buy fast food.

2. CONCEPTUAL MODEL OF FAST-FOOD PURCHASE DECISION

2.1 PURCHASE DECISION

Kotler et al. (2018, p. 177) state that purchasing decisions are steps taken by consumers in buying products with the most desired brand through the attitudes of others and unexpected conditions as factors that can arise between purchasing interest and purchasing decisions. Firmansyah (2018, p. 27) suggests that purchasing decisions mean selecting the most appropriate alternative regarding purchasing activities through the stages of the decision-making method. Kotler and Keller (2016, p. 161) propose that several aspects can be used in measuring purchasing decisions, namely: product determination, brand determination, purchase place determination, purchase timing, purchase quantity, and payment methods.

Four factors are commonly associated with purchase decisions (Rizal, 2020, pp. 80–85; Saleh & Said, 2019, pp. 33–38), namely: (1) Cultural factors include main and sub-culture; (2) social factors include reference groups, family, roles, and status; (3) personal factors include age and life cycle processes, profession, economic conditions, personal lifestyle and self-concept; and (4) psychological factors include motivation, perception, consumer knowledge, beliefs, and attitudes. Figure 1 depicts a fast-food purchase decision model, where lifestyle is a mediator.

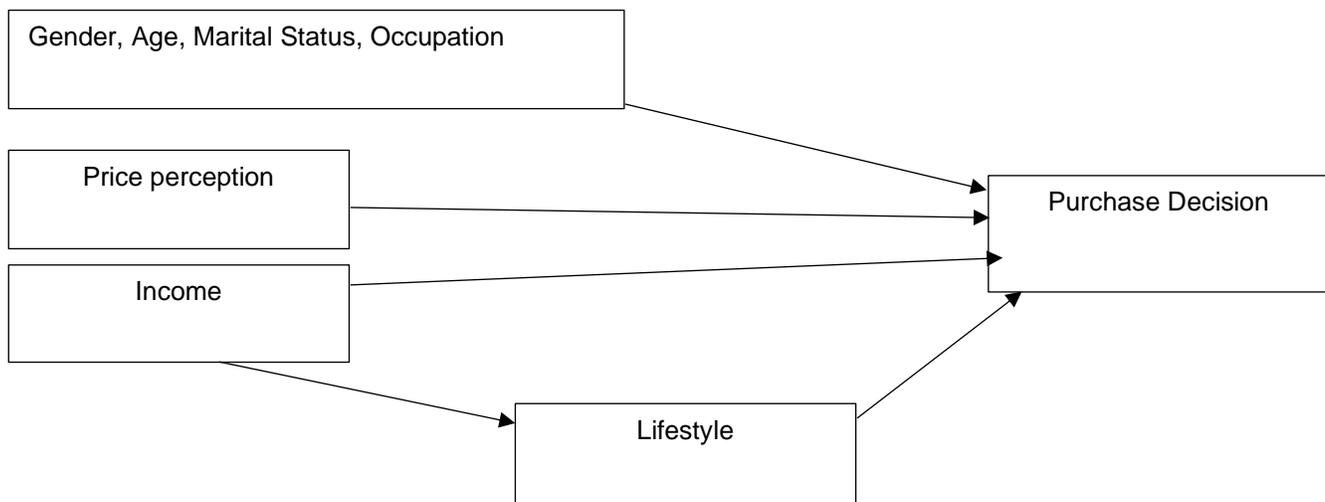


Figure 1. Mediating effect of lifestyle on the association of Income and purchase decision

2.2 PRICE AND PURCHASE DECISION

Many people who experience a decrease in income, especially during the COVID-19 pandemic, will limit spending to get the expected products. Consumers will choose the desired product price according to their ability. The right price will encourage consumer buying interest in selecting a particular product. If the selling price accords to the products offered, consumers will consider this when buying a company. Price is the amount of money paid and can be exchanged for a combined quantity of products and services (Supriatna et al., 2019, p. 55). Supriadi (2018, p. 26) argues that price determines a calculation of money or products and product prices so that sellers can offer products at acceptable prices to consumers.

Price plays a vital role in purchasing activities, and consumers will consider it before making a purchase decision. The price offered describes the quality of a product or service. According to Kotler and Armstrong (2018, p. 308), one considers the price before buying its affordability, consistency with product quality, competitiveness, and suitability for benefits.

Previous research has consistently found that price has a significant effect on one’s purchasing decisions on almost all types of goods and services, daily necessities (Akbar & Haryoko, 2020), property (Daud, 2018; Wariki et al., 2015), motor vehicles (Supriyanto et al., 2021), cosmetic products (Habibah & Sumiati, 2016), food such as Pizzas (Sari & Yuniati, 2016b), healthy food (Suharso, 2020), and sewing products (Hasmianti et al., 2021). In general, competitive prices affect the decision to buy an item. Therefore, in this research, the hypothesis is formulated that:

H1: Price has a significant direct effect on purchasing decision

2.3 INCOME AND PURCHASE DECISION

Income is the reward received by each individual in return for what has been given. Yadewani, Syafrani, and Ikhsan (2020, pp. 75–76) state that income is the total earning by each individual in a certain period in return for what has been given. Meanwhile, Hantono and Rahmi (2018, p. 17) argue that income is a reward offered by the company for the services received. Generally, Indonesian people’s income is categorized into four groups, namely higher income, if the income earned is more than IDR10 million per month; upper-middle Income, if the income is between IDR5 to IDR10 million per month; lower middle Income from IDR3 to IDR5 million; and lower-Income, if the income is less than IDR 3 million per month (Deloitte, 2015, p. 5).

One of the main factors that influence purchasing decisions is income. Statistical data shows that 41.91% have experienced a decrease in income, especially during the covid-19 pandemic (Putranto et al., 2020, p. 14). The decline in earnings significantly affects consumer purchasing decisions, which will change the demand for a product. The level of individual income can indicate the product’s size they will consume.

Research on the consequence of income has been carried out, which shows that consumers with higher income would make purchasing decisions more often than those with lower income earners (Fautngiljanan et al., 2014; Hartini & Inggriani, 2020; Muzdalifah & Syafi’i, 2020; Waidah, 2019). Similarly, studies found that income substantially determines the goods consumers can afford (Chrisanty et al., 2018; Piyapromdee & Spittal, 2020). The hypothesis to be proposed is:

H2: Income has a direct effect on purchasing decisions

2.4 LIFESTYLE AND PURCHASE DECISION

Suyanto and Sutinah (2015, p. 246) state that lifestyle is an enthusiastic attitude towards self- habituation which aims to meet the needs and socialize with other people. Lifestyle is a person’s way of applying the contents of the individual concept through the character that has been owned since birth and develops with social interaction (Rossanty et al., 2018, p. 70). Meanwhile, Kriyantono (2014, p. 333) stated that lifestyle is a cycle of individuals using their money and time. Lifestyle has four dimensions, namely: (1) activities are activities to obtain information from consumers about the activities they do daily; (2) interest, namely the attitude of interest shown by consumers in professions, tourism, fashion, food, and the like; (3) opinions, namely thoughts that are more focused on the economy, business, education, culture, and products (Prayitno & Harjanto, 2021, p. 13). A person’s lifestyle is shown by how the person’s life is concerned, such as activities, interests, and income.

Lifestyle is one of the essential factors in purchasing considerations, including consumption activities. Considering increasingly modern developments, people tend to prefer instant things because they save time to get. Likewise, consumers who have an upper-middle lifestyle will have intelligent and reasonable thoughts because they will always consider whether or not well-known brands provide equal quality (Widjaja et al., 2016, pp. 4–5). Moreover, people who live in urban areas will have a more modern lifestyle, making it difficult to avoid fast food. Past research consistently reports that lifestyle affects purchase decisions on various goods, including food (Ardista & Wulandari, 2020; Fahimah et al., 2020; Lomboan et al., 2020; Mokoagouw, 2016; Sahir et al., 2016). These findings suggest that consumers’ urban and modern lifestyles would increase the likelihood of high purchase decisions. The proposed hypothesis is:

H3: Lifestyle has a direct effect on purchasing decisions

2.5 INCOME AND LIFESTYLE

Every consumer has a different Income, which leads them to have a divergent point of view on a product. These differences lead to the division of various lifestyles according to tastes and needs that must be completed. Busra et al. (2020) describe that if a person’s income increases, his expenses will also be higher, suggesting that individual income is very influential on their lifestyle. The higher the income received by a person, the higher the budget spent to meet his needs or desires. This condition is due to the ability they have enough to buy what they need and want.

The common findings show that low income is closely related to a person’s poor health and leads to a higher risk of disease and early death (Woolf et al., 2015). High and low income affects a person to choose a healthy and unhealthy lifestyle. For example, a lifestyle of maintaining physical health is more likely to be found for men with higher Income (Stelmach et al., 2004). Consumption patterns are also closely related to changes in a person’s Income (Auzina & Počs, 2010), which means that a person’s high income will cause him to consume food of higher value and according to his choice (desire). A person’s income

determines his behavior in following the teachings of his religion, for example, paying zakat (Indika et al., 2020), consuming halal goods, and living modestly. It proposed that:

H4: Income has a direct effect on lifestyle.

2.6 INCOME, LIFESTYLE, AND PURCHASING DECISIONS

A person's income is one of the powerful considerations for each individual in buying a product. Rationally, consumers will estimate their financial ability before making a purchase activity to balance expenses and income. Under certain circumstances, however, people buy something to fulfill their lifestyle regardless of whether their income is high. In other words, people's lifestyles will force them to carry out purchasing activities without or with little thought about their income. The hypotheses formulated is:

H5: Lifestyle mediates the effect of income on purchase decisions

3. RESEARCH METHODS

3.1 SAMPLES AND PROCEDURES

The population of this study is consumers of KFC and McDonald's located in one district in Indonesia, whose number is unknown. In this study, the sampling used is non-probability sampling which is the absence of opportunity for each component in the population, even the probability of the selected member is unknown (Anshori, 2020, p. 109). The researcher uses the accidental sampling technique, where this technique is used as a sample determination based on chance, which means that the researcher uses anyone met by chance and can be used as a sample if the target found is suitable as a source of data or the closest people chosen if the target is met, someone who is qualified to be a data source (Anshori, 2020, p. 113).

Sarwono (2011, p. 92) states that a good sample size for advanced analysis such as multiple linear regression analysis is between > 100 to 500 respondents. The sample taken by the researchers in this study amounted to 100 respondents who had bought KFC products and 100 respondents who had bought McDonald's products so that the total sample used in this study amounted to 200 respondents.

The data collection technique applied in this study was a questionnaire. Questionnaires are data collection techniques carried out by asking several statements or questions to be filled in by the respondents and then processed to obtain information (Herlina, 2019, pp. 1–2). The questionnaires were distributed to respondents who had purchased products from KFC and McDonald's restaurants.

3.2 VARIABLE MEASUREMENT

Respondents were asked to state their Gender (1 = Male, 2 = Female), Marital Status (1 = not married, 2 = Married), and give their age in years. For Occupation, they were asked to indicate the variety of employment provided, including student, entrepreneur, staff, and unemployed. For income, respondents were asked to indicate their average monthly earning (1 = Less than 3 million, 2 = 3 – 5 million, 3 = 5 – 10 million, and 4 = more than 10 million). Respondents were also asked to indicate the frequency with which they made purchases to KFC and McDonald's restaurants (1 = 1-2 times, 2 = 3-4 times, 3 = more than 4 times).

Price perception is measured by seven items, for example, “the price offered by KFC and McDonald's is affordable” and “the price of KFC and McDonald's products accords to the portion of food served.” Lifestyle was measured with five items, for example, “fast-food restaurants such as KFC/McDonald are places that I like it” and “I prefer to live a practical life by buying fast food that serves quite fast such as KFC and McDonald's.” While purchasing decisions are measured by seven items, for example, “before buying, I look for information about the products provided by KFC and McDonald's” and “with various considerations I always choose KFC and McDonald's.” The statement items in the questionnaire were developed for this study based on the literature. All of these scales use 5-point answers ranging from 1 = Strongly disagree to 5 = Strongly agree.

3.3 DATA ANALYSIS

Descriptive statistics, i.e., measures of central tendency, percentages, and correlations, were utilized to describe and examine inter-correlations among the variables under analysis. For answering hypotheses, hierarchical regression analyses were employed. All demographic variables (Gender, Age, Marital Status, and Occupation) were entered (Model 1) as control variables. Then, the

price was added in Model 2, Income in Model 3, and Lifestyle in Model 4. It was essential to investigate the standardized regression coefficients of the separate equations because they reveal the degree of change in the dependent variable with each unit change in the predictor variable (Cohen & Cohen, 1975; Louis Cohen et al., 2007). This process revealed the contributing variables to the outcome variables. The standardized beta weight of significant independent variables was used to explain the relative contribution to the dependent variables.

In addition, four conditions of mediation offered by Baron and Kenny (1986) were applied for examining the mediation of lifestyle on the relationship between Income and Purchase decisions. First, the independent variable should be associated with dependent variables; second, the independent variable should be correlated with the mediator; third, the mediator should affect the independent variables. Finally, when the mediator is entered into the regression analysis, the association between independent and dependent variables should disappear (complete mediation) or significantly diminish (partial mediation). The data analyses were performed using IBM SPSS Statistics v.25 for Windows.

4. RESULTS

4.1 DEMOGRAPHIC INFORMATION

Table 1 shows that the total number of respondents is 200 people (Men = 40.5%, Women = 59.5%), the majority was in the age between 18-29 years (74.5%), and their age between 30-41 years 42-53 years make up 20.5%, and about 5% were above 54 years. Most respondents are unmarried (64%), followed by married 34.5%. The majority of respondents are civil servants or private employees (49.5%), followed by entrepreneurs/entrepreneurs (27%), and students as much as 10.5%). The majority of respondents (57%) admitted buying products from KFC or McDonald’s more than four times. The majority of their income is less than 3 million per month (54%), followed by those who earn between 3 million and 5 million (32%). Those who earn between 5 million and 10 million make up 10%, and those over 10 million make up 3.5%.

Table 1. Characteristics of respondents (N = 200)

Variables	Items	Percentage
Gender	Men	40.5
	Women	59.5
Age	18-29 years	74.5
	30-41 years	10.5
	42-53 years	10.0
	54-65 years	4.5
	> 60 years	.5
Marital Status	Married	34.5
	Single	64.0
	Divorce	1.5
Occupation	Student	10.5
	Entrepreneur	27.0
	Workers	49.5
	Not working	4.5
	Others	8.5
Buying frequency	1-2 times	21.5
	3-4 times	21.0
	> 4 times	57.5
Income	< IDR3 mil.	54.0
	IDR3 to IDR5 mil.	32.5
	IDR5 to IDR10 mil.	10.0
	> IDR10 mil.	3.5

4.2 DESCRIPTIVE STATISTICS

Table 2 presents the summary of basic statistics and inter-correlation of variables. Comparison of their means confirmed that Marital Status is positively correlated with age, indicating that the older respondents tend to be married. Occupation is associated

with Age and Marital Status, meaning that older respondents tend to have a career and be married. Income is related to Gender, being women has a lower income than men, and age indicating that male respondents are older than female respondents. Price is associated with income, meaning that respondents with higher income see KFC and McDonald’s products’ prices as fair. Lifestyles are associated with Income and Price, suggesting that people who are urban and have a modern lifestyle tend to have higher Income and regard products’ prices as fair. Finally, Marital Status (married person has more often made purchase decision of KFC and McDonald’s products), income (higher income led to greater buying desire of KFC and McDonald’s products), price (people who more often decided to buy view the Price of KFC and McDonald’s products as not an issue), and lifestyle, suggesting that people with high Purchase Decision more often have modern lifestyle) are associated with Purchase decisions.

Table 2. Descriptive statistics

	N	M	SD	Gender	Age	Marital status	Employment	Income	Price	Lifestyle	Purchase decision
Gender	200	1.60	0.49	-							
Age	200	2.23	1.86	-0.08	-						
Marital Status	200	1.67	0.50	-0.14	-.65**	-					
Employment	200	2.74	1.00	0.02	.14*	-.14*	-				
Income	200	1.63	0.80	-.177*	.18*	-0.09	-0.09	-			
Price	200	3.49	0.53	-0.04	0.10	0.01	0.05	.33**	-		
Lifestyle	200	2.54	0.80	0.01	-0.07	0.07	0.01	.29**	.42**	-	
Purchase decision	200	3.21	0.41	0.01	-0.04	.14*	0.03	.17*	.25**	.49**	-
*. Correlation is significant at the 0.05 level (2-tailed).											
**. Correlation is significant at the 0.01 level (2-tailed).											

4.3 EFFECTS OF INCOME, PRICE, AND LIFESTYLE ON PURCHASE DECISION

The results of hierarchical analyses are reported in Table 3. Gender, Age, Marital Status, and Occupation explained 0.03% of the variation in Purchase Decisions (Model 1), and when the Price perception was added in Model 2, the percentage of variance explained increased relatively small (0.08%). In Model 3, income contributes to 0.2% of the variance in Purchase Decisions (0.10%). Then, when lifestyle was added (Model 4), the percentage of variance explained increased dramatically to 26%. As shown in Table 3, in Model 1, Marital Status was associated with Purchase decisions ($\beta = 0.18$, $p = 0.03$), indicating that married people tend to purchase for their needs from KFC and McDonald’s products more often than non-married individuals. Price perception also affects Purchase Decisions ($\beta = 0.24$, $p = 0.00$) in Model 2, indicating that people who perceive that the prices of KFC and McDonald’s products are fair tend to decide to buy their products. Therefore, H1 (Price directly affects Purchase Decisions) was accepted.

Table 3. Regression analyses of predictors on purchase decision

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	R	R ²	F	F.Sig
		B	Std. Error	Beta						
1	(Constant)	2.78	0.24		11.76	0.00	0.16	0.03	1.30	0.27
	Age	0.03	0.04	0.07	0.78	0.44				
	Gender	0.03	0.06	0.04	0.55	0.59				

Model	Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	Sig.	<i>R</i>	<i>R</i> ²	<i>F</i>	F.Sig	
	B	Std. Error	Beta							
	Occupation	0.02	0.03	0.05	0.69	0.49				
	Marital status	0.16	0.08	0.20	2.11	0.04				
2	(Constant)	2.17	0.29		7.55	0.00	0.29	0.08	3.59	0.00
	Age	0.02	0.04	0.05	0.52	0.60				
	Gender	0.04	0.06	0.05	0.66	0.51				
	Occupation	0.02	0.03	0.04	0.54	0.59				
	Marital status	0.15	0.07	0.18	1.96	0.05				
	Price perception	0.19	0.05	0.24	3.53	0.00				
3	(Constant)	2.11	0.29		7.34	0.00	0.32	0.10	3.54	0.00
	Age	0.02	0.04	0.04	0.46	0.65				
	Gender	0.06	0.06	0.07	0.97	0.33				
	Occupation	0.02	0.03	0.05	0.77	0.44				
	Marital status	0.16	0.07	0.19	2.13	0.04				
	Price perception	0.15	0.06	0.20	2.75	0.01				
	Income	0.07	0.04	0.13	1.77	0.08				
4	(Constant)	2.07	0.26		7.92	0.00	0.51	0.26	9.71	0.00
	Age	0.05	0.04	0.10	1.18	0.24				
	Gender	0.04	0.05	0.05	0.69	0.49				
	Occupation	0.02	0.03	0.04	0.65	0.52				
	Marital status	0.15	0.07	0.18	2.20	0.03				
	Price perception	0.03	0.06	0.03	0.48	0.63				
	Income	0.02	0.04	0.04	0.60	0.55				
	Lifestyle	0.23	0.04	0.46	6.50	0.00				
a. Dependent Variable: Purchase Decisions										

In Model 3, income not strongly influenced Purchase Decisions ($\beta = 0.13, p = 0.08$), indicating that people who have high income would decide to purchase a KFC and McDonald’s product more often than those with low income, also accepting H2 (Income directly affects purchase decisions). In Model 4, lifestyle was strongly and positively associated with Purchase decisions ($\beta = 0.46, p = 0.00$), suggesting that people with modern Lifestyles decide to purchase KFC and McDonald’s products more often than those with non-modern lifestyles. Thus, the proposition that lifestyle directly affects purchase decisions (H3) was accepted.

For testing mediation, we conducted separate regression tests to comply with the guidelines of Baron and Kenny (1986), that is, regressing Lifestyle on Income to examine the direct effect of Income on Lifestyle. The result shows that income positively and significantly affects lifestyle ($\beta = 0.29, p = 0.00$), indicating that people with high income tend to adopt modern Lifestyles. H4 (Income has a direct effect on lifestyle) was accepted. Table 3 shows that the positive impact of Income on Purchasing Decision ($\beta = 0.13, p = 0.08$) in Model 3 disappears in Model 4 ($\beta = 0.04, p = 0.55$) due to the lifestyle being entered in the model, suggesting that lifestyle entirely mediated the effect of Income on Purchase Decision. Thus, H5 (Lifestyle mediates the influence of income on purchasing decisions) was accepted. This finding suggests that people with high income would not necessarily purchase KFC and McDonald’s products unless they adopt modern lifestyles.

5. DISCUSSION

The primary purpose of this study is to test several hypotheses on the correlates of purchase decisions among consumers of fast-food restaurants such as KFC and McDonald’s. Some demographics were examined in terms of their effects on purchase decisions. More specifically, this study tests some predictors of purchase decisions, including Income, Price, and Lifestyles. A further analysis was intended to examine Lifestyles mediate the relationships of income and purchase decisions.

This study found that the perception of price determines the extent to which consumers decide to purchase from fast-food restaurants, i.e., KFC and McDonald’s. This finding follows a simple logical understanding that most consumers would consider the prices of the goods or services before deciding to buy them. Previous studies repeatedly affirm that consumers use price as

an essential consideration before purchasing a product to fulfill their basic or extended needs (see, e.g., Habibah & Sumiati, 2016; Hasmianti et al., 2021; Murwatiningsih & Apriliani, 2013; Sari & Yuniati, 2016; Suharso, 2020). It sounds rather odd to suggest that one does not consider price as a foundation of purchase decisions. Perhaps, the non-consideration may link to the fact that one is too wealthy to purchase anything wanted without considering the price. One might encounter the case happening in the real world despite being very rare. TV news occasionally shows how affluent people buy costly food, such as caviar, yet they seem not to care about the price. Another case might be related to the addicted persons to a product so that they did pay attention to the price when they were badly in need of immediate consumption, for example, cigarettes (Mandey, 2013).

This study also found that people who have high income tend to increase their purchase decisions. This finding confirms previous studies' results suggesting that Income influences the extent to which people decide to spend their money to purchase goods and services they need and want (see, e.g., Fautngiljanan et al., 2014; Hartini & Ingriani, 2020; Saleh & Said, 2019). Rationally, consumers will consider economic capabilities before entering into transactions to make income and expenditure balance. Income and purchasing capabilities have a harmonious relationship. When consumers earn a higher income, their purchase decisions will also increase. This finding suggests that the stagnancy of purchase decisions among those having high income would link to a specific need to fulfill, for example, for an expansive saving. For this individual, saving for the future is more important than merely buying consumable goods. The opposing view would be that such individuals may mean to themselves by leaving their consumption needs unfulfilled.

The study found that people with modern or urban lifestyles tend to have higher purchase decisions. People who live in contemporary lifestyles or urban neighbourhoods need more necessities than traditional living, such as education, health care, transportation, and other entertainment. This condition urges them to spend more money. Thus, it is logical to suggest that the modern lifestyle affects the purchase decision. Previous studies consistently found a significant effect of lifestyle on purchase decisions (see, e.g., Ardista & Wulandari, 2020; Laksono & Iskandar, 2018; Lomboan et al., 2020). It is almost inescapable to spend less by living modern lifestyles. The Indonesian Global Economy (2021) identified several characteristics of contemporary society, and all are connected with spending; for example, individualism would force individuals to fulfill their needs individually; social status would urge the individual to spend more to show their status; luxury lifestyles would drive the individuals to spend on luxury goods; advanced technology would force the individual to catch up with newer products, and the outfit fashion would lead the individual to have a pile of items of clothing. Leaving the necessity of modern life unmet would lead people outdated quickly.

This study found that lifestyles completely diminished the effect of income on purchase decisions, meaning that people with high income would not have high purchase decisions if they lived traditionally. In other words, people with a modern lifestyle would have an increased desire to purchase goods or services regardless of their income. It is realized now that many people, even with lower earnings, show considerable purchase behavior. For these people, borrowing or loan might be a strategy for fulfilling their ever-requested living in modern lifestyles. This finding suggests that lifestyle is a more powerful predictor of purchase decisions than income.

6. CONCLUSION

This study analyses contributing factors of purchase decisions among fast-food restaurants, such as KFC and McDonald's. Some essential findings include, first, before deciding to purchase products of fast-food providers, individuals use price as a necessary consideration. Once the price condition is met, they proceed to buy. Second, lifestyle is a robust predictor of the decision to purchase the product of fast-food restaurants. Regardless of their earnings, people with a modern lifestyle tend to continue purchasing fast food to fulfill contemporary society's physical and psychological needs. This study implies that opening fast-food restaurants in urban and contemporary culture will achieve a successful business. This study contributes to factors predicting purchase decisions by offering the mediating effect of lifestyle. Generally, this study provides empirical evidence on consumers behavior theory. However, this study is confined to limited samples both in number and place, leading to an unwarranted conclusion. Retesting the mediation effect with a larger population from various fast-food stalls may strengthen the results.

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THE IMPACT OF ORGANIZATIONAL CULTURE, CAREER DEVELOPMENT AND JOB SATISFACTION ON EMPLOYEE ENGAGEMENT: A CONCEPTUAL FRAMEWORK

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Abstract

Employee engagement is defined as a productive and enjoyable work environment characterized by vigor, dedication, and absorption. Employee involvement is critical to achieving organizational goals, according to several studies. In fact, improving employee engagement in mother organizations has always been a driving force behind the adoption of management concepts that promote high levels of staff involvement in the pursuit of the firm's goals. This is a conceptual paper that makes a link between study variables and proposes a conceptual framework. The study will then use this information to construct a research model and provide recommendations that will be empirically verified in the setting of Nigerian manufacturing enterprises.

Keywords:

Employee Engagement, Organizational Culture, career Development, Job Satisfaction, Nigerian Manufacturing Firms.

1. INTRODUCTION

For decades' institution around the globe are presently searching for the way on how to overcome difficult situations (Wilkinson et al., 2017). The best possible way to overcome the poor performance of employees, lack of competitive advantages, lack of technological advancement, poor management are among the current situation that global market is facing (Robertson & Markwick, 2009). The life of organization is in the hands of employees and can never achieve their goal without the help of employee that have experience working in different organization. The global market place has drastically change start looking for creative management that will bring development and introduce technological advancement to ease the current issue. Organizations and industries need employee that are dedicated, loyal, ready to commit they self and trust to the grow of the organizational success (Ashraf & Siddiqui, 2020; Vance, 2006). Hence, employee engagement plays an unbelievable role to ensure that organization succeeded. Employee engagement remains significant to organizations, because employee is behind the success of every organization that improved in today era (Hu & Wang, 2014). Despite the significant of employee engagement in organization to enhance the level of organization goals, the level of employee engagement is still not favourable for decades. Although, the level of employee engagement in other sectors like agriculture and service sector is relatively high when compared with the global trend of employee engagement in the manufacturing sector (Christopher, 2020). For instance, in 2008 the level of employee engagement was at 57% and in the subsequent years it keeps nose-diving within the range of 60-68 respectively, leading to unimpressive level of employee engagement in manufacturing firms with decrease in the level of production, ineffectiveness and inefficiency in most of the manufacturing firms in the world. Report has described the first half in 2020 as more challenging and also made employee engagement experience more severe and critical towards driving performance in most of the manufacturing firms across the world (Christopher, 2020). This has reduced the level of contribution of the manufacturing firms to nation's economic growth domestic products in some parts of the world (Dimashkieh, 2019). In Africa, employee engagement was reported to be relatively high especially in the Sub-Saharan African region when compare with other regions of the world (Maurer, 2013). In the past few decades, it was discovered that 72% percent of employees in Sub-Saharan Africa are termed as engaged (Maurer, 2013). Although, the report declared that Africa cannot be regarded as a single entity when it comes to the issue of employee engagement. It reveals that differences in scores occur in the African regions. For instance, in the 2013 Sub-Saharan Africa Employee Engagement Survey, East Africa scores 74%, and South Africa 68% while is West Africa there was insufficient data to offer a regional assessment (Maurer, 2013). Thus, this trend in African employee engagement has also been tumbling across countries in the region with a recent report indicating a little increase in North Africa, Egypt specifically. While

the rest of the countries in Africa are either stagnant or declining in most of their industries especially the manufacturing firms (Dimashkieh, 2019). In this study increase employee engagement in Manufacturing Firm likely to move organizations into world competitive markets and enhances the GDP of the economy of the nation.

1.1 PROBLEM STATEMENT

Employee engagement is on the decline, which is a global issue worth considering (Nel & Linde, 2019). As a result of this, most manufacturing industries around the world, particularly in Sub-Saharan Africa, have been damaged (Ajibola et al., 2019). Nigeria, with an estimated population of 200 million people, is the largest economy and most populous country in Sub-Sahara Africa, according to the World Population Review, (2019), manufacturing enterprises' poor performance and insufficient contribution have resulted in a negative slope in employee engagement when compared to several selected countries around the world, as indicated in Table 1.1.

TABLE 1.1: CONTRIBUTION OF MANUFACTURING SECTORS TO GDP IN SOME SELECTED COUNTRIES

Country	2017%	2018%	2019%
United State of America	20.4	20.9	20.3
Japan	20.2	10.3	10.7
China	60.8	60.6	60.1
Indonesia	50.1	50.2	50.0
Poland	40.5	50.3	40.1
Egypt	40.2	50.3	50.6
India	70.0	60.1	40.2
South Africa	10.4	10.8	10.2
Nigeria	10.8	10.9	20.2

(World Bank, 2020)

From 2013 to 2017, the share of Nigerian manufacturing enterprises increased little. Nonetheless, manufacturing enterprises provide a small percentage of GDP in most Sub-Sahara African countries compared to the rest of the globe. The impact of Nigerian industrial companies is still underwhelming. It has been suggested that low levels of employee engagement are to blame for Africa's especially Nigeria's chronic low performance in manufacturing (K. S. Ajibola et al., 2019). The study's key worry is insufficient employee engagement in Nigerian manufacturing enterprises, resulting in the sector's poor contribution to the Nigerian economy's GDP. Table 1.2 shows employee engagement percentages in Sub-Saharan Africa and other parts of the world.

TABLE 1.2 TRENDS IN MANUFACTURING FIRMS EMPLOYEE ENGAGEMENT IN SOME SELECTED REGIONS OF THE WORLD

Country	Middle East / North Africa	Sub-Saharan Africa	East Asia	Southeast Asia	Latin America	United States	Canada
%	58	14	57	22	32	31	31

(Gallup, 2018)

Employee engagement has been identified as critical in ensuring sufficient productivity in manufacturing firms and the long-term viability of businesses in Nigeria. According to studies, 65 percent of employees in Nigeria's manufacturing industries are not properly engaged in their jobs (Anaesoronye, 2019). According to empirical research, excessive labour turnover, job dissatisfaction owing to bad working conditions, and demographic characteristics such as educational qualification, among other issues, are the most essential and responsible for low employee engagement in Nigerian manufacturing enterprises, as a result, manufacturing firms' productivity is low, and their contribution to the Nigerian economy's GDP is also low (Adewole, 2017; Oginni, 2018). In a more recent study, Ota & Ologbenla, (2020), asserted that high labour turnover has been a major impediment to employee engagement in Nigerian manufacturing enterprises, resulting in insufficient productivity. The current study is an attempt to address this issue, as manufacturing enterprises play an important role in the Nigerian economy's growth and

development. As a result, the low level of employee involvement in Nigerian manufacturing enterprises is of major concern to this study, as it is the country's second-largest economic sector (Plecher, 2020).

According to previous research, corporate culture plays a critical role in ensuring competitive advantage and increasing employee involvement in achieving organizational goals (Brenyah & Obuobisa-darko, 2017; Soni, 2019). Individual employees benefit from carrier development when their employers provide opportunities such as providing them responsibilities and demanding assignments, which inspire them to maintain a high level of work engagement (Farhana, 2015). It has also been suggested that high levels of employee job satisfaction can lead to high levels of engagement, and that job satisfaction is a major driver of employee engagement (Abraham, 2012). However, research that empirically analyses these issues, particularly in the Nigerian context, predominantly in the industrial sector, appears to be rare in the majority of the literature. Based on the foregoing argument, the current study suggests that ensuring an effective organizational culture, career development, and adequate employee job satisfaction in Nigerian manufacturing firms will result in high levels of employee engagement, which will lead to the achievement of the firm's objectives.

1.2 RESEARCH OBJECTIVES

The purpose of this research is to design and assess the impact of organizational culture, career development, and job satisfaction on employee engagement in Nigerian manufacturing companies. This aim will be achieved through the following objectives:

1. To examine the influence of organizational culture on Employee Engagement in Nigerian manufacturing firms.
2. To examine the influence of carrier development on employee engagement in Nigerian manufacturing firms.
3. To examine the influence of job satisfaction on employee engagement in Nigerian manufacturing firms.

2. LITERATURE REVIEW

2.1 ORGANIZATIONAL CULTURE

The system of values that members of a given organization have that distinguishes them from other organizations has been termed as organizational culture (Suharti & Suliyanto, 2012). It has been described as a dynamic force in an organization that circles, interacts, engages, and is shaped by management and employee attitudes and behaviors (Schein, 2010). Values, norms, and artefacts are the three basic components that make up organizational culture. Values are beliefs about what is genuinely good for an organization's survival. The value set for a certain organization can only be determined at the highest level, but it can be shared inside a business, making it value-driven. The unwritten laws of behavior are referred to as norms. Individual's behaviors are guided by the rules of the game, which are informal guidelines in an organization. Artefacts are defined as the tangible and visible features of a company that people may see, hear, or feel. It includes elements such as the language and tone used in memos and letters, the working atmosphere, and how employees address one another in a meeting. Organizational culture is treated as an independent variable in this study when it comes to employee engagement.

2.2. CAREER DEVELOPMENT

Career development may simply be defined as a series of on-going actions in an organization that involve training on new skills and making career changes inside the organization in order to attract and retain employee to stay for a long time (Kibui et al., 2014). It can also be viewed as an opportunity for employees to advance their careers within an organization by being given more job responsibilities and completing a difficult assignment (Bai & Liu, 2018). Organizational culture is treated as an independent variable in this study when it comes to employee engagement.

2.3 JOB SATISFACTION

Employees' job satisfaction is defined as the degree to which they value their work or any component of it (Ellickson & Logsdon, 2001). It's also known as the condition that's influenced by employees' personal characteristics, such as what they expect from their jobs and the firm as a whole (Pinikahana & Happell, 2004). Job satisfaction is considered as an independent variable in this study.

2.4 EMPLOYEE ENGAGEMENT

Employee engagement is defined as a productive and enjoyable work environment characterized by vigor, dedication, and absorption (Hallberg & Schaufeli, 2006). The three main dimensions of work engagement includes (1) 'vigor' which is described as high level of mental flexibility and energy while performing obligations in the organization (2) 'absorption' is defined as being

entirely concentrated and largely engaged in another person's obligations to the point where time passes quickly and one experiences difficulty with disengagement from work. (3) ‘dedication’ is referred to as a sense of eagerness, pride, significance and challenge (Karatepe & Olugbade, 2009). Employee engagement is described as an independent variable in this study.

2.5 THE UNDERLYING THEORIES

Researchers employ theories to solve research issues, particularly in quantitative research (Cresswell, 2014). The organizational culture theory (OCT) and the Social Exchange Theory are the two main theories used in this study (SET).

2.5.1 ORGANIZATIONAL CULTURE THEORY

According to the theoretical concepts, organizational life is complicated, and researchers should consider not only the employees who work in companies, but also their behaviours and other actions that improve their degree of participation in attaining organizational success. According to the theory, organizations are founded on cultural values and ethics that influence employee's behavior in order to ensure a high degree of employee's engagement in the pursuit of organizational objectives. Employee engagement in organizations is enhanced by a high standard of company values and ethics (Fleury, 2009). According to the above affirmation, OCT can explain the role of organizational culture on employee engagement in Nigerian manufacturing firms as employee engagement can be regarded as part of organizational culture that shapes the behavior of employees in organizations in order to ensure high levels of engagement in the pursuit of organizational objectives.

2.5.2 SOCIAL EXCHANGE THEORY

The social exchange theory (SET) serves as a theoretical foundation for determining what factors influence employees' behavior in firms (DeConinck, 2010). The viewpoint stated that when companies invest in their employees, those employees are more likely to reciprocate with good behaviours toward their employers (Cropanzano & Mitchell, 2005). The theory is predicated on the interaction of two parties. When the first party (Nigerian manufacturing enterprises) engages in beneficial actions toward the second party, for example, adopting activities that ensure employee career growth and job gratifications, the second party benefits (The Dangote sugar refinery and Flour mills employees in the current study). It will motivate the second party to reciprocate with the first party in order to achieve organizational success by assuring high levels of involvement (DeConinck, 2010). Though, because it has all of the theoretical connections with all of the variables under examination, the OCT remains the study's major supporting theory. The research framework can be explained with the help of SET.

2.6 DISCUSSION OF THE RELATIONSHIPS OF RELEVANT VARIABLES

2.6.1 THE RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE AND EMPLOYEE ENGAGEMENT

In order to study the relationship between organizational culture and employee engagement in various contexts, empirical research has been done. For example, Shehri et al., (2017) used 28 respondents from line managers across seven banks in Saudi Arabia to evaluate the impact of corporate culture on employee engagement. Employee engagement and corporate culture have a beneficial association, according to the research. Soni, (2019) did another study to look into the impact of organizational culture on employee engagement in Indian manufacturing companies. There was also a positive connection between organizational culture and employee engagement, according to the findings. Therefore, the current study hypothesised that:

H1: Organizational culture positively relate to employee engagement

2.6.2 THE RELATIONSHIP BETWEEN CAREER DEVELOPMENT AND EMPLOYEE ENGAGEMENT

Numerous studies have been conducted to look into the link between career growth and staff engagement. For example, Purba & Supriyono, (2019), conducted a study with 200 employees at an Indonesian pharmaceutical business to investigate the impact of organizational culture, work-life balance, and career advancement on employee engagement. The findings reveal a link between career advancement and employee satisfaction. Bai & Liu, (2018) performed another study with 207 respondents to evaluate the impact of career development on employee engagement among new generation employees in South China firms. The findings revealed a link between career advancement and employee satisfaction. Similarly, Nasidi, (2021) did a research with 150 non-academic staff to assess the impact of training, development and career development on employee engagement in Nigerian universities. Employee engagement and career growth have a considerable positive association, according to the findings. Hence, the current study hypothesised that:

H2: Career development positively relate to employee engagement

2.6.3 THE RELATIONSHIP BETWEEN JOB SATISFACTION AND EMPLOYEE ENGAGEMENT

Several researches have been conducted to look at the relationship between work satisfaction and employee engagement. For example, Bellani et al., (2018), carried out a study with 110 employees at an Indonesian private property company to investigate the relationship between job satisfaction and employee engagement. Job satisfaction and employee engagement have a favourable association, according to the research. Delina & Samuel, (2020) did another study with 124 employees in an IT sector in South India to investigate the association between employee engagement and job satisfaction. There was also a strong positive association between job satisfaction and staff engagement, according to the findings. Likewise, the current study hypothesised that:

H3: Job satisfaction positively relate to employee engagement

2.7 RESEARCH GAP ANALYSIS

In the subject of management and other related fields of study, increasing employee engagement has been a big concern (Koppula, 2008). Several studies have shown that high levels of employee engagement are critical in achieving organisational goals (Karatepe & Olugbade, 2009; W. B. Schaufeli et al., 2002). The main research problem addressed in this study is low employee engagement in Nigerian manufacturing firms, as it was discovered that the industry is experiencing a downward trend in employee engagement, resulting in manufacturing firms contributing insufficiently to the country's GDP when compared to some selected countries around the world. The paucity of research exploring the influence of psychological empowerment, employee engagement and transformational leadership behaviours in one model is the specific theoretical difficulty and the Nigerian manufacturing firm's problem. Previous studies have confirmed that organizational culture have a substantial association with employee engagement (Shehri et al., 2017; Soni, 2019), career development has a positive connection with employee engagement (Bai & Liu, 2018; Nasidi, 2021; Purba & Supriyono, 2019), job satisfaction positively relate to employee engagement (Bellani et al., 2018; Delina & Samuel, 2020).

All of these studies have been empirically verified and have found a link between job satisfaction, organizational culture, career advancement, and employee engagement. The effects of these constructs have only been empirically investigated independently; there are no studies that have combined job satisfaction, career development, organisational culture, and employee engagement into a single model. Furthermore, the majority of these studies were conducted in Asia and the Western world, with minimal focus on Africa. The current study will significantly contribute to the existing literature on employee engagement in the manufacturing sector by investigating for the first time, the impact of career development, job satisfaction, and organizational culture on employee engagement in the Sub-Sahara African context, and Nigeria in particular.

2.8 THE RESEARCH FRAMEWORK OF THE STUDY

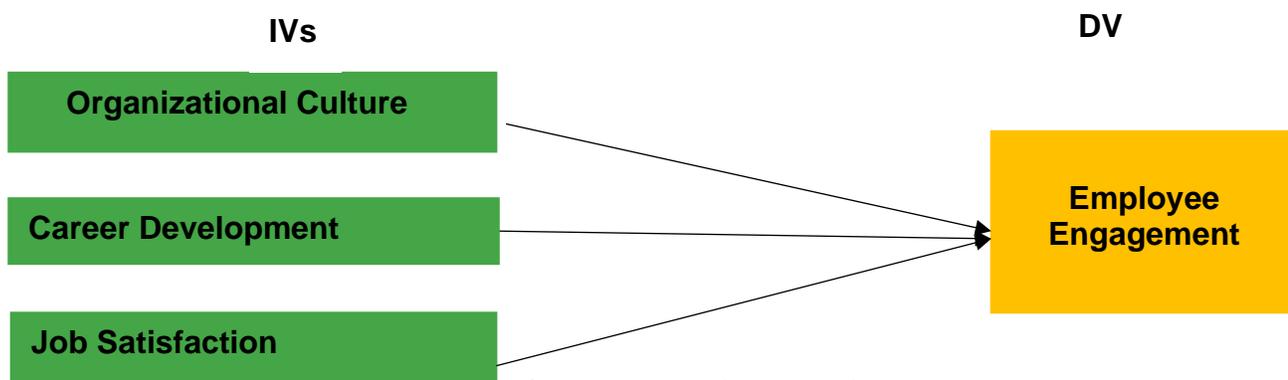


Figure 1.1: Research Framework

3. PROCEDURES AND RESPONDENTS

The current study focused on middle level employees in Nigerian Sugar refinery. This group of employees was chosen to represent the entire organization since they are assigned with the responsibilities at the production level. There are 2406 people in total in four sugar refineries located in South-Western region of Nigeria. For the purposes of this study, proportionate stratified sampling is regarded as an effective strategy for guaranteeing enough representation. Respondents will be divided into stratum for four branches in order to achieve the research's objectives. After stratifying the respondents into four strata, the number of respondents in each Stratum will be determined to represent the overall population.

3.1 MEASURES

The organizational culture is covered in the first section of the instruments. Organizational culture is operationalized as the system of values which members of a particular organization held which distinguish them from other organizations (Suharti & Suliyanto, 2012). Organizational culture is measured based on organizational culture assessment instrument developed by Cameron and Quinn (1999) which was used and tested in private sector organizations. For instance, the measuring tool was tested in a study conducted by Obijiaku, (2019) in Nigerian private sector organizations (Banks) and achieved significant results. The researcher adapts this measuring tool for this study because of its suitability. Career development covers the second section. Career development is operationalized as the degree to which an employee perceived that organization provides some programs or activities that tends to increase employee's skills and other abilities towards achieving organizational goals (Kibui et al., 2014). Career development is measured based on career development instrument (CDI) developed and tested in a similar study. For instance, the instrument was tested in a study conducted in a western manufacturing firms and achieved positive result (Kraimer et al., 2010). The researcher adapts this measuring tool for this study because of its suitability.

Job satisfaction is operationalized as the extent to which employees likes their work and all aspect of the work (Ellickson & Logsdon, 2001). Job satisfaction covers the third section of the instruments. Job satisfaction is the measured based on job satisfaction instrument developed by Harter et al., (2002). The instrument was tested in a previous studies conducted in a Jordanian private company and achieved suitable result (Rasha et al., 2015). The researcher adapts this measuring tool for this study because of its suitability. Employee engagement covers the fourth section of the instrument. Employee engagement is operationalized as the productive and satisfying work related disposition basically categorized by vigor, dedication and absorption (Schaufeli et al., 2002). Employee engagement is measured based on Utrecht work engagement scale which was validated by Schaufeli, et al., (2002), through seventeen (17) items. The questions are relevant criteria for assessing employee engagement in organizations. These items were tested in most recent times in a study conducted in Nigerian manufacturing firms by Ajibola, (2019) and achieved significant result. The researcher adapts these items to suit the current study. These items are adapted with some modifications to suit the current study. The items will be measured based on 5-point Likert scale since it has been considered as more suitable (Elmore & Beggs, 1975).

3.2 PRETEST AND PILOT TEST

Expert opinions from academia and industry will be used to confirm the content validity of the instruments that will be used for the aim of this study. Experts in the relevant field of study were carefully selected before submitting the instruments to them for feedback on organizational culture, carrier development, job satisfaction, and employee engagement. To check construct validity before the real data collection, a pilot test will be given to 50 employees working in one of the refineries who are not part of the study population. The Cronbach's alpha will be used to see if all of the items in the test are measuring the same thing.

3.3 STATISTICAL ANALYSIS

For descriptive and inferential statistics, the study uses the Statistical Package for Social Science (SPSS). Exploratory Factor Analysis (EFA) will be performed using SPSS with data from the pilot test, which will then be used in the main study to discover the underlying factor structure of the data and to test the research tool's dependability. The confirmatory factor analysis will be used in assessing the validity and reliability of the constructs, fitness indexes and normality for the measurement model using the software called Structural Equation Modelling (SEM-AMOS). The mediation analysis will be used to determine the structural model, as well as the bootstrapping approach for confirming the mediation result using SEM.

4. CONCLUSION

Within the framework of the Nigerian sugar refinery, the conceptual study will clearly explain the impact of organizational culture, career development, job satisfaction, on employee engagement. As a result, the study's unique findings will make a substantial theoretical and practical contribution to the current literature. The study will be relevant in theory because there is little research that tends to investigate the impact of organizational culture carrier development and job satisfaction on employee engagement within African context and Nigerian in particular. The research will make a significant contribution to the growing body of knowledge, particularly in the fields of human resource management, organizational behaviour, and other relevant fields of study. In addition, the study will provide empirical proof of the effect of organizational culture, carrier development and job satisfaction on employee engagement in Nigerian manufacturing firms which is yet to be investigated in the literature. In practice, private sector organizations, and other related parastatals/agencies will benefit a lot from this study by providing them with some useful guides on how to ensure high level of employee engagement by ensuring high level productivity within the manufacturing firms. Similarly, the existing study's findings will be useful as a guide for policymakers, HRM experts, and other relevant professionals.

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THE MEDIATING EFFECT OF WORK BULLYING ON LEADERSHIP STYLE AND JOB PERFORMANCE: LITERATURE REVIEW

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Abstract

This study aims to address and review the mediating effect of work bullying on leadership style, and job performance. A comprehensive literature review is used in this study to critically address this issue and discuss the relevant results to find a research gap that could launch new future research. The results of studies showed a positive and significant effect and relationship of leadership style to job performance and the negative role of work bullying towards job performance. Therefore, the study suggests that the organizations proactively could reduce the obstacles by providing sufficient administrative support to staff, minimizing the workload, and managing the expectations of administrative staff effectively. This also eliminates interaction and position tension, deploys a reasonable incentive scheme, and provides a safe and free workplace bullying environment with an appropriate code of conduct to maintain the internal relationship among the staff which consequently influence and improve their job performance.

Keywords

Job performance; leadership style; workplace bullying.

1. INTRODUCTION

In today's rapidly changing environment, managing employee performance effectively has become not just the standard but the sine qua non, particularly in the public sector (Ehiane, Adejuwon, & Goyayi, 2019). However, it is in this field that it has become difficult to do so, with workplace stresses accumulating obstacles, unnecessary bureaucracy, and low levels of morale and satisfaction exacerbating tension and poor morality, resulting in poor performance (Jacobsen & Andersen, 2015). It has been argued that addressing these problems requires leaders who can completely understand them and who possess the right leadership style (Ohemeng, Amoako-, & Darko, 2018). Staff performance is one of the main issues that has attracted the attention of academics and practitioners (Ahmad et al., 2016, 2015). Governments around the world have given the subject of education its most importance at all levels, particularly at the organizational level (Johnson et al., 2016). As research and academic institutions, universities play an essential and critical role in the growth cycle that will put more means of social and economic dimensions into society (Hanssen and Solvoll, 2015; Reed and Kennett, 2017; Taylor, 2018; Almnaizel, Arifin, & Yazid 2021). Nevertheless, an organization's success is contingent on the success of its administrative staff to a large degree. Accordingly, employee performance plays an important role in the development and social stability (Abba and Mugizi, 2018). This is because improved employee performance would lead to better organizational results (Alaaraj et al., 2018; Alaarj et al., 2017a, 2016). The 21st-century workplace is a fast-paced, competitive, highly stimulating world that offers a great many advantages and opportunities to those employed within it. However, Workplace bullying refers to the circumstance in which the employees were continually faced with violence, ridicule, and offensive marks.

Bullying is an offensive, unwanted behaviour that happens daily in the workplace, Almnaizel, et al. (2021). It is also often assumed that bullying requires a misuse of power (McMahon, 2000). Intimidation is a phenomenon that causes harm, according to Townend (2016), and that is why its presence affects job performance. Thus, during work, most employees live in a state of fear and are afraid to discuss their problems with their colleagues & administrators. Akar (2013) indicated that organizational psychology had gone upward interest. This has become a regular issue in organizations with the changing age, whether it is a limited arrangement or a broad governing body with some employees. A mentally healthy workforce is free from bullying, abuse, and misconceptions regarding mental illness. Hence, the majority of earlier research concentrated on job performance in business

organizations, and few investigated performances of administrative staff (Ghabban et al., 2018; Muda et al., 2017 Alrnaizel, et al. 2021). While the conditions of business organizations vary from the organization, previous studies have shown that leadership style is an important factor influencing job performance in general. However, leadership was examined in a business organization, and few examined this variable in the context of educational institutions. Therefore, there is essential to investigate the mediating effect of workplace bullying on the relationship between leadership style and job performance.

2. LITERATURE REVIEW

2.1 LEADERSHIP STYLE AND JOB PERFORMANCE

It is standard that the leaders play a vital role in organizational performance, work improvements (Bhargavi & Yaseen 2016) while leadership impacts the performance, positively or negatively. Leadership style is one of the crucial elements for enhancing organizational performance (Riaz and Haider, 2010). Former studies show that varied leadership style impacts performance in a different way (Boehnke, Bontis, DiStefano & DiStefano, 2003; Alrnaizel, et al. 2021). Rapid changing environments required adapting leadership that understand the challenges facing them and followers to deal with appropriately (Bass, Avolio, Jung & Berson, 2003). Bhargavi & Yaseen (2016) examined the effects of leadership style on organizational performance. Data was collected from the sample by 55 questionnaires from leaders in the police sector to measure the leaders' opinion of which active leadership style to improve the leadership. The finding suggested model improve the leadership style to increase organizational performance by the leaders themselves and lead themselves by themselves. Rahmat, Ramly, Mallongi, and Kalla (2019) have shown that leadership style has a significant positive effect on performance, job satisfaction has a significant positive effect on results, and leadership style has a significant positive effect on performance through job satisfaction. Manzoor et al. (2019) have indicated that transformative leadership predicts work performance positively and fully. In particular, the study found that the impact of transformational leadership on job performance was significantly mediated by CSR. It can be explained based on these results that transformational leadership, work success and CSR are essential elements of an enterprise. Lai, Tang, Lu, Lee, and Lin (2020) have shown that transformation leadership has a positive effect on the effective organizational engagement and efficiency of employees, and that transformation leadership leads to lower levels of stress for employees. Stress is also negatively linked to an organization's effective engagement, and the latter is positively linked to success. Finally, the findings indicate the role of the mediator in the relationship between transformative leadership and individual performance.

2.2 LEADERSHIP STYLE AND WORKPLACE BULLYING

Leadership style seems to have a vital role but a complex role in the bullying phenomena (Hoel et al. 2010). Leadership behaviour has been identified as an essential antecedent of workplace bullying, since managers may prevent, permit, or engage in the mistreatment of others, Alrnaizel, et al. (2021). Heinz Leymann (1993, 1996), one of the creators of workplace bullying research, claimed that structural factors relating to the organization of work and leadership style behaviours were leading sources of workplace bullying. According to Onorato (2013), Hauge et al. (2007), Woodrow & Guest (2017), leadership style were the strongest predictors of workplace bullying and one of the significant antecedents to workplace bullying often associated with an imbalance of power between the leader and the subordinate in which the leader tries to use force to control subordinate behaviour. In contrast, subordinates perceive the behaviour as unreasonable (Hoel, Glaso, Hetland, Cooper & Einarsen, 2010). By accepting leadership behaviours and how they impact workplace bullying, organizations have an opportunity to identify bullying characteristics during their hiring process and recognize that individual leadership styles may encourage bullying, (Mathisen, Einarsen & Mykletun, 2011). Leadership style and organizational factors influence the prevalence of workplace bullying; insufficient leadership on higher levels in the organization appears to be favourable to bullying among staff (Einarsen et al. 1994; Leymann 1996). The autocratic leadership style considers the strongest predictor of workplace bullying (Hoel, Glasø, Hetland, Cooper & Einarsen 2010). Laissez-faire leadership style disregard of management tasks with an increased danger between co-workers will escalate into workplace bullying (Ågotnes, Einarsen, Hetland & Skogstad 2018). Omar, Mokhtar & Hamzah (2015) cited the effect of destructive leadership conduct on workplace bullying in Malaysian public service. Data were collected from a sample of 112 respondents using a questionnaire. The findings exposed a high prevalence of workplace bullying (83.2%). This study supports the argument that destructive leadership provides fertile ground for workplace bullying. Tuckey, Li, and Chen (2017) have shown that the mission demands of leaders positively predicted all bullying outcomes after accounting for the emotional demands and autonomy of followers. Samsudin, Isahak, Rampal, Rosnah & Zakaria, (2020) examined the role of leadership style on workplace bullying by the sample of 1074 junior doctors working in Malaysia, finding show that laissez-faire leadership, autocratic leadership, democratic leadership are defensive aspects of workplace bullying.

Transformational leadership, of most importance, moderated the effect of the mission demands of members and the autonomy of followers on workplace bullying measured by two approaches: self-labelling and behavioural experience. Furthermore, a substantial three-way interaction showed that transition leadership is correlated with higher bullying, as emotional demands of

followers increase under conditions where the autonomy of followers is limited, but not when the autonomy of followers is strong. Rehman, Rahman, Zahid, and Asif (2018) studied the impact of leadership styles on employees' productivity. Data were collected from employees of private banks in Pakistan with a sample size of 200 respondents then analysed by PLS. The result showed that leadership style has a critical role in increasing employees' productivity. Francioli et al. (2018) aimed to study quality leadership on workplace bullying. They are using surveys collecting data by longitudinal cross-sectional studies from diverse points in time (2006–2008) from 1664 employees in Danish workplaces. The findings show that leadership quality has a role in generating working environments that lead to workplace bullying. Rastegar, Seif, Ardekani, and Tajvaran (2019) found that the components of transformational leadership have indirectly and adversely impacted workplace bullying through organizational health mediation. Additionally, idealized control has had the highest indirect impact on organizational bullying among the components of transition leadership. A vibrant workplace has had the highest degree of direct impact on workplace bullying between the components of organizational safety. McCord, Peng, and Young (2019) showed a significant and comparable indirect effect of transformational leadership on bullying and incivility. Overall, these findings indicate that environment is a major mediator of the interaction among leadership and bullying at the workplace. Yet the strength of the indirect impact depends on the style of leadership and the extent of bullying.

2.3 WORKPLACE BULLYING AND JOB PERFORMANCE

Workplace bullying effects on employee performance, Devonish (2013). Within the context of workplace bullying, expect imputation about bullying behaviour to produce vital indirect results on performance, such as task performance, organizational citizenship behaviours, and counterproductive workplace behaviours (Samanani et al. 2013; Almnaizel, et al. 2021). Devonish (2013) conducted a study of the influence of workplace bullying on three forms of employee job performance: (task performance, citizenship behaviour, and counterproductive work behaviour). The sample consisted of 262 employees who completed the questionnaire in organizations in the Caribbean region. The finding showed the correlation between workplace bullying and organizational citizenship behaviours and between workplace bullying and counterproductive workplace behaviours. The theoretical model presented by Samnani et al. (2013) summarises the impact of workplace bullying on JP; this model includes specific forms of performance like (task performance, organization citizenship behaviour, and counterproductive work behaviour) to study overall global job performance factors. The model suggests explicitly that a target's performance is probable to improve or decrease. When a victim does not know the negative committed of a bullied and makes "positive" provenances about the bullying, so he increases organization citizenship behaviour and task performance and decreases counterproductive work behaviour. Similarly, when the victim uses a coping strategy, he may improve organization citizenship behaviour and task performance and reduce counterproductive work behaviour (Samnani et al., 2013). Workplace bullying is harmful to employees and organizations, and it has numerous consequences it produces, for example, low job satisfaction, absenteeism because of sickness leave, low productivity, and low job performance (Hershcovis, Reich & Niven, 2015). Negative attitudes relate to overall performance outcomes, weak task performance, little organizational citizenship behaviours, and higher counterproductive work behaviour so that reducing bullying behaviour will improve performance (Hershcovis, Reich & Niven, 2015). Bullying occurrence sources destruction and does damage the performance of the organization (Townend 2016). Dysfunctional behaviour, such as incivility and violence, affects overall performance (Ramzy et al. 2018). Training (Morin, & Renaud, 2004), motivation (Abdulsalam, & Mawoli, 2012; Afful-Broni, 2012), knowledge sharing (Masa'deh et al. 2015), Job satisfaction (Peng, 2014), Job Embeddedness (Nafei, 2015), leaders (Odumeru and Ifeanyi, 2013). Khalique, Arif, Siddiqui, & Kazmi (2018) conducted a study of the impact of workplace bullying on task performance, organizational citizenship behaviour. Data was gathered from 320 private bank staff in Karachi Pakistan through questionnaires. Data analysed through Smart PLS 3.1. The result points out that workplace bullying has a significant relation impact on organizational citizenship behaviour, intention to leave, as well as task performance. Robert (2018) studied the effects of workplace bullying on job performance. Data collected by questionnaire from employees working in private banks of Lahore, Pakistan, the sample size was 250. The results showed a significant association among workplace bullying does not have a significant impact on JP, and this fails because of low satisfaction, insufficient reward, Shortage of ability. Chia and Kee (2018) aimed to study workplace bullying and task performance as the consequence of occupational stress among Malaysian salespeople working in the retail industry. Questionnaires were used to gather data from 222 salespeople. The result showed that workplace bullying was positively correlated with occupational stress and impact employee performance. Suggestions were offered for employers and employees, to decrease occupational stress at the workplace.

2.4 MEDIATING EFFECT OF WORK BULLYING ON LEADERSHIP STYLE AND JOB PERFORMANCE

Workplace bullying is positively associated with occupational stress and thin affects employee performance, Chia & Kee (2018). Leadership Style influences workplace bullying because bullying can harmfully impact various outcomes, which increased problems to mental and physical health, Tsuno & Kawakami, (2014). Leadership Style is related to workplace bullying by increasing the risk of workplace bullying. So that reduction existence of bullying, administrators should avoid that staff practice

high workloads after the organizational change. Administrators should try to reduce workplace bullying (Baillien and De Witte, 2009; Spagnoli & Balducci, 2017). The role of managers in stopping bullying is an exciting theme by establishing a work climate with no bullying because the existence of bullying is mainly associated with low satisfaction with leadership (Einarsen et al., 1994). Leadership style has an important role in founding working circumstances, which lead to workplace bullying (Francioli et al. 2015). The Laissez-faire leadership style of leadership enables bullying in the workplace (Kaiser, 2016). The sources of workplace bullying where autocratic leadership style has 67 per cent of leadership in their organizations, laissez-faire leadership style 15 per cent and the democratic leadership style point to 18 per cent O'Moore et al. (2007). Tokarev, Phillips, Hughes, & Irwing (2017) suggested in their conceptual model with the mediator role of workplace bullying in the relationship between the variables, leaders with high psychopathy, or narcissism will affect depression of employees through bullying in the workplace when workplace bullying is widely prevalent with these types of leadership. Usual of workplace bullying committed by leaders, it is likely that the dark traits have unique effects on horizontal bullying and occurred when cultures condone it or when employees respond to disappointment with their bosses, so that, workplace bullying is mediate the relationship between psychopathy and narcissism leaders to effects employee depression (Hoel et al. 2001; Tokarev et al. 2017). Famous workplace bullying is committed by managers (Hoel, Cooper & Faragher 2001). Robert (2018) said there are numerous causes for workplace bullying. It could be Institutional, which includes the style of leadership, poor management, and group pressure. Workplace bullying has a severe effect on organizations as it weakens the success chance of company goals by low job performance. So, when a target is attacked by bullied, it weakens job satisfaction, leads to absence due to illness, and finally low productivity and performance. Finally, an important connection between workplace bullying and leadership style, whereas the correlation between workplace bullying and JP is indirect. The finding depicts the critical relationship between workplace bullying and leadership style, while the relationship between workplace bullying and JP is indirect. In Great Britain about bullying and leadership style, Hoel et al. (2010) revealed that Bullying is associated with all four leadership styles. Thus, leadership style appears to play a significant but complex role in bullying practice. Laissez-faire leadership style is related to strengthening the danger of experience to bullying behaviours (Nielsen 2013). Many reasons standoff workplace bullying. Some of them are organizations such as leadership style (Robert 2018). Disrespectful abuse by managers affects their follower's welfare and outputs negatively, intimidating behaviour by managers is one of the disrespectful abuses may cause followers to lose faith and confidence in themselves and lead to negative impact may result in employees designedly not doing their best, wasting time, absence rises among employees, lastly hurts productivity of employees and organizational performance (Ramzy et al. 2018). Authoritative management in the work situation of workers can promote bullying (Vartia 1996). Autocratic leadership style was related to lower levels of satisfaction and increased followers' stress in that relationship with less performance, Bass (2008). An autocratic leadership style can negatively impact performance by making employees feel less valued in an organization (Chan, Huang, Snape & Lam 2013). Autocratic leadership style is related to higher levels of follower cynicism and positively related to employees' deviant workplace behaviour (Jiang, Chen, Sun, & Yang, 2017). Autocratic leadership style causes more unsatisfactory performance, increase conflict in their groups facilitates or hinders the performance, and so influences the well-being of subordinate (Harms, Wood, Landay, Lester & Vogelgesang 2018). While another study conducted by Goren (2018) exposed, there is a significant positive correlation between autocratic leadership style and employee productivity and a significant positive correlation between democratic leadership style and employee productivity. Nevertheless, no significant positive correlation was found between laissez-faire leadership style and employee productivity. Destructive leadership relates performing in contradiction of organizational legitimate by abusing subordinates or by working against the aims of the organization (Aasland, Skogstad, Notelaers, Nielsen & Einarsen 2010), while a counterproductive work behaviour, abusive supervision is influenced authoritarian leadership style (Aryee, Chen, Sun & Debrah 2007; Burns, 2017).

Lastly, senior leaders should adapt clear plans for the managers in the organization to manage the practices that oversee employees, by supporting the organization to produce confidence between staffs to report workplace bullying behaviour, to uncover such behaviour that frequently undermines performance and have significant effects for morale, turnover and commitment, Samnani (2021).

3. METHODOLOGY

The study used a literature review approach which mainly reviews the relevant studies conducted on the same topic worldwide. The paper is a general overview of job performance; leadership style; workplace bullying concepts and how these concepts are correlated with each other through analysing relevant studies which have been carried out in several contexts and industries as well countries, and the main findings for these studies. The paper is based on secondary data like books, journals, articles, reports and websites. Further, the literature review approach is an appropriate method and was used to synthesize similar research results to present and show the evidence associated with a research-level also to reveal the areas that more research is necessary and needed to achieve the duty objectives and questions, which this is a critical part of establishing and creating a valid theoretical model and building conceptual framework (Snyder, 2019). Therefore, selecting this method in the current work is recommended

since the study objective is to examine the relationships between the respective identified variables as well as draw up potential hypothesized model could support the existed knowledge and fulfilling the research gaps and provide new more insights and implications that could also help in addressing the emerging issues in the different contexts and domains.

4. DISCUSSION

Leaders have a key role in creating greater levels of the employees' performance which consequently reflect the whole job performance, it is also evidenced from the studies result discussed in the literature review that different styles of leadership are the main motivation behind the improvement of overall job performance and beautify the competitive advantage of the organizations. However, the findings of the studies also revealed that performing greater than an above-expected average of performance is seen as one of the outcomes of the leadership styles which is struggling to customize the employee attitudes and influence their behaviours towards more productive and important consideration of the inspirational motivations and influence the contingent rewards and management. This work discussed the association between leadership styles and job performance with mediating effect of workplace bullying and its effect in this relationship. Upon this objective, the leadership styles show wide support in enhancing and developing the people abilities which the leaders could also increase their commitment and their performance. Also, recent scholars have mainly focused partially on certain styles of leadership such as transactional and transformational styles and ignore other types of these styles which could play a role in developing the job performance. They debated that for example, the transformational leadership style looks quieter effective comparing to the transactional leadership style many times. Differently, other studies have claimed that adopting a single leadership style among the organization is not adequate and effective to achieve the ultimate influence and for employees. Moreover, workplace bullying as mediating factor may be examined in the relationship between leadership styles and job performance due to the negative outcomes and consequences of this factor in reducing the levels of the performance and the effect of leaders to decrease the levels of bullying practised in the work environment. Hence, it is suggested that the most important for the leaders to be more influential and effective is to adopt different styles of their leadership practices and fit them into the proper style that fit the dominant work situations. The related discussed studies also provide adequate suggestions for the leaders in terms of improving their styles and methods such as goal setting and goal accomplishment as well resources allocation to accomplish larger effective success for their organizations.

On other hand, the other important addressed in this review is workplace bullying in the relationship between leadership styles and job performance which is taken wide interest among contemporary scholars in different contexts. Their results showed that bullying at the workplace could cause many negative organizational outcomes to the employees which would lead to various health problems either physically or mentally. Although, some of these findings demonstrated that workplace bullying has no significant effect and relation on Job performance but we can't neglect it totally which it does not impact the job performance at all of any employee. Therefore, sufficient and robust organizational strategies should be aware of this effect to diminish or even eradicate this divesting immoral phenomenon of bullying at the workplace also reach premium outcomes from the workforces of the organization. Leaving these negative phenomena and their effect on the workplace aspects and human relations definitely will damage both the personal ties and professional environment of both the employees and organizations. The results also have reported that workplace bullying could lead to an increase in the levels of undesirable states of anxiety for example which was agreed among findings of studies that emphasized the role of bullying in deteriorating job performance and this requires the leaders to face and wisely tackle this issue. The psychological views and theories, state that bullying generally generates attitudes and behaviours that match with negative psychological attitudes in the terms of situational and emotional situations. Behavioural resistance which results in reduce the organizational citizenship behaviours and behaviours could increase the workplace abnormal behaviours. As such state of anxiety can affect negatively the mediation effect of workplace bullying on the relationship between leadership styles and job performance.

5. CONCLUSION

The paper proposed a direct impact of the leadership style on workplace bullying and job performance. Education in developing countries is far behind developed countries, and the ranking and standard of education in developing-country organizations need to be improved. Having creative and positive organizational leadership, together with a high level of satisfaction from the administrative staff, will significantly help and boost their performance. Leadership style has been hypothesized to directly affect job performance, while work bullying is anticipated to mediate the positive effect of leadership style and negative influence on job performance, respectively. The following results have arrived at Workplace bullying, based on the research performed during the report, have a significant effect on job performance. Inability to perform at the job may have several different causes, including low work satisfaction, poor salaries, skill shortages, etc. Also, leadership style significantly and positively influences workplace bullying. Consequently, workplace bullying is having a significant effect on organizations as it lowers the possibility of achieving

the organization's goals through poor job performance. On top of that, mentally healthy organizations are the ones free from abuse and bullying. Every organization wants to cultivate and achieve a competitive advantage in the current dynamic market world, and human resource from any organization plays a vital role in achieving it. It is discovered that bullying at the workplace can bring a lot of stress to workers, which can lead to many physical or mental health issues. This research has a significant methodological contribution in modelling leadership styles. As such, this study will assist researchers interested in modelling leadership styles with a large number of lower-order dimensions to concentrate the analysis instead of lower-order dimensions on path relationships. The findings of this study suggested, in terms of theoretical input, that workplace bullying is significant in mediating the effect of leadership style on job performance in the universities studied. As to the robustness of the research methods, the results of this study can be used as useful guidance by leadership style in particular to enhance administrative staff's ability to cope with negative work-related to carrying out their duties and responsibilities. Given this, there are a few suggestions that are thought appropriate for this report. First, adequate administrative facilities should be provided wherever possible to encourage a satisfactory fulfilment of their task by the leader's personnel. Secondly, a collaboration between administrative staff should be stepped up to reduce workplace bullying. Third, administrative staff involved in the organizations should be equipped with better healthcare programs. Fourthly, staff are responsible for undertaking and enforcing the necessary process within their areas, ensuring good communication between department heads, to reduce workplace bullying. When more attention is given to these recommendations, it can help the administrative staff to handle hinders at both individual and community levels. Therefore, effective approaches should be available to eliminate this unethical practice of workplace bullying and get the best result from the employees. Inaction in bullying at work will affect an employee's personal and professional life.

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AUDITOR SWITCHING IN INDONESIAN BANKING SECTOR: ARE THERE ANY DETERMINING FACTORS?

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Abstract

This study was conducted to re-examine the factors causing the management of a banking company to conduct auditor switching. These factors include managerial ownership, change of management, and board of commissioners' composition, audit opinion, and financial stress. The existence of a research gap that occurs in several previous studies regarding the factors influencing management to conduct audit switching is interesting to study. The populations in this study were banks listed on the IDX in 2013-2019 classified according to the Jakarta Stock Industry Classification (JASICA). The results of this study indicate that managerial ownership, change of management, board of commissioner's composition, audit opinion, and financial distress have no effect on auditor switching in banking companies listed on the Indonesia Stock Exchange.

Keywords:

Banking sector, auditor switching, managerial ownership, management change, board of commissioners' composition, audit opinion, financial distress

1. INTRODUCTION

The Act Number 10 of 1998 explains that banking is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and / or other forms in order to improve people's lives. All go-public companies have an obligation to issue financial reports, including banking companies. All information regarding the operational activities and financial position of a company can be reflected in the financial statements it publishes. The issuance of financial reports aims to provide information for interested parties such as investors, shareholders, and the government which will later be used as a means of making decisions (Johari & Hadiprajitno, 2015). The reliability of a financial report requires banks to have an auditor as an independent party to assess objectively whether the financial statements produced by the company have been presented fairly. Auditor independence is the main key of the audit process.

Auditors must be able to carry out their functions and obligations optimally since their functions influence on the quality and results of the audit opinion in each assignment. The quality of the auditors selected by the company to carry out the audit will determine the credibility of the audited financial statements. This quality can be observed through KAP's investment in brand-name reputation (the Big and Non-Big). It causes competition between KAP in obtaining clients, therefore the audit process carried out by each auditor must have satisfactory standards and is qualified to be used as a means of decision making. The independence of public accountants is very important in the audit profession. One of the factors that influence auditor independence is the length of the auditors-clients relationship (Nawang Sari & Iswajuni, 2019).

In Indonesia, regulations on auditor switching have been issued and implemented since the Minister of Finance Regulation No. 423/KMK.06/2002, Ministry of Finance Regulation No. 359/KMK.06/2003, Regulation of the Minister of Finance No. 17/PMK.01 /2008 and further revised to become Government Regulation of the Republic of Indonesia Number 20 of 2015 concerning "Public Accountant Practice" article 11 which contains the provision of general audit services for financial statement information which can only be performed by KAP or a public accountant for an entity at the longest. 5 (five) consecutive years. In fact, some companies choose to switch the services of auditors or other KAP before the five-year period.

Company management must be fair in fulfilling stakeholder rights, namely providing assurance to stakeholders to be able to monitor company performance to be fair on various interests of the company. According to Abdillah and Sabeni (2013), an increase in share ownership will lead to a demand to always monitor company performance, which can be done by selecting the quality of the audit from KAP.

Changes in management or company directors are also indicated as one of the reasons for auditor switching. By company directors switching, the company is expected to be well managed and professional without any intervention or pressure from several parties who are not in accordance with applicable regulations. According to Wea and Murdiawati (2015) accounting, financial policies and the selection of KAP may be carried out by new management to achieve company goals.

Audit opinion is an opinion given by the auditor to his client (the company) to determine the fairness of the financial statements where every opinion issued by an external auditor is considered to have a certain effect, namely a good opinion will attract the attention of investors to invest, so that the company achieves its objectives according to the plan that has been prepared by management (Faradilla & Yahya, 2016). Unmodified opinion is the expectation of each company to the KAP it has hired. However, if the company's management does not agree with the results of the audit opinion in the previous year or the opinion in the future, it will motivate the change of auditors.

Financial distress is a condition experienced by a company if the company is unable to fulfill its financial obligations and is threatened with bankruptcy. It motivates company management to seek auditors with high independence to attract investors' trust (Pradhana & Suputra, 2015).

This research is a replication study from previous research conducted to re-examine and see the factors cause company management to change from one auditor to another. Several studies regarding the factors that influence auditor switching show different results. Managerial ownership has a significant effect on auditor switching as stated by Johari and Hadiprajitno (2015), and is inversely proportional to the research of Abdillah and Sabeni (2013). Management change has a significant effect on auditor switching as stated by Pratini and Astika (2013) and is inversely proportional to the research of Abdillah and Sabeni (2013). The composition of the board of commissioners has a significant effect on auditor switching as stated by Johari and Hadiprajitno (2015), and is inversely proportional to the research of Abdillah and Sabeni (2013). The audit opinion has a significant effect on auditor switching as stated by Faradilla and Yahya (2016) and is inversely proportional to the research of Pratini and Astika (2013). Financial distress has a significant effect on auditor switching as stated by Pratini and Astika (2013) and is inversely proportional to the research of Faradilla and Yahya (2016).

The results of the previous studies have shown an inconsistency (Research Gap). Therefore, researchers are interested in retesting by adding more periods to the factors that influence management in conducting audit switching. The object used in this research is banking listed in the financial services sector which is listed on the Indonesia Stock Exchange (IDX) included in the classification by the Jakarta Stock Industrial Classification (JASICA). A report on www.ekonomi.bisnis.com states that the service sector in the national GDP has succeeded in boosting the Indonesian economy by 43.6%. Companies in the service sector consist of four sub-sectors, namely the property, real estate and building construction sectors; infrastructure, utilities and transportation; finance; and trade, services and investment. Researchers see that previous research such as Arinta and Adiwibowo (2013); Wea and Murdiawati (2015); and Johari and Hadiprajitno (2015) are mostly done in companies in the manufacturing sector, while in Indonesia there are various companies other than manufacturing, namely service companies and trading companies. The observation period of this research starts from 2015 to 2018. The last four years are assumed to be able to represent the latest conditions so that it is expected to obtain valid results.

Based on the background previously described, the problem formulation of this study is whether managerial ownership, management change, the composition of the board of commissioners, audit opinion, and financial distress affect banking companies listed on the IDX in conducting auditor switching.

2. RELATED LITERATURE AND HYPOTHESES DEVELOPMENT

2.1 AGENCY THEORY

According to Godfrey et al. (2010: 362) agency theory describes the contractual relationship between the owner or investor (principal) and the company management (agent), where the principal gives the mandate to the agent to perform work or services on behalf of the principal, including giving delegation of decision-making power. This theory assumes that both the principal and the agent have their respective interests. Agency problems arise due to information asymmetry, where agents who have more

detailed information about the state of the company will tend to take advantage of this situation to hide information that is not known by the principal for their own interests, whereas the principal requires financial statements based on the actual conditions of a company.

According to Scott (2015: 137) there are two types of information asymmetry, namely:

a. *Adverse Selection*

Adverse selection occurs because company management (agents) knows more information than the shareholders (principal). Managers use a variety of ways to sort information to share with shareholders for their personal interest.

b. *Moral Hazard*

Moral Hazard occurs because the owner (shareholder) is separated from the company management in managing the company, so that the owner (shareholder) does not fully know about the running of the company. Therefore, shareholders need tools that can help them to oversee the operations of the company which has become the responsibility of management.

Information asymmetry can be harmonized through a contractual agreement between the agent and the principal, so that the agent must act in a manner that suits the principal's interests. Meanwhile, the principal can also provide appropriate incentives for the agent's performance. Measurement of agent performance is reflected in the financial reports it produces. For this reason, an auditor is needed as an independent party serving corporate governance in monitoring and examining accounting information on financial reports presented by management (Wea and Murdiawati, 2015). The auditor must determine objectively whether the financial statements produced by the company are presented fairly and detect deviations from generally accepted accounting principles (GAAP) in accordance with the applicable Auditing Standards. In addition, the presence of an auditor as an independent party is also expected to reduce agency costs arising from management's selfish behavior.

Jensen and Meckling (1976) in Godfrey et al (2010: 363) divide agency costs into monitoring costs, bonding costs, and residual loss. Monitoring cost is the cost incurred by the principal to monitor, measure, and control every policy taken by the agent. Bonding costs are costs borne by the agent to establish and comply with a mechanism ensuring that the agent will act in the interests of the principal. Residual loss is a sacrifice in the form of reduced prosperity for the principal as a result of differences in the decisions of the agent and the principal.

2.2 AUDITOR SWITCHING

According to Sari and Astika (2018) Auditor switching or transfer of KAP is performed for three reasons. First, the auditors quit voluntarily so that the company was forced to find another independent auditor. Second, the company's management conducts auditor switching because it considers that the auditor's performance is not in line with the company's objectives. And third, the company changes auditors due to government regulations regarding the audit engagement limitation period.

Various countries have implemented rules regarding auditor switching pioneered by US government regulators that made The Sarbanes Oxley Act (SOx). Meanwhile in Indonesia itself, the limitation of the audit engagement period has been regulated in the Minister of Finance Decree No. 359/PMK.06/2003 which was updated with PMK No.17/PMK.01/2008 and revised again to become Government Regulation of the Republic of Indonesia Number 20 of 2015 concerning "Public Accountant Practices" article 11 which contains the provision of general audit services for financial statement information can only be done by KAP or a public accountant for an entity for a maximum period of 5 (five) consecutive years.

The implementation of regulations on auditor switching aims to limit the relationship between auditors and clients from causing dependence on each other. It is done to maintain the independence of auditors in order to remain objective in carrying out their duties. The length of the relationship between the auditor and his client will affect the auditor's independence, since the auditor's objectivity to his clients will decrease over time (Wea and Murdiawati, 2015).

2.3 HYPOTHESIS

2.3.1 MANAGERIAL OWNERSHIP AND AUDITOR SWITCHING

Management ownership is share ownership by company management. The more the number of shares owned by company management, the agency problem or information asymmetry as expressed in agency theory will decrease because of the harmony

between the interests of the shareholders (principal) and the management of the company (agent) Johari and Hadiprajitno (2015). Managers who know the information about the company's operational scope expect more profit as a shareholder. It caused them tend to find auditors who are in line with company goals and achieve their desire to gain benefits as shareholders. The more management ownership, the more it will affect the occurrence of auditor switching. It is supported by Johari and Hadiprajitno (2015) which states that management ownership has an effect on auditor switching and is inversely proportional to the research of Abdillah and Sabeni (2013).

H1: Managerial ownership affects auditor switching

2.3.2 MANAGEMENT CHANGE AND AUDITOR SWITCHING

Management Change is a change of a company's board directors that can be caused by a resolution of the GMS and of one's own desire. According to Jensen and Meckling (1976) in Wea and Murdiawati (2015) based on agency theory, it is a contract in which one or more people (principal) involve other people (agents) to perform some services on their behalf and then delegate some decision-making authority to the agent. As an agent who has the authority to make decisions, the existence of management greatly affects various company activities.

According to Ni Kadek (2010) in Abdillah and Sabeni (2013) management changes are often carried out due to agency problems between agents and principals, where the principal wants the company to perform as he wants. This change tends to be followed by changes in company policies including accounting, financial policies and the selection of new KAPs to achieve company goals (Johari and Hadiprajitno, 2015). Thus, it can be concluded that by management changes, the client company has the opportunity to appoint a new auditor who is more qualified, cooperative and is in line with the company's accounting policies and reporting. If it is not fulfilled, it is likely that the company will replace its auditors. It is supported by Pratini and Astika (2013) and is inversely related to Abdillah and Sabeni (2013).

H2: Management Change affects auditor switching

2.3.3 COMPOSITION OF THE BOARD OF COMMISSIONERS AND AUDITOR SWITCHING

The duties and responsibilities of the board of commissioners as described in the KNKG (2009) are to supervise and provide advice to the board of directors to comply with the Good Corporate Governance guidelines. Agency theory also reveals that the monitoring function carried out by the board of commissioners can minimize fraudulent acts committed by directors (agents) and reduce agency costs, namely monitoring costs or costs incurred by the principal to monitor, measure, and control every policy taken by agent.

The more members of the board of commissioners will affect the company's financial performance. So that the board of commissioners will always be active in monitoring financial reports, regarding to the function of board of commissioners as mediator or control of a company. The desire to always produce good financial reports will motivate the board of commissioners to always seek high quality auditors, so that, the decision to do auditor switching will be very large. It is supported by Harimukti (2015) and Johari and Hadiprajitno (2015) which concluded that the composition of the board of commissioners has an effect on the quality of financial statements, and is inversely proportional to the research of Abdillah and Sabeni (2013).

H3: The composition of the Board of Commissioners has an effect on auditor switching

2.3.4 AUDIT OPINION AND AUDITOR SWITCHING

Audit opinion is a statement of opinion given by the auditor in assessing the fairness of the presentation of the financial statements of the company being audited. It is also one of the basic information used by external users of financial statements as well as being used as a basis for decision making (Pratini & Astika, 2013). As explained in agency theory, management as a manager has a moral obligation to be responsible for the authority given by shareholders. Management accountability can be expressed through financial reports that have been prepared, and audit opinion is an independent party assessment of the company's financial statements.

Unqualified opinion is the expectation of every client, because a good opinion will attract the attention of investors to invest, so that the company achieves its objectives according to the plan prepared by management. Wea and Murdiawati (2015) state that if the manager is not satisfied with the opinion given by the auditor, it is possible that management will do auditor switching. If the auditor is unable to provide an opinion without modification, the client company will tend to perform auditor switching which may be able to provide an opinion as expected by the company. This statement is supported by Faradilla and Yahya (2016) and is inversely proportional to Pratini and Astika (2013).

H4: Audit opinion affects auditor switching

2.3.5 FINANCIAL DISTRESS AND AUDITOR SWITCHING

Good corporate governance can be projected through its financial condition. Financial distress is a condition experienced by a company if the company is unable to fulfill its financial obligations and is threatened with bankruptcy. Pratini and Astika (2013) found that financial distress has an effect on auditor switching. Wasito, et. al (2019) stated that companies with higher financial difficulties tend to replace KAP compared to healthier companies to maintain stakeholder trust and increase company confidence.

When a company experiences financial distress, the presentation of financial statements must be presented in real and fair terms, thus requiring the services of an independent auditor who can be a bridge of information between management (agent) and shareholders (principal) as has been disclosed in agency theory. The decline in the company's financial capacity will motivate company management to seek auditors with relatively low cost with the same quality and independence. Another reason is related to companies that want to maintain investor confidence and maintain company credibility so that the company will change auditors to larger auditors, thus investors are expected to view the company as having financial capability. From this theory, it shows that companies that are experiencing financial distress are more likely to do auditor switching than companies that are not experiencing financial distress. It is supported by Pratini and Astika (2013) and is inversely proportional to Faradilla and Yahya (2016).

H5: Financial distress affects auditor switching

3. DATA AND METHOD

3.1 TYPES OF RESEARCH AND DATA SOURCES

This research belongs to explanatory research, which explains the causal relationship of several variables through hypothesis testing. The data needed is documentary data, namely the type of research data in the form of invoices, journals, minutes of meeting results, or memos. Documentary data contains every event or transaction and the parties involved in it. While the data source used in this study is secondary data, namely the source of research data obtained through intermediary media in the form of evidence, notes and historical reports both published or unpublished (Indriantoro and Supomo, 2014: 146-147).

The dependent variable in this study is auditor switching (Y). Auditor switching is the change of auditors and KAP by a company in the next period. This variable (Y) is measured using a dummy variable. Code 0 indicates the company did not do auditor switching and code 1 means the company did auditor switching (Johari & Hadiprajitno, 2015).

The independent variables in this study are:

a. Managerial Ownership (X1)

Managerial ownership is share ownership by company management. The more shares owned by the board of directors and commissioners of a company will reduce independence in decision making and policy (Johari & Hadiprajitno, 2015).

$$\text{Managerial Ownership} = \frac{\sum \text{number of share that owned by management}}{\sum \text{share of the company}}$$

Information: A, B, = company managers who own shares.

b. Management Change (X2)

Change of company directors is caused by the resolution of the GMS or because the board of directors resigned. This variable (X2) is measured using a dummy variable. Code 0 indicates a company that does not make management changes and Code 1 means that the company has made a Management Change (Pratini & Astika, 2013).

c. Composition of the Board of Commissioners (X3)

The board of commissioners is the board that supervises and provides advice on the performance of the board of directors, so that the board of commissioners has a controlling function over the practicality of agency theory. (Pratini & Astika, 2013).

$$\text{Board of Commissioners Composition} = \frac{\sum \text{independent board of commissioners}}{\sum \text{board of commissioners}}$$

d. Audit Opinion (X4)

The auditor's opinion in the auditor's standard report states the auditor's opinion after auditing in accordance with generally accepted accounting principles. Audit opinion is measured using dummy variables. Companies that receive a Modified opinion is in code 1, Companies that receive an unmodified opinion with code 0 (Faradila & Yahya, 2015).

e. Financial Distress (X5)

The condition of a company experiences financial difficulties if the company cannot fulfill its financial obligations and is threatened with bankruptcy. The financial distress variable is proxied by using the DER ratio (Debt to Equity Ratio) (Gunady & Mangoting, 2013).

3.2 POPULATION AND SAMPLE

The population in this study were all banking companies listed on the Indonesia Stock Exchange in 2013-2019 according to the Jakarta Stock Industrial Classification (JASICA) classification. Sampling in this study was carried out by determining the sample and certain considerations (purposive sampling). The criteria for sampling this research are:

Table 1. Sampling criteria

Sampling Criteria	Amount
Number of populations	45
Population that does not met the criteria:	
1. Companies that were not listed on the IDX before 31 December 2013 and were still registered until 32 December 2019	0
2. The companies that did not publish financial reports accompanied by independent auditor's report for the period ended 31 December 2013 to 31 December 2019	(6)
3. The Financial report is not published in Indonesian Currency (Rupiah)	0
Number of Companies in one period	39

Source: Processed data, 2020

4. EMPIRICAL RESULTS

4.1 DESCRIPTIVE STATISTICS

Descriptive statistical analysis in this study includes Minimum Value, Maximum Value, Mean and Standard Deviation (Std). Following are the results of the descriptive analysis test using SPSS 23.

Table 2. Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Managerial Ownership (X ₁)	273	,0000	,3333	,017038	,0549685
Management Changes (X ₂)	273	0	1	,61	,488

Board of Commissioners composition (X ₃)	273	,00	1,00	,5676	,14543
Audit Opinion (X ₄)	273	0	1	,00	,061
Financial Distress (X ₅)	273	,3440	18,2070	6,287975	2,8555942
Auditor Switching(Y)	273	0	1	,46	,499
Valid N (listwise)	273				

Source: SPSS23 data processed (2020)

The above table shows that managerial ownership which is the independent variable (X₁) in this study has a minimum value of 0 (zero) and a maximum value of 0.333. A minimum value of 0 indicates that some companies do not allow or do not have share ownership programs for the management of their companies. The maximum value or largest share ownership of 0.333 is found in Bank Danamon Indonesia (BDMD). The mean or average value of the managerial ownership variable is 0.017038 while the standard deviation is 0.0549685. It shows that the level of data distribution of managerial ownership variables is heterogeneous or has sample data characteristics that tend to vary for all companies.

Management change which is the independent variable (X₂) in this study has a minimum value of 0 (zero) and a maximum value of 1 (one). The values 0 (zero) and 1 (one) are the values used as dummy variables, where the value 0 (zero) is intended for companies that do not change management and the value 1 (one) is intended for companies that make management changes. The mean or average value of the change in management variable is 0.61, while the standard deviation is 0.488. It shows that the level of distribution of management change variable data is heterogeneous or has sample data characteristics that tend to vary for all companies.

The composition of the board of commissioners, which is an independent variable (X₃) in this study, has a minimum value of 0 or in a company that does not have independent board of commissioners at all and a maximum value of 1 or in a company the composition of the board of commissioners consists entirely of independent commissioners. The mean or average value of the board of commissioners' composition variable is 0.5676 while the standard deviation is 0.14543. The standard deviation value of the composition of the board of commissioners is smaller than the average value, so that the average value of the composition of the board of commissioners has a small degree of deviation, the smaller the level of deviation, the smaller the level of data variation, it indicates a normal data distribution and does not cause bias.

Audit opinion which is the independent variable (X₄) in this study has a minimum value of 0 (zero) and a maximum value of 1 (one). The values 0 (zero) and 1 (one) are the values used as dummy variables, where the value 0 (zero) is intended for companies that receive an unmodified opinion and the value 1 (one) is for companies that receive a modified opinion. The mean or average value of the audit opinion variable is 0 while the standard deviation is 0.061. It shows that the level of data distribution of the audit opinion variable is heterogeneous or has sample data characteristics that tend to vary for all companies.

Financial distress which is an independent variable (X₅) in this study has a minimum value of 0.3440 found in Panin Bank Syariah (PNBS) and a maximum value of 18.2070 found in Bank Banten (BEKS). The mean or average value of the financial distress variable is 6.287975 while the standard deviation is 2.8555942. It shows that the level of distribution of financial distress variable data is heterogeneous or has sample data characteristics that tend to vary for all companies

Auditor switching (Y) has a minimum value of 0 (zero) and a maximum value of 1 (one). The values of 0 (zero) and 1 (one) are the values used as dummy variables, where the value of 0 (zero) is intended for companies that do not change auditors (auditor switching) and the value of 1 (one) is for companies that make auditor changes (auditor switching). The mean or average value of the auditor switching variable is 0.46, while the standard deviation is 0.499. It shows that the level of data distribution of the auditor switching variable (Y) is heterogeneous or has sample data characteristics that tend to vary for all companies.

4.2 MULTICOLLINEARITY TEST

Logistic regression used in this study did not require data to be normally distributed as in linear analysis. The multicollinearity that occurs between the independent variables can bias the estimation so that a multicollinearity test is needed which aims to test whether or not there is a correlation between the independent variables of the regression model

The results in this study are shown in the table:

Table 3. Correlation Matrix

	Cons-tant	Managerial Ownership	Management Change	Board of Commissioners Composition	Audit Opinion	Financial Distress
Constant	1,000	-,164	-,283	-,804	,000	-,379
Managerial Ownership	-,164	1,000	,216	,027	,000	,025
Management Change	-,283	,216	1,000	,017	,000	-,058
Board of Commissioners Composition	-,804	,027	,017	1,000	,000	-,102
Audit Opinion	,000	,000	,000	,000	1,000	,000
Constant	-,379	,025	-,058	-,102	,000	1,000

Source: SPSS23 data processed (2020)

The table 3 shows the absence of a correlation coefficient value between independent or independent variables whose value is more than equal to 1,000 which indicates no multicollinearity symptom between independent variables.

4.3 RESEARCH HYPOTHESIS TEST

a. Testing the Eligibility of the Regression Model (Hosmer and Lemeshow's Goodness of Fit Test)

Table 4. Hosmer and Lemeshow Test

Step	Chi-square	Df	Sig.
1	3,465	5	,629

Source: SPSS23 data processed (2019)

The results of Hosmer and Lemeshow's Goodness of Fit Test above show that the chi-square value is 3,465 with significance value of 0.629. The significance value is greater than $\alpha = 5\%$ (0.05) so it can be concluded that the logistic regression model used is feasible for further analysis because the model can predict the value of the observations.

b. Coefficient of Determination (Cox and Snell R Square and Nagelkerke R Square)

Table 5. Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	373,053	,013	,017

Source: processed data from SPSS 23 (2020)

Based on table 4.6 the value of Cox & Snell R Square is 0.13 with a Nagelkerke R Square value of 0.17. It shows that 17% of the independent variables of managerial ownership, management change, the composition of the board of commissioners, audit opinion, and financial distress have an effect on auditor switching carried out by banking companies listed on the Indonesia Stock Exchange during the 2013-2019 period.

4.4 SIGNIFICANCE TEST OF THE REGRESSION COEFFICIENT

The significance of the logistic regression coefficient is tested using the p-value (probability value) with a significance level of probability value (significance) $p \leq 0.05$ ($\alpha = 5\%$), the independent variable managerial ownership, Management Change, board of commissioners' composition, audit opinion, and financial distress have a significant effect on the dependent variable auditor switching. The following are the results of testing the significance of each logistic regression coefficient:

Tabel 6. Variables in the Equation

B	S.E.	Wald	Df	Sig.	Exp(B)	Keterangan
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Managerial Ownership	1,368	2,277	,361	1	,548	3,928	Rejected
Managerial Change	,226	,258	,765	1	,382	1,253	Rejected
Board of commissioner composition	-,354	,846	,175	1	,675	,702	Rejected
Audit Opinion	21,606	40192,970	,000	1	1,000	2417969095,53	Rejected
Financial Distress	-,037	,043	,707	1	,401	,964	Rejected
Constant	,090	,566	,025	1	,873	1,095	

Source: processed data from SPSS 23 (2020)

Based on the estimation results in table 4.7, the logistic regression equation is obtained as follows:

$$\text{Ln} \left(\frac{\text{SWITCH}}{1-\text{SWITCH}} \right) = (a + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + e)$$

$$\text{Ln} \left(\frac{\text{SWITCH}}{1-\text{SWITCH}} \right) = (0,90 + 1,368X_1 + 0,226X_2 - 0,358X_3 - 21,606X_4 - 0,037X_5 + e)$$

Information:

X1 = Managerial Ownership

X2 = Management Change

X3 = Composition of the Board of Commissioners

X4 = Audit Opinion

X5 = Financial Distress

4.5 LOGISTICS REGRESSION ANALYSIS

4.5.1 THE EFFECT OF MANAGERIAL OWNERSHIP ON AUDITOR SWITCHING

Based on the results of logistic regression testing in table 6, the regression coefficient value is 1.368 with a significance value of 0.548. This figure shows a significance level greater than 0.05, so it can be concluded that the managerial ownership variable has no effect on the occurrence of auditor switching. It is in line with attachment 2 which explains that the management can make auditor switching on the resolution of the GMS regardless of the number of shares owned by management. According to this research, it shows that 125 out of 273 or 54.2% of auditor changes are caused by management policies where the audit committee conducts a survey of the public accounting firm to be elected and then recommends it to the board of commissioners and directors.

Agency theory which states that the more shares owned by company management, the agency problem or information asymmetry will decrease because of the harmony between the interests of shareholders (principal) and company management (agents). Table 2 explains that the average (mean) managerial shareholders in service companies are minority shareholders, which is 0.017038 or less than 5%. Companies that have smaller managerial shares tend not to do auditor switching as their auditors, because the decision to do auditor switching is ratified in the GMS, so that the minority cannot cause the change of KAP. On the other hand, the average managerial ownership of 0.017038 by banks proves that the company in practice has complied with the Financial Services Authority Regulation (POJK) no. 04 of 2013 concerning the Employee Stock Ownership Program (ESOP) of Public Companies mentioned in Article 6 of share ownership that can be owned by employees as much as 10% of the shares offered.

The results of this study support Abdillah and Sabeni (2013) proving that managerial ownership does not have a significant effect on companies that carry out auditor switching.

4.5.2 EFFECT OF MANAGEMENT CHANGE ON AUDITOR SWITCHING

Based on the results of logistic regression testing in table 6, the regression coefficient value is 0.226 with a significance value of 0.382. This figure shows a significance level greater than 0.05, so it can be concluded that the management change variable has no effect on the occurrence of auditor switching. Changes in management will tend to be followed by changes in company policies including accounting, financial policies and the selection of new accounting firms according to the preferences and new management authorities to achieve company goals. However, in reality management changes are not always followed by changes in company policies in using the services of a KAP. It happens because the old accounting firm accounting policies and reporting can still be harmonized with new management policies by renegotiating or adjusting the two parties (Arinta and Adiwibowo, 2013). The new management only needs to make adjustments to company policies so that it does not have to replace the KAP with which it works. Although the new management made the decision to do auditor switching, it was not always fulfilled at the general meeting of shareholders or because the audit engagement period between the company and the public accounting firm had not yet been completed according to the Government Regulation of the Republic of Indonesia Number 20 of 2015 article 11 which contained the provision of general audit services. Information on financial statements can only be made by a public accountant for an entity for a maximum period of 5 (five) consecutive years.

Management change is often done due to agency problem between the agent and the principal. Management changes made during the GMS generally occurred because the old management could not achieve the target according to the company's goals, thus requiring the new management to carry out various policies in order to achieve the desired company goals. The results of this study support Abdillah and Sabeni (2013) and Arinta and Adiwibowo (2013) which state that management change has no effect on auditor switching.

4.5.3 EFFECT OF THE COMPOSITION OF THE BOARD OF COMMISSIONERS ON AUDITOR SWITCHING

Based on the results of logistic regression testing in table 6, the regression coefficient value is -0.354 with a significance value of 0.675. This figure shows a significance level greater than 0.05, so it can be concluded that the variable composition of the board of commissioners has no effect on the occurrence of auditor switching. The results of this study occur because the desire of the board of commissioners to always be active to monitor financial reports and to produce good financial reports so that it will motivate the board of commissioners to always find a high-quality auditor. The independent board of commissioners will receive a new KAP proposal from the audit committee, perhaps considering that even though the old KAP provided a modified opinion, the old KAP may still be able to behave professionally by holding high its independence, so the board of commissioners will certainly consider maintaining the old KAP. On the other hand, if the independent board of commissioners proposes to do auditor switching, it will not always be fulfilled in the decision of the general meeting of shareholders.

In addition, the existence of independent commissioners may occur only to fulfill the formal requirements made by BAPEPAM and are not intended to implement Good Corporate Governance. As explained by Geidon (2005) in Nikmah and Rahardjo (2014) that the placement or addition of members of the independent board of commissioners is possible only to fulfill formal requirements, while majority shareholders (controllers / founders) still play an important role so that board performance does not even improve and even decrease. In addition, Geidon (2005) in Nikmah and Rahardjo (2014) also state that the strong control of company founders and majority share ownership makes the board of commissioners not independent. The controlling function which should be the responsibility of board members becomes ineffective.

The results of this study support Johari and Hadiprajitno (2015) which concluded that the composition of the board of commissioners has no effect on auditor switching.

4.5.4 THE EFFECT OF THE AUDIT OPINION ON AUDITOR SWITCHING

Based on the results of logistic regression testing in table 6, the regression coefficient value is 21.606 with a significance value of 1,000. This figure shows a significance level is greater than 0.05, so it can be concluded that the audit opinion variable has no effect on the occurrence of auditor switching. Wea and Murdiawati (2015) state that if the manager is not satisfied with the opinion given by the auditor, it is possible that management will do auditor switching. An audit conducted by a public accountant to obtain evidence to conclude an assessment of whether the financial statements have been presented in accordance with applicable financial accounting standards. The auditor's opinion is stated in an auditor's report containing the conclusions of the opinion, which then the auditor's report is attached to the financial statements prepared and approved by the board of directors for publication.

The test results that failed to obtain a significant effect were thought to be due to the fact that in general the sample companies had received an unmodified opinion during 2013–2019. As stated in appendix 2, all sample companies have received an

unmodified opinion, so that auditor switching is not necessary for the management of companies that have received an unmodified opinion. The company may also decide to continue the engagement with the old KAP even though it gets a modified opinion because it considers that there is a long-standing relationship with the KAP. The longer the KAP relationship with the company, the easier it will be for the KAP to understand the company being audited, making it easier for auditors to carry out the next audit process. In addition, if the company changes by using Big Four KAP, it will cause the company to have less discretion to do auditor switching. Because the change of KAP from the Big Four is feared to cause negative sentiment from market players on the quality of financial reporting from companies (Gunady and Mangoting, 2013).

As explained in agency theory, management as a manager has a moral obligation to be responsible for the authority given by shareholders. Management accountability can be expressed through financial reports prepared, and audit opinion is an independent party assessment of the company's financial statements. In this case, the public accountant, as an external party appointed by the company to audit the financial statements, is only responsible for the auditor's opinion on the financial statements.

The results of this study support Wea and Murdiawati (2015) and Pawitri and Yadnyana (2015) which state that audit opinion does not have a significant effect on auditor switching.

4.5.5 EFFECT OF FINANCIAL DISTRESS ON AUDITOR SWITCHING

It is very likely that the company will experience bankruptcy when experiencing financial distress, so that it will motivate the company's management to seek auditors with relatively low prices with the same quality and independence. Furthermore, the companies want to maintain its reputation and maintain investor confidence (Faradilla and Yahya, 2016). Based on the results of logistic regression testing in table 6, the regression coefficient value is -0.037 with a significance value of 0.401. This figure shows a significance level is greater than 0.05, so it can be concluded that the financial distress variable has no effect on the occurrence of auditor switching. The results of this study are inversely proportional to the proposed hypothesis. The reason for this research is that when a company performs auditor switching with bad financial conditions, it will burden the company more. On the other hand, auditor independence is also a factor for companies not to do auditor switching, because independent auditors will still provide reliable audit results

The results of this study support Abdillah and Sabeni (2013) and Arinta and Adiwibowo (2013) which state that financial distress is not a driving factor for companies to do auditor switching. It is contrary to Pratini and Astika (2013) and Wea and Murdiawati (2015) which state that financial distress is one of the factors driving companies to do auditor switching.

5 CONCLUSIONS

Based on the results of hypothesis testing and the discussion that has been put forward by the researcher, it can be concluded that managerial ownership has no effect on the occurrence of auditor switching. It occurs because the management can make auditor switching based on the resolution of the GMS regardless of the number of shares owned by management. The change of auditors was caused by a management policy where the audit committee conducted a survey of the public accounting firm to be elected and then recommended it to the board of commissioners and directors.

Management change has no effect on the occurrence of auditor switching. It occurs because changes in company policies according to preferences and new management authorities regarding accounting, financial and accounting policies are not always fulfilled in the results of the general meeting of shareholders.

The composition of the board of commissioners has no effect on the occurrence of auditor switching. It occurs because the desire of the board of commissioners to always be active in monitoring and producing good financial reports, thus finding auditors with high quality cannot always be fulfilled in the decisions of the general meeting of shareholders.

Audit opinion has no effect on the occurrence of auditor switching. It occurs because in this study, the object sample used is as many as 88 of the 89 samples of companies that have received an unmodified opinion, so that auditor switching is not necessary for the management of companies that have received an unmodified opinion. Meanwhile, when a company receives a modified opinion, it is not always followed by a policy to do auditor switching.

Financial distress has no effect on the occurrence of auditor switching. When a company performs auditor switching with bad financial conditions, it will burden the company more. On the other hand, auditor independence is also a factor for companies not to do auditor switching, because independent auditors will still provide reliable audit results.

The auditor switching phenomenon has implications for the credibility of financial reporting and the costs of monitoring management activities (Huson et al. 2000 in Nazri et al., 2012). Auditor changes resulted in the resignation and dismissal of auditors from the client company (Turner et al. 2005 in Nazri et al., 2012). Companies should prepare for higher costs to deal with new auditors (Fitriani & Zulaikha, 2014). New auditors are unlikely to know the details of the company's characteristics. Therefore, auditors have to introduce new clients and usually the costs that the clients have to pay are getting bigger. It's not only companies that feel the impact, but old auditors are also affected. The auditors will lose clients and income (Nazri et al., 2012) because the engagement period has ended. This study has several limitations. First, this study does not consider the reasons for management changes made by the company either because of a personal desire to resign or because of the completion of the working period.

Since the annual report does not provide information on the reasons for management change, it results in less detailed information in this study. Second, this study does not separate companies that perform voluntary and mandatory auditor switching. For this limitation, further research is suggested to consider each of the reasons that affect each variable and add reasons for looking at the firm's options for the reputation of KAP, for example the move from large to non-large, non-large to large, non-big to non-big KAP, or from large too large to get more valid results too. Further research is suggested to separate companies that make voluntary auditor changes and companies that make compulsory auditor changes and add other independent variables that are thought to influence the company in making auditor changes.

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E-SERVICE QUALITY, ISLAMIC BRANDING, AND EASE OF USE AND PURCHASING DECISIONS DURING THE COVID-19 PANDEMIC

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Abstract

This research aims to analyze the influence of e-service quality, Islamic branding and ease of use on purchasing decisions during the covid-19 pandemic. This research focuses on Muslim students of Jember University who used shopee marketplace. This study belongs to explanatory research, with multiple linear regression analysis techniques. Sampling with non-probability sampling technique procedure is snowball with a sample number of 100 respondents. The results show that e-service quality and Islamic branding had no significant effect on the purchasing decisions of Muslim students at the University of Jember. This can be caused by e-service quality from Shopee is less strong in influencing the decision of purchasing Muslim students University of Jember moreover Islamic branding from Shopee is less highlighted so it is less powerful in influencing the purchase decision of Muslim students of the University of Jember. The ease of use significantly influenced; it is because respondents aged 18-26 years prefer the application that is not troublesome.

Keywords:

E-service Quality, Ease of Use, Islamic Branding, Purchasing Decisions

1. INTRODUCTION

In this modern era, technological developments are increasingly rapid, various sectors are affected by technological developments, including the economic sector. One of the impacts of technological developments that we can feel in terms of the economy is online buying and selling transactions. Data from the Indonesian Internet Service Providers Association (APJII 2020) notes that 196.7 million people in Indonesia use the internet every day in 2019 until the second quarter of 2020. From this data, it can be seen that the potential of the marketplace in Indonesia is very wide. Data from the Central Statistics Agency (BPS 2020) notes that there are at least more than 5 online sales media in Indonesia. The highest percentage for the media marketplace is occupied by Shopee at 2.78%.

March 31, 2020 President Joko Widodo issued a Government Regulation that regulates Large-Scale Social Restrictions (PSBB), the regulation obliges people not to leave their homes and avoid crowds. The use of the marketplace is one solution to meet daily needs. High internet usage penetration and government regulations that do not allow leaving the house create a very good market potential for the marketplace, this potential results in increasingly fierce competition between marketplace applications

Shopee is the marketplace with the most users according to data from BPS (2020) this is because Shopee's marketing strategy is quite good. Good service can be felt from payment methods, COD features, to features that have Islamic characteristics. The use of things that have Islamic nuances has started to be noticed by shopees lately. This is considered appropriate considering that the majority of Indonesian people are Muslim.

Herzheg suggested that satisfiers and dissatisfiers will motivate someone to choose a product or service. This is related to the service quality of a company. The implication of this theory is that a company tries to serve its best so that consumers choose the company over other companies. In addition to Herzheg's theory, there is a more complex theory that discusses the things that influence consumers in choosing a product or service, the theory is the theory of consumer behavior.

Consumer Behavior Theory (Philip Kotler and Keller, 2016) says there are stimuli that influence consumers to make purchasing decisions. In this theory the purchase decision is a form of consumer preference in choosing something. Such as choosing between product A or B, choosing brand A or B, choosing the time of purchase, choosing a payment method and so on. Stimulus consists of 3 types, namely seller stimulation, buyer stimulation and other stimuli. Stimulus buyers consist of cultural, social and personal. In addition to these stimuli, there is also consumer psychology that can influence purchasing decisions, one of which is motivation.

Yuswohady (2014) said that the more techsavvy and knowledgeable a person is, the more religious that person is. The University of Jember in 2021 was ranked 12th in the Webometric ranking, this indicates that the University of Jember is one of the universities with the best use of technology. Based on Yuswohady's theory and the achievements of the University of Jember, the University of Jember has a community with a fairly high religious level.

This study was conducted to analyze the influence of motivational stimuli (e-service quality) culture (Islamic branding) and perceptions (ease of use) contained in the theory of consumer behavior at the University of Jember. Therefore, the formulation of the problem and purpose in this study is whether e-service quality, Islamic branding, and ease of use affect purchasing decisions for Muslim students at the University of Jember in the Shopee marketplace.

2. THEORETICAL REVIEW

2.1 CONSUMER BEHAVIOR

Consumer behavior is a study of individuals, groups and organizations in choosing, buying, using and placing goods, services, ideas or experiences to satisfy their wants and needs (Kotler and Keller 2016). Briefly, consumer behavior discusses the reasons consumers choose the things they do. According to Kotler and Keller (2016) there are several stimuli that affect a person, namely seller, buyer, other and psychological stimuli. Seller stimuli consist of products and services, price, distribution, and communication. Stimulus buyers consist of cultural, social, and personal. Other stimuli consist of economic, technological, political and cultural. While the consumer's psychological stimulation consists of motivation, perception, learning, and memory.

2.2 E-SERVICE QUALITY

E-service Quality is a form of implementation of Herzberg's theory, namely satisfiers and dissatisfiers, namely sellers should try hard to avoid dissatisfiers and increase satisfiers so that consumers are motivated to buy in stores or use the application. E-service quality is the quality of electronic services as a service provided to consumers online, which is an extension of the site's ability to effectively and efficiently promote shopping, purchasing and distribution activities. E-service quality has the following indicators:

- a. *Reability*
- b. *Responsiveness*
- c. *Privacy/security*
- d. *Information quality/benefit*
- e. *Ease of use/usability*
- f. *Web design.*

2.3 ISLAMIC BRANDING

Islamic branding is a form of using Islamic names or things that smell or have Islamic nuances. Islamic branding is classified as cultural stimulation because Islamic branding is the use of things that have Islamic nuances. According to Alserhan (2010) (Nasrullah 2015), (Rohmah 2019), (Setyarko 2016) Islamic branding is divided into 3 classifications, namely by compliance (based on the product specifically for the Islamic community and the producing country is a Muslim country), by customer (product produced specifically for the Muslim community), and by origin (the producing country is Islam country). Islamic branding has the following indicators:

- a. Importance of brand
- b. Brand Familiarity
- c. Consumer trust
- d. Halal Label

2.4 EASE OF USE

Ease of use is the perception or point of view that the technology can be easily understood. The easier the application is to use, the more interested consumers are in using the application, and vice versa. The goal of ease of use is to cut time and effort. Indicators of ease of use are as follows:

- a. Clear and easy to understand.
- b. It doesn't take much effort to interact with the system
- c. Easy-to-use system
- d. The system is easy to operate according to the user's wishes.

2.5 BUYING DECISION

The purchase decision is an output of a process or cycle called the purchase decision process. Please note that the purchase decision is not an actual purchase or an actual purchase. When consumers decide to buy, purchasing decisions play a role in encouraging consumers to choose the right time to buy, or where to buy, or how much to buy. Before reaching the point of purchase decision, a process is needed, the process is as follows:

- a. Problem introduction
- b. Information search
- c. Alternative evaluation
- d. Buying decision
- e. Post-purchase behavior.

One of the studies that discusses the effect of e-service quality on purchasing decisions, states that the e-service quality variable has a significant positive effect on purchasing decisions (Sukron 2019), (Komara & Anton 2013). Supported by other studies that examine the effect of e-service quality, Islamic branding and Islamic advertising ethics on purchasing decisions for Shopee users, it is known that e-service quality has a positive and significant effect on consumer purchasing decisions for Shopee users (Prihanti 2019). Based on the understanding of e-service quality and research that has been done by previous researchers, the hypothesis that can be taken for this research is

H1: The e-service quality variable has a positive and significant effect on purchasing decisions

One of the studies that discussed the influence of Islamic branding on consumer decisions entitled Muslim's purchase intention towards non-Muslim's halal packaged food manufacturers found that Islamic branding had an insignificant positive effect on purchasing decisions (Yunus et al. 2014). In addition, other studies, namely other studies, have shown that Islamic branding has an effect on the contribution of a product by 9.4% and is significant for consumer purchasing decisions (Nasrullah 2015), More specifically on Shopee users, the latest research by examining 150 Shopee user respondents and resulted that Islamic branding has a positive and significant effect on purchasing decisions (Prihanti 2019), then the hypothesis that can be taken for this research is

H2: Islamic branding variable has a positive and significant effect on purchasing decisions

Research with the title of e-commerce purchasing decisions through ease of use, quality of information and quality of web service interactions with explanatory research analysis results that ease of use has a significant effect on e-commerce purchasing decisions. Rohmah (2019) who examined the influence of trust, convenience, quality of information, halal products on online purchasing decisions for students of Islamic Economics Study Program class 2016-2018 UIN Walisongo found that convenience had a positive and significant effect on online purchasing decisions for students of Islamic Economics Study Program at UIN. Walisongo, then the hypothesis that can be taken for this research is

H3: The ease-of-use variable has a positive and significant effect on purchasing decisions

3. METHOD

Research design is an Explanatory Research, which is research that is used to show the position of a variable being studied and the influence between one variable and another.

Data Types and Sources

The data used in this study is ordinal data which is then transformed using MSI to become interval data. The data used in this study were taken through questionnaires and limited interviews.

Population and Sample

The population in this study are Muslim students who use the Shopee marketplace at the University of Jember, because the population is not known with certainty, the sampling technique that can be used is snowball.

Data analysis method

The analysis technique used in this research is multiple linear regression. In addition, it uses a variety of tests. Instrument test (validity and reliability), classical assumption test (normality, multicollinearity, and heteroscedasticity) and hypothesis testing (t test and coefficient of determination)

4. RESULTS AND DISCUSSION

This research has passed the validity and reliability test, and has gone through the classical assumption test. The data used in this study are valid and reliable, for the questionnaire data has been normally distributed and there is no multicollinearity and heteroscedasticity. After going through various tests and data transformation MSI from ordinal to interval, the multiple linear regression model in this study is as follows:

$$Y = 3963,051 + 0,083 + 0,052 + 0,503 + e$$

The t-test in this study is shown in table 1.

Table 1 . Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig
Constants	3963,051	1331,847		2,976	0,004
<i>E-service quality</i>	0,083	0,087	0,108	0,950	0,344
<i>Islamic branding</i>	0,052	0,058	0,077	0,884	0,379
Kemudahan Penggunaan	0,503	0,113	0,536	4,443	0,000

Source: primary data, 2021

Based on table 1, it is known that the independent variables in this study, namely e-service quality and Islamic branding are not significant because the significance level exceeds 0.05, which is 0.344 and 0.379, this makes H0 accepted and H1 rejected. While the ease of use has a significance value below 0.05, which is 0.000, therefore H0 is rejected and H1 is accepted. In addition to looking at the level of significance for the three variables, the t-test was performed by comparing whichever t table was greater than the t-count. To find out the t-table point, the degree of freedom or degrees of freedom is used, namely $Df = n - 2$ where n is the number of respondents, then the number is 98 with a significance level of 0.05. From that point, the t table value is 1.660. Based on table 1 and comparing it with the t table value (1.660) it can be seen that only ease of use has a t count greater than t table, it can be ascertained that H0 is accepted, H1 and H2 are rejected in X1 and X2. H0 is rejected and H3 is accepted on the X3 variable. It means, partially, only the ease-of-use variable has a positive effect on purchasing decisions, while e-service quality and Islamic branding have no effect.

Table 1 . R square results

Model	R	R Square	Adjusted R Square	Std. Error
1	0,661	0,437	0,491	2006,279

Source: primary data, 2021

Based on table 2, it can be seen that the value of the coefficient of determination is found in the Adjusted R Square value of 0.419. This indicates the ability of the independent variable to explain the dependent variable is 41.9% and the remaining 58.1% is explained by other variables not discussed in this study such as price, promotion, brand image, and other variables that cannot be mentioned one by one.

5. DISCUSSION

A. EFFECT OF E-SERVICE QUALITY ON PURCHASING DECISIONS

Based on the results of the t-test on the e-service quality variable, a value of 0.344 is obtained which indicates that the value is greater than the significance level, namely 0.05, meaning that H₀ is accepted and H₁ is rejected. Purchase" was rejected. This shows that the higher the e-service quality improved by Shopee, the less significant impact it has on the purchasing decisions of Muslim consumers at the University of Jember.

The results of the answers from the respondents indicate that the level of e-service quality is one of the considerations in making purchasing decisions on the Shopee marketplace. Herzberg's theory states that there are two factors that motivate a person to make a purchase decision, namely dissatisfiers (dissatisfaction factors) and satisfiers (satisfaction factors). The implication of this theory is a sales strategy to avoid dissatisfiers and increase satisfiers using e-service quality or electronic service quality. This theory is supported by Prihanti's research (2019) which was conducted on 100 respondents, from the research it is known that there is a significant influence between e-service quality variables on purchasing decisions. However, this study is not in line with this theory, for Shopee marketplace users at the University of Jember, e-service quality has no effect on purchasing decisions. This can be caused by user dissatisfaction with the e-service quality provided by the Shopee application. According to interview data, appearance is one of the services that needs to be improved because according to some respondents, Shopee's appearance is not attractive enough and is considered ordinary. In addition, an in-depth evaluation needs to be done on the search feature because some respondents complained about it. This is because when respondents use the search feature, they actually bring up unwanted products.

B. THE INFLUENCE OF ISLAMIC BRANDING ON PURCHASING DECISIONS

Referring to the results of the t test, it is known that the value of the Islamic branding variable is 0.379 which indicates that the value is greater than the significance level, namely 0.05, meaning that H₀ is accepted and H₂ is rejected. . This shows that the higher the Islamic branding enhanced by Shopee, the positive but not significant impact on the purchasing decisions of Muslim consumers at the University of Jember. Islamic branding is basically the use of names or things that indicate that the product has a halal identity. The results of this study conclude that Islamic branding does not have a significant effect on purchasing decisions, in line with research conducted by Sukron (2019) other than because Shopee does not emphasize the branding too much, users are more interested in choosing aspects or other factors not mentioned in the study. this.

Based on the results of interviews, respondents realized these shortcomings, sharia branding on Shopee was felt to be less visible. Some respondents complained about the instalment interest on Shopee paylater, besides that there was no filtration of halal or non-halal products.

C. EFFECT OF EASE OF USE ON PURCHASING DECISIONS

Based on the results of the t test on the ease-of-use variable, a value of 0.000 was obtained which indicates that the value is less than the significance level of 0.05, meaning that H₀ is rejected and H₃ is accepted. This shows that the higher the ease of use enhanced by Shopee, the positive impact on the purchasing decisions of Muslim consumers at the University of Jember.

Ease of use is basically an application user's perception of the level of ease of the application. In the theory of consumer behavior, perception is one of the things that encourage consumers to make purchasing decisions. This theory is supported by Rohmah (2019) with his research on students of UIN Walisongo class 2016-2018. In line with this research, the results of this study indicate that there is a significant influence between ease of use on purchasing decisions. Based on the results of interviews, respondents tend to like applications with a high level of convenience, this is because students prefer things that are practical and easy to use. The application of the right ease of use can make a big contribution and benefit in marketing the product.

6. RESEARCH CONCLUSIONS AND IMPLICATIONS

The results of data analysis and discussion regarding the influence of e-service quality, Islamic branding and ease of use on purchasing decisions can be concluded as follows:

- a. E-service quality partially has no significant effect on purchasing decisions for Muslim students at the University of Jember who use the shopee marketplace. It is proven by the results of the t test of 0.344 which is greater than 0.05 with the t count of 0.950 which is smaller than the t table of 1.660. This shows that this study does not support Herzheg's theory of motivation. This could be due to the lack of e-service quality from Shopee in influencing the purchasing decisions of Muslim students at the University of Jember. It is proven that a number of respondents have had poor experiences in terms of responsiveness, usability and web design
- b. Islamic branding partially has no significant effect on purchasing decisions for Muslim students at Jember University who use the shopee marketplace. It is proven by the results of the t test of 0.379 which is greater than 0.05 with the t count of 0.884 which is smaller than the t table of 1.660. This shows that this study does not support the theory of consumer behavior on cultural stimuli. This is because the Islamic branding from Shopee is not highlighted so that it is not strong enough to influence the purchasing decisions of Muslim students at the University of Jember. It is evident that a number of respondents complained about the existence of Shopeepaylater and non-halal products offered at Shopee.
- c. Ease of use has a positive and significant effect with a large enough value on purchasing decisions. It is proven by the results of the t-test of 0.000 which is smaller than 0.05 with the t-count of 4.443 which is greater than the t-table of 1.660. This shows that this study supports the theory of consumer behavior on perceptual stimuli.

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ROLE OF VOLUNTARY ADHOCRATIC CAPABILITY IN ENHANCING WORK GROUP ACHIEVEMENT

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Abstract

The purpose of this study is to analyze several antecedent variables that on work group achievement in star hotels in Central Java, Indonesia. The sample of this research is functional working groups from each work division led by a division manager. Methods of data collection by distributing questionnaires, interviews, observation and literature study. Data were analysed using Structural Equation Modelling techniques. Based on statistical results, the five hypotheses that have been proposed show a significant positive effect on all relationships between variables and one of hypothesis have no effect. The indirect effect of the independent variable on group achievement produces one strategy, which is to link group cohesiveness to group achievement through Voluntary adhocratic capability.

Keywords:

group cohesiveness; voluntary adhocratic capability; group achievements; work division

1.INTRODUCTION

Previous research stated that group cohesiveness in organizations is believed to encourage increased group achievement (Stajkovic et al., 2009); (Aubke et al., 2014);(Black et al., 2019). Cohesiveness can bring out the tasteinterest and common desirability in achieving organizational goals tend to result in systematic interaction and socialization reducing organizational member differences over time(Chaudhary et al., 2014). Different findingsabout Janis's Theory of Groupthink (1982) which states that groupthink is a decision-making process that occurs in increasingly cohesive groups, where members try to maintain group consensus so that their critical abilities become ineffective. Groupthink is group thinking that arises from group members who try hard to reach consensus (there is unanimity) when formulating a decision in the group. The specific purpose of this study is to conduct empirical testing of the theoretical model developed through testing to: test the effect of group cohesiveness on voluntary adhocratic, test the effect of voluntary adhocratic on group efficacy, test the effect of group efficacy on group achievement, test the effect of group voluntary adhocratic on group achievement, test voluntary adhocratic role as a mediator of the relationship between group cohesiveness and group achievement.

1.2.OBJECTIVES

This research conducts a series of activity processes with the aim of testing and analyzing the effect of group cohesiveness on voluntary adhocratic capability, group cohesiveness on work group efficacy, voluntary adhocratic capability on group efficacy, group efficacy on group achievement, and voluntary adhocratic capability on work group achievement.

2.LITERATURE REVIEW

2.1. WORK GROUP ACHIEVEMENT ON TRANSACTIVE GOAL DYNAMICS THEORY

The theory of Transactive Goal Dynamics focuses on how interactions between members in groups influence each other in goal setting, goal achievement, and achievement (Slåtten, 2014). Working in a team refers to two or more individuals who are in an organizational context, who interact with each other and perform tasks relevant to the organization, and share some interdependence of tasks for a common goal.(Amorim Neto et al., 2018). Achievement of goals is the effort invested either behaviourally or cognitively towards the desired progress in the context of teamwork in organizational life(Frey, 1993). The final result is a comparison between the current and desired final state(Unsworth, 2001). Goal attainment refers not only to the end

result of the pursuit of a goal, when the goal is completely completed and the achievement of which it fails or succeeds, but also to the ongoing progress towards that goal.

Baum and Locke (2004) states the Transactive Goal Dynamics Theory (TGDT) explores how group members interact to coordinate in carrying out tasks and responsibilities to achieve the desired performance of each individual job description and achieve overall team performance. This theory prioritizes ideas that are contained in the work but not independently of individuals, but embedded in the bonds of relationships between team members. TGDT describes the relationship between team members/organizations who try to support each other, influence, assist and cooperate in achieving the goals and final results that have been planned. The end result is part of the interdependence of the regulatory system, the transactive goal system, where organizational members are oriented towards a sense of belonging and the achievement of personal goals,

2.2. COLLECTIVE EFFICACY

Efficacy in work groups is the sharing of group beliefs in their ability to work together to organize and implement work programs needed to achieve performance (Bandura, 1997). Collective efficacy is a key social cognitive element that can help to explain how groups/teams function better. Bandura (1982, 1986, 1997) suggests that team efficacy influences what to choose and do as a team unit, how much effort must be put into completing team tasks and responsibilities, and team resilience when collective efforts fail to produce desired outcomes.

2.3. GROUP COHESIVENESS

In their research (Moran & Volkwein, 1992) defines an organization's work climate as a characteristic of an organization's survival force that distinguishes it from other organizations, namely by (a) realizing members' collective perceptions of the organization they belong to in relation to dimensions such as autonomy, trust, cohesiveness, support, recognition, and fairness; (b) members' social interactions; (c) serve as a basis for interpreting the situation; (d) reflect the norms, values and customary attitudes and culture of the organization; and (e) is a source of influence to shape the behavior of members of the organization. Interest and common desire in achieving organizational goals tend to result in systematic interaction and socialization reducing differences in organizational members over time (Chaudhary et al., 2014). Cohesiveness as one of the dimensions of organizational climate is the nature and strength of organizational members who have interpersonal interests independently, have the value of rewards available in the group, have pride in the group, continuity of membership to stay in the group, bond with group members and maintain relationships with one another. others and committed to the task to achieve maximum performance (Kuron et al., 2015).

The issue of gaps in research results between group cohesiveness and group achievement has opened up space to explore further the essential contribution of an estuary in the form of this new concept of voluntary Adhocratic Capability. So that the new concept propositions proposed in this study are:

Voluntary Adhocratic Capability is the ability of group members characterized by critical thinking skills, enrichment of new resources, generating creative ideas, integrating variations of ideas, elaborating concepts, and transforming concepts into meaningful and profitable actions. So that voluntary adhocratic has the potential to increase group performance.

2.4 RELATIONSHIP BETWEEN GROUP COHESIVENESS AND VOLUNTARY ADHOCRATIC CAPABILITY

A cohesive work atmosphere can interact with mutual trust and foster a sense of pride as a member of the group, will building empathy, helping behavior and giving positive feedback (Sulistiyani & Ferdinand, 2018). This raises the ability of critical skills in thinking and innovation in the process of completing tasks. So that the proposed hypothesis is:

H1: Group Cohesiveness has a positive effect on voluntary adhocratic capability

2.5 RELATIONSHIP BETWEEN GROUP COHESIVENESS AND COLLECTIVE EFFICACY

Cohesiveness of work groups can increase employee morale, loyalty and productivity and job satisfaction (Permarupan et al., 2013). The consequences of job satisfaction, such as job performance, job involvement, absenteeism and turnover were found to be influenced by the physical work environment stated that cohesion in the work group can increase the adaptability of the team in interacting to complete the task. So that the proposed hypothesis is:

H2: Group Cohesiveness has a positive effect on Collective Efficacy

2.6 RELATIONSHIP BETWEEN VOLUNTARY ADHOCRATIC CAPABILITY AND GROUP EFFICACY

Organization member must coordinate about tasks, and team members tend to be influenced by their co-workers' beliefs, motivations, use of interpersonal, adaptive and performance strengths. Bandura (1997) suggests that in what team-efficacy influences a person to join or choose to work in a particular team, how much effort each team member has inputted into team performance, and the resilience of each team member when collective efforts failed to produce results. Another study that discusses the importance of team efficacy, namely research Edmondson (1999) states that a team that is structured to support each other will increase team efficacy. A research team that interacts in a reflexive, flexible and multiple perspective will seek to be adaptive in challenging tasks by creating innovation. So that the proposed hypothesis is:

H3: voluntary adhocratic has a positive effect on group efficacy

2.7 VOLUNTARY ADHOCRATIC RELATIONSHIP WITH GROUP PERFORMANCE

The SD Orientation approach is an organizational level value creation capability. In teams and organizations there is involvement in the process of integrating resources that is mutualistic Karpen et al. (2015), thereby increasing collaboration in creating mutually developing interactions. This collaboration creates a valuable experience value between the individuals involved. The creation of shared value when associated with quality knowledge sharing includes creating new knowledge, developing existing knowledge, building sustainable added value, developing knowledgeable and integrating skills that are more professional. The creation of this value can improve the performance of the individual himself, the team or the organization. Other research is (Derksen et al., 2011) development space for individuals to improve problem solving practices, combining resources and the creation of new knowledge it can increase productivity and effectiveness. So that the proposed hypothesis is:

H4: voluntary adhocratic has a positive effect on group efficacy

2.8 RELATIONSHIP BETWEEN GROUP EFFICACY AND GROUP ACHIEVEMENT

A team's belief in tackling specific tasks is important because collective efficacy, task- and context-specific variables, influence a team to perform and maintain team existence. ibson (2001) asserts that collective success is the product of group-level cognitive processes.

At the group level, the size of the team's work can vary. Beal et al. (2003) distinguish between performance behavior and performance outcomes. The first relates to changes in team behavior as a result of the work process and team development. Examples of performance behavior can be found at (Emmerik *et al.*, 2011) which uses the team's proactive supervisor rating, targeting future potential for solving tasks. In a team process improvement study, (Derksen et al., 2011) showed that feedback, discussion and experimentation had a positive effect on team performance. As well as, (Edmondson, 1999) examine the behavior of learning teams. Performance, on the other hand, refers to the factual results of teamwork, which implies that the output is directly related to the work team.

H5: group efficacy has a positive effect on group achievement

3. METHODS

This study uses a structural equation model so that it requires testing using the Structural Equation Model (SEM), with the AMOS (Analysis of Moment Structure) program version 24. SEM allows to be able to answer research questions that are both regressive and dimensional (ie measuring the relationship between the dimensions of a draft) (Ferdinand, 2014). This study uses two kinds of analytical techniques, namely: Confirmatory Factor Analysis on SEM which is used to confirm the most dominant factors in a group of variables and Regression Weight on SEM which is used to examine how big the relationship between variables is. The processes carried out include the development of path diagrams to show causal relationships, select the input matrix and estimate the model Evaluation of Goodness-of Fit Criteria, Conformity Index and Cut Off Value.

4. DATA COLLECTION

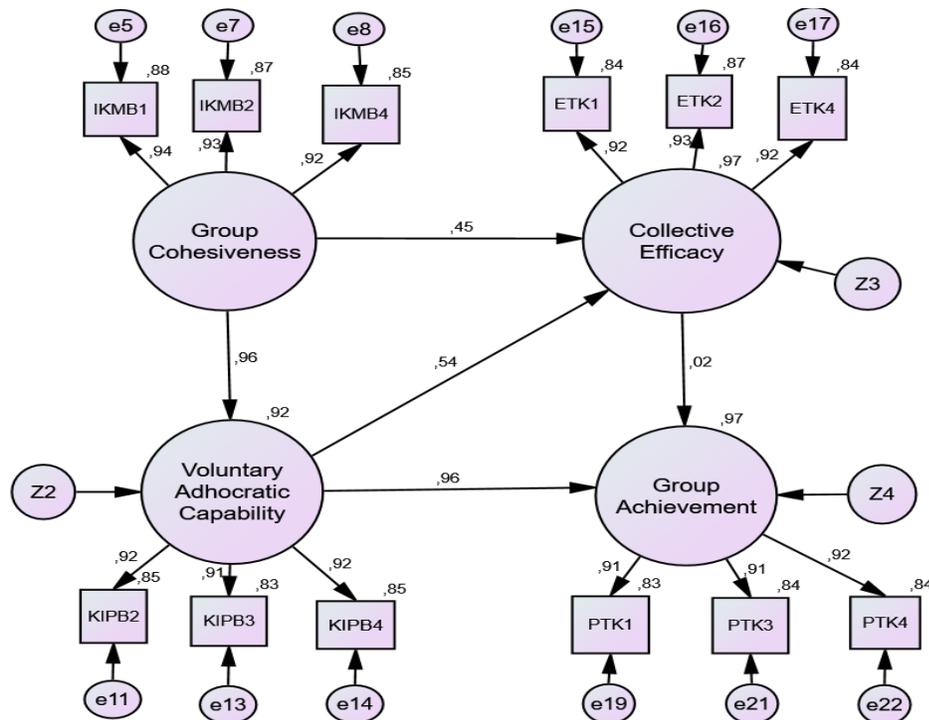
The population in this study is a functional working group in the four and five-star hotel industry in Central Java, Indonesia. Functional work groups are led by a manager in a formal chain of command (Daft, 2010). Functional work groups are responsible for the performance of each work division, and integrate interdependent strategic efforts between divisions in influencing overall organizational performance (Bunderson et al., 2002; Cohen et al., 1997). then the sampling method is done by non-random sampling technique, that each element of the population does not have the same probability of being selected as a sample (Ferdinand, 2014a). This method was chosen because the researcher did not know the exact size of the study population. One type of non-random sampling is judgment sampling. Judgment sampling refers to the use of certain considerations of the selected sample, which is adjusted to the research objectives or the research problem being developed. In this study the criteria used in determining the object of research include 1) four- and five-star hotels 2) Hotels belonging to the Indonesian Hotel and Restaurant

Association (PHRI). PHRI is a non-profit association of hotel and restaurant owners and professionals who focus their activities on the development and growth of important sectors of the tourism industry in Indonesia 3) the hotel is active in activities organized by PHRI for the last 2 years 4) The hotel has been operating 3 years or more.

Data were obtained by distributing 215 division manager questionnaires to 38 four- and five-star hotels in Central Java, Indonesia. The sample size was met in using the Maximum Likelihood estimation model as the basis for interpreting the results of the Structural Equation Model (SEM). The researcher provides information about the purpose of the study to identify perceptions about the question items. The validity and reliability of the questions have been tested by previous researchers. All items are rated on a ten-point scale ranging from 1, “strongly disagree” and “strongly agree to 10.

5. RESULTS AND DISCUSSION

The structural model analysis of each construct has been reflected by indicators that have the required loading factor above 0.5(Hair et al., 2014). The estimation results of the construct model are obtained by Chi-square with a value of 65,011 with a probability of 0.090. Other fit criteria GFI = 0.939, AGFI = 0.907 , CFI = 0.995, TLI = 0.995, CMIN/DF = 1.275 and RMSEA = 0.42 have the recommended standard of conformity.



Model testing: Chi-square=65,011; Sig=,090; CMIN/DF=1,275 GFI=,939; AGFI=,907; TLI=,993; CFI=,995; RMSEA=,042

Figure 1. Structural Relationship Model Construct

Table 1. Structural Equation Regression Test Results

			Estimate	P	Results
Group Cohesiveness	→	Voluntary Adhocratic Capability	.939	***	Supported
Group Cohesiveness	→	Collective Efficacy	.400	,004	Supported
Voluntary Adhocratic Capability	→	Collective Efficacy	.491	***	Supported

Collective Efficacy		→	Group Achievements	.023	,945	Not Supported
Voluntary Capability	Adhocratic	→	Group Achievements	.918	,002	Supported

According to the regression estimation results, of the 5 hypotheses proposed, 4 hypotheses are accepted, meaning that each independent variable has a significant positive effect on the dependent variable and 1 hypothesis is not accepted, namely collective efficacy has no effect on group achievement.

Cohesiveness in the context of work in the organization is divided into two aspects, namely task cohesion and social cohesion. Task cohesion emphasizes the shared commitment among group members to achieve common goals, while social cohesion emphasizes the nature and quality of the emotional bonds of friendship and closeness between group members. (Fransen et al., 2016).

The interaction of members of the organization's working group concerns seeks ways to do better processes, be inspired and inspired, leverage interpersonal strengths to improve performance. Interactions built on the spirit of mutual development foster trust among team members, to empathize with each other and minimize differences so that they do not become conflicts that interfere with tasks. The team's ability to synthesize knowledge, experience and expertise and then apply it to the novelty of the work process can unite the determination to become a great team, synergize in uniting commitments to become a solid team.

The ability of working groups to think critically, find new ideas and implement them will facilitate the formation of collaboration in the application of competencies through continuous improvement processes and innovations and can improve group performance. Collective efficacy can increase group achievement which is reflected in the adaptability of challenging tasks, the ability to bridge differences, and the ability to utilize interpersonal strengths. The strength of work groups supported by good leadership skills from group leaders produces fighting power in togetherness in completing work tasks (Sulistiyani & Ferdinand, 2018).

Leader behavior can significantly affect task cohesion and social cohesion of group members. As perceived fairness of the leader proved to be positively related to task cohesion and social cohesion. Various leadership behaviours including work instructions, social support, democratic behavior, and giving positive feedback are important components in establishing cohesion in the workplace. (De Backer et al., 2011). The work climate that has formed cohesiveness both in tasks and socially is expected to increase togetherness, attachment, solidarity and strength in completing routine and specific tasks.

Study by Fransen et al. (2016) shows something different from this study where the three cohesive climate variables, team efficacy, team performance function in an interdependent causal structure involving a triadic reciprocal effect. Cohesion, team efficacy and performance process and interact that influence each other in a bidirectional manner. Perceived cohesion should mediate successful team efficacy. Team members who have higher efficacy can develop stronger perceptions of cohesion, which in turn can lead to success. Successful team performance can increase team members' perceptions of cohesion, which in turn can increase collective efficacy.

Efficacy comes from each member of the group, and through the process of social interaction in work groups and the experience of completing joint tasks, the efficacy of members collectively unites into a convergent factor, namely a complete work group strength. (Kozlowski & Klein, 2000). Collective efficacy bases the combined concept of self-efficacy from the individual level to the work group level (Tyran & Gibson, 2008). In principle, team efficacy affects what things team members choose to do, how much effort is used to achieve team goals and the resilience of the team when initial efforts fail to achieve good performance. (Bandura, 1997).

Exploration results Donohoo (2017) in his research stated that perceptions of collective efficacy directly affect the tenacity and persistence of team members in completing tasks and pursuing group goals. When group members lack a collective sense of efficacy, the group does not pursue certain great actions to achieve positive outcomes.

Knowledge-based human resources are able to create value by finding novelty in the work process so that they are able to form creative and innovative work teams. Creative and innovative work teams are able to provide idiosyncratic power to work processes and work results, so they are not easily imitated by competitors. Team members who are able to find new breakthroughs

and implement creative ideas can improve team performance. Creative and knowledgeable work team members find it easier to develop new and more innovative ideas (Anand et al., 2007) and act as agents of organizational change (Amabile, 1997).

Studies Mulder (2016) stated that working together in work group can encourage transformation and co-creation of knowledge, as well as develop work professionals. Individual perception of work group climate is an important antecedent in work group learning activities discussing problems and correcting mistakes, coordinating in social and cognitive processes are predictors of work group performance.

6. CONCLUSION

The problem raised in this study is the gap in the results of empirical research between group cohesiveness and group achievement, according to the results of research that have been described in the preliminary study. This study places group efficacy and voluntary adhocratic capability variables to mediate the relationship between group cohesiveness and group achievement. The results of the estimation of causal relationship regression, the direct influence of the group cohesiveness variable to voluntary adhocratic capability gives the dominant influence of the influence between other variables. The voluntary adhocratic capability variable has been able to mediate the relationship between group cohesiveness and group achievement through a positive and significant influence on the analysis of direct and indirect relationships.

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DETECTING FINANCIAL DISTRESS USING ALTMAN, GROVER, AND ZMIJEWSKI METHODS (EVIDENCE FROM PT BANK MUAMALAT INDONESIA TBK PERIOD OF 2016-2020)

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Abstract

This research aims to detect financial distress of PT Bank Muamalat Indonesia Tbk (BMI) by using the Altman, Grover, and Zmijewski methods. This study uses secondary data in the form of the audited financial statement of BMI during the period of 2016-2020. Data collection method uses documentation method and data analysis technique uses descriptive quantitative analysis. Result of the Altman method states that during 2017-2020 BMI was categorized as a “safe zone” or had a negligible probability of going bankrupt, although BMI was in the “grey zone” in 2016. On the other hand, the Grover method shows fluctuating results. In 2016 and 2017, BMI was in the stage of bankruptcy, but then in the 2018-2019 BMI’s condition improved to be “healthy”. However, in 2020 the condition of BMI declined in the category of “grey area”. A very different result is shown by the Zmijewski method, where the condition of BMI remained classified as “distress zone” or had a high probability of filing bankruptcy during 2016-2020.

Keywords:

Financial Distress, Bankruptcy, Altman Z-Score, Grover, Zmijewski

1. INTRODUCTION

Indonesia is the largest country in the world with a majority Muslim population. This demographic advantage is the main resource for the development of the Islamic economy in Indonesia. Islamic economics which is an adaptation of the teachings of muamalah in Islam is considered as an alternative solution to the problems of the Indonesian economy in general. One element of the Islamic economy that is developing quite rapidly is the Islamic banking industry. Recently, one of the Islamic banks in Indonesia is being hit by the issue of bankruptcy, namely Bank Muamalat Indonesia (BMI). This is quite a concern for actors and enthusiasts of the Islamic banking industry considering that BMI was once predicted to be the role model of the first pure sharia banking. The decline in financial performance and asset development is an indication of the bankruptcy issue. Therefore, this issue has an impact on public interest in banking transactions at BMI.

In the Kompas daily article (2021), it was stated that BMI had experienced a heyday for 15 years after the crisis in Indonesia in 1998. In that year, BMI succeeded in reducing Non-Performing Financing (NPF), increasing Return On Equity (ROE), increasing Assets, increasing Profit and pressing NPF to the lowest level. However, in the last 8 years the condition has changed, BMI has experienced a very dramatic decline in performance in terms of Assets, NPF, Third Party Funds, Financing, and Profits. In terms of assets, in 2014 BMI's assets had touched Rp 62 trillion, but in 2020, BMI's assets were only 51 trillion. This decline was also experienced in terms of financing due to poor asset quality; BMI's financing fell sharply from IDR 42 trillion to only IDR 29 trillion. In terms of Third-Party Funds, the decline occurred by 19 percent, from IDR 51 trillion to IDR 41 trillion at the end of 2020. This is because the public's trust in placing their funds in BMI has decreased drastically. In terms of profits, BMI in 2013 had touched a record of IDR 476 billion. However, in 2014, BMI's profits had fallen to IDR 59 billion and at the end of 2020 only IDR 10 billion was left. This is getting worse with the failure of five rights issues in the last five years which have not found new investors. In other words, the management of BMI in the last eight years has not succeeded in building the trust of investors so that they will invest their capital in this first pure sharia bank (www.kompas.com).

Data regarding the decline in BMI's financial performance raises a big question about the potential bankruptcy of BMI. Bankruptcy based on previous research can be measured by various methods. Hartono (2019) predicted financial distress of

consumer goods companies listing on the Indonesia Stock Exchange 2013-2017 using Altman, Grover, Springate, and Zmijewski Scores. In addition, Prasetyo et al. (2019) analysed financial distress of Eximbank in Indonesia by comparing Altman, Springate, and Zmijewski Models. Furthermore, Fadrul and Ridawati (2020) used Altman Z-Score, Springate, and Zmijewski methods to measure financial distress in pulp and paper companies in Indonesia.

Based on the business phenomena above, this study aims to detect whether there is a potential for bankruptcy at Bank Muamalat Indonesia based on the Altman, Grover, and Zmijewski methods using data taken from BMI's financial statement period of 2016 to 2020.

1.1 OBJECTIVES

This study was conducted to detect the potential for bankruptcy at Bank Muamalat Indonesia using the Altman, Grover, and Zmijewski methods. The details of the research objectives are to answer the following research questions:

1. Does Bank Muamalat Indonesia have the potential for bankruptcy based on the analysis of the Altman method?
2. Does Bank Muamalat Indonesia have the potential for bankruptcy based on the analysis of the Grover method?
3. Does Bank Muamalat Indonesia have the potential for bankruptcy based on the analysis of the Zmijewski method?

2. LITERATURE REVIEW

FINANCIAL DISTRESS

Financial distress is a condition of a company's financial decline for several consecutive years which can eventually lead to bankruptcy or liquidation (platt and platt, 2002). Darsono and Ashari (2006) stated that financial distress is the company's inability to pay its financial obligations at maturity which led to the bankruptcy of the company. Furthermore, Nakoya & Olotu (2017) revealed that bankruptcy is when a company cannot generate sufficient revenue to cover its costs. Meanwhile, Darsono (2006) described bankruptcy as the company's failure to run the company's operations to generate profits.

ALTMAN METHOD (Z-SCORE)

Altman Z-Score is a popular method to predict the financial distress of a company whether or not the company has a high probability of going bankrupt or failing. This method was introduced by Edward I. Althman (1968) and is known as the Z-Score Formula. Since it was first introduced, the Altman Z-Score method has undergone several improvements. Firstly, the calculation of Altman Z-Score to predict bankruptcy for publicly manufacturing companies. Secondly, the Z-Score formula measures the probability of bankruptcy for private firms. The last modification is the Z-Score formula to determine the probability of bankruptcy for non-manufacturing firms. The last formula is divided into 2 formula i.e., non-manufacturing firms operating in developed and it is in emerging markets. Since the object of this research is a banking company located in Indonesia, therefore the formula used is Z-Score to predict bankruptcy for non-manufacturing companies operating in emerging markets.

The Z-Score formula is as follows:

$$Z = 3.25 + 6.56X1 + 3.26X2 + 6.72X3 + 1.05X4$$

Where;

X1 = Net Working Capital to Total Asset

X2= Retained Earning to Total Asset

X3= Earnings Before Interest and Tax to Total Asset

X4= Book Value of Equity to Total Liability

The criteria to predict bankruptcy are as follows:

- $Z < 1,1$ = distress zone, high chance of filing a bankruptcy
 $1,1 < Z < 2,6$ = grey zone, moderate chance of filing a bankruptcy
 $Z > 2,6$ = safe zone, negligible probability of filing a bankruptcy.

GROVER METHOD (G-SCORE)

The Grover method was created by designing and re-evaluating the Altman method. To invent this formula, Jeffrey S. Grover used the same sample as the Altman model in 1968 by adding 13 new financial ratios. According to Grover (2001) the G-Score formula is as follows:

$$G = 1,650X1 + 3,404X2 + 0,016X3 + 0,057$$

Where;

X1 = Net Working Capital to Total Asset

X2 = Earnings Before Interest and Tax to Total Asset

X3 = Return on Asset (ROA)

The criteria to predict bankruptcy are as follows:

$G < -0,02$ = bankrupt

$-0,02 < G < 0,01$ = grey area

$G > 0,01$ = healthy

ZMIJEWSKI METHOD (X-SCORE)

This model was introduced by Zmijewski in 1984. The Zmijewski method predicts bankruptcy by using financial ratios in the form of return on asset, leverage, and liquidity on its formula.

According to Zmijewski (1984), the X-Score formula is as follows:

$$X = -4,3 - 4,5X1 + 5,7X2 - 0,004X3$$

Where;

X1 = Return on Asset (ROA)

X2 = Total Liability to Total Asset (Debt Ratio)

X3 = Current Assets to Current Liabilities (Current Ratio)

The criteria to predict bankruptcy are as follows:

$X > 0$ = distress

$X < 0$ = non distress

3. METHODS

Data analysis technique used in this research is descriptive with a quantitative approach. This study describes the financial condition of a firm whether it has high probability of reaching bankruptcy, moderate chance of bankruptcy, or less likely to go bankrupt by using Altman, Grover, and Zmijewski methods. The steps in the research are as follows:

1. Collecting data from the balance sheet on audited annual financial statement of BMI period of 2016-2020,
2. Calculating the company's financial ratios according to the variables in the Altman, Grover, and Zmijewski methods,
3. Calculating the Z-Score, G-Score, and X-Score according to the equations in the Altman, Grover, and Zmijewski methods,
4. Categorizing the condition of the company according to the cut-off criteria specified in the Altman, Grover, and Zmijewski methods.
5. Interpreting the calculation results of those three methods and relating them to the condition of the firm.

4. DATA COLLECTION

This research collects data using documentation methods. The data used in this study are secondary data in the form of audited annual financial statements of BMI during the period of 2016-2020. The data taken from those financial statements i.e., current assets, current liabilities, total asset, total liability, retained earnings, earnings before interest and tax (EBIT), book value of equity, book value of debt, net income, and return on asset (ROA).

5. RESULTS AND DISCUSSION

ALTMAN MODEL ANALYSIS

The formula of Altman Z-Score are as follows:

$$Z = 3.25 + 6.56X1 + 3.26X2 + 6.72X3 + 1.05X4$$

Where;

X1 = Net Working Capital to Total Asset

X2= Retained Earning to Total Asset

X3= Earnings Before Interest and Tax to Total Asset

X4= Book Value of Equity to Total Liability

Table 1. Calculation Result of Net Working Capital to Total Asset (X1)

Period	Current Assets	Current Liabilities	Net Working Capital	Total Asset	X1
2016	Rp50,443,480,284	Rp57,565,902,874	-Rp7,122,422,590	Rp55,786,397,505	-0.1277
2017	Rp52,956,331,101	Rp55,741,417,380	-Rp2,785,086,279	Rp61,696,919,644	-0.0451
2018	Rp51,761,327,834	Rp52,676,140,868	-Rp914,813,034	Rp57,227,276,046	-0.0160
2019	Rp44,942,617,065	Rp46,206,518,064	-Rp1,263,900,999	Rp50,555,519,435	-0.0250
2020	Rp45,090,289,310	Rp46,852,370,771	-Rp1,762,081,461	Rp51,241,303,583	-0.0344

The X1 ratio aims to measure the amount of liquid assets when compared to the total assets owned by the company. Table 1 shows that the ratio of net working capital to total assets (liquidity ratio) of BMI during the last five years tends to fluctuate negatively, ranging from -0.0160 to -0.1277. This is because the net working capital of BMI is negative. Net working capital in banks tends to be small compared to manufacturing companies, and it does not even rule out the possibility of net working capital in banks being negative. This is due to banking as a financial intermediary, where banking activities are collecting third party funds and then distributing them to parties who need funds (Hilyatin and Prasdiwi, 2017). However, a low net working capital value indicates low liquidity (Anggarani and Ficilia, 2014).

Table 2. Calculation Result of Retained Earning to Total Asset (X2)

Period	Retained Earning	Total Asset	X2
2016	Rp243,220,044	Rp55,786,397,505	0.0044
2017	Rp281,518,252	Rp61,696,919,644	0.0046
2018	Rp441,198,199	Rp57,227,276,046	0.0077
2019	Rp514,363,481	Rp50,555,519,435	0.0102
2020	Rp581,222,171	Rp51,241,303,583	0.0113

In table 2, the X2 ratio (retained earnings/total assets) shows a very small profitability, despite a continuous increase from 2016 to 2020. The X2 ratio shows 0.0044 in 2016 and continues to increase until 2020 to 0.0113. This ratio describes the company's ability to generate retained earnings from the total assets owned by the company (Hilyatin and Prasdiwi, 2017). On the other hand, the total value of BMI assets tends to decrease from 2016 to 2020.

Table 3. Calculation Result of Earning Before Interest and Tax to Total Asset (X3)

Period	EBIT	Total Asset	X3
2016	Rp283,879,545	Rp55,786,397,505	0.0051
2017	Rp262,696,443	Rp61,696,919,644	0.0043
2018	Rp192,963,511	Rp57,227,276,046	0.0034
2019	Rp105,016,524	Rp50,555,519,435	0.0021
2020	Rp34,131,439	Rp51,241,303,583	0.0007

In table 3, the X3 ratio reveals the actual productivity of the company's assets apart from taxes and interest (Hilyatin and Prasdiwi, 2017). The X3 ratio shows the amount of profit before tax and interest compared to the total assets owned by the company. The value of the X3 ratio has decreased continuously over the last 5 years, namely 0.0051 in 2016 to 0.0007 in 2020. These results indicate that the productivity of the company's assets has decreased from 2016 to 2020.

Table 4. Calculation Result of Book Value of Equity to Total Liability (X4)

Period	Book Value of Equity	Total Liabilities	X4
2016	Rp3,618,746,556	Rp58,167,652,965	0.0622
2017	Rp5,545,366,904	Rp56,151,554,757	0.0988
2018	Rp3,921,667,078	Rp53,305,610,986	0.0736
2019	Rp3,937,178,287	Rp46,618,343,167	0.0845
2020	Rp3,966,710,373	Rp47,274,595,230	0.0839

The table 4, X4 ratio (book value of equity/total debt) shows the company's ability to fulfill all its obligations from the book value of equity owned by the company (Bakri, 2019). The higher this ratio, the higher the company's ability to fulfill its obligations by using the book value of its equity. The value of the X4 ratio tends to fluctuate from 2016-2020 with a range of values between 0.0622 - 0.0988. Even though it fluctuates, the range of X4 values between periods is not too far away. This value shows that BMI's ability is still small in fulfilling all of its obligations with the book value of its equity.

Table 5. Calculation Result of Z-Score

Period	X1	X2	X3	X4	Z-Score	Category
2016	-0.1277	0.0044	0.0051	0.0622	2.5262	Grey Zone
2017	-0.0451	0.0046	0.0043	0.0988	3.1011	Safe Zone
2018	-0.0160	0.0077	0.0034	0.0736	3.2702	Safe Zone
2019	-0.0250	0.0102	0.0021	0.0845	3.2218	Safe Zone
2020	-0.0344	0.0113	0.0007	0.0839	3.1540	Safe Zone

Table 5 shows the result of Z-Score, it can be seen that in the period 2016-2020 the majority of BMI conditions were in the "safe zone", except in 2016 BMI was in the "grey zone". The safe zone condition, which means that it is far from being bankrupt, is reinforced by the fact that BMI is still operating until now. This result is in line with the research results conducted by Fauzan and Sutiono (2017), Prasetyo et al. (2019), and Bakri (2019) where the Altman Z-Score is able to detect potential bankruptcy of Banking Industry. Furthermore, Junaidi (2016) concluded that Altman has results according to facts and 100% accuracy in predicting bankruptcy of Islamic banks in Indonesia.

GROVER MODEL ANALYSIS

The formula of Grover method are as follows:

$$G = 1,650X1 + 3,404X2 + 0,016X3 + 0,057$$

Where;

X1 = Net Working Capital to Total Asset

X2 = Earnings Before Interest and Tax to Total Asset

X3 = Return on Asset (ROA)

Table 6. Calculation Result of Return on Asset (X3)

Period	Net Income	Total Asset	X3
2016	Rp85,766,468	Rp55,786,397,505	0.0015
2017	Rp26,115,563	Rp61,696,919,644	0.0004
2018	Rp46,002,044	Rp57,227,276,046	0.0008
2019	Rp16,326,331	Rp50,555,519,435	0.0003
2020	Rp10,019,739	Rp51,241,303,583	0.0002

In table 6, Return on Assets (ROA) is a ratio to measure the company in generating profits with all assets owned by the company (Sutrisno, 2009). The higher the ROA value indicates the better effectiveness in the use of company assets to generate profits (Septiadi et al., 2013). Table 6 shows that BMI's ability to generate profits for companies is still small and tends to decline during the 2016-2020 period. The highest ROA with a value of 0.0015 in 2016 and the lowest at 0.0002 in 2020. According to regulations issued by Bank Indonesia, the minimum ROA value for banks in Indonesia is 1.5 percent (SE BI No.13 / 24 / DPNP / 2011). This result is consistent with research conducted by Bakri (2019) which stated that the ability of BMI to generate profits is less effective.

Table 7. Calculation Result of G-Score

Period	X1	X2	X3	G-Score	Category
2016	-0.1277	0.0051	0.0015	-0.1363	Bankrupt
2017	-0.0451	0.0043	0.0004	-0.0030	Bankrupt
2018	-0.0160	0.0034	0.0008	0.0421	Healthy
2019	-0.0250	0.0021	0.0003	0.0228	Healthy
2020	-0.0344	0.0007	0.0002	0.0025	Grey area

According to table 7, it reveals that the G-Score results tend to fluctuate in the 2016-2020 period. The condition of BMI during 2016 and 2017 was classified as Bankrupt, but then in the 2018-2019 BMI's condition improved to be healthy. However, in 2020 the condition of BMI decreased in the category of grey area. The results of this study are consistent with the research results by Prasetyo et al. (2019) and Bakri (2019) where the Grover method can predict potential bankruptcy of banking companies. Furthermore, Rikyansyah and Laily (2018) and Fauzan and Sutiono (2017) stated that the Grover method is the most suitable method to be predict financial difficulties in the banking industry.

ZMIJEWSKI MODEL ANALYSIS

The formula of Grover method are as follows:

$$X = -4,3 - 4,5X1 + 5,7X2 - 0,004X3$$

Where;

X1 = Return on Asset (ROA)

X2 = Total Liability to Total Asset (Debt Ratio)

X3 = Current Assets to Current Liabilities (Current Ratio)

Table 8. Calculation Result of Debt Ratio (X2)

Period	Total Liability	Total Asset	X2
2016	Rp58,167,652,965	Rp55,786,397,505	1.0427
2017	Rp56,151,554,757	Rp61,696,919,644	0.9101
2018	Rp53,305,610,986	Rp57,227,276,046	0.9315
2019	Rp46,618,343,167	Rp50,555,519,435	0.9221
2020	Rp47,274,595,230	Rp51,241,303,583	0.9226

In table 8, Debt Ratio (X2) states the company's ability to fulfill all its obligations by using its assets (Fadrul and Ridawati, 2020). Table 8 shows the value of the debt ratio fluctuated slightly with a range of numbers between the lowest 0.9101 (91.01%) in 2017 and the highest 1.0427 (104.27%) in 2016. The value of the debt ratio was quite high, although there was a downward trend, which means that the ability of BMIs to fulfill their obligations to use their assets is getting better. Meanwhile, a high debt ratio value indicates that the total debt is still large when compared to the total assets owned by the company.

Table 9. Calculation Result of Current Ratio (X3)

Period	Current Assets	Current Liabilities	X3
2016	Rp50,443,480,284	Rp57,565,902,874	0.8763
2017	Rp52,956,331,101	Rp55,741,417,380	0.9500
2018	Rp51,761,327,834	Rp52,676,140,868	0.9826
2019	Rp44,942,617,065	Rp46,206,518,064	0.9726
2020	Rp45,090,289,310	Rp46,852,370,771	0.9624

In table 9, current Ratio (X3) is used to measure the company's ability to pay off its current liabilities by using its current assets. The greater the current ratio, the higher the company's ability to pay its current obligations (Fadrul and Ridawati, 2020). Table 9 shows an increase in the current ratio from 2016-2018 with a value between 0.8763 - 0.9826, then decreased from 2018-2020 with a value of 0.9826 - 0.9624. This value shows that BMI's liquidity is still lacking to cover its total current liabilities.

Table 10. Calculation Result of X-Score

Period	X1	X2	X3	X-Score	Category
2016	0.0015	1.0427	0.8763	1.6329	Distress
2017	0.0004	0.9101	0.9500	0.8820	Distress
2018	0.0008	0.9315	0.9826	1.0018	Distress
2019	0.0003	0.9226	0.9726	0.9534	Distress
2020	0.0002	0.9226	0.9624	0.9540	Distress

The calculation results in table 10, show that during the 2016-2020 period the X-Score value > 0, which indicates that BMI is in a "distressed" condition. The results of this study are in line with the research results by Fauzan and Sutiono (2017), Rikyansyah and Laily (2018), and Prasetyo et al. (2019) where Zmijewski method can be used to predict the bankruptcy of the banking industry.

6. DISCUSSION

Altman, Grover, and Zmijewski methods show different results in detecting potential bankruptcy of Bank Muamalat Indonesia in the period of 2016-2020. The Altman method reveals the condition of BMI in 2016 - 2020 was mostly in the "safe zone" or "healthy", except in 2016 BMI was in the grey area. Meanwhile, the Grover method exhibits fluctuating results. During 2016 and 2017, BMI was classified as "bankrupt", but then in the 2018-2019 BMI's condition improved to be "healthy". However, in 2020 the condition of BMI decreased in the category of "grey area". Different result is shown by the Zmijewski method which shows that BMI remained in "distress zone" or has a high probability of filing bankruptcy during the period of 2016-2020.

The results of the Zmijewski method are very different from the results of the Altman and Grover methods where BMI is not always in a state of bankruptcy during 2016-2020. Junaidi (2016) stated there are significant differences between Grover, Altman, and Zmijewski in predicting the bankruptcy of Islamic banks in Indonesia. Given the fact that BMI is still operating well, the prediction of Zmijewski does not live up to reality. The discrepancy in the prediction results of this method can occur because the Zmijewski method in assessing the bankruptcy rate can be said to be not too strict. Zmijewski only uses three ratios in predicting bankruptcy by emphasizing debt to predict financial distress. While the value of debt in the banking industry is usually of quite large value. This causes a discrepancy in Zmijewski's prediction results in the banking industry (Rikyansyah and Laily, 2018).

Prasetyo, et al. (2019) stated that The Altman model is more accurate in predicting the financial distress of the banking industry than the Grover and the Zmijewski Models. This is because the ratio used by the Altman Model is more suitable to measure financial conditions in the banking industry, where in the X4 ratio compares the Equity Value with the Total Liability. In the banking industry the Value of Equity or Capital is the main component to determine the level of health and financial strength of the Bank, as it is known that the banking industry in Indonesia is required to have a capital adequacy ratio (CAR) of minimum 8%, so that capital becomes the main component in the banking industry.

7. CONCLUSION

The results of this study prove that the issue of bankruptcy at Bank Muamalat Indonesia (BMI) is not entirely true based on the analysis of the Altman, Grover, and Zmijewski method. The details of the research results are as follows:

1. Based on the Altman method, during 2017-2020 BMI was categorized as a “safe zone” or had a negligible probability of going bankrupt, although BMI was in the “grey zone” in 2016.
2. Based on the Grover method, the condition of BMI tends to fluctuate. During 2016 and 2017, BMI was said to be in the bankrupt category, but then in the 2018-2019 BMI’s condition increased to be “healthy”. However, in 2020 the condition of BMI declined in the category of “grey area”.
3. Based on the Zmijewski method, the condition of BMI during 2016-2020 was classified as “distress zone” or had a high probability of filing bankruptcy.

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SIMULATION OF INDONESIA-CHINA BILATERAL COOPERATION IN AGRICULTURE ECONOMICS WITH VECTOR ANALYSIS AND FORECASTING OF CUMULATIVE INFLUENCE RELATIONSHIPS

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Abstract

This study aims to simulate the influence of agricultural performance and employment in agriculture in Indonesia and China through vector analysis and Forecasting of Cumulative Influence Relationships. From the estimation results, it can be seen that the influence between variables is then forecasted, the accumulation of the influence of each variable is presented in the forecasting graph. All data from this study are secondary data from the world bank. With data period from 2000 to 2019. We found that agriculture performance in China and in Indonesia is experiencing an increasing trend, which means that cumulatively the influence of all variables has an impact on continuous improvement of agricultural performance both in Indonesia and in China, which means that when Indonesia and China collaborate and work together, it can encourage performance. agriculture in both countries. Which is responded to by a decrease in employment in agriculture which indicates an increase in efficiency where less manpower is needed to improve agricultural performance. This is a natural thing because of technological factors and the exchange of technology and knowledge between Indonesia and China which allows the two countries to increase agricultural performance with the need for fewer human resources.

Keywords:

Agriculture Economics, China, Indonesia, Bilateral

JEL Classification: C10, J11, O15

1. BACKGROUND

China and Indonesia, as two large and important developing countries in the Asian region. Indonesia and China work together for joint development that has strategic importance not only for the sake of the two countries and their people but also for the region and the world in general. China and Indonesia cooperate in building the three pillars of comprehensive cooperation at the bilateral, regional and global levels within the framework of a comprehensive strategic partnership between the two countries, so as to best support the development of bilateral relations (Sinaga,2018).

Indonesia and China are deepening the synergy between China's "Belt and Road" initiative and Indonesia's "global maritime axis" vision. Indonesia and China are strengthening cooperation in the field of industrial capacity, and advancing cooperation in two high-speed rail projects. between Jakarta and Bandung and Indonesia's regional comprehensive economic corridor, so that the two nations can enjoy the social and economic benefits as early as possible, and the two countries can achieve mutual benefits and mutual benefits (Tritto,2021 ; Rochwulaningsih et al,2019).

China and Indonesia cooperate to deepen cooperation in the fields of trade and investment. China suggested that Indonesia export good quality competitive products such as palm oil, tropical fruits and coffee to China and increase cooperation with China in fishery processing. China encourages Chinese companies to invest more in Indonesia and hopes the Indonesian side will provide more political support and facilitation. China is Indonesia's strategic partner. Indonesia deepens bilateral cooperation in all fields such as economy, trade, investment and cultural exchange, and achieves mutual benefits and mutual benefits with China. Indonesia-China cooperation, which is based on respect for international law, not only serves the interests of both countries, but also has an important meaning for world peace and development. China has a huge market potential for Indonesia. China has expanded imports of Indonesian agricultural products such as palm oil, tropical fruits, and coffee (Nasikh et al,2021 ; Widarni & Drean,2021).

In 1990, Jakarta and Beijing restored their relationship after decades of isolation that began with the successful 1965 CIA-backed coup that toppled the country's first president, Sukarno, who played a leading role in the Non-Aligned Movement. The coup that brought Jakarta closer to the United States in its anti-Soviet project has further alienated the Indonesian state from China, which is currently (2021) its largest trading partner. China and Indonesia are strategic partners in developing agricultural economies in Asia and the World. Indonesia and China both have strong agricultural economies that can synergize to strengthen each other economically. This study aims to simulate the influence of agricultural performance and employment in agriculture in Indonesia and China through vector analysis and Forecasting of Cumulative Influence Relationships (Wurfel,2016 ; Bevins,V.(2020).

2. LITERATURE REVIEW

International cooperation is one of the important areas of activity in promoting economic growth and people's prosperity. International relation is a system of economic, political, diplomatic, legal, military, and cultural ties and interactions that arise between actors in the world community. In connection with the expansion of the number of international relations subjects in political science, along with the concept of “foreign policy”, the term “international policy” came into use. The types of international relations are distinguished according to the sphere of public life - economic, political, cultural, etc., or according to the interacting participants - relations between states, relations between parties, relations between various international organizations, transnational enterprises, etc (Pabst,2019 ; Sergeevna,2015).

The level of international relations is often determined by geopolitical criteria: global (planetary), regional (Asia, Europe, etc.), subregional (the Middle East, etc.). According to the level of tension, international relations can be in states of stability and instability, trust and hostility, cooperation and conflict, peace and war. Elements of the international relations system are called actors, participants, subjects. Sometimes the subject is assigned the character of initiative, and the participants - executive ones, but more often the words “actor”, “participant”, “subject of international relations” are used as synonyms. Most researchers consider states and interstate (international) organizations as the main participants in international relations. The state is the main subject of international law. National interests in the international arena, sovereignty, and security are realized through the state. The existence and activities of international organizations depend on the state. Bilateral cooperation is a cooperative relationship between two countries (Groten,2019 ; Chung,2019).

Agriculture is a separate sector of the economy, aimed at providing the population with food products, obtaining raw materials for certain industries. This industry is actively developing in most countries of the world. Science, agronomy, animal husbandry, and other industries can directly or indirectly depend on the level of development of agriculture (Drean & Bawono,2021 ; Islam et al,2019).

The structure of the agrarian economy was a feature of pre-industrial societies. Agriculture and related fields are the main sources of benefits. Currently, agrarian structures exist only in a few less developed countries in the world. The economic structure of agrarian raw materials shows that the basis of society is the agrarian sector. There are several structures in this sector, the main ones being patriarchal-communal and feudal with elements of small-scale production. The population is engaged in a semi-subsistence or subsistence economy. Products are produced for personal consumption and not for sale in the market (Amanullah et al,2020).

Agrarian science in a broad scope covers the scientific achievements of scientists on important topics and problems of agriculture. Issues of selection, seed production, veterinary medicine are considered. Scientists pay particular attention to the development of advanced technologies, technical means for crop production, new equipment, and modern technologies, ensuring environmental and food safety of agro-industrial complexes, introducing progressive forms of production organization, innovative technologies. In agriculture, as in other sectors, the basic laws of economic development apply. In addition, many of the laws of the market economy are manifested in agricultural economics in a purer form than in other sectors, since agriculture is represented by many and relatively small farms operating relatively independently of each other. Nevertheless, agrarian economics is usually characterized in specialized courses, developing independent economic theory for the agrarian sector (Parida & Chowdhury,2020).

The final product of agricultural production and the food sector is food. However, the price elasticity of food demand is generally low. Consumers buy basic types of food, regardless of the increase or decrease in their prices, in almost constant volumes. On the other hand, demand for agricultural and food products is also income inelastic. The low elasticity of demand for agricultural products raises the so-called long-term agricultural problems. The low elasticity of demand itself is not a problem for a sector of the economy if supply does not grow or grows slowly. But the fact is that over the last century, the agricultural sector has experienced significant scientific and technological progress, the productivity of agricultural labour has increased sharply and the

supply of agricultural products has begun to grow rapidly. And with real income growth, individual families' demand in the agricultural and food sectors decreased. But as welfare grows, the birth rate usually declines, and this means a decrease in the rate of population growth. As a result, the aggregate demand for agricultural products in society grows more slowly than its supply (Gou, 2017 ; Ming et al,2021).

Agriculture suffers from a serious shortage of both skilled and unskilled workers. Therefore, the trend towards robotization and cost reduction of this technology developed over time, on the one hand, will solve the problem of staff shortages, and on the other hand, will create a need for highly qualified personnel who will be properly rewarded. Robots in agriculture will replace the same human labour as in industry and services. That is, robots will replace workers who do monotonous and mechanical work. It is a sequence of repeated actions that are best suited for automation. Often a professional person costs more to the company than the appropriate software. And the logical solution is to replace it. Yes, there is still a transition to digitization, although in complex industries people are becoming more expensive, and automation is becoming a lucrative alternative (Ghafar et al,2021). In the field of large corporations and large factories, any reduction in labour usually reduces costs. In addition, meat processing is a sector of the agro-industrial complex that is close to industry, where the need for labour has traditionally been very actively reduced. With the expansion of production, automation will also be required there. However, companies see not only the advantages but also the disadvantages of this process. The use of robotic systems in agriculture enables increased efficiency of business processes due to reduced fuel consumption, reduced water and electricity losses. But, on the other hand, automation also has its drawbacks. Disadvantages of automation are high implementation costs, possible technical failures, lack of qualified personnel to maintain the system, etc. In other words, automation of the entire production cycle is a serious investment, and investment is inevitable if the company focuses on high yields.

When production is automated, costs and revenues can be planned with great accuracy. And even ship and distribute orders without human intervention. Such systems have been strongly and foremost developed by IT companies. Thus, the Creation of a web-oriented centralized system that will be able to work with the entire fleet of devices in the factory. This system is closely integrated with the company's ERP (Enterprise Resource Planning) system. Technology directly increases human productivity. Agricultural automation helps reduce costs and increase labour efficiency, which is especially important when fewer people are willing to devote their lives to agriculture. In addition, farmers in developed countries are aging rapidly. It is often the age of the farmers that forces them to use automation because it is difficult for parents to work on the farm. But there is also an alternative point of view on the technological revolution in the agro-industrial complex. Some prosperous companies are gradually upgrading their technical equipment, acquiring fairly traditional production equipment and machines that have been on the world market for decades and are based on old technologies. Nevertheless, when comparing the costs of human employees and robotic employees, some peculiarities need to be taken into account, but if we take them to a minimum, then the equivalent salary is the annual robot license, and the equivalent of training is development costs. Robots are cheaper and, most importantly, perform routine processes more accurately than humans. Given the strong technological backwardness of the agro-industrial complex. Highly qualified specialists with a strong higher education will feel the best of all. It can be said that modern agriculture is not talking about the quantity of labour but the quality of labour (Pierce & Zhang,2013; Tian et al,2020).

Cooperation in the agricultural sector not only provides efficiency in food production and the exchange of technology and knowledge between cooperating countries and increases mutual productivity in the cooperating countries. Agricultural economic cooperation does not only affect the cooperating countries but also has an impact on global food security. Cooperation between countries in the agricultural sector allows both countries to improve agricultural performance with fewer human resources needed. In this case, the available human resources can do work outside of agriculture and of course, every available human power needs to be developed and improved to create, master, and develop technology for a better life for humans (WIDARNI & BAWONO, 2021 ; Liu & Shi,2020).

3. RESEARCH METHOD

This study aims to simulate the bilateral relationship between Indonesia and China by simulating the direction of the relationship between agricultural performance and employment in agriculture in Indonesia and China using the following autoregressive vector equation model:

$$\begin{aligned}
 \text{AGRICULTURE_PERFORMANCE_CHINA} &= C(1,1)*\text{AGRICULTURE_PERFORMANCE_CHINA}(-1) + \\
 &C(1,2)*\text{AGRICULTURE_PERFORMANCE_CHINA}(-2) + C(1,3)*\text{AGRICULTURE_PERFORMANCE_INDONESIA}(-1) + \\
 &C(1,4)*\text{AGRICULTURE_PERFORMANCE_INDONESIA}(-2) + C(1,5)*\text{EMPLOYMENT_IN_AGRICULTURE_CHINA}(-1) \\
 &+ C(1,6)*\text{EMPLOYMENT_IN_AGRICULTURE_CHINA}(-2) + \\
 &C(1,7)*\text{EMPLOYMENT_IN_AGRICULTURE_INDONESIA}(-1) + \\
 &C(1,8)*\text{EMPLOYMENT_IN_AGRICULTURE_INDONESIA}(-2) + C(1,9) \\
 \text{AGRICULTURE_PERFORMANCE_INDONESIA} &= C(2,1)*\text{AGRICULTURE_PERFORMANCE_CHINA}(-1) + \\
 &C(2,2)*\text{AGRICULTURE_PERFORMANCE_CHINA}(-2) + C(2,3)*\text{AGRICULTURE_PERFORMANCE_INDONESIA}(-1) + \\
 &C(2,4)*\text{AGRICULTURE_PERFORMANCE_INDONESIA}(-2) + C(2,5)*\text{EMPLOYMENT_IN_AGRICULTURE_CHINA}(-1) \\
 &+ C(2,6)*\text{EMPLOYMENT_IN_AGRICULTURE_CHINA}(-2) + \\
 &C(2,7)*\text{EMPLOYMENT_IN_AGRICULTURE_INDONESIA}(-1) + \\
 &C(2,8)*\text{EMPLOYMENT_IN_AGRICULTURE_INDONESIA}(-2) + C(2,9) \\
 \text{EMPLOYMENT_IN_AGRICULTURE_CHINA} &= C(3,1)*\text{AGRICULTURE_PERFORMANCE_CHINA}(-1) + \\
 &C(3,2)*\text{AGRICULTURE_PERFORMANCE_CHINA}(-2) + C(3,3)*\text{AGRICULTURE_PERFORMANCE_INDONESIA}(-1) + \\
 &C(3,4)*\text{AGRICULTURE_PERFORMANCE_INDONESIA}(-2) + C(3,5)*\text{EMPLOYMENT_IN_AGRICULTURE_CHINA}(-1) \\
 &+ C(3,6)*\text{EMPLOYMENT_IN_AGRICULTURE_CHINA}(-2) + \\
 &C(3,7)*\text{EMPLOYMENT_IN_AGRICULTURE_INDONESIA}(-1) + \\
 &C(3,8)*\text{EMPLOYMENT_IN_AGRICULTURE_INDONESIA}(-2) + C(3,9) \\
 \text{EMPLOYMENT_IN_AGRICULTURE_INDONESIA} &= C(4,1)*\text{AGRICULTURE_PERFORMANCE_CHINA}(-1) + \\
 &C(4,2)*\text{AGRICULTURE_PERFORMANCE_CHINA}(-2) + C(4,3)*\text{AGRICULTURE_PERFORMANCE_INDONESIA}(-1) + \\
 &C(4,4)*\text{AGRICULTURE_PERFORMANCE_INDONESIA}(-2) + C(4,5)*\text{EMPLOYMENT_IN_AGRICULTURE_CHINA}(-1) \\
 &+ C(4,6)*\text{EMPLOYMENT_IN_AGRICULTURE_CHINA}(-2) + \\
 &C(4,7)*\text{EMPLOYMENT_IN_AGRICULTURE_INDONESIA}(-1) + \\
 &C(4,8)*\text{EMPLOYMENT_IN_AGRICULTURE_INDONESIA}(-2) + C(4,9)
 \end{aligned}$$

From the estimation results, it can be seen that the influence between variables is then forecasted, the accumulation of the influence of each variable is presented in the forecasting graph. All data from this study are secondary data from the world bank. With data period from 2000 to 2019.

4. RESULT AND DISCUSSION

To simulate the influence of agricultural performance in China and Indonesia, autoregressive vector analysis is used with the estimation results from the autoregressive vector model equation as follows:

Table 1. Vector Autoregressive Result

	EMPLOYMENT_IN _AGRICULTURE_ CHINA	EMPLOYMENT_IN _AGRICULTURE_ INDONESIA	AGRICULTURE_P ERFORMANCE_ CHINA	AGRICULTURE_P ERFORMANCE_ INDONESIA
EMPLOYMENT_IN_AGRI CULTURE_CHINA (-1)	1.60E+00 -2.17E-01 [7.38011]	7.77E-03 -5.65E-02 [0.13761]	-2.77E+03 -9.87E+02 [-2.81030]	-8.51E+01 -2.30E+02 [-0.37052]
EMPLOYMENT_IN_AGRI CULTURE_CHINA (-2)	-7.34E-01 -2.96E-01 [-2.48114]	-4.42E-03 -7.72E-02 [-0.05725]	1.42E+03 -1.35E+03 [1.05063]	-7.94E+02 -3.14E+02 [-2.52965]
EMPLOYMENT_IN_AGRI CULTURE_INDONESIA(- 1)	-1.50E+00 -1.06E+00 [-1.41985]	3.84E-01 -2.76E-01 [1.39016]	4.36E+03 -4.82E+03 [0.90440]	1.83E+03 -1.12E+03 [1.63209]
EMPLOYMENT_IN_AGRI CULTURE_INDONESIA(- 2)	1.40E+00 -1.21E+00 [1.16048]	1.53E-01 -3.14E-01 [0.48695]	-8.90E+03 -5.49E+03 [-1.61973]	2.85E+03 -1.28E+03 [2.22808]
AGRICULTURE_PERFOR MANCE_CHINA(-1)	4.45E-05 -5.80E-05 [0.76598]	1.26E-05 -1.50E-05 [0.83010]	1.61E-01 -2.65E-01 [0.60735]	-1.54E-01 -6.16E-02 [-2.49892]
AGRICULTURE_PERFOR MANCE_CHINA(-2)	-3.54E-05 -3.80E-05 [-0.92977]	-1.07E-05 -9.90E-06 [-1.08086]	-4.79E-02 -1.74E-01 [-0.27543]	8.69E-03 -4.04E-02 [0.21492]

AGRICULTURE_PERFOR
 MANCE_INDONESIA

(-1)	-1.33E-04	2.81E-05	2.40E+00	6.41E-01
	-2.30E-04	-6.10E-05	-1.06E+00	-2.47E-01
	[-0.57038]	[0.46304]	[2.25910]	[2.59779]

AGRICULTURE_PERFOR
 MANCE_INDONESIA

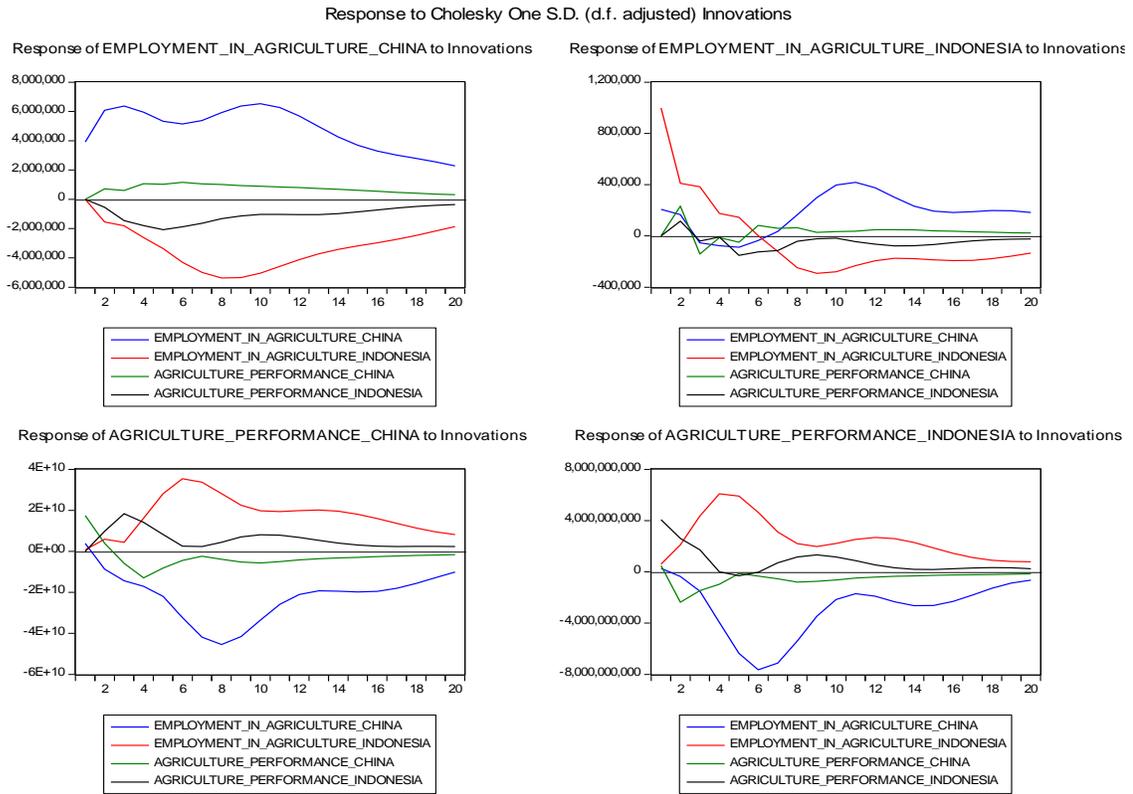
(-2)	-1.26E-04	-6.76E-05	2.10E+00	3.17E-01
	-3.30E-04	-8.50E-05	-1.49E+00	-3.46E-01
	[-0.38540]	[-0.79574]	[1.41274]	[0.91779]

C	5.51E+07	2.03E+07	7.59E+11	1.53E+11
	-7.00E+07	-1.80E+07	-3.20E+11	-7.40E+10
	[0.78519]	[1.10627]	[2.37127]	[2.05460]

R-squared	8.98E-01	9.02E-01	9.98E-01	9.94E-01
Adj. R-squared	8.96E-01	8.14E-01	9.97E-01	9.89E-01
Sum sq. resids	1.38E+14	9.38E+12	2.86E+21	1.55E+20
S.E. equation	3.91E+06	1.02E+06	1.78E+10	4.15E+09
F-statistic	4.74E+02	1.03E+01	6.07E+02	1.99E+02
Log likelihood	-2.93E+02	-2.68E+02	-4.44E+02	-4.18E+02
Akaike AIC	3.35E+01	3.08E+01	5.04E+01	4.74E+01
Schwarz SC	3.39E+01	3.13E+01	5.08E+01	4.79E+01
Mean dependent	2.80E+08	4.31E+07	6.16E+11	9.14E+10
S.D. dependent	5.85E+07	2.37E+06	3.02E+11	4.02E+10

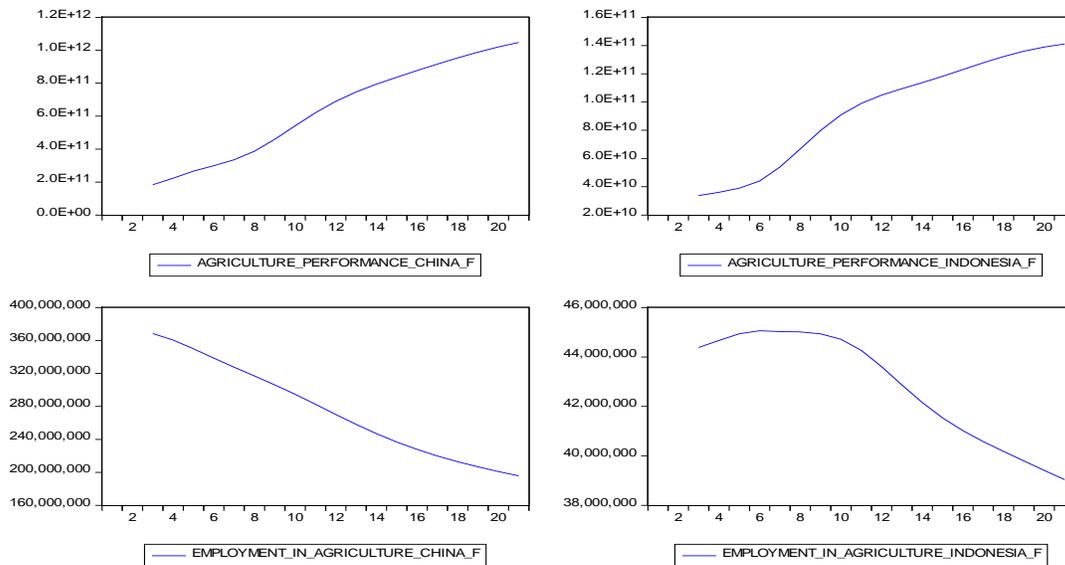
Employment in agriculture in China has a significant effect on employment in agriculture in Indonesia and agriculture performance in Indonesia. Employment in agriculture in Indonesia has a significant effect on employment in agriculture in Indonesia and employment in agriculture in China. Employment in agriculture in Indonesia has an impact on agriculture performance in Indonesia and China Agriculture performance in China has a significant effect on employment in agriculture in China. Agriculture performance in China has a significant effect on agriculture performance in Indonesia and China Agriculture performance in Indonesia has a significant effect on agriculture performance in Indonesia and in China. To see the direction of the influence relationship, an impulse response analysis can be done which is presented in figure 1.

Figure 1. Response Impulse Graph



From figure 1, it can be seen the direction of movement of influence when each variable changes. The accumulated direction of influence can be forecasted in the forecasting graph of the direction of cumulative influence in figure 2.

Figure 2. forecasting graph



From the forecasting results, it can be seen that agriculture performance in China and in Indonesia is experiencing an increasing trend, which means that cumulatively the influence of all variables has an impact on continuous improvement of agricultural performance both in Indonesia and in China, which means that when Indonesia and China collaborate and work together, it can encourage performance. agriculture in both countries. Which is responded to by a decrease in employment in agriculture which indicates an increase in efficiency where less manpower is needed to improve agricultural performance. This is a natural thing because of technological factors and the exchange of technology and knowledge between Indonesia and China which allows the two countries to increase agricultural performance with the need for fewer human resources.

5. CONCLUSION

Agriculture performance in China and in Indonesia is experiencing an increasing trend, which means that cumulatively the influence of all variables has an impact on continuous improvement of agricultural performance both in Indonesia and in China, which means that when Indonesia and China collaborate and work together, it can encourage performance. agriculture in both countries. Which is responded to by a decrease in employment in agriculture which indicates an increase in efficiency where less manpower is needed to improve agricultural performance. This is a natural thing because of technological factors and the exchange of technology and knowledge between Indonesia and China which allows the two countries to increase agricultural performance with the need for fewer human resources.

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VECTOR ANALYSIS OF HUMAN CAPITAL, AND ECONOMIC PERFORMANCE IN INDONESIA, AND CHINA

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Abstract

This study aims to simulate the accumulation of influence between education, health, and economic performance in Indonesia and China. To see the influence of each variable on the other, vector analysis was carried out. And, to see the accumulation of influence between variables, forecasting the accumulation of influence between variables is done by ignoring other factors outside the factors or variables being tested using the ceteris paribus principle. We found that cooperation between Indonesia and China in the fields of education and health can increase the development of human capital in Indonesia and China and can increase economic growth in both countries. From the forecasting results, it can be seen that when Indonesia and China cooperate, it can be seen that the graphs of all variables show an increasing trend, which means that the cumulative influence of the direction of education, health, and economic growth in both Indonesia and China has increased, which means that both countries can mutually reinforce each other in the development of human capital and economic growth.

Keywords:

Human Capital, Economic, China, Indonesia

JEL Classification: C10, J11,O15

1. BACKGROUND

Relations between China and Indonesia are currently in the most favourable condition. After Chinese President Hu Jintao and Indonesian President Susilo Bambang Yudhoyono signed a joint declaration on the establishment of a strategic partnership in 2005, Indonesia-China relations entered a rapid development. Indonesia and China respect each other and do not interfere in each other's domestic affairs. Indonesia has consistently adhered to the one-China policy (SRIYANTO,2015). Referring to the great potential for the development of Indonesia-China relations in the social and cultural fields, he noted that the Indonesian government has designated the Spring Festival as an official holiday in Indonesia, which contributes to the deepening and widening of Chinese culture in Indonesia. Indonesia and China support the development of friendly relations between non-governmental organizations in Indonesia and China. Trade and economic relations are an important part of Indonesia-China relations.

The extraordinary pace of development of China's economy over the past few decades has given rise to much discussion among modern society, and more and more hypotheses and assumptions about the origins of China's strong progress have emerged. Of course, this would not have been possible without the reason and hard work of the state and representatives of the economic industry. But, of course, the state plays an important role in shaping the country's economy (Liu & Hu, 2020). Most of China's current state budget is invested in education (Costa, & Zha,2020). Universities that bring valuable personnel to the country are almost entirely subsidized by the state. That's why they are competing to improve the quality of the training they receive. The state also encourages gifted students - future personnel who are invaluable to the state and provides educational grants. Primary and secondary education was declared mandatory for everyone in China. China is also one of the study destinations for students from Indonesia. The cooperative relationship between Indonesia and China is not only economic cooperation but also education so that a mutually supportive and supportive force is formed. Some graduates from Chinese universities remain interns, looking for work and increasing the number of expats who have chosen China as their new country of residence. This choice is usually

associated with increased interest in skilled workers in China. Modern China is very similar to Western countries in terms of quality of life (Qu & Zhong,2017).

As two large developing countries, China and Indonesia must cooperate, support each other and deepen cooperation, which is strategically important both to ensure regional peace and to promote global stability and prosperity. China and Indonesia have pledged to collaborate on a COVID-19 vaccine and major economic projects. China and Indonesia have fruitful cooperation in the development of a COVID-19 vaccine, and the Chinese side is ready to continue working with Indonesia to jointly promote the availability of a COVID-19 vaccine in developing countries and Muslim countries. China stated its readiness to cooperate with Indonesia in various fields, including tourism, agriculture, vocational education, digital economy, navigation safety, marine research, environmental protection, etc (Peng,2021 ; Liem et al,2021). Cooperation in the fields of education and health between Indonesia and China is a mutually supportive cooperation relationship in the development of human capital in Indonesia and China. Of course, cooperation in human capital development between Indonesia and China has an impact on the economies of Indonesia and China. This study aims to simulate the accumulation of influence between education, health, and economic performance in Indonesia and China. To see the influence of each variable on the other, vector analysis was carried out. And, to see the accumulation of influence between variables, forecasting the accumulation of influence between variables is done by ignoring other factors outside the factors or variables being tested using the *ceteris paribus* principle.

2. LITERATURE REVIEW

The development of the world's leading countries has led to the formation of new economies, the knowledge economy, innovation, global information systems, the latest technology, and venture business. The basis of the new economy is human capital, which is the main driving force behind the socio-economic development of modern society. Changes in the role of human capital, its transformation from cost factors to main production and social development factors have led to the need to create a new development paradigm. Within the framework of the new paradigm of development of countries and world societies, human capital has occupied a leading position in national wealth (Bhattacharyya,2021 ; Pilipenko, 2015).

One of the factors that can make the human resource development process more effective is the factor of innovative development, which involves the interrelated formation of scientific, technical, production, financial and social activities in new conditions. Currently, there is a fairly clear definition of innovation, which is understood as the end result of innovation, which is implemented in the form of new or improved products, as well as improved technological or organizational processes used in practice. Innovation is the tangible result obtained from investing capital in new methods or technologies, in new forms of organization of production, labour, services, and management, including new forms of control, accounting, planning methods, analytical methods, etc. (Harris,2021). Human capital is a set of knowledge, skills, and abilities that are used to meet the diverse needs of individuals and society as a whole. Human capital was understood simply as a collection of investments in a person that enhances his or her ability to work - education and professional skills. In the future, the concept of human capital has undergone significant development. The latest calculations made by World Bank experts include consumer spending , family spending on food, clothing, housing, education, health care, culture, as well as government spending for these purposes. Human capital in a broad sense is an intensive productive factor of economic development, community, and family development, including an educated share of labour resources, knowledge, tools for intellectual and managerial work, the environment, and labour activities that ensure the efficiency and rational functioning of capital (WIDARNI & BAWONO, 2021).

The more the total income of the state, the more capable the population is. Another thing is that the income of a whole country is more difficult to measure than the income of one person because this is GDP, gross domestic product. If GDP grows, it means that the country is experiencing economic growth. Gross Domestic Product is the total value of goods and services produced in a country over a certain period of time, for example, one year. Gross domestic product is a national economic performance (Wang & Li,2019). It is not only the level of GDP that matters, but also the size of GDP per capita. GDP per capita shows the average income of citizens. By itself, GDP does not take into account indicators such as, for example, the environment or individual residents' levels of personal happiness. So, it is impossible to call it an ideal measure of well-being. However, quality of life is not always directly related to the amount of money in the wallet. Thus, economic growth is an increase in the number of goods and services. Should you pursue consumption? After all, they say, happiness is not in money. Yes, economic growth is not always synonymous with happiness and prosperity, but still, GDP growth has a positive effect on living standards. The better the society, the higher the life expectancy, the better the welfare, the lower the crime rate. Concern for the environment is also a feature of rich countries. Therefore, economic growth is one of the main tasks of any country's economic policy.

Economic growth depends on various factors: for example, on how many able-bodied people are in the country, how many qualified specialists are, how many natural resources are, how advanced production technologies are, whether the socio-political

situation is stable, whether investments are ongoing and growing, etc. Economic growth is a long-term sustainable increase in the production of goods and services. All goods and services produced domestically; we call gross domestic product. GDP is calculated both in nominal and real terms. GDP can also be calculated per capita (Viphindartin & Bawono,2021). Real GDP, which is calculated at constant prices, shows the positive or negative dynamics of the level of economic development of the country. Nominal GDP growth can be attributed to an increase in the general price level, rather than an increase in production. GDP per capita, compared with indicators of previous years, makes it possible to assess whether the level of welfare of a particular citizen has really grown. The decline in GDP per capita indicates a decrease in the standard of living in the country, which means there is no economic growth at all or the population growth rate exceeds the real GDP growth rate. The long-term trend of increasing GDP reflects real economic growth. There is no economic reason to consider a short-term period to increase production (Bechtel & Bechtel, 2020).

3. RESEARCH METHOD

This study uses an autoregression vector to simulate the influence between variables on each change in each variable change. This study focuses on the accumulation of influence presented in the form of forecasting by simulating the direction of the accumulated influence on each variable to other variables so that the simulation results of the influence of each variable on the simulation graph can be seen and draw conclusions from the simulation of bilateral relations between Indonesia and China.

This study uses secondary data from the world bank by avoiding data for 2020 and 2021 because in 2020 and 2021 there will be a very large economic shock that must be removed from the data used in the analysis data to avoid bias due to a very large shock. We focus on the period from 2000 to 2019. The autoregression vector equation model is as follows:

$$\begin{aligned} \text{EDUCATION_CHINA} &= C(1,1)*\text{EDUCATION_CHINA}(-1) + C(1,2)*\text{EDUCATION_CHINA}(-2) + \\ &C(1,3)*\text{EDUCATION_INDONESIA}(-1) + C(1,4)*\text{EDUCATION_INDONESIA}(-2) + C(1,5)*\text{HEALTH_CHINA}(-1) + \\ &C(1,6)*\text{HEALTH_CHINA}(-2) + C(1,7)*\text{HEALTH_INDONESIA}(-1) + C(1,8)*\text{HEALTH_INDONESIA}(-2) + \\ &C(1,9)*\text{GDP_CHINA}(-1) + C(1,10)*\text{GDP_CHINA}(-2) + C(1,11)*\text{GDP_INDONESIA}(-1) + C(1,12)*\text{GDP_INDONESIA}(-2) + \\ &C(1,13) \end{aligned}$$

$$\begin{aligned} \text{EDUCATION_INDONESIA} &= C(2,1)*\text{EDUCATION_CHINA}(-1) + C(2,2)*\text{EDUCATION_CHINA}(-2) + \\ &C(2,3)*\text{EDUCATION_INDONESIA}(-1) + C(2,4)*\text{EDUCATION_INDONESIA}(-2) + C(2,5)*\text{HEALTH_CHINA}(-1) + \\ &C(2,6)*\text{HEALTH_CHINA}(-2) + C(2,7)*\text{HEALTH_INDONESIA}(-1) + C(2,8)*\text{HEALTH_INDONESIA}(-2) + \\ &C(2,9)*\text{GDP_CHINA}(-1) + C(2,10)*\text{GDP_CHINA}(-2) + C(2,11)*\text{GDP_INDONESIA}(-1) + C(2,12)*\text{GDP_INDONESIA}(-2) + \\ &C(2,13) \end{aligned}$$

$$\begin{aligned} \text{HEALTH_CHINA} &= C(3,1)*\text{EDUCATION_CHINA}(-1) + C(3,2)*\text{EDUCATION_CHINA}(-2) + \\ &C(3,3)*\text{EDUCATION_INDONESIA}(-1) + C(3,4)*\text{EDUCATION_INDONESIA}(-2) + C(3,5)*\text{HEALTH_CHINA}(-1) + \\ &C(3,6)*\text{HEALTH_CHINA}(-2) + C(3,7)*\text{HEALTH_INDONESIA}(-1) + C(3,8)*\text{HEALTH_INDONESIA}(-2) + \\ &C(3,9)*\text{GDP_CHINA}(-1) + C(3,10)*\text{GDP_CHINA}(-2) + C(3,11)*\text{GDP_INDONESIA}(-1) + C(3,12)*\text{GDP_INDONESIA}(-2) + \\ &C(3,13) \end{aligned}$$

$$\begin{aligned} \text{HEALTH_INDONESIA} &= C(4,1)*\text{EDUCATION_CHINA}(-1) + C(4,2)*\text{EDUCATION_CHINA}(-2) + \\ &C(4,3)*\text{EDUCATION_INDONESIA}(-1) + C(4,4)*\text{EDUCATION_INDONESIA}(-2) + C(4,5)*\text{HEALTH_CHINA}(-1) + \\ &C(4,6)*\text{HEALTH_CHINA}(-2) + C(4,7)*\text{HEALTH_INDONESIA}(-1) + C(4,8)*\text{HEALTH_INDONESIA}(-2) + \\ &C(4,9)*\text{GDP_CHINA}(-1) + C(4,10)*\text{GDP_CHINA}(-2) + C(4,11)*\text{GDP_INDONESIA}(-1) + C(4,12)*\text{GDP_INDONESIA}(-2) + \\ &C(4,13) \end{aligned}$$

$$\begin{aligned} \text{GDP_CHINA} &= C(5,1)*\text{EDUCATION_CHINA}(-1) + C(5,2)*\text{EDUCATION_CHINA}(-2) + \\ &C(5,3)*\text{EDUCATION_INDONESIA}(-1) + C(5,4)*\text{EDUCATION_INDONESIA}(-2) + C(5,5)*\text{HEALTH_CHINA}(-1) + \\ &C(5,6)*\text{HEALTH_CHINA}(-2) + C(5,7)*\text{HEALTH_INDONESIA}(-1) + C(5,8)*\text{HEALTH_INDONESIA}(-2) + \\ &C(5,9)*\text{GDP_CHINA}(-1) + C(5,10)*\text{GDP_CHINA}(-2) + C(5,11)*\text{GDP_INDONESIA}(-1) + C(5,12)*\text{GDP_INDONESIA}(-2) + \\ &C(5,13) \end{aligned}$$

$$\begin{aligned} \text{GDP_INDONESIA} &= C(6,1)*\text{EDUCATION_CHINA}(-1) + C(6,2)*\text{EDUCATION_CHINA}(-2) + \\ &C(6,3)*\text{EDUCATION_INDONESIA}(-1) + C(6,4)*\text{EDUCATION_INDONESIA}(-2) + C(6,5)*\text{HEALTH_CHINA}(-1) + \end{aligned}$$

$$C(6,6)*HEALTH_CHINA(-2) + C(6,7)*HEALTH_INDONESIA(-1) + C(6,8)*HEALTH_INDONESIA(-2) + C(6,9)*GDP_CHINA(-1) + C(6,10)*GDP_CHINA(-2) + C(6,11)*GDP_INDONESIA(-1) + C(6,12)*GDP_INDONESIA(-2) + C(6,13)$$

From the estimation results, forecasting is carried out which is the accumulation of the direction of influence on each variable to other variables which is presented in the form of a forecasting graph.

4. RESULT AND DISCUSSION

To understand the condition of human capital and economic performance in Indonesia and China, a statistical descriptive analysis of human capital development as indicated by education and health investment as well as economic growth in Indonesia and China is presented as follows:

Table 1. Descriptive Analysis

	EDUCATION_	EDUCATION_	HEALTH_	HEALTH_	GDP_	GDP_
	CHINA	INDONESIA	CHINA	INDONESIA	CHINA	INDONESIA
Mean	132000000000	21400000000	31100000000 0	17800000000	6550000000000	624000000000
Median	111000000000	21000000000	23800000000 0	18400000000	5590000000000	647000000000
Maximum	297000000000	44300000000	75100000000 0	32500000000	1430000000000 0	112000000000 0
Minimum	229000000000	36800000000	54200000000	31500000000	1210000000000	160000000000
Std. Dev.	94900000000	13600000000	24200000000 0	10700000000	4550000000000	339000000000

China's average investment in education is 132 billion USD per year and China's health investment is 311 billion USD annually with China's GDP on average 6550 billion USD annually. In Indonesia, the average investment in education is 21.4 billion USD per year and health investment is 17.8 billion USD per year with an average GDP in Indonesia of 624 billion USD per year. From the results of the descriptive analysis, it can be seen that Indonesia and China have quantitative differences in each variable. However, that doesn't mean that Indonesia and China can cooperate with each other to support each other. So, to see the direction of influence of human capital and economic performance in both countries, it is necessary to carry out vector analysis that sees and tests when between variables is examined for its influence when there is a change in each variable. To perform the vector analysis, it is necessary to do the stationarity of each variable because the autoregression vector requires stationary data. If the data is not stationary, vector testing is carried out using a vector error correction model.

Table 2. Stationarity Test

Method			Statistic	Prob.**
ADF - Fisher Chi-square			95	0
ADF - Choi Z-stat			(8)	0
Series	Prob.	Lag	Max Lag	Obs
D(EDUCATION_CHINA,2)	3.00E-04	1.00E+00	3.00E+00	1.60E+01

D(EDUCATION_INDONESIA,2)	0.00E+00	0.00E+00	3.00E+00	1.70E+01
D(HEALTH_CHINA,2)	3.00E-04	1.00E+00	3.00E+00	1.60E+01
D(HEALTH_INDONESIA,2)	2.40E-03	1.00E+00	3.00E+00	1.60E+01
D(GDP_CHINA,2)	3.00E-04	1.00E+00	3.00E+00	1.60E+01
D(GDP_INDONESIA,2)	2.00E-03	0.00E+00	3.00E+00	1.70E+01

** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.

All data is stationary so that it can use the vector error correction model with the estimation results in table 3.

	EDUCATION – CHINA	EDUCATION – INDONESIA	HEALTH – CHINA	HEALTH _INDONESIA A	GDP_ CHINA	GDP_ INDONESIA A
EDUCATION_CHINA(-1)	(12)	1	(30)	1	(526)	30
	-8.11E+00	-1.12E+00	-2.36E+01	-1.41E+00	(393)	(37)
	[-1.42391]	[1.10126]	[-1.25110]	[0.81409]	[-1.33588]	[0.80070]
EDUCATION_CHINA(-2)	1.11E+01	-1.03E-01	4.06E+01	-2.11E+00	5.17E+02	-3.11E+01
	-5.06E+00	-6.96E-01	-1.47E+01	-8.77E-01	-2.45E+02	-2.31E+01
	[2.19666]	[-0.14761]	[2.75930]	[-2.40570]	[2.10643]	[-1.34986]
EDUCATION_INDONESIA (-1)	-5.41E+00	-1.48E+00	-1.50E+01	-5.34E-01	-2.68E+02	-1.26E+01
	-2.84E+00	-3.91E-01	-8.26E+00	-4.93E-01	-1.38E+02	-1.30E+01
	[-1.90493]	[-3.78510]	[-1.82118]	[-1.08436]	[-1.94587]	[-0.97020]
EDUCATION_INDONESIA (-2)	1.19E+00	7.96E-01	-6.64E+00	9.05E-01	5.54E+01	3.01E+01
	-4.20E+00	-5.78E-01	-1.22E+01	-7.29E-01	-2.04E+02	-1.92E+01
	[0.28374]	[1.37651]	[-0.54307]	[1.24126]	[0.27183]	[1.56902]
HEALTH_CHINA(-1)	2.95E-01	7.39E-02	1.90E+00	-1.12E-02	1.09E+01	8.07E-01

	-5.36E-01	-7.37E-02	-1.56E+00	-9.29E-02	-2.60E+01	-2.44E+00
	[0.55024]	[1.00288]	[1.21705]	[-0.12018]	[0.41898]	[0.33038]
HEALTH_CHINA(-2)	4.53E-02	-1.41E-01	-6.32E-01	-4.80E-02	1.60E+00	-4.02E+00
	-5.24E-01	-7.22E-02	-1.52E+00	-9.09E-02	-2.54E+01	-2.39E+00
	[0.08637]	[-1.95012]	[-0.41445]	[-0.52737]	[0.06291]	[-1.68092]
HEALTH_INDONESIA(-1)	5.29E-01	1.74E+00	-3.31E+00	1.97E-01	1.25E+01	2.70E+01
	-5.58E+00	-7.68E-01	-1.62E+01	-9.67E-01	-2.71E+02	-2.54E+01
	[0.09482]	[2.27220]	[-0.20395]	[0.20383]	[0.04624]	[1.05966]
HEALTH_INDONESIA(-2)	6.49E+00	-4.11E-01	2.76E+01	-1.30E+00	2.90E+02	-3.65E+01
	-4.43E+00	-6.10E-01	-1.29E+01	-7.68E-01	-2.15E+02	-2.02E+01
	[1.46540]	[-0.67416]	[2.14451]	[-1.69102]	[1.34716]	[-1.80366]
GDP_CHINA(-1)	2.48E-01	-2.44E-02	5.62E-01	-2.16E-02	1.15E+01	-5.86E-01
	-1.62E-01	-2.23E-02	-4.71E-01	-2.81E-02	-7.86E+00	-7.38E-01
	[1.53419]	[-1.09280]	[1.19288]	[-0.76928]	[1.45902]	[-0.79320]
GDP_CHINA(-2)	-2.32E-01	7.21E-03	-7.94E-01	4.65E-02	-1.07E+01	8.32E-01
	-9.84E-02	-1.36E-02	-2.86E-01	-1.71E-02	-4.78E+00	-4.49E-01
	[-2.35184]	[0.53234]	[-2.77493]	[2.72401]	[-2.24751]	[1.85430]
GDP_INDONESIA(-1)	2.56E-01	4.79E-02	8.21E-01	5.43E-02	1.32E+01	1.06E+00
	-1.83E-01	-2.51E-02	-5.31E-01	-3.17E-02	-8.86E+00	-8.33E-01
	[1.40016]	[1.90685]	[1.54639]	[1.71420]	[1.48744]	[1.27317]
GDP_INDONESIA(-2)	-3.39E-01	-6.45E-02	-7.77E-01	-3.03E-02	-1.54E+01	-1.24E+00
	-2.76E-01	-3.79E-02	-8.01E-01	-4.78E-02	-1.34E+01	-1.26E+00

	[-1.23047]	[-1.70111]	[-0.96913]	[-0.63442]	[-1.14874]	[-0.98673]
C	5.26E+09	4.97E+09	2.43E+10	-2.83E+09	2.69E+11	8.46E+10
	-1.80E+10	-2.50E+09	-5.40E+10	-3.20E+09	-8.90E+11	-8.40E+10
	[0.28512]	[1.96003]	[0.45393]	[-0.88355]	[0.30068]	[1.00638]
R-squared	9.99E-01	9.99E-01	9.99E-01	9.97E-01	9.99E-01	9.98E-01
Adj. R-squared	9.96E-01	9.97E-01	9.96E-01	9.91E-01	9.96E-01	9.94E-01
Sum sq. resids	1.51E+20	2.86E+18	1.28E+21	4.54E+18	3.55E+23	3.14E+21
S.E. equation	5.49E+09	7.56E+08	1.60E+10	9.52E+08	2.66E+11	2.50E+10
F-statistic	4.00E+02	4.10E+02	3.15E+02	1.57E+02	3.88E+02	2.27E+02
Log likelihood	-4.18E+02	-3.82E+02	-4.37E+02	-3.86E+02	-4.88E+02	-4.45E+02
Akaike AIC	4.79E+01	4.39E+01	5.00E+01	4.44E+01	5.56E+01	5.09E+01
Schwarz SC	4.85E+01	4.45E+01	5.06E+01	4.50E+01	5.63E+01	5.15E+01
Mean dependent	1.44E+11	2.34E+10	3.39E+11	1.94E+10	7.13E+12	6.75E+11
S.D. dependent	9.23E+10	1.29E+10	2.38E+11	1.00E+10	4.41E+12	3.18E+11

Education in China has a significant effect on education in China itself, health in China, economic growth in China, and economic growth in Indonesia. This shows that the education cooperation between China and Indonesia where many Indonesian students study in China has an impact on the economy in Indonesia.

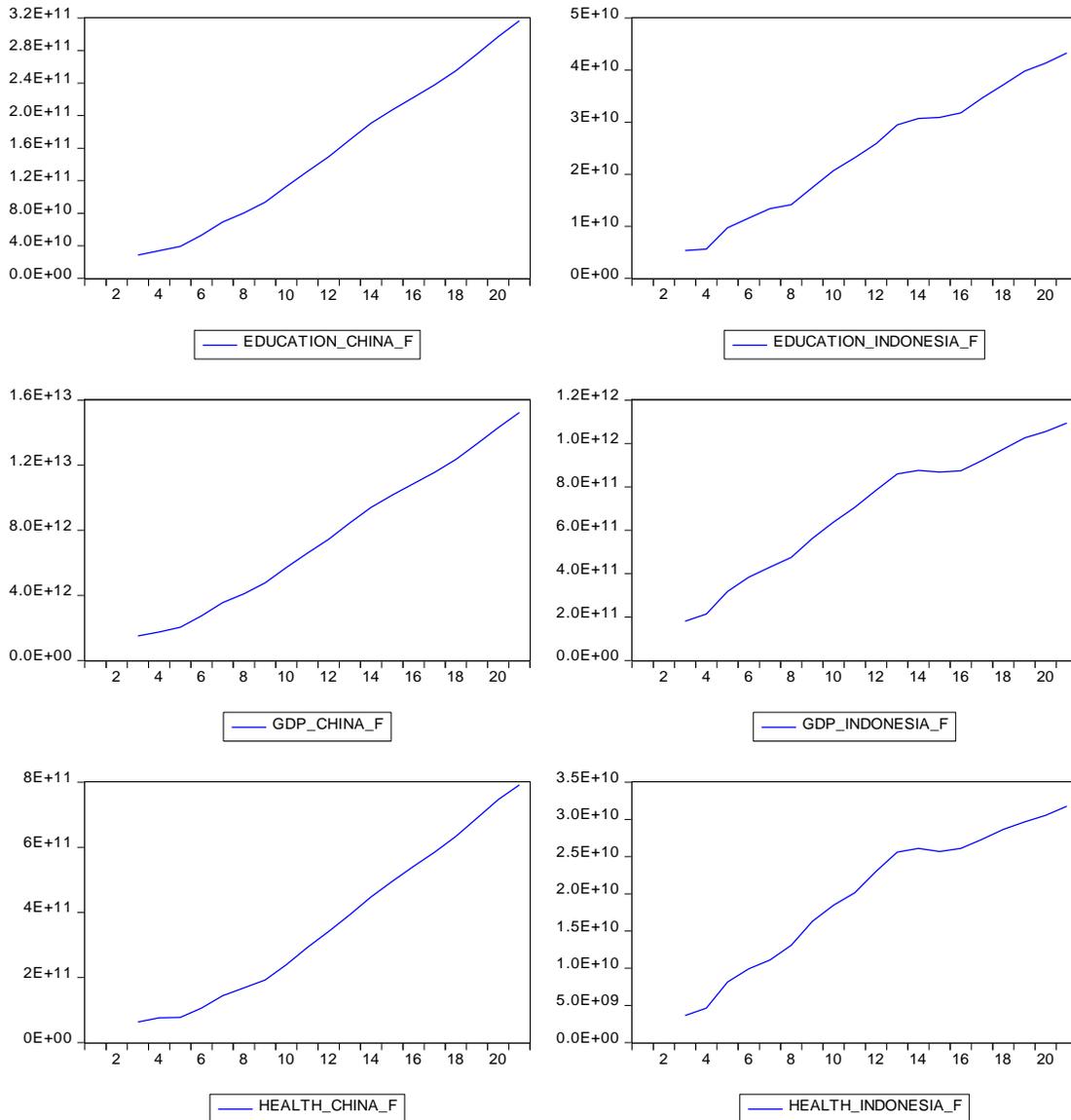
Education in Indonesia has a significant effect on education in China where China is one of the educational destinations for students from Indonesia so it is very natural that education in Indonesia affects education in China, Health Indonesia shows that education contributes to the development of health services in Indonesia. Economic growth in China and in Indonesia. This shows that education in Indonesia has an impact on increasing economic performance in China and in Indonesia.

Health investment in China turns out to have a significant influence on education in China and in Indonesia. In addition, health investment in China also has a significant impact on health in China and in Indonesia. This shows that Indonesian students studying in China also bring back to Indonesia not only knowledge but also the inspiration of health services and technology from China so that it has an impact on the development of health services in Indonesia. Health investment in China also has an impact on the economy both in Indonesia and in China.

Health investment in Indonesia turns out to have a significant impact on investment in education in China, health services in China, economic growth in Indonesia and in China. China's GDP has a significant impact or effect on all variables. However, Indonesia's GDP has a significant effect on all variables except China's GDP. This is what shows that China is an open economic country, and Indonesia is a small open economy country.

This study focuses on the impact of the accumulation of influence so that a forecasting graph of the accumulation of influence between variables is presented in the forecasting graph in Figure 1

Figure 1. Forecasting Graph



From the forecasting results, it can be seen that when Indonesia and China cooperate, it can be seen that the graphs of all variables show an increasing trend, which means that the cumulative influence of the direction of education, health, and economic growth in both Indonesia and China has increased, which means that both countries can mutually reinforce each other in the development of human capital and economic growth.

5. CONCLUSION

Cooperation between Indonesia and China in the fields of education and health can increase the development of human capital in Indonesia and China and can increase economic growth in both countries. From the forecasting results, it can be seen that when Indonesia and China cooperate, it can be seen that the graphs of all variables show an increasing trend, which means that the cumulative influence of the direction of education, health, and economic growth in both Indonesia and China has increased, which means that both countries can mutually reinforce each other in the development of human capital and economic growth.

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STUDY THE CONCEPTION OF BUSINESS ETHICS IN THE QUR'AN AND HADITH

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Abstract

The digital era gives an overview of the existence of digitalization in all activities present in the world today, not to be left behind in economic and business activities. This era requires its major business people in its sustainability to carry out management reforms. Management reform in business must be carried out by market participants to get maximum results in an easy way. The ease of doing business with online media makes many people participate in enlivening, although it turns out that there are also many who then experience failure and the emergence of fraud mode. In the Qur'an, business is referred to as human activity that is material as well as immaterial in which there are values of business ethics. Thus, a business can be called valuable, if both its purposes, namely the fulfilment of material and spiritual needs, can be fulfilled in a balanced manner. The nature of business is all forms of business behavior that are filled with the values of honesty, mutual pleasure, unity, free will, accountability, balance and justice and truth (virtue and honesty), upholding empathy and sympathy. While in the hadith there are also many who talk about business ethics, but in this paper only taken four basic principles, which natinya will be able to be developed in carrying out management reform in the digital era by strengthening business ethics to be carried out, namely 1. Honestly, 2. Trust 3. Generous 4. Not forgetting the afterlife.

Keywords:

Management, The Digital Era and Business Ethics

1. INTRODUCTION

A business, land, creativity, or potential of someone who is managed with a serious management touch will produce more value. Management in this case business management, land, creativity, or potential owned is one of the arts of entrepreneurship. In managing a business, land, creativity, or potential can give birth to services or produce business products with various innovations that become important elements in order to dynamize consumer tastes.

In the face of increasing competition complex in the era of the global economy and all-digital, consumer tastes are a major concern, consumers who do not meet in person but have a strong influence in the sustainability of a business. Posting on social media greatly affects consumer tastes, good or bad. A good business product or service will get a good response and apply the opposite. To get a good response to business products and business services required creativity. This creativity is not only important to create a competitive advantage, but also very important for the sustainability of a business. That is, in the face of this global challenge, creative and innovative human resources are needed or entrepreneurial spirit. Because it is the entrepreneurial spirit that can create added value and excellence. (Suryana, 2010, 190-191).

Speaking of the entrepreneurial spirit, Islam views human life as an ongoing process. In the Islamic view, human life begins from his birth but does not stop at the time of his death. Life after death is a very important and essential pillar of faith. He is below one level after death, the final day of faith and the day of resurrection and the process of placement in heaven or hell. Without faith in this vital thing all the structures of the Islamic faith system would be broken and messy. Humans who must make efforts, cultivate land, initiate creativity, or hone the potential to become achievements not only to achieve success in this world but also for success in the hereafter. All one's efforts will experience such a great effect on a person, either positive effects, or negative effects. He must be responsible and must bear all the consequences of his actions and transactions while in this world in time in the hereafter which became known as *yaum al-hisa* or the day of resurrection is also called the day of reckoning because at

that time it is the day on which man is asked, when they are counted his deeds of struggle (Mandzur, 1970: 345). The word *yaum al-hisa* for example is contained in the word of Allah SWT in the Qur'an: 38:16, 26, as that day is also referred to as *yaum al-d<in*. The word *yaum al-d<in* is common to refer to the day of resurrection. Ir. Agus Mustofa mentioned the sign of the day of awakening with an astronomical review that if the rotation of the planet Earth is no longer balanced because of human actions that injure its ecosystem, so there is a tug of war between other planets then there is an almighty clash (Mustofa, 2005: 89).

While traveling in the world today, social media relationships reflect the level of economic development of the country concerned, with the progress of the economic development of these countries will gradually be influenced by the attitudes and behaviours of the western world or Islam. This behavior will affect consumers or producers and even distributors. There is a presumption that there is a conflict between development or progress and traditional values, and this value becomes ancient with progress. Among Muslims there are differences of opinion about whether or not the right understanding of the conflict. There are those who think that economic progress fosters materialism that undermines the spiritual nature of Islamic society. Therefore, they argue that a simple lifestyle is better (Wilson, 1988: 8). This discussion becomes important and interesting when studying the conception of business ethics in the Qur'an and this hadith can be applied in business management in the digital era.

2. LITERATURE REVIEW

2.1 BUSINESS ETHICS

An important study in Islam is a matter of business ethics. Ethical understanding is a code or set of principles that people live (a method or set of principles that govern human life). Etymologically, ethics derived from the Greek ethics has various meanings: first, as an analysis of concepts of what must be, must, duty, moral rules, right, wrong, mandatory, responsibility and others. Second, the application into the character of morality or moral actions. Third, the actualization of a morally good life. According to K. Bertens in the book Ethics, which was summarized by Ahmad, formulated the notion of ethics to three understandings; First, ethics is used in the sense of values and moral norms that are the handle for a person or a group in regulating their behavior. Second, ethics in the sense of a set of principles or moral values or codes of ethics. Third, ethics as a science of good and bad. While Ahmad himself gives limits that ethics or morals are sciences that explain the meaning of good and bad, explain what should be done by humans to others, state the purpose that must be aimed at by humans in their actions and show the way to do what must be done (Ahmad, 2000: 3-7).

Business is defined as an activity carried out by humans to obtain income or income or sustenance in order to meet the needs and desires of his life by managing economic resources effectively and efficiently (Karim, 2002: 3). Skinner defines business as the mutually beneficial or beneficial exchange of goods, services, or money. According to Anoraga and Soegiastuti, business has a basic meaning as "*the buying and selling of goods and services*". In the view of Straub and Attner, business is nothing but an organization that carries out the production and sale of goods and services desired by consumers for profit.

In Islamic economics, ethical privilege is divided into four points of discussion, namely: *iqtis}ad rabba>ni* (economic activities related to divinity), *iqtis}a>d akhlaqi* (economic activities related to ethics), *iqtis}ad insa>ni* (economic activities related to humans), *iqtis}ad wasat}y* (balance-based economic activities) (Qard}awi, 2000: 25-47). Where the four points boil down to the fulfilment and involvement of ethics in the implementation of economic activities.

In the Qur'an the word business is understood from the use of the words *al-tijarah*, *al-bai'*, *tadayantum*, and *isy tara*. What is often used is the word *al-tijarah*. Consisting of arabic *tijarah*, starting from the basic words t-j-r, *tajara*, *tajran wa tijarata*, which means trading or selling. Or running a show. *At-tijaratun wal mutjar* is trade, business (Warson, 1984: 139). According to ar-Raghib al-Asfahani in al-mufradat fi gharib al-Qur'an, at-Tija>rah means the management of property for profit. According to Ibn Farabi, quoted ar-Raghib, *fulanun tajirun bi kadza*, means someone who is proficient and capable who knows the direction and purpose pursued in his efforts. (al-Maraghi, 1998: 73)

In the Qur'an the term *tijarah* is found eight times and *tijaratuhum* once. The form of *tijarah* is found in surat al-Baqarah (2): 282, an-Nisa (4): 29, at-Taubah (9): 24, an-Nur (24): 37, Fatir (35): 29, as-Shaff (61): 10, in surat al-Jum'ah (62): 11 (mentioned twice). As for *Tijaratuhum* in surat al-Baqarah (2): 16 and 27. In its use of the word *tijarah* in the above verses there are two kinds of understanding. First, it is understood by trade that is in surat Al-Baqarah; 282. Second, understood by business in a general sense. From the above explanation, it is seen that the business term in the Qur'an of *tijarah* is not merely material and only aims to seek material benefits only, but is both material and immaterial, even more encompassing and prioritize things that are immaterial and quality. Business activities are not only done by man but also done between man and Allah SWT, that business must be done with thoroughness and accuracy in the administrative process and agreements and businesses should not be done by deception,

and lies only for profit. This gives the idea that the meaning of business is connected with the context of each, where the notion of business is not only related to things that are material or quantity, but business is also directed to things that are immaterial. A question, how is the relevance of verses and hadiths related to business ethics in an effort to build an Islamic business to face business challenges in today's digital age. Most of our life, It has long been dominated by a view of materialism on the one hand and a view of separation between world life and religious life. Both sides of this must be realized to have immersed our awareness into the 'belief' that business is a worldly activity intended only for the fulfilment of physical life needs only.

Here are some verses of the Qur'an that explain about all kinds of business and business, QS. Al-Baqarah, 1:282, this verse provides 6 principles of ethics in business, 6 principles are 5K and 1M, namely: Truth, Justice, Honesty, Trust, Balance, Profit. QS. Al-Nisa', 4:29. In contrast to the previous verse that has been explained in detail, in this verse gives the picture that Allah SWT forbids His servants who believe in eating the property of others in an illegal way and the way of seeking unlawful profit and violating the shari'ah such as usury, gambling and similar from various kinds of tricks that seem as if in accordance with the law of shari'ah but Allah knows that what is done is only a ruse from sip as to avoid the provisions of the law that have been outlined by the Shari'ah of Allah. Allah excludes from this prohibition the livelihood of property by way of trade (business) conducted on the basis of consensual by both parties concerned. It can be abstracted that the ethical principle that is upheld in this verse is 1. Take or eat in a good way and 2. Business is done on the basis of willingness.

QS. Al-Tawbah, 10:24, Allah SWT commands believers to keep placing Allah and His Rosul as an important part of their lives, even if they are their own fathers, children, or brothers, and forbids to give excessive love to them so as to overcome the faith in Allah. Moral integrity and Jihad (sympathy and empathy for yourself and others) becomes the thing to do. QS. An-Nur, :37, Allah SWT talks about His servants and obtains the radiance of Nur Iman and piety in their chests, that they are diligent in their worship, establish prayers, perform zakat and always give i'tikaf in the mosque of tasbih, tahmid and tahlil. They are not tempted and will not be neglected from the worship, the activities they do for a living, trying and trading. They are truly capable of dividing time between ukhrawi obligations and worldly obligations, so that they are not the least bit displaced by their ukhrawi deeds and obligations by their worldly endeavours. The principle presented in this verse is the same as one principle in the previous verse: 1. Moral integration, while it is added to principle 2. Professional, and 3. Visionary. So does QS. Fatir, : 29, this verse tells of his servants who always read the book of Allah diligently, He believed that the book was a revelation from His side to His Messenger and did what was contained in it such as the commandment of prayer and provided some of the sustenance that Allah bestowed upon him for good purposes that brought the pleasure of Allah and His blessing, To provide secretly unknown to others or openly, they can expect a trade that will not lose and will be perfected by Allah their reward and will be added to them His gift multiplied. Surely Allah is the Forgiving and The Most Grateful of the good deeds of His smallest servants. This verse is slightly different from the existing principle, which is principle 1. Empathy and 2. Productivity.

QS. As-Shaff, :10-11 and al-Jumu'ah, 11 is a wonderful lesson conveyed by Allah, when people have separated worldly and ukhrawi activities, then these two verses are used to meginisiasi restore the dichotomy. There is an ethical principle used in this verse, the integration of the world and the hereafter, namely: trade that can bring success is when a person always holds firm faith and struggles in the way of God with their wealth and soul. QS. Al-Tawbah, 10:111 is an explanation of a business or business that uses a form of the word other than *tijarah* less use in the Qur'an. The Qur'an in inviting people to trust and practice their demands in all aspects of life often uses terms known in the business world, such as buying and selling, profit and loss and so on. For example, in surah at-Taubah verse 111, Allah affirms that, "Verily Allah buys from believers their wealth and soul... Whoever keeps his promise better than Allah, then rejoice in the buying and selling that you do. And that's a big win. In this verse the person who only aims for profit in his life, is challenged by the offer of an exchange that knows no loss and deception (Shihab, 2000: 4-5). It is also explained that the Qur'an does not give the slightest opportunity to be unemployed. in the life of the world. As an ethic for people who want to trade, in principle, this verse contains the meaning of 1. Honesty and 2. Keep the promise 3. Build communication or dialogue, so that there is a harmonious order.

From the derivation of the word used and representing the meaning of the business above, sometimes also still have to juxtapose, include or compare with the word used in other verses. As in QS al-Insyirah: 5-6 and Ali Imran: 14. In Surah Al-insyirah verses 5 and 6 it is affirmed "Surely after the difficulty there is ease" which is mentioned twice. This is the principle of effort without despair. In addition, in man there is a nature that is decorated to humans, namely, *hubb asy-shahawat*. QS. Ali-Imran verse 14 which is the fuel that gives birth to the urge to work, but work is not the origin of work but serious work until it gives birth to fatigue. The use of the word *asy-shahawat*, contains the understanding that, all human activities require power, step foot or point with the finger requires power (Shihab, 2000: 62).

Thus the basic principle in business context as stated above is the Qur'an's emphasis on work and hard work (Shihab, 2000: 5-6). In Surah An-najm verse 39 it is explained "And that no human being will Except what he has done himself." In addition, the

work of the Qur'an is associated with faith. This suggests that the relationship between faith and business activities (including other activities) is like a relationship between a plant's roots and its fruit. It is affirmed by the Qur'an that, deeds that are not accompanied by faith will not be meaningful by His side, therefore in surah al-Jumu'ah verses 9-10, the Qur'an commands and gives understanding that business (seeking the excess of Allah's grace) is done after performing prayers and in the sense of not ruling out and the ultimate purpose of profit is the benefit that is done Promised by God. Therefore, despite encouraging hard work or business, the Qur'an underlines that the supposed greater impulse is to obtain what is in the sight of Allah. On the basis of this, the view of people who work and do business must go beyond the present, and its near future. Thus the vision of the future in business is the first and foremost ethic outlined by the Qur'an, so that the perpetrators are not just pursuing temporary profits that will soon run out but are always future-oriented (Shihab, 200:4-5).

2.2 BUSINESS ETHICS IN THE HADITH OF THE PROPHET

There are hundreds of hadiths that explain about work, doing business as part of potential actualization. Working to find rizki is the command of the Prophet Muhammad SAW. Where starting from childhood the Prophet has given a tauladan about the real realization of work. There are so many hadith redactions that lead to explanations, suggestions, even orders to do work. Seeking to seek the greatest activity of man, the heavens will not close their doors, even the Qur'an teaches people to be grateful. Willingness in the sense of receiving or being happy and gratitude are two key words for salvation and happiness for the perfect human person, as well as for the happiness of society and the world as a whole. "*The best rizki is a good trading, the work of a worker is with his hands.*" Abdullah ibn Mas'ud narrated that the Prophet Muhammad SAW said for his ummah; Surely Allah has divided His spirit among all of you, Allah gave the splendour of the world to those who He loved it or not, but did not give religious might to the unloved, for the sake of Dzat who controlled my soul; A servant will not surrender himself unless he also gives up his heart and mouth, is not said to believe if his neighbour feels safe without *wa>iq*, then the friend asks how the criteria, called what is *wa>iq*, The Prophet replied; *wa>iq* is cheating or his tyranny, he works to obtain the treasure that is haram then he is revealed, and Allah also gives his blessings, but Surely Allah will not leave him, unless there is an additional record to hell. This can be described in one's objectives in making efforts in the Islamic view as follows: 1) Material purposes, consisting of: a. Bringing physical health. In surah al-A'rāf 26, 31, and 32. b. Provide comfort to life. The Prophet said:

حدثنا وكيع عن سفيان عن حبيب بن أبي ثابت حدثني حميل، أنا ومجاهد عن نافع بن عبد الحارث قال، قال رسول الله صلى الله عليه وسلم: من سعادة المرء الجار الصالح والمركب الهنيء والمسكن الواسع. رواه أحمد.

"From Sa'ad bin Abi Waqqash, he said, The Prophet (peace be upon him) said: there are three things that make people happy, namely (1) a godly wife, (2) a good house and (3) a good vehicle (H. R. Ahmad)".

2) Spiritual purpose, a. Worship, consumer behavior, producers and distributors must start their activities based on the intention of worship and doing good. The intention in doing business and consuming these goods or services becomes an important part so as not to be empty of the meaning of worship. b. The soul is grateful for God's gift. In the view of a consumer, producer and distributor of Muslims (servants of Allah), every consumer behavior, producer and distributor are actually a realization of gratitude to Allah. c. Meeting the needs, the need here is for a process of physical and spiritual living needs, in the Islamic concept of needs that form the consumption pattern of a Muslim, Because consumption patterns based on need will avoid the influence of unnecessary consumption patterns. In some other accounts it is mentioned by using the word *الصالحة الزوجة/الصالحة المرأة* instead of the word *الجار الصالح*. (Ubaid Allah, tt: 61).

2.3 BUSINESS MANAGEMENT IN THE DIGITAL ERA

The digital era gives an overview of the existence of digitalization in all activities present in the world today, not to be left behind in economic and business activities. This era requires its major business people in its sustainability to carry out management reforms. Management reform in business must be carried out by market participants to get maximum results in an easy way. The ease of doing business with online media makes many people participate in enlivening, although it turns out that there are also many who then experience failure and the emergence of fraud mode. Online business failure is met with a variety of different causes, such as failures that have been experienced by online stores Centrelink, Inziba, and SIRCLO that do not reform business management. In addition, there are businesses that intentionally 1,617 commit online business fraud from 4,586 number of online businesses that have existed and appeared in the media. Social, cyber-crime reports are reported on the Instagram platform with 534 reports, WhatsApp 413 reports, and Facebook 304 reports. In full can be listened to in various reports that can be accessed on social media. Management is the process of planning (Planning), organizing (organizing) driving (Actuating) and supervision. Marketing management is the implementation, planning, implementation, and supervision of programs designed to create, build, and maintain profitable exchanges with target buyers to achieve the company's goals (Kotler, 1980: 22).

This management is one of the main activities carried out by the company to maintain the continuity of its company, to develop, and to get profit. The marketing process began long before the goods were produced, It doesn't end with a sale. The company's marketing activities must also provide satisfaction to consumers if they want their business to continue, or consumers have a better view of the company. This management, especially for product distribution, is tasked with influencing the level, time, and nature of demand for Help the organization achieve its goals. The management is not only concerned with search and increase of demand but also concerns the conversion and reduction of demand. There are several conditions of request and tasks that must be done by management as follows:

- Negative Demand (Negative Demand); This can happen if most markets/consumers avoid a particular product. For example, drinks or foods that contain glucose for diabetic people and others. The marketer's job is to analyze why the market doesn't like the product and whether a marketing program can change market trust and attitudes by redesigning the product, cheaper prices, and more positive promotions.
- No Demand; Occurs if the targeted market / consumer is not familiar or not interested in a product offered. For example, Muslims are not interested in saving and financing in Islamic Banks, community groups are not interested in health insurance. The marketer's job is to create demand, which is to find ways to connect the benefits of the product with the needs and interests of the market.
- Pent-Up Demand (Latent Demand); This happens if many consumers have a strong desire for something that is not satisfied by existing products, such as nicotine-free cigarettes, fuel-efficient vehicles, convenient transportation devices, foods and drinks that do not contain harmful chemicals. The marketer's job is to develop demand by measuring market potential and developing effective goods and services that will meet the pent-up demand.
- Faltering Demand; Occurs if the market is saturated with a particular product or service. A saturated market could be due to the emergence of competitors who produce similar products or competitors are starting to take over market share. The task of the organization is to revitalize demand by returning declining demand through product innovation, in the form of improving product quality, packaging, brands, and others.
- Irregular Demand (Irregular Demand); It occurs when a company experiences unstable demand and fluctuates seasonally, daily, even on an hourly basis, resulting in an over or lack of capacity. For example, pawnshop services are over-demanded in certain months, while in other months there is a shortage of demand, etc.
- Full Demand; Occurs if conditions are good, then the company faces demand that is in accordance with the expectations and production capacity it has. The task of marketing is to maintain the current level of demand in the face of changing consumer preferences and tight competition. Here the company must always maintain the quality of the product and always measure the level of consumer satisfaction.

Overfull demand; Sometimes a company or organization experiences demand exceeding production capacity. Such as subsidized fuel demand exceeds the capacity provided by the government. The task of marketing is to reduce demand, which is to reduce demand to a certain amount desired.

Unwholesome Demand; Products that are not useful will lead to efforts to reduce their consumption, such as cigarette consumption, liquor and drugs. The task of marketing is to destroy demand, which is to try to provide a moral message through organizations formed for non-commercial campaigns so that consumers who like the product no longer consume it.

From various conditions of demand and tasks that must be done management above can provide full opportunities to consumers, manufacturers and distributors to be able to choose and fill and enliven online media in meeting their needs.

To maintain business sustainability in meeting these needs must also still consider the following values:

1. HONEST

Doing business or trading is a means to open the door of rizki as exemplified and done by the Prophet SAW. Business can also be used as a means to spread Islam (preaching), if one does business as done by the Prophet who is more specific related to ethics in doing business (trading) explained that in the sale of buying there is a bargain as long as it has not separated. And explain about the ethics of the two people who transact to be equally honest does not harm either party. And explain that in business that is sought not only profit but includes blessings as well, because with the blessings of the business we run, our lives will follow God's blessings and blessings so that we achieve a prosperous life.

2. TRUST

Business in the digital era is a condition with trust capital. Trust in this case is a trustworthy nature that must be owned by economic actors. Trust, trust and trust become the main capital for business continuity in the digital era. One of the causes of failure or the existence of fraud mode in online business is the loss of trust of the economic actors. Business will grow if business people can maintain the nature of their trust.

3. GENEROUS

"Surely the best income is the income of traders who when speaking does not lie, when given a mandate not treacherous, if promised not to deny it, when buying does not reproach, when selling is not excessive (in raising prices), when debt does not delay repayment and when Collecting debts does not aggravate those who are in trouble." (Narrated by Al-Baihaqi in Shu'abul Iman, Chapter Hifzhu Al-Lisan IV/221).

This hadith becomes one of the main foundations in business in this digital era. With a generous attitude can attract more consumers, they feel valued, feel respected, feel comfortable, It creates business satisfaction and good communication. One generous example in an online business is COD, consumers feel trusted with goods delivered first just paid on the spot.

4. DO NOT FORGET THE AFTERLIFE

"There will come to my people a time when they love five things and forget five things. Love the world and forget the hereafter, love life and forget death, love buildings and forget the grave, Love the treasure of mbenda and forget hisab in the hereafter, love creatures and forget their khaliq" Trading is a worldly thing in religion, seeking the world is not forbidden, but it needs restrictions so that in life always remember the purpose of man was created, which is to always worship God and remember him wherever and whenever.

The verses of the Qur'an and hadith that have been mentioned have a connection in meaning, namely both explaining about the ethics of Islamic business in surat al-Jumu'ah: 10 explaining the concept of good trade is always remembering Allah SWT lest our hearts hang on to worldly matters. While in the Hadiths Islamic business ethics are honest, trustworthy, generous, always remember the hereafter. So the hadiths above complete the verses of the Qur'an surah Jumu'ah: 10. And between remembering Allah and remembering the Hereafter is the same as remembering the Hereafter so that we remember Allah the almighty.

Business is essentially within the horizon that all types of business activities are essentially permissible, except those that are clearly contrary to the values of business ethics or expressly prohibited by the Shari'ah. As for the limitations of conflicting business areas with business ethics or the prohibition of shari'ah can be known for the good of the Reconstruction of Business Ethics of business people and the public. Users with justice and honesty and to eliminate ignorance, damage and injustice. Thus what must be avoided is the basic principle of small-business practice, namely kebatilan, damage and Injustice that can be used as a benchmark whether a business belongs to the territory that is contrary to business ethics or not.

Business is good and true except those that contain kebatilah, damage or tyranny. The second thing, which should be considered in the efforts to embodiment business ethics to build an Islamic business order is needed a new way of looking at business. conducting scientific studies (business and economics) that are more based on the paradigm of normative and empirical approaches that prioritize the excavation and development of the values of the Qur'an and al-Hadith, in order to overcome the changes and shifts of the times that are increasingly rapid. Or in the category of development of modern science must be developed in a pluralistic abductive mindset. In general, the Prophet Muhammad SAW also said; Fear all of you with t}ama' (greedy) because indeed the factor will surely come, and greed will encourage for increased needs, while feeling quite negated. The thing that requires people to be forgiven by God is To the delight of his brother, the believer will find his goodness to the highest level for those who are always in love with gratitude and qana'ah and get used to a simple life (Al-Mustasha>r, tt:47-48).

3. CONCLUSION

In the Qur'an, business is referred to as human activity that is material as well as immaterial in which there are values of business ethics. Thus a business can be called valuable, if both its purposes, namely the fulfilment of material and spiritual needs, can be fulfilled in a balanced manner. The nature of business is all forms of business behavior that are free from the principles of evil, damage and tyranny. Instead it is filled with the values of honesty, mutual likeness, unity, free will, accountability, balance and justice and truth (virtue and honesty), upholding empathy and sympathy.

In hadith there is actually a lot of talk about business ethics, but in this paper only four basic principles are taken, which will be developed in business ethics to be carried out, namely 1. Honestly, 2. Trust 3. Generous 4. Not forgetting the afterlife.

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SIMPLE ECONOMIC MODEL: BEFORE AND DURING THE COVID19 PANDEMIC (INDONESIA CASE 2017-2021)

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Abstract

The aims of this study are to analyze economic conditions before and during the Covid19 pandemic using a simple closed economy model (Indonesia case 2017-2021). The consumption function before the pandemic shows that every time there is an increase in income, consumption will increase by 60.4 percent. However, during the Covid-19 pandemic, it showed that every time there was an increase in income, consumption would increase by 47.7 percent. Investment has also decreased during the pandemic. The results of the analysis are displayed in the IS function, consumption function, and investment function, both before and during the Covid19 pandemic. Prior to the pandemic, the proportion of increased income used to increase consumption was higher than during the pandemic. Investment has decreased during the pandemic. The IS curve before the pandemic occurred had a flatter slope when compared to conditions during the pandemic.

Keywords:

Economics, IS Curve, Covid19

1. INTRODUCTION

The Covid-19 pandemic has hit all countries in the world (Warwick, 2020). Various efforts have been made by each country to overcome it. The pandemic changes the direction of social development of people around the world. Consumption patterns are changing. Investment in business has slumped. The pattern of state spending has shifted. The current condition is inversely proportional to the policies of globalization. During the pandemic, all countries closed themselves off from foreign parties. The closure of the territory for foreign nationals has a positive impact on overcoming the Covid-19 pandemic, but on the other hand it will disrupt the country's economy.

OBJECTIVES

The objectives of this study are to analyze the consumption function, investment function, and the IS function of the Indonesian economy, both before and during the Covid19 pandemic.

2. LITERATURE REVIEW

SIMPLE ECONOMIC MODEL

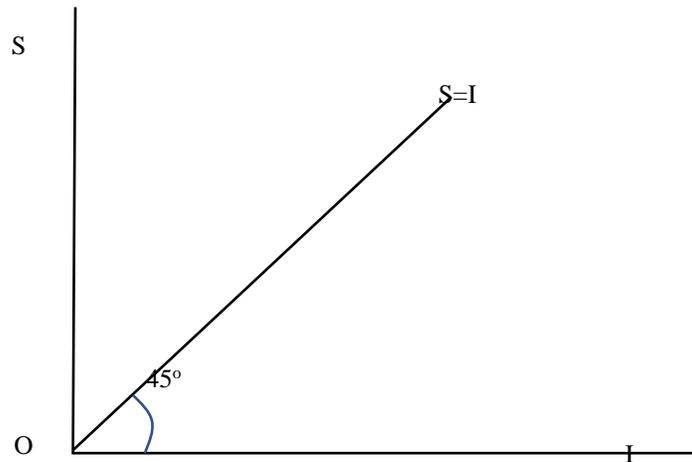
One way to calculate national income is to calculate individual (household) expenditures (Rafiy, 2018). Income is the sum of spending on consumption and spending on savings (Curtis, 2020). The equation model becomes:

$$Y = C + S$$

In aggregate, national income (Y) is public consumption (C) in aggregate plus savings (S) in aggregate (Sulaiman, 2014). In a balanced state economy, aggregate savings are a source of investment for the industrial community (Swaramiranda, 2011). Thus it can be stated that Savings (S) is the same as Investment (I).

$$S = I$$

Figure 1. Investment Function – Saving



Thus, the equation model becomes:

$$Y = C + I$$

Public consumption is highly dependent on income, $C=f(Y)$. The equation model for the public consumption function is:

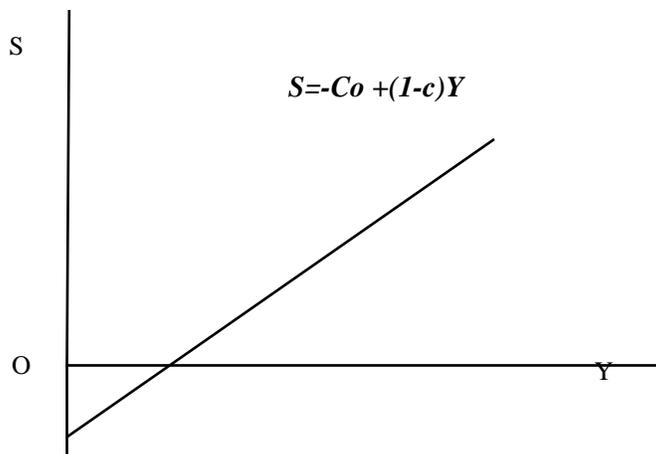
$$C = C_0 + cY$$

Even though they don't have income, everyone has to consume. The amount of consumption when there is no income is C_0 . In general, the higher the income, the higher the consumption. The magnitude of the marginal propensity to consume is indicated by the value of c . Marginal propensity to consume (MPC) is defined as the proportion of an aggregate raise in pay that a consumer spends on the consumption of goods and services.

In a simple closed economy model, the greater the consumption, the smaller the savings. On the other hand, the smaller the consumption, the greater the savings. The saving equation model (S) is:

$$S = -C_0 + (1 - c)Y$$

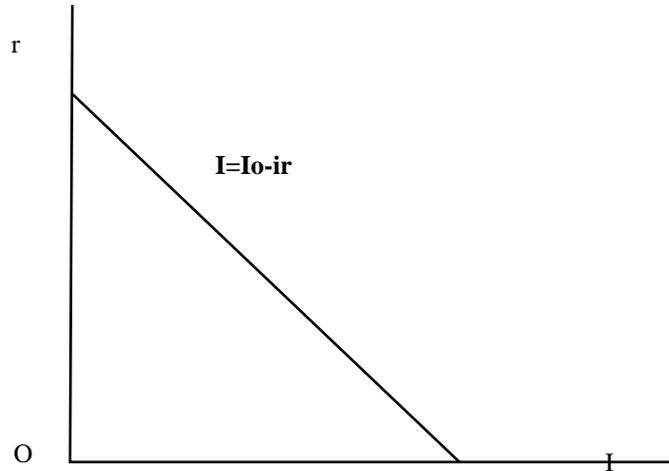
Figure 2. Saving Function



The amount of investment is influenced by the interest rate (Ghani, 2006). In general, the higher the interest rate, the lower the investment amount and conversely, the lower the interest rate, the higher the investment amount (Afifah, 2018).

$$I = I_0 - ir$$

Figure 3. Investment Function - Interest Rate



From the various equations above, the simultaneous equation model for a simple closed economy is as follows (Gujarati, 2009).

$$Y = C + I$$

$$Y = C_0 + cY + I_0 - ir$$

$$Y - cY = C_0 + I_0 - ir$$

$$Y(1 - c) = C_0 + I_0 - ir$$

$$Y = \frac{C_0 + I_0 - ir}{1 - c}$$

$$Y = \frac{C_0 + I_0}{1 - c} - \frac{ir}{1 - c}$$

$$Y = \frac{C_0 + I_0}{1 - c} - \frac{i}{1 - c}r$$

When

$$\alpha = \frac{C_0 + I_0}{1 - c}$$

And

$$\beta = \frac{i}{1 - c}$$

So this research model becomes:

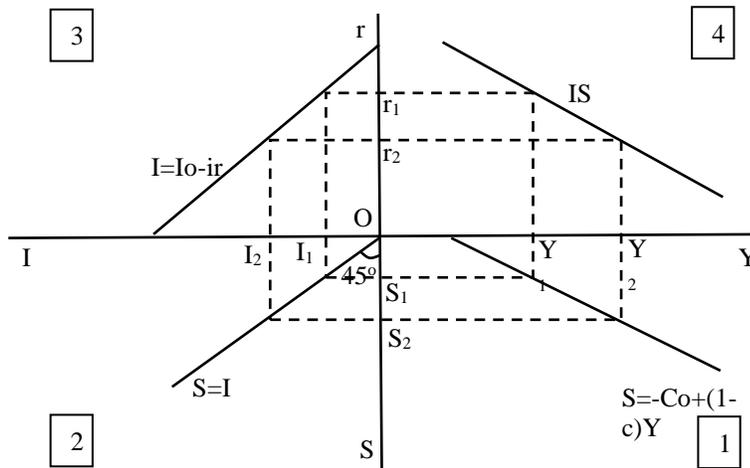
$$Y = \alpha - \beta i + \varepsilon$$

IS CURVE

The IS curve is the resulting curve because there are various interrelated equations (Wuhan, 2015). Under conditions of equilibrium national income in a simple closed economy, the equation takes the form $Y=C+S$, where $S=I$. Saving (S) is a function of income (Y), while investment is a function of interest rate (r) (Shrivastava, 2013).

Graphically, the IS function is generated from the collaboration between the Saving function, the Saving–Investment function, and the Investment function (Zhang, 2014). In quadrant 1, a graph of the Saving function is placed, quadrant 2 is a graph of the Saving-Investment function, and in quadrant 3, a graph of the Investment function is placed. From the three quadrants, the IS function will be generated in quadrant 4.

Figure 4. IS Function



3. METHODS

The research method used in this study is a quantitative method (Sinaga, 2015). The research model used is a simultaneous equation model of a simple closed economy variable in Indonesia.

Model 1 of this research is :

$$Y = \alpha - \beta i + \varepsilon$$

Where:

$$\alpha = \frac{C_0 + I_0}{1 - c}$$

$$\beta = \frac{i}{1 - c}$$

Model 2 of this research is”

$$C = C_0 + cY$$

By obtaining the consumption function, the savings function can also be obtained.

Model 3 of this research is:

$$I = I_0 - ir$$

The statistical analysis tool used is regression analysis. Each model will be analysed both for conditions before the pandemic and conditions during the Covid19 pandemic.

4. DATA ANALYSIS

The data for this study were obtained from secondary data provided by Bank Indonesia through the bi.go.id website. The variables studied are Gross Domestic Product, Consumption, Investment, and interest rate. Data for 2017 – 2019 is data before the Covid19 pandemic. Data for 2020 – 2021 (quarter 1) is data during the Covid19 pandemic (bi.go.id., 2021).

5. RESULTS AND DISCUSSION

The results of this research analysis are divided into two parts, namely before the pandemic and during the Covid19 pandemic. Each section produces an analysis of model 1, model 2, and model 3.

5.1. RESULTS OF MODEL 1 ANALYSIS BEFORE THE COVID19 PANDEMIC

Analysis of model 1 produces the IS function from the regression results between national income (Y) and the interest rate (r) before the pandemic. Regression analysis produces several values as in Table 1.

Table 1. Results of Model 1 Regression Analysis Before the Pandemic

Hasil	Nilai	Sig
R	0,867	
Adjusted R square	0,727	
ANOVA	30,314	0,000
Constant	13971384,878	0,000
Koefisien	-1051725,616	0,000

5.2. RESULTS OF MODEL 2 ANALYSIS BEFORE THE COVID19 PANDEMIC

Analysis of model 2 produces the Consumption function from the regression results between consumption (C) and national income (Y) before the pandemic. Regression analysis produces several values as in Table 2.

Table 2. Results of Model 2 Regression Analysis Before the Pandemic

Hasil	Nilai	Sig
R	0,991	
Adjusted R square	0,981	
ANOVA	560,381	0,000
Constant	101948,374	0,250
Koefisien	0,604	0,000

5.3. RESULTS OF MODEL 3 ANALYSIS BEFORE THE COVID19 PANDEMIC

Analysis of model 3 produces the investment function from the regression results between investment (I) and interest rate (r) before the pandemic. Regression analysis produces several values as in Table 3.

Table 3. Results of Model 3 Regression Analysis Before the Pandemic

Hasil	Nilai	Sig
R	0,802	

Adjusted R square	0,608	
ANOVA	18,054	0,002
Constant	5195243,731	0,000
Koefisien	-393319,970	0,002

5.4. RESULTS OF MODEL 1 ANALYSIS DURING THE COVID19 PANDEMIC

The analysis of model 1 produces the IS function from the regression results between national income (Y) and the interest rate (r) during the pandemic. Regression analysis produces several values as in Table 3.

Table 4. Results of Model 1 Regression Analysis During a Pandemic

Hasil	Nilai	Sig
R	0,971	
Adjusted R square	0,924	
ANOVA	49,308	0,006
Constant	4663970,821	0,000
Koefisien	-289243,951	0,006

5.5. RESULTS OF MODEL 2 ANALYSIS DURING THE COVID19 PANDEMIC

Analysis of model 2 produces the Consumption function from the regression results between consumption (C) and national income (Y) during the pandemic. Regression analysis produces several values as in Table 5.

Table 5. Results of Model 2 Regression Analysis During a Pandemic

Hasil	Nilai	Sig
R	0,978	
Adjusted R square	0,942	
ANOVA	66,238	0,004
Constant	578566,172	0,065
Koefisien	0,477	0,004

5.6. RESULTS OF MODEL 3 ANALYSIS DURING THE COVID19 PANDEMIC MASA

Analysis of model 3 produces the investment function from the regression between investment (I) and interest rate (r) during the pandemic. Regression analysis produces several values as in Table 6.

Table 6. Results of Model 3 Regression Analysis During a Pandemic

Hasil	Nilai	Sig
R	0,959	
R square	0,893	
ANOVA	34,366	0,010
Constant	1864104,012	0,000
Koefisien	-152184,127	0,010

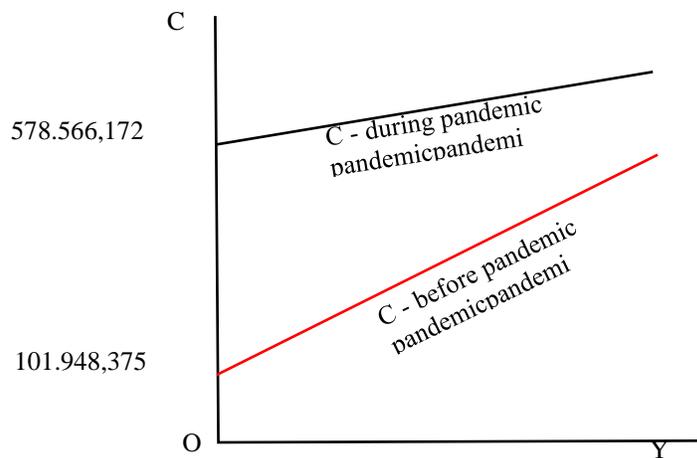
6. DISCUSSION

The results of the first part of the analysis, namely the state of the economy before the Covid19 pandemic occurred, resulted in a consumption function of $C=101,948.374+0.604Y$. This shows that every time there is an increase in income, consumption will increase by 60.4 percent. Based on the consumption function, the saving function is $S=-101,948,374+0,396Y$. Every time there is an increase in income, it will increase savings by 39.6%. The investment function has the equation $I=5,195,243,731-393,319.970r$. While the IS function generated from this research is $Y=13,971,384,878-1,051,725,616r$.

The results of the second part of the analysis, namely the state of the economy during the Covid19 pandemic, resulted in a consumption function of $C=578,566,172+0,477Y$. This shows that every time there is an increase in income, consumption will increase by 47.7 percent. Based on the consumption function, the saving function is $S=-578,566,172+0,523Y$. Every time there is an increase in income, it will increase savings by 52.3%. The investment function resulting from this research has the equation $I=1,864,104,012-152,184,127r$. In the second part of the analysis, the IS function is $Y=4.663.970.821-289.243.951r$.

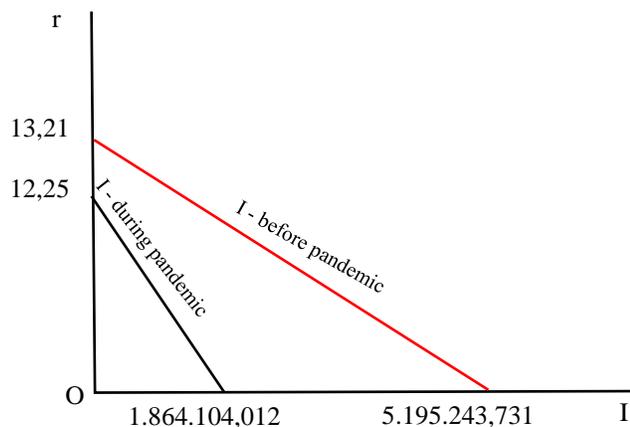
Public consumption has increased during the pandemic, but the proportion of increased income to increase consumption is lower when compared to conditions before the pandemic (Figure 4).

Figure 4. Consumption Functions Before and During the Covid19 Pandemic



During the pandemic, investment shows relatively steeper than investment before the pandemic. It mean that the investment curve during the pandemic is more inelastic than the investment curve before the pandemic.

Figure 5. Investment Functions Before and During the Covid19 Pandemic



The two different economic conditions, namely the situation before and during the Covid-19 pandemic, show a different IS curve. Figure 6 shows the IS curve in these two situations.

Figure 6. IS Functions Before and During the Covid19 Pandemic

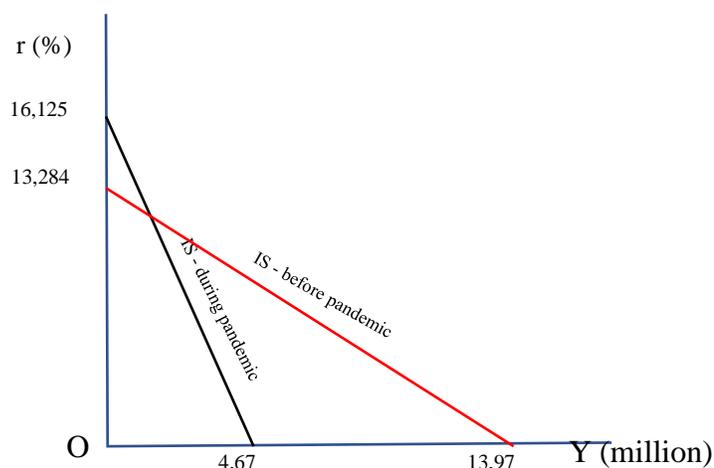


Figure 6 shows that the IS curve before the pandemic was flatter than the IS curve during the Covid19 pandemic. Monetary policy becomes less effective if implemented during the Covid-19 pandemic.

7. CONCLUSION

This study produces consumption equations, investment equations, and IS equations that differ between economic conditions before and during the Covid19 pandemic. Prior to the pandemic, the proportion of increased income used to increase consumption was higher than during the pandemic. Investment has decreased during the pandemic. The IS curve before the pandemic had a flatter slope when compared to conditions during the pandemic. The weakness of this research is that the model used is a simple closed economy model. Another weakness is that the variables studied are also very simple. Thus, future research can use a more open economic model with the addition of several required variables.

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ANALYSIS TOWARDS THE FACTOR OF INADEQUACY RETIREMENT FUND AMONG EPF MEMBERS: A REVIEW PAPER

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Abstract

Aging population has become a global phenomenon. Having a long life is great, but it could turn into a nightmare if not prepared properly, especially for retirement savings. In fact, majority retirees in Malaysia had relied on mandatory retirement scheme organized by Employees Provident Fund (EPF), meanwhile, the funds were estimated to deplete just within 5 years after being given to the retirees. Alternatively, the EPF had provided one of the largest and oldest retirement savings funds in the world. Nevertheless, the retirement funds are still insufficient to cover the monthly payments according to the projected life expectancy of a human being in Malaysia, until 75 years old. Thus, this research aims to examine the analysis towards the factor of inadequacy retirement fund among EPF members. It comprises the analysis of factors based on retirement planning, financial literacy, money management, unexpected cost of living and social norm during before retirement.

Keywords:

Retirement plan, Pension Scheme, Private Retirement Scheme, Annuity, EPF

1. INTRODUCTION

After a lifetime of hard work, a good retirement plan can put a perfect end to your career. There is no set age to start making a retirement plan, but when you plan to do so, it's best to think hard and keep it black and white. Retirement is the part of life that everyone expects after a certain period of time, usually between 40 and 50 years old. Once you have served at work for a few years, take care of your family, and contribute to the country, you cannot escape retirement.

According to a survey report by Nielson Malaysia, most Malaysians expect safe retirement. In Malaysia the retirement age especially for public sector are 60 years. This is an obligatory retirement policy which is whoever after this age, there is no way to work. After serving the government for at least 10 years, a person can retire early, that is, at the age of 40.

Public sector employees enjoy two retirement plans, including pension plans. The pension plan is been provide with a fixed monthly income, service incentives and also medical expenses. In contrast, EPF provides a retirement plan in which the fund comes from a compulsory savings account. During the employment period, both parties' employees and employers contribute to the account on a monthly basis.

In addition, the government has established retirement savings plans for people who work in the private sector. As mandated by the public sector, the retirement age for private employees is also 60 years.

A survey conducted by HSBC in 2013 found that approximately 75% of Malaysians have sufficient retirement funds, although more than half of them do not know that they are not ready to retire until they finally retire. In other countries, the total retirement income of pension plans is higher than that of Malaysians. Combined with public or private sector pensions, the amount can be up to 30% of total retirement income.

The main purpose of this study is to analysis towards the factor of inadequacy retirement fund among EPF members. It comprises the analysis of factors based on retirement planning, financial literacy, money management, unexpected cost of living and social norm during before retirement.

2. OVERVIEW MALAYSIAN RETIREMENT SYSTEM

According to the Mercer CFA Institute's 12th Global Retirement Index, Malaysia's retirement system ranks third in Asia and 19th overall. The index is a study involving 39 retirement schemes around the globe. The Global Retirement Index 2020, which measures each retirement system through three sub-indices.

Malaysia is ranked 13th in terms of sustainability, a measure of the system's ability to provide retirement benefits in the future. When it comes to measuring the integrity of factors such as oversight, governance, communications and operational costs, Malaysia is ranked 18th. At the same time, Malaysia is ranked 31st in terms of welfare measures, systems design, levels, savings and home ownership adequacy.

2.1 THE EMPLOYEE PROVIDENT FUND (EPF)

The Employees Provident Fund (EPF) is an obligatory national retirement fund plan for private sector employees in Malaysia. Based on the Employees Provident Fund Act of 1991 and is the oldest provident fund plan in the world. EPF is a fully funded pension plan, a government-run pension fund, with contributions equivalent to 23% of employees' wages. The statutory rate for employees participating in contributions is 11%, while employers provide 12%.

According to the EPF, the participation of employees in the contribution rate will cut from 11% to 9% in 2021. The new rate will take effect throughout the year, affecting wages from January 2021 (February 2021 contributions) until December 2021 (contributions from January 2022). This new statutory contribution rate for employees only applies to members under the age of 60 who are required to contribute. For members age 60 and over, the statutory employee contribution rate remains unchanged.

Members' monthly contributions are invested through a number of approved financial instruments to generate fund. These include Malaysian Government Securities, Money Market Instruments, Bonds & Loans, Equity and Real Estate. The EPF ensures that members' savings are safe and they get a reasonable dividend. The EPF guarantees an annual dividend of 2.5%. To ensure the distribution of dividends, the EPF invests in approved financial instruments to obtain the best return.

Dividends are credited to the contributor account every year. The dividend rate announced by the EPF depends on the investment performance obtained through approved instruments. The annual dividend is calculated based on the opening balance of the contributor's savings as at 1st January each year. The default dividend is credited to the member's account based on the number of monthly contributions received.

Since November 1, 2007, the withdrawal options have changed. Participants now have greater flexibility instead of choosing between monthly payments and one-time withdrawals. They can choose to withdraw part of their savings at any time. This should prevent members from making a one-time withdrawal, which has proven impractical in terms of providing long-term financial security. Studies have shown that, given a life expectancy of 75 years, most lump sum withdrawals are generally spent within 10 years, meaning accumulated savings are spent too quickly and prematurely.

EPF also as a multifunctional savings fund, allowing contributor to withdraw funds to pay for housing, education, and medical expenses. Since January 2007, the fund's contributions have been split into two accounts, which were set up for different types of withdrawals.

Account 1, 70% of the monthly contributions goes to account 1 and is used to fund retirement. The account balance must be withdrawn when the account holder is 55 years of age, disabled or leaving the country. In these cases, the entire account balance can be withdrawn. If you continue to contribute or withdraw savings dividends every year, you can postpone the withdrawal.

As of January 31, 2008, EPF members' savings in their accounts 1 exceeded 55,000 ringgit, and part of the excess savings can be invested through external fund managers, although this must be approved by the Ministry of Finance. Since February 1, 2008, this situation has changed. Only 20% of the balance exceeding the basic savings amount can be invested in the products of approved investment institutions.

At this time, 43 fund management institutions have been authorized to provide services to EPF members who want to increase their future savings. The minimum guaranteed return on EPF savings does not apply to savings transferred to external fund managers. The EPF will not compensate for the losses incurred by these investments.

Account 2, 30% of the balance of the monthly contributions is allocated to the second account. The assets accumulated in Account 2 can be used for medical expenses, housing loans, housing loan balance settlement, education financing, or after the member reaches 50 years of age.

Withdrawals from account 2 savings are subject to certain restrictions, such as requiring members to be at least 50 years old and restrictions on the amount of money that can be withdrawn. The frequency of withdrawals depends on the intended purpose.

2.2 MALAYSIA PENSION SCHEME (PS)

Kumpulan Wang Persaraan (KWAP) is the legal body that manages the public pension scheme for Malaysian workers. KWAP is the investment manager of a retirement fund, which is used to finance government pension liabilities and is responsible for managing and paying the pensions of public sector retirees. KWAP is one of the three main bodies in the Malaysian pension system, the others are the Employees Provident Fund (for private sector employees) and the Armed Forces Fund Board (for military personnel) and also considered one of the investment companies of the Malaysian government.

Before the establishment of KWAP, Malaysia's public pension funds were managed by pension trust funds, and their operations were under the responsibility of the chief accountant. The pension trust fund increased from an initial government allocation of 500 million ringgit in 1991 to 42 billion ringgit in 2007.

In March 2007, KWAP was established in accordance with the "Retirement Fund Act" and assumed all the powers, functions, activities, assets and liabilities of the pension trust fund. In November 2015, KWAP was appointed as the government agent, responsible for the overall management and operation of payments, and assumed this role from the Department of the Postal Service of Pensions of the Ministry of Public Service.

The fund receives contributions from the Federal Government of Malaysia, statutory bodies and local authorities. The fund will invest in a combination of stocks, bonds, real estate, private equity and infrastructure, and the investment proceeds will be used to fund the government's pension liabilities. The fund's Investment Panel determines the fund's investment policy and asset allocation strategy. KWAP also operates the Pension Services Department (PeSD) in Cyberjaya which processes payment of pensions and other benefits to public pensioners.

The scheme is none other than as an additional benefit to the employee as it comes entirely from the employer, while the employee himself does not have to contribute in it. This is totally different from the EPF concept that contributors saving and are entitled to receive dividends. Their pension depends on the amount saved along with dividends at retirement. The pension scheme system is expected to be able to ease the burden of the government, thereby increasing the allocation for development expenditure.

Moreover, the stronger reason about the advantages of this system than the current method is because it incorporates a progressive element. The progressive element in question is the ability to strengthen economic growth. At the same time, the welfare of workers is not compromised, such as retirees continue to receive pensions as available.

However, the government will effectively reduce contributions to KWAP as it replaces contributions from employees. Thus, the surplus may be considered for an increase in the salaries of civil servants as a whole. This increase will give motivation to the increase in private wages, in turn having a positive impact on productivity. This can help resolve the issue of low wages in Malaysia.

2.3 PRIVATE RETIREMENT SCHEME (PRS)

Malaysians cannot rely solely on their EPF savings. The EPF shows that most Malaysians do not have enough money in their EPF accounts to survive to retirement age. This has caused many Malaysians to postpone retirement or seek other options to increase their income.

Therefore, in order to solve the problem of retirement savings shortage, Private Retirement Scheme (PRS) was introduced in 2012 to encourage Malaysians to increase their retirement income through methods other than EPF.

The Private Retirement Scheme (PRS) is a pension scheme that allows Malaysians to contribute voluntarily for the purpose of obtaining additional funds for their retirement. PRS is not a replacement scheme to the EPF, PRS complements to the EPF. In addition, PRS opens up opportunities for people to obtain other funds that they can use during their retirement instead of continuing to rely solely on EPF funds alone. In addition, having a voluntary scheme other than the EPF allows private and self-employed workers to voluntarily diversify their contributions towards their pensions.

PRS is not much different from EPF as it is a retirement scheme. PRS contributions are also divided according to a 70:30 ratio in account A and account B and only upon reaching the retirement age of 55 years, or death occurs, withdrawals can be made from PRS accounts. If the contributor wishes to make a partial withdrawal for pre-retirement, the withdrawal can only be made from account B, once a year. But you will be fined 8% of the withdrawal amount.

PRS is a voluntary contribution plan. The public can contribute as needed. PRS is privately operated by a financial institution and has no guaranteed return. The government-owned EPF contribution fund guarantees a minimum dividend rate of 2.5% per annum. Therefore, individuals should also choose the PRS providers listed by the Malaysian Securities Commission and the appropriate funds they want to contribute.

A PRS provider must obtain approval by the Securities Commission Malaysia and all activities involving PRS are administered by the Malaysian Private Pension Administrator (PPA) aimed at protecting the interests of PRS members and public awareness of PRS. Among the approved PRS providers are CIMB-Principal Asset Management Berhad, AIA Pension and Asset Management Sdn. Bhd., Public Mutual Berhad and RHB Asset Management Berhad.

PRS has three types of funds with different levels of risk, namely conservative, medium and growth funds. Therefore, the public can freely choose more than one type of funds provided by different PRS providers according to the conditions of each PRS provider. Employers can voluntarily contribute to the PRS fund for their employees, and employers can invest in the PRS fund as a private pension, including hiring benefits such as health insurance. Additionally, employers may be exempt from contributions up to 19% of the employee's base salary.

HPRS plays an important role in the private retirement industry and aims to improve the standard of living of Malaysians during retirement through additional savings. With the regulatory framework established by the Malaysian Securities Commission, PRS has become the third pillar of the Malaysian retirement framework.

2.4 LEMBAGA TABUNG ANGKATAN TENTERA (LTAT)

The Lembaga Tabung Angkatan Tentera (LTAT) is a government statutory body established by Parliamentary Act (Law No. 101 of 1973). LTAT is responsible for providing retirement benefits and other benefits to members of other ranks and a savings scheme for officers Malaysian Armed Forces and servicemen in the volunteer force.

LTAT contribution is a compulsory contribution for LLP members only, a deduction of 10% of their actual salary is paid to LTAT. The government will contribute 15% of the actual salary to members' accounts. Each year LTAT will pay a dividend on the contribution.

The officers are given the option to contribute voluntarily but the government will not contribute in such contributions. The minimum contribution for officers is RM25.00 and the maximum is RM750.00 per month. This contribution is paid together with the dividend declared annually upon ceasing to contribute.

Based on Section 12 of Act 101 LTAT, contributions for compulsory contributors, including contributions of accredited members can be withdrawn when the contributor dies, 1 month after the contributor is terminated from service or the contributor reaches the age of 50 years. Contributions will be credited directly to the retiree's bank account or dependent account of the member who died while serving.

In addition, for voluntary contributors, savings withdrawals can be made at any time and the flexibility to become a member for the second time is given even after making a withdrawal for the first time. However, under Section 15B, contributors can also withdraw a portion of their contributions under the Contribution Withdrawal Scheme for the Purchase of Immovable Property.

In the future LTAT is committed through detailed strategic planning, LTAT has successfully implemented various programs to achieve the vision and goals to improve the socio-economic position of serving members of the armed forces and also for those who have retired.

In addition, LTAT will apply policies and strategies to diversify its investment portfolio in the future. However, the focus will be on manufacturing, real estate development and financial sectors, and government privatization projects.

By effectively managing contributors' savings and assets, LTAT is confident to provide the best return and cover the value of its funds. Therefore, LTAT looks forward to continuing to provide high-quality services, and continue to identify and create new benefits for its contributors, and implement more innovative socio-economic plans for former members of the Malaysian Armed Forces.

FACTORS CONSIDERED RETIREES RUNNING OUT OF THEIR EPF FUNDS IN LESS THAN FIVE YEARS

RETIREMENT PLANNING

Malaysian are advised to plan for retirement from an early stage to ensure a smooth life and be able to provide protection for themselves and their families in the future. The basic thing is to have at least six to nine months of emergency savings from gross income and have short, moderate and long-term goals.

Following the trend of online shopping and make an investment, supposedly can provide lucrative returns is not recommended. Investing is risky and may be time consuming, but some of them take shortcuts and spend the money without clear financial goals. Total expenses can be calculated through Cash Flow. Every individual needs to have monthly and annual Cash Flows to control expenses and maximize the amount of savings.

The ideal step is through goal setting, for example, if you want to withdraw contributions from a retirement fund, make sure that the withdrawal gets multiplied and beneficial as used to increase insurance risk coverage, takaful or improve skills.

According to a study by Bank Negara in 2018, only 48% of respondents had RM1,000, in savings and another 52 percent admitted that it was difficult to do so. Meanwhile, the life expectancy of Malaysians is expected to be 73 to 78 years old. So, how to survive for the next 15 years after retirement age, 55 years.

Therefore, the public need to think about retirement planning from a young age and take appropriate action so that there are no problems arise in the future. The earlier we plan our retirement; the less funds are needed as we have a long time to grow our retirement funds with various financial instruments available in Malaysia.

MONETARY SUFFICIENCY

Employees' retirement plans are heavily influenced by their current financial situation. Therefore, they should minimize their daily spending to one third of their earnings, while the balance income spends into retirement savings account. maybe that way you can make enough money on retirement soon.

FINANCIAL LITERACY

The issue of financial literacy needs to be given serious attention, no home ownership and savings by retirement age are less discussed as it is considered a sensitive issue. When they reach the stage where they must manage their own finances, it depends on their financial knowledge, whether they are making sound financial decisions in the short or long term (Mohd Samsuri Ghazali, 2017) . The income of employees, especially the implementing group and officers at the lower level is low compared to the cost of living that has to be borne.

Hence to overcome this problem, government training, institutions need to immediately provide courses and training related to financial literacy to enhance the knowledge of employees at every level as high income in upper middle level officers do not have their ability to manage finances wisely. According to the research of the EPF, the financial management or financial knowledge level of the people of this country is only 36%, which is far behind Singapore's 59% and Myanmar's 52%.

In summary, employees need to be more sensitive to the importance of personal financial literacy from the beginning of service directly to equip themselves with high knowledge and discipline regarding financial literacy to ensure a good retirement later. Employees who are financially illiterate are more likely to make false financial decisions. According to Andrade, Bazalais and Das (2014) suggested that financial knowledge is the basis of a successful retirement plan.

MONEY MANAGEMENT

Money management skills are the general knowledge about the financial management of a person and their ability to manage money. This knowledge will give benefit not only when a person decides to invest their money on the purchase of goods, but also when making simple daily financial decisions such as developing their home budget or considering buying together by assessing the ability to pay interest on bank loans or credit card. Due to incomplete understanding of basic financial concepts, people are not mentally prepared to make decisions related to financial management, such as savings, investment and debt decisions due to illiteracy (Fatemeh Kimiyahalam, 2017).

Financial education is really important, so that people can get more development and empowerment to make the right decisions, have a place to go, avoid fraud, and take action to improve current and long-term financial conditions, especially after retirement financial status. Therefore, financial education programs should be encouraged to increase financial awareness and encourage people to make better financial decisions.

UNEXPECTED COST OF LIVING

The rising cost of living is a major problem for Malaysians where the increase in the price of goods is not in line with the rate of increase in salaries and wages.

According to a report by the Department of Statistics Malaysia (DOSM) last October, there was an increase in the number of Malaysians receiving salaries and wages, which was 8.8 million people in 2018 compared to only 8.7 million people in 2017. The report also shows an increase in average salaries and wages of seven percent of RM3,087, for 2018, compared to only RM2,879, the previous year. However, the amount of salary is not enough for Malaysians to support their lives, despite the increase in the price of higher goods.

Based on the “Belanjawanku” 2019 report released by the Employees Provident Fund (EPF), which individuals use public transport has to spend RM2,490 a month, while a couple with two children needs RM6,620 a month to cover family expenses. These expenses include for food, housing, health, transportation, utilities, personal care items and one-off purchases. This amount will be higher if they use their own vehicles, plus have to pay debts such as car loans, houses, and so on.

Although the average salary and wages received by urban residents (RM3,274), exceed the expenditure required for the single individual category (RM2,490), it is estimated that a large number of urban residents earn less than RM3,274. There is a significant difference, namely RM3,072 for average salaries and wages between employees with no formal education (RM1,481), and employees with university or college education (RM4,553).

Thus, being wisely manage spending can help to increase existing savings or savings for retirement. This savings will later be able to help for any emergency situation such as an accident, illness or dismissal. Based on the Employment Insurance System (2020) report by the Social Security Organization (SOCSSO), a total of 107,024, were retrenched during 2020, an increase of 167 percent compared to the previous year, which was 40,084 employees.

The reality is, preparing for retirement today is a bit of a hassle. With increasing cost of living, adequate savings is very important so that you can retire without any worries.

SOCIAL NORM

Individuals need at least two-thirds of the final salary amount, to maintain a desired lifestyle after retirement based on a study conducted by a Private Pension Administrator (PPA). This means, if your salary is RM 6,000 a month in the last year of work, you need at least RM4,000 a month after retirement to enjoy the same quality of lifestyle as before retirement.

In fact, the EPF's “Belanjawanku” guidelines also estimate that RM3,090 a month is sufficient for an elderly couple to achieve a 'reasonable standard of living'. The basic savings set by the EPF is RM240,000 as the average life expectancy of the people of this country has now increased to 75 years and in general the people will go through a relatively long retirement period of around

20 years, based on the retirement age, most of whom are 55 years old. However, in certain circumstances you may need to take a portion of your retirement savings for medical, housing and other purposes.

The main concern of the public, especially prospective retirees, apart from having sufficient savings to cover old age, is health issues that may cost more than the savings of Employees Provident Fund (EPF) contributors. To ensure that medical costs can be covered, retirees, especially those who do not have a personal medical insurance plan, should planning a medical savings.

Contributors who are going through the retirement phase of course at that stage they just want to think about the family in a calm state of mind, but health issues are not impossible will affect the hopes they have longed for. In other words, it is more difficult if a retiree is afflicted with a critical illness in old age that requires high treatment costs it is not impossible that these costs will be higher in the future.

3. CONCLUSION

There are many types of retirement system in Malaysia like Employee Provident Fund (EPF), Malaysia Pension Scheme, Private Retirement Scheme and Lembaga Tabung Angkatan Tentera (LTAT). There are several factors that bring impact on the adequacy retirement fund are Retirement Planning, Financial Literacy, Money Management, Unexpected Cost of Living and Social Norm. The expected outcome from this paper is to enhance and help Malaysian the expertise in identifying the inadequacy of retirement wealth so that it does not become a huge problem at retirement age.

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ORGANIZATIONAL SUPPORT AND ORGANIZATIONAL COMMITMENT TOWARD EMPLOYEE’S PERFORMANCE

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Abstract

This research aimed to examine the levels of organizational support and organizational commitment toward employee’s performance in Jordanian universities. The research evolved around the fact that organizational support and commitment play a significant role in employee’s performance. The results revealed that organizational support and commitment are essential and motivational factors for employee’s performance. The results also showed that there was extreme relation between organizational support, organizational commitment and employee’s performance. The most important recommendations offered by the study are to ensure organizational supports, rewards, promotion and compensation alongside organizational goals and assignments to improve employee’s performance and achieve competitive advantage. Furthermore, it is equally important to specify supported resources for several activities, and accompany all organizational tasks with supports and motivational factors to boost employee’s commitment.

Keywords:

Organizational-support, organizational commitment, employee’s performance, competitive advantage.

1. INTRODUCTION

The management literature includes a fertile field of theories and field research that seeks to understand the relationship between employees and the organizations in which they work. Recent years have witnessed a wave of interest in the extent of the relationship between many employee attitudes related to work, and among the most prominent changes that behavioral studies have shed light on is what is known as perceived organizational support, which is considered one of the modern administrative concepts in the Arab management literature. Also, among the trends that have attracted researchers’ attention is the issue of organizational commitment, due to the multiple benefits that it turns out to achieve for organizations in terms of understanding and specifically working environments.

Organizational commitment and employee’s performance gain a competitive advantage for organizations (Pradhan & Jena, 2016). Employee’s performance and commitment toward organizational tasks influence an organization’s reputation (Deeb, Alananzeh, Tarhini & Masa’deh, 2020). Alserhan & Shbail (2020); Culver, Young & Barnhardt (2020) and Alzubi (2018) argued that organizational commitment, organizational support and organizational culture are the major factors that should be strongly considered while exploring for extraordinary performance in educational institutions. Employee’s commitment and performance play a vital role in growing the recognition of universities in the educational industry (Alserhan & Shbail, 2020). Among the factors needed by organizations toward success is organizational support. Organizational support influences employees’ dedication and motivation to complete the company’s tasks (Chang, Liu, Hsieh, & Chen, 2020).

Kc & Lutz (2017) revealed that human and natural resources are lacking in Jordan. Reichert (2019) contended that universities could fill this gap by developing, creating and training marketable employees. This is to ensure that the missions and visions of universities are accomplished by competent employees. Skilled employees are undoubtedly needed to strengthening the objectives and plans of universities, although, organizational support is largely required for its success as it contributes to national development. Hence, there is a need to analyze organizational supports that could serve as additional encouragement for employees to discharge the company’s assignments efficiently.

Competitive rewards of organizations and institutions are broadly predetermined by employees' performance, and the performance may be less fulfilling in the absence of organizational support. It is an empirical reality that every job requires particular skills for success, thus, competencies and professionalism are promising investments for employees in Jordanian public universities. Strict screening of qualifications may serve as organizational support toward acquiring a competitive advantage for the Jordanian educational sector. Alzeaideen (2019) identified quality as a significant missing element in Jordanian universities as student enrolments, weak quality of graduates, lack of proficient administrative staff remains under the category of challenges facing institutions.

Despite that Guan & Frenkel (2019) researched employee's performance in industries; Arslan & Roudaki (2019) in health services; Song, Wang, Chen, Benitez & Hu (2019) in financial firms; Iqbal & Asrar-ul-Haq (2018) in technology, Chen et al., (2020) however, pinpointed that organizational support and commitment that influence employee's performance remain unexplored. Therefore, for an organization to acquire a competitive advantage, employees need organizational support and compensation for hard work and better performance.

EMPLOYEE'S PERFORMANCE

According to Richard (2014), three main factors including motivation, procedural knowledge and declarative knowledge determine and constitute an employee's performance. Asbari, Hidayat & Purwanto (2021) regarded productivity, job contribution, quality and quantity as elements that best describe employee's performance.

ORGANIZATIONAL COMMITMENT

This is the bond between individual and organization (Juaneda-Ayensa, Clavel San Emeterio & Gonzalez-Menorca, 2017). The commitment can be an affective connection, strong willingness and excessive efforts directed and concentrated by an employee toward organizational growth (Farrukh, Chong Wei, Mansori & Ravan Ramzani, 2017). Mueller & Straatmann (2014) sees it as a psychological connection of employees to their organizations.

As opined by Muthukumar (2017), commitment negatively influences turnover intentions. In other words, the increment and seriousness in a commitment do not determine turnover intentions. Astakhova (2016) observed that the mindfulness of the values and expectations of an organization largely affect the commitment of employees. Employees with a high level of organizational commitment will definitely have the desire to contribute to the growth of the organization (Hanaysha & Tahir, 2016). A committed employee sacrifices efforts regardless of alternative offers and promotions for the goals of the organization (Al-Sada, Al-Esmal & Faisal Mohd, 2017).

ORGANIZATIONAL SUPPORT

Toward encouraging businesses to assist employees, Chen et al (2020) revealed that researchers developed “supportive human resource management” for that effect. Islam & Ahmed (2018) emphasized that organizational support amounts to optimistic behaviors and affective interaction with the organization. Meyers et al (2019) upheld that organizational support improves the welfare of employees.

The organizational support concept exposes the relationship that exists between employees and organization on one hand and shows employee's perception of an organization on the other hand (Umrani, Afsar, Khan & Ahmed, 2019). This perception positively or negatively affects employee's efficiency toward organizational tasks (Tran, Nguyen, Dang & Ton, 2018; Shantz, Alfes & Latham, 2016).

2 DISCUSSION OF THE RELATIONSHIP AMONG VARIABLES

2.1 ORGANIZATIONAL COMMITMENT AND EMPLOYEE'S PERFORMANCE

Devece et al (2016) for instance, supported the relationship between organizational commitment and employee's performance. The author discovered that the former affects employee's behaviour, thus exert influence on employee's performance. Al-Zefeiti and Mohamad (2017) on the same line of thought examined the relationship between organizational commitment and employee's performance. The findings showed that organizational commitment dimensions such as affective, normative and continuance influence task performance, contextual and job performance dimensions. Renyut, Modding and Bima (2017) withheld that organizational commitment forecasts and estimates employee's performance. As such, organizational commitment could not be separated from employee's performance in the course of hunting for comparative advantage.

2.2 ORGANIZATIONAL SUPPORT AND EMPLOYEE'S PERFORMANCE

Despite the relationship between organizational support and employee's performance, Abou-Moghli (2015) in the Jordanian maritime transport companies context revealed that the impact of organizational support toward improving employee's performance is still at the level of 5%. Cinar and Yesil (2016) reported a positive effect of banks' organizational supports on

employee's performance. Sungu Lincoln, Weng & Kitule Johari (2019) claimed that organizational support and job performance are inseparable. Purwanti (2020) contended that a high level of attention directed to organizational support positively enhances employee's performance. Hence, it is arguable that a relationship exists between organizational support and employee's performance at Jordanian universities.

3. CONCLUSION

The study primary contribution is to examine the influence of organizational support and organizational commitment on employee's performance. The study explores whether organizational support and organizational commitment play a role in employee's performance. An organization's employees are the fundamental drivers of productivity in any organization. Thus, their organizational commitment is critical and can help to increase employee's performance.

Organizational support can deliver great advantages to both employees and organizations. An awareness and understanding of the drivers of organizational support and commitment are crucial for organizations engaging in cross-cultural and international settings. Employee's commitment is dependent on the standard norms of workplace support. An organization's employees will be more likely to remain if the organization offers several supports for employees.

This research emphasizes the importance of providing supports to employees in Jordanian universities, which in turn, boost employee's commitment toward organizational and institutional success. Organizational support plays a significant role in promoting employees' commitment to their organizations and enhances employee's performance in achieving competitive advantage. Therefore, organizational support is a promising investment for employees in Jordanian public universities.

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BARRIERS TO THE SPREAD OF RENEWABLE ENERGY: A LITERATURE REVIEW

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Abstract

Humans develop technology to facilitate their lives and save time, effort, and money, and this is reflected in various aspects of life in the world. Energy is one of the most important factors on which humanity depends for development and development. However, modern technology usually faces several obstacles to its spread. This paper aims to provide a review of the literature on the distance of renewable energy, which addressed the most barriers. The conducted state-of-the-art review in the previous section demonstrates that many studies have been carried out to identify barriers to renewable energy use. Other studies have grouped these barriers and addressed these barriers on the deployment of renewable energy in general. The literature identified a set of critical factors that prevent the spread of solar energy, which are: Social Barrier (SB), Financial Barrier (FB), Technical Barrier (TB), Regulatory Barrier (RB), Market Barrier (GB). These barriers work to limit the spread of renewable energy, which serves many stakeholders, so all parties, including governments, must overcome the obstacles to the distance and find appropriate solutions that suit the conditions of each country.

Keywords:

Barriers, renewable energy, technology, stakeholders.

1. INTRODUCTION

With the increasing population and rapid technological progress, the need for energy has increased, so the search for renewable and sustainable sources of energy has become an urgent matter (Kannan and Vakeesan, 2016). One of the most important of these sources is solar energy, which is the most available among all other renewable energy sources. It also works to achieve energy security for countries that adopt this technology (Kalogirou, 2013). In addition, it promotes economic and social development and contributes to accelerating technological development (Bergasse et al. 2013).

This comes with fears of running out of oil, as the world currently relies on 80% of its energy to meet its energy needs. In this regard, many countries have begun to search seriously for renewable sources, most notably solar energy, in order to secure renewable and permanent energy, and reduce costs incurred. Also, preserving the environment, all this will lead to the promotion of development at various levels, saving costs will enhance economic performance and support the business environment (La Gennusa et al., 2011). As many potential investors will go to start productive projects based on saving the energy bill.

With those mentioned benefits of solar energy technology and its benefits, however, it faces many obstacles during its spread, as these obstacles limit the speed of spread, so it is necessary to identify those obstacles and try to find appropriate solutions and treat them to promote the process of spreading renewable energy and adopting it at various levels.

The current study aims to conduct a review of the literature that dealt with the barriers that prevent the spread of renewable energy, where a number of studies were reviewed from 2010 to 2021, in order to identify the results of that literature and its findings in this field, in order to extract the most prominent barriers and direct future research to study those obstacles and propose appropriate solutions to them.

2. REVIEW OF THE LITERATURE

A number of countries use their abundant oil resources as a source of energy generation, such as the Arab Gulf states, but there are other countries suffer from a lack of energy resources, such as emerging countries. The developing countries that face great economic, social and environmental challenges. This greatly affects the country's ability to sustainable development, and many

poor countries imports its energy needs, and this carries the state budget large expenditures that can be invested in the development of other sectors, which Leads to improving the business and economic environment in these countries, but these challenges stand in the way of the development of a developing country with a weak economy and limited resources.

Intermediaries as one of the main actors face several obstacles during the delivery of solar energy service to the end user (Mignona and Broughelb, 2020). These obstacles may limit the ability of solar energy to spread, where the spread of which contributes to a positive impact on the business environment in Jordan, reducing costs for companies and individuals and obtaining clean and sustainable energy that contributes to the growth of the economy. In several respects, the most important of which is that the saved amounts of energy consumption expenses can be spent in other alternatives, meaning in other words, will contribute to the recovery of various commercial sectors, also reducing costs for companies will contribute to reducing production costs and increasing profits automatically, as well as obtaining a sustainable energy source will reduce the burden on the state from During the reduction of dependence on external parties to supply energy, which reduces the costs on the state, and these sums can be invested in other development projects.

Renewable energy has a great potential to save energy and cost, in spite of this, developing countries are still unable to adopt renewable energy projects more effectively due to the many barriers and obstacles that prevent their spread (Painuly, 2001). Previous literature has discussed the obstacles that prevent the spread of solar energy in different contexts, and a set of obstacles has been suggested by many researchers, Ghimire & Kimb (2018) investigated the barriers facing the development and spread of renewable energy in the Nepalese context, as Nepal suffers from lack of electricity access to about 33% of remote areas, the results concluded that social, political, economic, administrative, technical and geographical factors prevent the spread of the idea of renewable energy in Nepal. Moreover, in all barriers, political instability and transportation issues were listed first two places. The researchers found that the consumers of the renewable energy system in rural areas are low-income earners; therefore, the policy on energy subsidies does not address the economic pyramid regions adequately. The third important barrier was listed for geographic barriers. Renewable energy development was found expensive due to the absence of transportation and high transmission costs due to the dispersed homes in the rough hills and dispersed settlements in Nepal. Administrative and social barriers for the growth of renewable energy in Nepal were found to be moderately essential. The least significant were noted for “technical barriers”. The study also suggested the need to overcome obstacles to the adoption of renewable energy in Nepal because of its positive effects on the financial and economic aspects of the state and society.

In a related context, the previous findings were supported from India by Sindhu et al. (2015), who reported that the most powerful barriers to solar energy adoption are political and regulatory barriers. In addition, “Social and environmental barriers” were considered as dependent barriers, while “Marketing and Policy Barriers” were recognized as independent barriers. The authors have conducted a state-of-the-art barrier assessment in rural India's implementation of solar installation. Around sixteen barriers have been identified for rural areas, which are classified into five major categories: investment, technical, financial, social and environmental, marketing and policy barriers. Furthermore, a contextual relationship study among the barriers of solar power installations in Indian rural sector is obtained. The necessity of high initial capital, long payback period, environmental impacts, people's reluctance to use new technologies, low efficiency, safety and reliability issues, noted as dependent variables, were identified as the most important barriers to the renewable energy development. On the other hand, Institutional issues and policy & regulatory barriers were found less significant, noted as independent barriers.

On the other hand, Haas et al., (2018) examined the barriers to adopting solar energy in Chile, and by conducting a series of interviews with several experts from industry, technology providers and academics, six obstacles were proposed that stand in the way of the development of solar energy use: 1) economic and financial, 2) market, 3) system integration, 4) solar-technical, 5) regulatory, and 6) information barriers. The study also indicated that accelerating the adoption of solar energy will contribute to reducing costs and providing clean, sustainable energy in Chile. This is what Khan & Arsalan, (2016) indicated in their study that adopting the use of solar energy leads to reducing costs and obtaining clean and sustainable energy sources, in addition to the contribution of solar energy to the technological development in the country, these benefits will contribute to the economic and financial growth of countries in the long run. Agostini et al. (2015) also presented a research paper in Chile. In this study, the authors provide a state-of-the-art study on barriers identified by the conducted survey and follow-up interviews among Chile's renewable energy developers and investors. The assessment of the results showed that the most significant barriers are “grid connection barriers”, “administrative hurdles”, “land and/or water securement problems” and “limited access to project financing”. Analyzing each of these barriers offers useful references to government, contractors and other investors in Chile. Finally, the authors propose some policy recommendations to overcome these barriers.

Moorthy et al. (2019) provided a survey of 223 participants from the Asia Pacific region, on the barriers in deployment of renewable energy. The results indicate that social barriers have a positive effect while technological and regulatory barriers have

a major effect on renewable energy deployment. However, this study demonstrates that financial barriers do not directly affect renewable power deployment, but interrelate with social, technological and regulatory barriers, thus indirectly influencing renewable power deployment. In another study, Azadian et al. (2013) investigated barriers to implementing photovoltaic energy systems. The results showed that barriers to adopting PV systems are: Institutional, Public acceptance, Economic, and technical barriers. The authors also provided a perspective on the importance of government support by preparing supporting legislation, policies, and financial aids and to define appropriate guidance processes for facilitating investment in renewable energy as critical factors.

In the Jordanian context, Jaber et al. (2015) found that the lack of investment reduces the chances of developing renewable energy in Jordan. The available financing schemes and the future price of electricity generated from renewable energy sources are other weaknesses facing the spread of renewable energy and there is need for government intervention to overcome obstacles to developing the use of renewable energy in Jordan. Haas et al. (2018) added that the barriers to the spread of solar energy include economic, market, system integration, technical, regulatory, and information barriers. And that is through a study they conducted by interviews with professionals from industry, technology providers, academia, public and private sectors in Chile.

In India, Sen et al. (2016) investigated the barriers that limit the spread of renewable energy, as the results indicated that the most prominent barriers are political and organizational barriers, and these results were also supported by Sindhu et al. (2016). On the other hand, Khan & Arsalan (2016) argued that solar energy technologies mainly support sustainable development by providing sustainable solar photovoltaic systems, as they are suitable for various applications, whether small or large, so the challenges facing the spread of solar energy must be mitigated. This corresponds to Sanni et al.'s (2019) study that he conducted in Uganda. In another context, Byrne et al. (2017) found that the benefits of adopting solar energy outweigh the costs, as they conducted an international study that included six different cities: Amsterdam, London, Munich, New York, Seoul, and Tokyo. The results indicated that local policymakers should support the real execution of solar spaces through capital market financing approaches. In Thailand, Chaianong & Pharino (2015) found that the increasing urbanization rate will also lead to an increase in the potential space suitable for installation of solar panels. Besides, the barriers to the deployment of solar PV rooftops in Thailand have been thoroughly evaluated in this research. Limiting domestic technology and technical manufacturing experience could be considered as the main barriers inhibiting progress in the deployment of solar PV rooftops. In addition, the authors clearly stated that government support is still a major requirement for solar PV rooftops deployment in order to compete with other forms of energy generation. Moreover, other financial support strategies are needed to promote solar rooftops effectively, including low interest rate loans, manufacturing tax credits, battery implementation support schemes and renewable portfolio standards.

On the other hand, Intermediaries have a crucial role in creating outlets that facilitate the proliferation of modern systems, and thus influence the attitudes of various stakeholders towards renewable energy projects (Bush, Bale, Powell, Gouldson, Taylor & Gale, 2017). Where they transfer their knowledge and experiences to the target communities (Matschoss & Heiskanen,

2017). Furthermore, they also support the policy of spreading innovations in society (Martiskainen & Kivimaa, 2018). Thus, it will accelerate the spread of solar energy and overcome potential obstacles that may face the diffusion process.

In the context of modern literature, Abdullahi et al. (2021) study found that the technological, financial, political and social barriers have been the reason for Limit the solar energy diffusion and development in Nigeria. Timilsina et al. (2012) argued that solar energy benefits from many incentives supporting its spread such as tax and customs exemptions, preferential interest rates and green energy programs, but in return it faces a set of financial, technical and regulatory barriers that limit its spread. In another context, Queiroz et al. (2020) investigated the determinants of the spread of renewable energy in Brazil, through a group of interviews he conducted with a large number of stakeholders. The results concluded that political and knowledge barriers are the most influential obstacles to the rapid spread of renewable energy.

3.DISCUSSION OF THE LITERATURE

Despite notable promotion and dedication from different countries, renewable-based solar energy generates only a tiny proportion of energy, particularly in under-developing countries (Painuly, 2001). This situation is due to the many obstacles that regulate renewable energy dissemination. These obstacles discourage solar energy from competing efficiently with traditional energy and impede the required large-scale deployment. Solar energy penetration and scale-up involve a powerful regulatory and political structure that supports and encourages ongoing focus on the deployment of renewable energy.

The conducted state of the art review in previous section demonstrates that many studies have been carried out to identify barriers to renewable energy use. Other studies have grouped these barriers, and addressed the effect of these barriers on the deployment of renewable energy in general. Moreover, some of these studies were conducted for the cases in Chile, India, Uganda, Nepal,

and other countries. However, very few studies have grouped and investigated the barriers of solar energy deployment in Jordan specifically.

In the context of the literature, social acceptance is mentioned through three categories that have been used as a proxy for the social acceptance variable, namely: socio-political acceptance, market acceptance and community acceptance (Geissmann 2010). Socio-political acceptance is the most comprehensive factor to indicate social acceptance. In various countries, societies tend to favor the idea of public support for solar energy projects, even in those countries where solar energy does not receive any governmental support (Hai, 2019). On the other hand, there was a great misleading of politicians by deluding them that acceptance of society is ineffective, but with the passage of time it became clear that social acceptance is a big problem, which must be taken into account (Wüstenhagen et al., 2007). Where all consequences must be taken into account in order to gain community acceptance to start implementing solar energy projects. From this standpoint, effective policies must be adopted to deal with the various stakeholders and active politicians to pave the way for obtaining social and political acceptance of renewable energy technology (Botelho, Pinto, Lourenço-Gomes, Valente, & Sousa, 2016). Such policies include the institutionalization of mechanisms that efficiently promote and strengthen business and public adoption, such as setting up robust financial procurement processes that create new investment choices, and spatial planning structures that facilitate collective decision-making.

Therefore, it is imperative that all stakeholders participate in the decision-making process related to the adoption of renewable energy (Stigka, Paravantis, & Mihalakakou, 2014).

On the other hand, the regulatory barrier appears as one of the obstacles to the spread of renewable energy, as the legislation that regulates the practice of renewable energy activities may complicate the diffusion process and thus will affect the acceptance of this technology by stakeholders (Monteiro, Monteiro, Mariano, Junior, & Romano, 2017). Thus, this will be reflected on the market and add new barriers that impede the spread of renewable energy

Technical barriers are also critical obstacles to the deployment of solar energy in various countries, for example, the limited capacity of the infrastructure, the lack of knowledge information about operations and maintenance, in addition to the presence of normative complications that prevent the marketing and spread of renewable energy projects (Moorthy et al., 2019). In addition to the existence of financial impediments, such as the lack of material resources, which limit the investment operations and the flow of funds to enhance the proliferation operations (Botelho et al., 2016).

The grouped-based types and categories for solar energy deployment barriers were identified from the literature review for the purpose of use in this work. In this thesis, we will consider five different categories or independent variables for representing the barrier entity, which are:

- 1) Social Barrier (SB)
- 2) Financial Barrier (FB)
- 3) Technical Barrier (TB)
- 4) Regulatory Barrier (RB)
- 5) Market Barrier (GB)

4.CONCLUSION

The current study presented a look at the literature related to the barriers that limit the spread of renewable energy. A group of studies published between 2010 and 2021 were selected. The review concluded that there are a number of barriers that the literature agreed on as major obstacles to the process of spreading renewable energy. They are social barriers, Financial Barrier, technical Barrier, regulatory Barrier, and market Barrier.

Despite the different classification of countries, almost all of them shared the same barriers that limit the spread of solar energy, so future researchers must submit studies that produce proposals to overcome these barriers, and decision makers in different countries should consider those barriers and take the necessary measures to facilitate the process of energy diffusion. Because it has many benefits for different stakeholders.

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THE EFFECT OF MULTIPLE ROLE CONFLICT AND WORK ENVIRONMENT ON THE FEMALE NURSE PERFORMANCE MEDIATING ROLE OF ORGANIZATIONAL COMMITMENT

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Abstract

This study aimed to examine the effect of multiple role conflict and work environment on the female nurse performance through organizational commitment as mediating variable. The population of this study were female nurses at Balung Hospital, Jember Regency, Indonesia. The sampling technique used was purposive sampling. The sample in this study were 61 female nurses who were married. The data sources used were primary data obtained from questionnaires and secondary data collected from the literature sources relevant to the study. The data analysis method performed was PLS Path Modeling (PLS-PM) analysis. The results indicated that the multiple role conflict had a negative and significant effect on the organizational commitment of female nurses, the work environment had a positive and significant effect on the organizational commitment, and multiple role conflict was negatively and insignificantly affecting the performance of female nurses. Meanwhile the work environment and organizational commitment variable partially had a significant positive effect on the performance of female nurses. Furthermore, the result showed that organizational commitment significantly mediated the effect of multiple role conflict and work environment on the performance of female nurses at Balung Hospital.

Keywords

Multiple role conflict, work environment, organizational commitment, performance

1.INTRODUCTION

A nurse is a professional who has taken nursing education. Nurses recognized by the Government of the Republic of Indonesia have been registered and given the authority to implement the nursing practice in accordance with applicable laws and regulations. Nurses have an important role in every hospital. They are required to have the ability to manage physical needs, prevent illness, and treat the health conditions of patients. Nurses who work at Balung Hospital in Jember have long working hours and require longer contact with patients than other medical personnel at the hospital. The responsibility of nurses in Balung hospital includes communicating with the patient's family, fellow nurses, doctors, and other hospital staff. In the implementation of nursing practice, nurses should pay attention to several aspects of patient health such as physical, psychological, spiritual, and social aspects.

The service quality of nurses should always be improved to increase hospital performance. According to Moehariono (2012), performance is the achievement of implementing activities and policies to realize the vision, mission, goals, and objectives through organizational planning. Meanwhile, Bangun (2012) defines performance as a result of work achieved based on certain conditions related to the job. Hospitals should pay attention to the performance of nurses in order to escalate the overall performance of the hospital. As an institution engaged in health services, the performance of nurses has an important role in maintaining the reputation of the Balung Hospital.

Nurses at Balung Hospital are dominated by female nurses. There are several problems related to nurses, most of whom are married women. The female nurses and those who are married have a greater burden because they have multiple roles, as mothers, wives, and nurses. Imelda and Rosa (2015) state that multiple role conflict occurs because there is a conflict of responsibilities

between work and household life. Women choose to work because there is a need to have self-development and contribution to the social environment (Ermawati, 2016). Female nurses who are unable to segregate their time between work and household life can lead to multiple role conflicts. Female nurses in Balung Hospital who have multiple roles often have high levels of fatigue. This results in less time spent with family after work and difficulty being close to family. In addition, with the existence of multiple roles, female nurses often arriving late and being absent from work. Given the various pressures that come from work and family, female nurses often make mistakes that interfere with work and family. This condition results in the decreasing of organizational commitment and affecting the performance of the female nurse.

Another factor that influences organizational commitment and performance is the work environment. According to Yuslihanah et al. (2018), the work environment is an element that is around employees at work, both physically and non-physically affecting themselves and their work. The layout of the workspace, the weather, the atmosphere, and good relations with fellow nurses, as well as the facilities provided determine the achievements and performance of female nurses at the Balung Hospital. There are several problems regarding the work environment of the Balung Hospital. The hospital is located on the edge of the highway, which causes noise. Moreover, there are strict rules and procedures that cause female nurses to feel pressured at work. This negative condition of work environment is considered as to affect the level of organizational commitment and the performance of female nurses.

The role of female nurse is essential for achieving the goal of a hospital. The increase of hospital performance in providing health service for society is mostly affected by the performance of their nurses. The nurses in Balung Hospital who mostly are married women have a multiple role conflict because of their role as housewife and nurse. Meanwhile, A good work environment is needed to be provided by Balung Hospital. These conditions are believed to affect their organizational commitment and performance. Therefore, the investigation of the multiple role conflict, work environment and organizational commitment of the female nurses is necessary to be conducted as the evaluation to the factors affecting the performance of female nurse in Balung Hospital.

1.2 OBJECTIVES

The objective of this study is to investigate the influence of multiple role conflicts and work environment on the female nurse performance at Balung Hospital. Furthermore, this study also aims to explore the mediating role of the organizational commitment variable on the relationship between exogenous variables (multiple role conflicts and work environment) and endogenous variable (performance).

2. LITERATURE REVIEW

According to Robbins and Judge (2017), potential employees, especially women, are more interested in organizations that support a work-life balance. Therefore, a woman who has fewer multiple role conflicts will have a stronger commitment to her organization. The results of Legowo et al. (2020) and Lestari (2019) stated that multiple role conflict has a negative and significant effect on organizational commitment. Hence, the higher the multiple role conflict employees have, the lower the organizational commitment.

H₁: Multiple role conflicts have a negative and significant impact on the organizational commitment of female nurses at the Balung Hospital.

Employees value organizations with a positive work environment both physically and non-physically (Robbins and Judge, 2017). accordingly, employees will feel comfortable in the organization and will generate an attitude of commitment to the organization. The results of research by Hanaysha (2016) and Subagyo (2019) indicated that the work environment has a positive and significant effect on organizational commitment, which a good work environment can strengthen employee organizational commitment. Therefore, the hypotheses in this study are:

H₂: The work environment has a positive and significant effect on the organizational commitment of female nurses at the Balung Hospital

Akbar (2017) stated that female employees are not able to balance their time between family and work, causing multiple role conflicts that can affect the performance of female employees. The results of research by Nabila et al. (2019), and Afrilia and

Utami (2018) state that multiple role conflict has a negative and significant effect on employee performance. The higher the multiple role conflict that an employee has, the lower the performance of the employee. Thus, the hypotheses in this study are:

H₃: Multiple role conflicts have a negative and significant effect on the performance of female nurses at the Balung Hospital

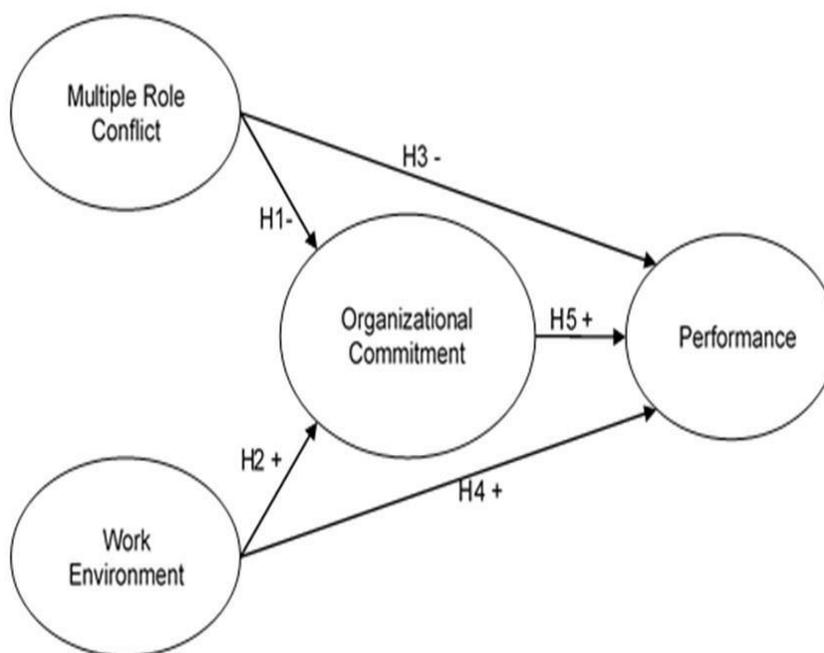
A conducive work environment is able to make employees work with a sense of security. Therefore, they can work optimally according to their abilities (Sudaryo, 2018). A bad work environment may generate satisfactory work results if employees try very hard, and vice versa. The results of Putri (2016) and Triastuti (2018) research revealed that the work environment has a positive and significant effect on employee performance. That means a good work environment can improve employee performance. Thus, the hypotheses in this study are:

H₄: Work environment has a positive and significant effect on the performance of female nurses at the Balung Hospital

According to Ivancevich et al. (2007), people who are committed to their organization will not have a desire to quit their jobs. In addition, committed employees will perceive the value of organizational goals that must be achieved. Hence, employees will bring out their best abilities for the organization where they work. The results of the research by Sapitri (2016) and Muis and Fahmi (2018) showed that organizational commitment has a positive and significant effect on employee performance, which means a stronger organizational commitment of employees can improve the performance of employees.

H₅: Organizational commitment has a positive and significant effect on the performance of female nurses at the Balung Hospital

Figure 1. Conceptual framework



3.METHODS

This research was classified as explanatory research, which is a method focused on explaining the variables studied and the influence among variables. The data analysis method used was Partial Least Square Path Modeling (PLS-PM) with smartPLS. The instrument test was first executed to examine the validity and the reliability of the instrument. A partial Least Square analysis was then performed to examine the constructed model. The population in this study were 70 female nurses at Balung Hospital. A purposive sampling technique was adopted in this study as sampling technique. The samples were 61 female nurses of Balung Hospital who were married.

4. DATA COLLECTION

The data sources used were primary data retrieved from questionnaires and secondary data collected from the literature sources relevant to the study. The type of data applied in this study was quantitative data. The primary data of this research were collected by distributing questionnaires as the research instruments. The questionnaire is an instrument implemented by giving question sheets or statements to respondents who qualify the criteria as respondents. The questioning indicators (table 1) were adopted from the previous studies. The authors also modified them to fit the objectives of this study.

Table 1. Indicators of variable

Variable	Indicator
Multiple role conflict (X1)	<ol style="list-style-type: none"> 1. Work stress (X1.1) 2. Task pressure (X1.2) 3. Family time (X1.3) 4. Marriage pressure (X1.4) 5. The lack of involvement as wife
Work environment (X2)	<ol style="list-style-type: none"> 1. Room lighting (X2.1) 2. Room coloring (X2.2) 3. Cleanliness (X2.3) 4. Air circulation (X2.5) 5. Noise (X2.5) 6. Harmonious relationship (X2.6) 7. Development opportunity (X2.7) 8. Security (X2.8)
Organizational commitment (Z)	<ol style="list-style-type: none"> 1. Feelings of pleasure (Z1) 2. Emotional attachment (Z2) 3. Loyalty (Z3) 4. The need to become a member of the organization (Z4) 5. Obligation to fulfill goals (Z5) 6. Self-confidence in taking action (Z6)
Performance (Y)	<ol style="list-style-type: none"> 1. Quality (Y1) 2. Quantity (Y2) 3. Competency (Y3)

There were five available multiple choices as the response to each question on the questionnaire. The response of female nurse was then converted into an ordinal measurement scale (5-point Likert scale). The Likert scale used in this study consisted of favorable (positive) items and unfavorable (negative) items. Items favorable (positive) in this study are the work environment, organizational commitment, and performance. Meanwhile, the unfavorable (negative) item in this study is a multiple role conflict variable. The assessment of variable indicators is scored as follows:

Table 2. Likert scale

Response	Statement	
	Positive (<i>Favorable</i>)	Negative (<i>Unfavorable</i>)
Strongly Agree	5	1
Agree	4	2
Neutral	3	3
Disagree	2	4
Strongly Disagree	1	5

5. RESULTS AND DISCUSSION

RESPONDENTS CHARACTERISTIC

The age distribution of respondents with age more than 35 years was 59%, while those between 31 to 35 years are 38%. The remaining 3% were female nurses with age less than 31 years. The education of the majority of respondents were diploma graduates (75.4%) and bachelor degrees (24.6%). 95% of respondents, who were married women, have children. All respondents have more than 5 years of working period. Respondents with a working period of 5 to 10 years were 41%, and those with more than 10 years of experience were 59%. Most of the respondents worked in the inpatient department of 72.1%, the rest were distributed in the Emergency Department, Outpatient Installation, Surgical Installation and Intensive Care Installation (ICU/HCU).

PATH ANALYSIS RESULT

The data collected by using questionnaire as research instrument was then analyzed by executing PLS Path Modeling (PLS-PM) with smartPLS and generated the direct and indirect effects of variables. The result of direct effect among variable on table 3.

Table 3. Analysis of direct effect

Variable	β	tsig	table	<i>p-value</i>	Result
$X_1 \square Z$	-0.200	2.641	1.999	0.001*	Significant
$X_2 \square Z$	0.484	3.874	1.999	0.000*	Significant
$X_1 \square Y$	0.053	0.373	1.999	0.709	Insignificant
$X_2 \square Y$	0.161	2.039	1.999	0.009*	Significant
$Z \square Y$	0.420	3.610	1.999	0.000*	Significant

Note. * $p < 0.05$

According to the path analysis result shown, the structural equation can be constructed as follow:

$$\eta_1 = -0,200X_1 + 0,484X_2$$

$$\eta_2 = 0,420Z + 0,053X_1 + 0,161X_2$$

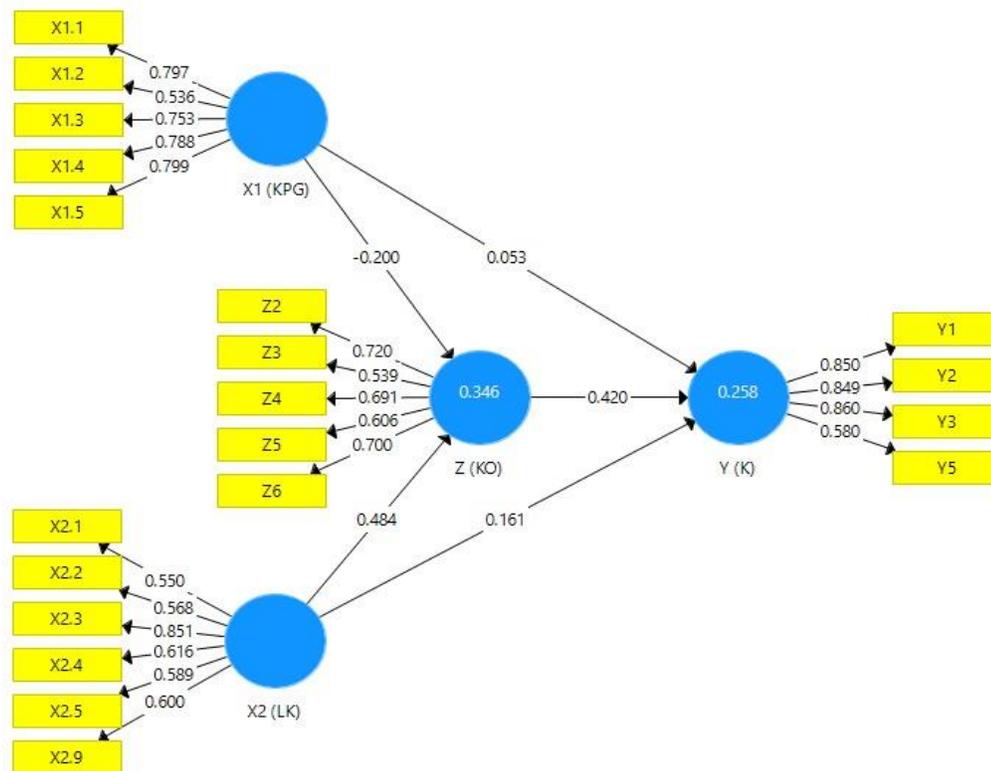
The results of the first hypothesis testing about the effect of multiple role conflict variables on organizational commitment generates a t-sig value of 2.641 with a t-table of 1.999 (t-sig > t-table), and the path coefficient value of the multiple role conflict variable on organizational commitment is -0.200 with $p < 0.05$, thus H1 is accepted and H0 is rejected. Meanwhile, the work environment variable is found to have positive and significant impact on organizational commitment (t-sig = 3.874, $\beta = 0.484$, $p = 0.00$). The third hypothesis examine the relationship between multiple role conflict and the performance of female nurses in Balung Hospital. The result demonstrates that multiple role conflict positively but insignificantly affects the female nurse performance. This phenomenon is concluded based on the *p-value* generated from the path analysis which has greater value than 0.05. Furthermore, the influences of work environment variable on the performance shows a positive and significant impact indicated by the value of $\beta = 0.161$ and $p = 0.009$. The last hypothesis test indicates that organizational commitment positively and significantly affects the performance of female nurses in Balung Hospital, Jember (t-sig = 3.610, $\beta = 0.420$, $p = 0.00$).

Table 4. Analysis of indirect effect

Variable	β	tsig	table	<i>p-value</i>	Result
$X_1 \square Z \square Y$	-0.084	2.077	1.999	0.019*	Significant
$X_2 \square Z \square Y$	0.204	2.174	1.999	0.003*	Significant

Note. * $p < 0.05$

Figure 2. Path diagram



Based on table 4, it can be seen that the multiple role conflict variable has a negative and significant effect on performance through organizational commitment as mediating variable. This result indicated by the value of $\beta = -0.084$, $t\text{-sig} = 2.077$, and $p = 0.019$ (< 0.05). The influence of work environment variable on performance through the organizational commitment as mediator is found to have a positive and significant impact ($\beta = 0.204$, $t\text{-sig} = 2.174$, $p = 0.003$).

6.DISCUSSION

The results of the Partial Least Square analysis of the effect of multiple role conflicts on organizational commitment show that the higher the multiple role conflict in the female nurse led to the decrease of the organizational commitment of female nurse, and vice versa. The difficulty in balancing roles in the household and roles as nurses will result in nurses being less committed to the organization. The results of this study support the research conducted by Legowo et al. (2020) and Lestari (2019) which state that multiple role conflict has a negative and significant effect on organizational commitment. The value of outer loading shown in figure 2 indicates that the lack of involvement of female nurses as wives is the most important indicator in multiple role conflict (loading value = 0.799). Based on the respondent responses in the questionnaire, which represents by the response scale average of 3.47, work pressure is also found to be an important indicator influencing the multiple role conflict variable. Furthermore, the indicator that has the most impact on the organizational commitment is the emotional attachment perceived by the female nurse (loading value = 0.720). That means the majority of female nurses feel they are essential for the organization. According to the questionnaire, the indicator affecting the organizational commitment variable is self-confidence in taking action (response scale average = 4.14). The female nurses feel confident that they always complete the nursing care appropriately. Based on the characteristics of the respondents, the majority of respondents are more than 35 years old and experience a period of adjustment where there are changes and declines in physical terms, self-interests, and relationships towards their partners. In addition, the majority of respondents have two children. Hence, respondents have other essential activities besides their work, such as raising their children and observing their growth and development. Basically, multiple role conflict is a difference of perception that causes a conflict of responsibilities between work life and family life. Female nurses over the age of 35, who have children, are more susceptible to have multiple role conflicts because they have to balance the roles of nurses and housewives.

The results of analysis show that the influence of work environment on organizational commitment is positive. That means, the improvement of work environment at the Balung Hospital induces the increase of female nurses commitment. These results support previous research conducted by Hanaysha (2016) and Subagyo (2019) which stated that the work environment has a positive and significant effect on organizational commitment. The indicator that influences the work environment the most is cleanliness with an outer loading value of 0.851. Meanwhile the respondents responses on questionnaire reveal that security is one of essential work environment indicator (response scale average = 4.04). The majority of respondents have a long working period of more than 11 years. This means that female nurses at the Balung Hospital have sufficient experience to carry out their duties as nurses. The long working period makes nurses accustomed to the working environment conditions in hospitals. Balung Hospital has rooms with good lighting, appropriate coloring levels, good hygiene, fresh air, noise free, and good security. These working environment at the hospital make the female nurses feel comfortable. Thus, the work environment in the hospital can improve a sense of loyalty from nurses and make female nurses committed to work at RSD Balung Jember.

According to the test result showed in table 1, it can be concluded that the multiple role conflict variable has a positive an insignificant effect on the performance of female nurses at the Balung Hospital. This means that the multiple role conflict of female nurses has less impact on their performance. The results of this study support the research conducted by Ismiati and Zusmawati (2020) and Sugianingrat et al. (2017) which stated that multiple role conflict has no significant effect on performance. The indicator that influences multiple role conflict the most is the lack of involvement of female nurses as wives with an outer loading value of 0.799. Meanwhile, the result of distributed questionnaire reveal that the work pressure indicator is an important indicator for multiple role conflict variables (response scale average = 3.47) which indicates that respondents feel pressured at work. The indicator of performance obtained from questionnaire also indicates that quality is essential indicator of performance (response scale average = 4.34). Furthermore, the indicator that affects performance the most is quantity with an outer loading value of 0.860. This result demonstrates that the majority of respondents always complete their work in accordance with the workload given. The analysis result demonstrates an insignificant effect of multiple role conflict on the performance. Indicates that the less existence of multiple role conflict does not significantly generate a better performance for female nurses at the Balung Jember Regional Hospital (RSD). There is a Standard Operating Procedure (SOP) that must be implemented by every female nurse. In addition, female nurses at the Balung Hospital have a desire to improve their performance to achieve more benefits from Balung Hospital. Therefore, the multiple role conflict does not affect her performance as a nurse.

The result of the path coefficient of the work environment impact on performance variable is positive and significant ($t\text{-sig} = 2.039$, $\beta = 0.161$, $p = 0.00$), which indicates that the better the work environment at the Balung Hospital, the better the performance of the female nurse. This finding supports the researchers conducted by Putri (2016) and Triastuti (2018) which stated that the work environment has a positive and significant effect on performance. A better work environment can generate the improvement of female nurses performance because they will feel more comfortable at work. Therefore, nurses can work optimally and complete the workload given. Furthermore, the last hypothesis test reveal that organizational commitment positively and significantly affects the performance of female nurses, which means the increase of organizational commitment generates the improvement of nurse performance. This finding is supported by the research of Sapitri (2016) and Muis and Fahmi (2018) which concluded that organizational commitment has a positive and significant effect on performance. The high level of organizational commitment can be proved from the average working period of female nurses, which is more than 11 years. Therefore, female nurses have sufficient experience to carry out their duties as nurses and to improve their performance.

The indirect effect analysis showed in table 2 reveal that the multiple role conflict has a negative and significant effect on performance through organizational commitment as mediating variable. This mediation is full mediation. Based on this finding, it can be concluded that the variable of organizational commitment mediates the effect of multiple role conflict on the performance of female nurses at the Balung Hospital. The increase of multiple role conflicts can reduce the organizational commitment of female nurses at the Balung Jember Hospital, thereby the performance of female nurses will also decrease. Meanwhile, the work environment has a positive and significant effect on performance through organizational commitment as a mediator. This mediation is a partial mediation. A good work environment at the Balung Hospital can directly or indirectly improve the performance of the female nurse. The indirect effect of the work environment variable on performance has a greater value than its direct effect which indicates that the variable of organizational commitment mediates the effect of the work environment on performance.

Therefore, a better work environment can deepen the organizational commitment of female nurses and it leads to the improvement of their performance.

7.CONCLUSION

The results of this study shows that the work environment variable is the most influential variable on the performance of female nurses at Balung Hospital. To maintain and increase the level of organizational commitment of female nurses to Balung Hospital, the hospital should maintain and improve a good work environment, such as improving lighting, room coloring, cleanliness, air freshness, noise, and security. Therefore, organizational commitment is maintained so that they can work optimally. Furthermore, the organizational commitment of female nurses can also be elevated by implementing discussion to absorb the aspirations of female nurses. The involvement of female nurses in decision making generates a feeling that they are important for organization. Accordingly, a sense of loyalty to the organization can also be grown.

Meanwhile, the multiple role conflict variable has the least influence on performance. To maintain pressure at work, hospital management needs to provide recreation or entertainment for female nurses. Hence, they are able to lighten the burden and improve their achievement in work. In addition, providing personal leave and work life balance are also believed to reduce the multiple role conflict because female nurses have time to rest and spend time with their family.

In this study, the data were collected mostly by using questionnaire as research instrument. Therefore, the data collected is still subjective and cannot reflect the real opinion of respondent. Further research needs to be conducted by considering another data collection method to have a more objective result. The mediating variable used in this study is limited to organizational commitment. Thus, it is suggested to future research to consider another variable, such as motivation, work stress, workload, and emotional intelligence.

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BIOGRAPHY

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ABUSIVE SUPERVISION AND EMPLOYEE’S OUTCOMES: MEDIATING ROLE OF ORGANIZATIONAL EXCLUSION

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Abstract

Based on social exchange theory and social identity theory, purpose of the current study is to examine the relationship of abusive supervision and organizational exclusion. Also, is to investigate the mediating role of organizational exclusion between the relationship of abusive supervision with organizational citizenship behavior and turnover intentions of employees. Total of 353 sample was collected through online questionnaire from full time employees of private universities in Pakistan. SPSS and AMOS are utilized to analyze the data of the proposed framework. The findings show that abusive supervision positively influence organizational exclusion. Further, the findings also exhibit that organizational exclusion mediates the relationship of abusive supervision with organizational citizenship behavior and turnover intentions of employees. This study recommended the empirical evidences and detailed understanding and provided the recommendations for supervisors and other managerial authorities to mitigate the abusive supervision and the feeling of exclusion to eliminate the employee’s negative outcomes. This study, is the first empirical study that explored the relationship between abusive supervision and organizational exclusion, and also, organizational exclusion as a mechanism between abusive supervision and employee’s outcomes. This study will enhance the present literature of abusive supervision and provides valuable in-depth understanding about abusive supervision and organizational exclusion.

Keywords:

Abusive supervision, organizational exclusion, organizational citizenship behaviors, turnover intentions, social exchange theory, social identity theory.

1. INTRODUCTION

Organizational supervisors influence employees to a great extent with the way they communicate and interact with them in the work place. One of the most alarming situation is the abusive management style of supervisors towards their employees and how they manage the power over them. Since 15 years, many scholars have studied about the impact of abusive supervision on the employees as a matter of interest. Abusive supervisors adversely trigger the mental and physical health of the employees, due to which studies in this area has increased (Ambrose & Ganegoda, 2020; Tews & Stafford, 2020). During the period starting from 2001 till 2015 about 228 studies were conducted on abusive supervision and to analyze its consequences in the workplace. Due to the constant abusive treatment from the supervisor, employee’s become annoyed, demotivated, this would increase the counterproductive work behaviors and work place deviance behaviors within the employees, the ultimate result would the high turnover rates within the organization (Tepper et al., 2017).

Abusive supervision is the maximum threshold as per the employee’s perceptions to which the supervisors would exhibit the hostile and aggressive behaviors verbally or non-verbally. This is the most destructive management style for the employees and organization both. This behavior varies with the situation due to which, it is a subjective analysis of each employee. Same employee can experience the abusive supervision in one situation and can experience non- abusive and friendly supervision in another situation (Tepper, 2000; Islam et al., 2020; Wang et al., 2020). Uncertainty regarding the supervisor’s behaviors emotional exhaust the employees, due to which they tend to delay the tasks and become unproductive (Raja et al., 2020) or could feel excluded from the workplace. Every organization works hard to make the employees feel that they belong to the workplace, they are valuable assets for the leaders and they hold importance during decision making. This feeling leads to employees being more productive, to have a longer commitment, high work performances, high profitability, low turnover rates and satisfaction (Rice et al., 2020). Supervision is directly connected to the employee’s behavior, response and attitudes in the workplace. Supervisors influence their subordinates through their leadership style (Rice et al., 2020). In accordance with the organizational

justice theory (Ambrose et al., 2002; Cropanzano et al., 2001; Lind & Tyler, 1988; Folger, 1994, 1998; Tyler et al., 1996) whenever supervisor becomes abusive or aggressive towards the employees, he devalues the employee's self-worth and the feeling of belongingness as a part of the organization. Discrimination, abusive, hostile supervision adversely affect the social needs of the employees, which is very critical for making the employees don't feel organizational exclusion (Shore et al., 2011). On the other hand, constant abusive and insulting supervisors force employees to feel that they don't belong (excluded) to the organization.

Organizational exclusion refers to the limit to which individual employee or group of employees anticipate that they are of no value, they are ignored and outnumbered by the supervisors within the organization (Hitlan & Noel, 2009). This feeling demotivates the employees and would build the bridge between the employee's skills to fulfill those task that would result in higher productivity for the organization (Hitlan & Noel, 2009). Abusive supervision could develop the feeling of organization exclusion because the employees sense that may be they are not greeted well or are unwanted in the organization due to which they show negative organizational citizenship behaviors and ultimately will abandon the organization in future. Organizational exclusion will lead to counterproductive work behaviors (i.e. negative organizational citizenship behavior and potential turnover intentions), because of the cruel and hostile supervisors in the organization (Hitlan & Noel, 2009; Rice et al., 2020). Organizational exclusion develops the attitudes and behavior of the employees when they belief that they are not allowed to fully participate in decision making process or can contribute to the organizations. This exclusion became the source for decreased organizational citizenship behavior and turnover intention (Hitlan & Noel, 2009; Rice et al., 2020).

Organizational citizenship behaviors include immense positive behaviors that employees show during their job tenure by completing extra tasks, helping out other colleagues, improving work efficiency, obeying all the organization's cultural norms, showing friendly and positive gestures, supporting the organization and its people. These behaviors are not enforced on employees rather employees show these behaviors willingly when they feel welcomed (organizational inclusion) in the organization (Bolino & Turnley, 2003). While these employee's behaviors could be reduces when they feel unwelcome (organizational exclusion). Whereas, turnover intentions are referred to as the attitudes and impulsive response to quit the job when they feel excluded and unwanted (organizational exclusion). Among young age employees, exclusion from important decisions is the main stimulator that develops the intentions to quit the job (shore et al., 2011; Rice et al., 2020).

Thus, the author's goal is to make certain literature contribution through this study. Firstly, the author integrates social exchange and social identity and exclusion literatures through exploring the abusive supervision and exclusion relationship from employee's perspective. Tepper et al. (2011) concluded that employees feel the sense of inclusion when they experience supervisor's treatments that shows that employees are unique and they belong in the organization. Thus, abusive supervision and other mistreatments of supervisors can improve our knowledge of organizational exclusion regarding what are the events, situations and behaviors that exist in workplace, which enhances employee's feel of organizational exclusion. Till now the exclusion is only viewed as the matter of connecting to the diversity, but as it opposition, the author recommend that exclusion is a matter of social exchange behaviors as well. Secondly, the author clarifies the meditating role of organizational exclusion in the relationship pf abusive supervision and work related behavioral outcomes. The main aim of this study is to propose that abusive supervision can be mirrored as an un-wanting and demoralizing experience (exclusion) that can cause employees to show negative citizenship behaviors and to quit the workplace. Lastly, it is interesting to note that bundle of literature has be researched on leadership behaviors in western countries. Nguyen, Sullivan Mort and D'Souza (2015) recommended that studies and theories derived in Western countries should also be tested in non-western countries. Testing and exploring theories in non-western countries that were developed in western countries will strengthen and validate the generalizability factor of these studies and theories. It will also help to boost up the confidence of researchers when they would apply those studies and theories in new and diverse context. To the end, to fulfill the suggestion of Nguyen et al. (2015), the author tested these relationships in non-western culture that is Pakistan. Moreover, in Pakistan the author has tested the model in higher educational sector (universities) only as this relationship and theory has not been tested in educational sector. This would also be a contribution in the literature of higher education studies.

2. THEORY AND HYPOTHESES DEVELOPMENT

2.1 SOCIAL EXCHANGE THEORY AND SOCIAL IDENTITY THEORY LENS

To examine the relationship between the abusive supervision and organizational exclusion, social exchange theory and social identity theory has been analyzed. Social exchange theory refers to the social interaction and exchange behaviors between two people to develop a relationship which can be destroyed when in supervisor- subordinate relation, supervisor exclude the employee from important tasks and will become hostile and aggressive towards them. This exclusion will adversely affection the citizenship behavior of the employee (Hitlan & Noel, 2009; Blau, 1964). Whereas, the social identity theory describe that this

exclusion will negatively impact the self-worth of the employee which would result in quitting the job, as employees measure their self-importance on the basis of inclusion in the group (Hitlan & Noel, 2009; Branscombe & Wann, 1994). According to the central idea of social exchange theory (Blau, 1964) and social identity theory (Branscombe & Wann, 1994; Tajfel & Turner, 1985; Ashforth & Mael, 1989) the author forward that abusive supervision is a depressing experience for the employees that adversely hit the employee perceptions regarding organizational exclusion. Rude and hostile supervisor's behaviors develop the feeling of unwanted or devalued in the organization. Employees perceive that they are not welcomed positively by the supervisor because of which their organizational citizenship behaviors are negatively influenced (negative citizenship behaviors) and they intend to become the future job quitters (high turnover intentions) (Rice et al., 2020).

2.2 ABUSIVE SUPERVISION AND ORGANIZATIONAL EXCLUSION

Hitlan and Noel (2009) proposed that organizational exclusion is the extent to which any employee or group of employees perceives that they are not included or ignored by their supervisors or other colleagues in the workplace. It states that where the exclusion is perceived or real it generated negatives behaviors within the employees. Similarly, Blau (1964) social exchange theories and other group of behavioral theories suggested that in social relationships both the persons involve in relationships should share information with each other to feel the belongingness. If any member will become negligent, the other member will perceive himself being excluded. Furthermore, as per Eisenberger et al. (2002); Shanock and Eisenberger (2006) organizational support or support from supervisors positively influence employees and therefore, absence of supervisor support through exclusion, will generate counterwork place behaviors that were previously related to absence of organizational support. William (1997) negative treatments from supervisor or colleagues greatly abolish the employee's perception of inclusion and makes him to feel excluded.

Abusive supervision is a type of mistreatment from the supervisors and is self-demoralizing (Rice, et al., 2020). Tepper (2000) explained abusive supervision as “employees’ perceptions of the extent to which supervisors engage in the sustained display of hostile verbal and nonverbal behaviors, excluded physical contact” (p. 178). Rice et al. (2020) states that abusive supervisor includes when a supervisor passes degrading comments or statements about the employees in front of the other members (destroying the feeling of belongingness; Tepper, 2000) and tell employees that whatever they feel and think is stupid (i.e., violating the feeling of being unique; Mitchell & Ambrose, 2007). Thus, the author can state that mistreatment in form of abusive supervision can negatively impact the employee's needs of being unique and belongingness (Bies & Moag, 1986; Tepper, 2000. 2007; Tepper et al., 2017; Tyler & Lind, 1992).

Employees face consistent assaults on their needs of uniqueness, self-efficacy, dignity and respect due to the bitter relationships between employees and abusive supervisors. These relationships are common to experience interpersonal conflicts of interest as well (Duffy et al., 2002). On the other hand, past research has affirmed a positive relationship between equal behavior towards employees and their perception of being appreciated (McAllister & Bigley, 2002). For instance, in past studies two different samples of school employees were investigated, as per Pierce et al. (1989) findings showed a negative association between supervisor's disrespectful behaviors and employees esteem. Based on the above discussion, we hypothesize that:

H1: abusive supervision will positively influence employee's feeling of organizational exclusion.

2.3 MEDIATING ROLE OF ORGANIZATIONAL EXCLUSION

Abusive supervision whether impulsive or strategic, normally generate adverse outcomes in workplace (Tepper, 2007; Tepper et al., 2012). Abusive supervision is a dark side of the supervisors which demoralize employees and make them to develop the feeling of organization exclusion. Employees sense that may be they are not greeted well or are unwanted in the organization due to which they show negative organizational citizenship behaviors and ultimately will abandon the organization in future. Hitlan and other researchers suggested that organizational exclusion will influence employee's citizenship behaviors and turnover intentions. Consequently, Cropanzano et al. (2001) concluded that when employees feel affiliated and connected to the organizations through the fair treatment from supervisors and when their primary emotional needs of being included in the workplace are fulfilled, employees engage in positive organizational membership behaviors which in turn proves to be beneficial for the organizations. On the other side, when the primary need of inclusion is eliminated and feeling of exclusion is developed through abusive supervision, employees will not engage in workplace membership behaviors, which results in negative outcome for the organizations. Precisely, feeling of organizational exclusion cause by abusive supervisions should minimize employee's wish to work hard for the organization to accomplish its objectives and increase the intension to quit the organization. We can say that employees who face abusive supervision will exhibit less organizational citizenship behaviors and will likely to abandon the organization (Tepper, 2007; Nishi & Mayer, 2009; Pierce & Gardner, 2004). To conclude the author can develop the

hypotheses that organization exclusion is the mediator in the relationship between abusive supervision and employees’ counterwork behaviors (i.e., employee’s organizational citizenship behaviors and turnover intentions).

H2a: Organizational exclusion mediates the relationship between abusive supervision and organizational citizenship behavior.

H2b: Organizational exclusion mediates the relationship between abusive supervision and turnover intentions.

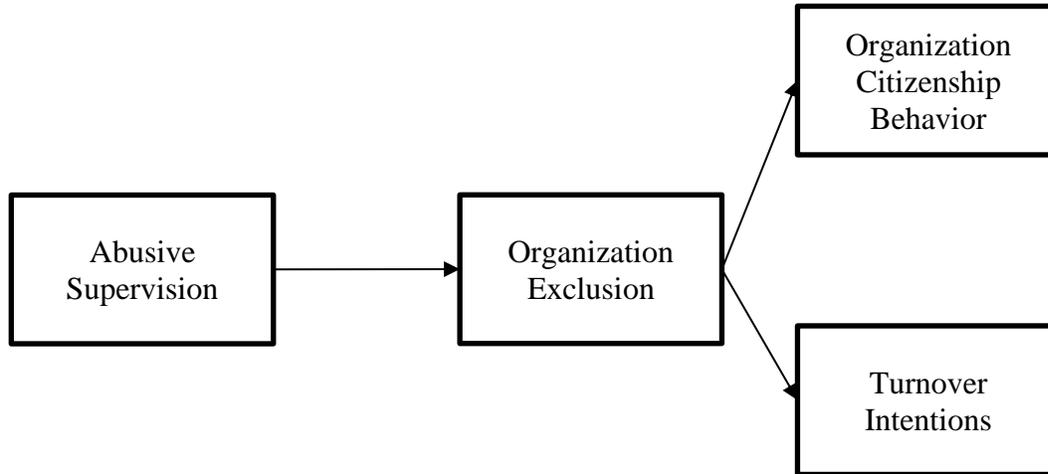


Figure 1: Proposed Model

3. METHODS

3.1 PARTICIPANTS AND PROCEDURES

The sample included 353 full time employees of private universities in Karachi, Pakistan participated in this study and collected data during the lockdown phase of May till July, 2021. The organizations included in the study were from higher educational sector. The authors conducted the survey through online questionnaires. The Human Resource departments was contacted for spreading the questionnaires among the full time employees. The questionnaires included the purpose and explanation of the study variables to make it clear for the respondents. The reasons for utilizing the online survey, were; firstly, due to the lockdown situations, the authors could not gather the data physically. Then secondly, online survey also ensures that the social desirability will be minimized and individual confidentiality will be confirmed (Cheyne & Ritter, 2001). All the required procedures were followed accurately to align with the relevant regulations.

Like other scholars (Mayer et al., 2009), the authors applied various statistical remedies and strategies to make sure that the data is completed with honesty and it is valid for data analysis. Firstly, the authors emphasized the importance of honest and valid data on the starting portion of the questionnaire. Secondly, the reverse coded items were integrated in the questionnaire within the variables to check that whether the participant have read every item carefully and responded accurately or they have just marked the answers without even reading the question. In order to make sure that the data have integrity, the authors also incorporated the Likert scale before start of every variable within the questionnaire to guide the respondents on how to answer what they feel (that is the respondents were needed to select from strongly agree to strongly disagree). The respondent’s demographics details are exhibited in the Table 1.

Table1 Respondents demographics

Variables	Classification	%
Gender	Male	59.8
	Female	40.2
Age (in years)	<28	26.6
	28-33	52.4
	33-39	17.0
	>39	4.0

Education	Bachelor	46.7
	Master	35.7
	Others	17.6
Experience (in years)	<1	27.8
	1-6	38.2
	7-12	24.1
	>12	9.9
Job type	Faculty	55.6
	Other staff	44.4

3.2 MEASURES

ABUSIVE SUPERVISION

Abusive supervision was measured on five-items scale, adapted from (Talat et al., 2020) which was developed by Mitchell and Ambrose (2007). This scale of items was also used in various studies like (Rice et al., 2020; Mitchell & Ambrose, 2007; Wang et al., 2012; Javed et al., 2019). Sample items includes, “My supervisor/head of the department tells me that my thoughts or feelings are stupid” and “My supervisor/head of the department gives me the silent treatment”. All of the five items were ranked on the five- point Likert scale whose range starts from 1 = (strongly Disagree) till 5 = (Strongly Agree). The value of Cronbach Alpha was 0.90

ORGANIZATIONAL EXCLUSION

This variable is measured on 6- items scale in which six-items were adapted from (Hitlan & Noel, 2009) and 1-item was adapted from (Mor-Barak & Cherin, 1998). This scale is also being used in past studies which include; (Hitlan et al., 2006; Walsh & Hitlan, 2008). The sample items of this variable are “Your supervisor/ head of the department not replying to your requests/questions within a reasonable period of time” and “Your supervisor/ head of the department do not interact with you at work”. The items were ranked on the five – point Likert scale whose range starts from 1= (Strongly Disagree) till 5= (Strongly Agree). The Cronbach Alpha value was .75.

ORGANIZATIONAL CITIZENSHIP BEHAVIOR

The variable was measured on twelve-items based scale adapted from (Williams & Anderson, 1991). This scale has also been tested in many studies like; (Rice et al., 2020; Bateman & Organ, 1983; Graham, 1986, Organ, 1988). The sample items of this variable are “I always give advance notice when unable to come to work” and “I help others who have been absent”. All of the items were ranked on the five- point Likert scale whose range starts from 1= (Strongly Disagree) till 5= (Strongly Agree). The Cronbach Alpha value was .83

TURNOVER INTENTIONS

Turnover intention is measured on three-items scale from which 3 items were adapted from (Lee et al., 2012) and 2 items were adapted from (Rice et al., 2020). The three item-scale is also being incorporated in studies like (Cook et al., 1981; Michaels & Spector, 1982). The sample items are “I often think about quitting” and “I will probably look for a new job in the next year”. All of the items of this variable were ranked on five- point Likert scale whose range starts from 1= (Strongly Disagree) till 5= (Strongly Agree). The Cronbach Alpha value was .80.

CONTROL VARIABLES

Past literature highlighted that the demographics variables have some impact turnover intention and organizational citizenship behaviors (Wang, Lee, & Wu, 2017). Therefore, demographic variables age, education, gender and the work experience are also controlled in this study.

3.3 DATA ANALYSIS

In order to validate this study’s measurement model, structural equation modeling (SEM) was applied by the authors through using AMOS software. According to the previous scholars AMOS software is the most accurate statistical tool, which incorporate the test of CFA confirmatory factor analysis along with the regression analysis that could be utilized to analyze the measurement model (Hair et al., 2010). As per the scholars, Von der Heide & Scott (2012), AMOS is not only used to develop a model for the latent variables but it is the statistical tool that demands proper criteria and requirements for validating the study model, only then it gives the graphical representation (Hair et al., 2011). Thus, the AMOS was used for hypotheses testing through CFA and path analysis.

4. RESULTS

4.1 MEASUREMENT TESTS

CMB (common method bias) was analyzed through the approaches of Podsakoff et al. (2003). Firstly, the CMB was evaluated by using the CFA confirmatory factor analysis in which the actual model was aligned with a common latent factor (CLF). CLF provided the output in which there was no variations in the factor loadings. Secondly, the Harman single factor test was run through which the results highlighted the first factor variance was 35.03% in the total variance that is explained by the test lower than the threshold limit of 50% (Harman, 1967). Hence, there was no issue of CMV in this study. Higher correlations that is ($r > 0.90$) among the variables, means that there is an issue of CMV in the study. Also, correlations result depicts that were no higher correlations among the variables in the study. Thus, common method variance was not a major problem in this study.

Table 2 Confirmatory Factor Analysis

Variables	Items	Factor Loadings	CA	CR	AVE
Abusive Supervision	ABS1	.730	.898	.900	.643
	ABS2	.771			
	ABS3	.852			
	ABS4	.860			
	ABS5	.788			
Organization Exclusion	OE1	.716	.912	.913	.638
	OE2	.788			
	OE3	.894			
	OE4	.865			
	OE5	.835			
	OE6	.673			
Organization Citizenship Behavior	OCB1	.676	.938	.938	.558
	OCB2	.738			
	OCB3	.734			
	OCB4	.701			
	OCB5	.746			
	OCB6	.741			
	OCB7	.782			
	OCB8	.773			
	OCB9	.744			
	OCB10	.770			
	OCB11	.765			
	OCB12	.784			
Turnover Intentions	T1	.891	.929	.929	.814
	T2	.918			
	T3	.898			

Note: CA=Cronbach's Alpha, CR=Composite Reliability, AVE= Average Variance Extracted

The reliability and validity (including discriminant and convergent) of the instruments was verified through Cronbach alpha, average variance extracted (AVE), composite reliability (CR) and item's factor loadings through the guidelines of Hair et al. (2007) and Fornell and Larcker (1981). The table 2 demonstrates the values of Cronbach Alpha, AVE, and CR for each of the variable which are higher than the threshold values and lie in the acceptable range of reliability and validity. Moreover, the factor loadings of every item were also in the acceptable range that lie above the threshold value of 0.70 and indicates that every variable have excellent convergent validity of scale (see Table 2). Whereas, the discriminant validity was examined through comparisons of the square root value of AVE and with the value of inter-correlation of every variable. The value of the square root of AVE of every construct must be greater than the inter-correlation value of each construct (Fornell and Larcker, 1981). Table 3, shows that every square root value of AVE is greater the inter-correlations values of every construct thus this proves that model have discriminant validity in the study.

Table 3 Descriptive statistics

	Mean	SD	1	2	3	4	5	6	7	8
1.Gender	1.60	.49	1							
2.Age	1.98	.77	-.115*	1						
3.Education	1.71	.75	.113*	.154**	1					
4.Experience	2.16	.94	.018	.015	-.006	1				
5.ABS	3.45	1.38	-.087	-.113*	-.019	.057	.820			
6.OE	3.18	1.50	.092	.085	.010	.097	.399**	.799		
7.OCB	4.96	1.27	-.014	-.013	-.004	-.035	-.333**	-.315**	.747	
8.TI	3.03	1.67	-.056	-.058	-.028	.004	.329**	.249**	-.445**	.902

Note: *. Correlation is significant at the 0.05 level (2-tailed). **. Correlation is significant at the 0.01 level (2-tailed). ABS=Abusive Supervision, OE=Organization Exclusion, OCB=Organization Citizenship Behavior, TI=Turnover Intentions. The bold values are the square root of AVE.

4.2 CORRELATIONS RESULTS

Inter-correlations of the study variables has been demonstrated in the Table 3. The findings recommend that every relationship are in the right expected direction. The results of the correlations also depict that no single demographic variable resulted in the significant relationship with the model variable and study. Thus, the main results of this study with have no influence if we test or do not test these control variables (Becker, 2005).

4.3 HYPOTHESES TESTING

The measurement model suggested that the model of the study is a good fit, meets every required threshold values and is acceptable (Hair et al., 2010; Hu & Bentler, 1999). The values of χ^2 (CMIN/df) = 2.988, CFI = .910, $p = .000$, SRMR = .048, and RMSEA = .075 depicts that the model of this study is acceptable. After the acceptance of the measurement model, it was converted into a structural model to validate whether the structural model is fit or not. The results of the structural model indicate that the structural model substantially attained the model fitness indices (χ^2 /df= 2.716, CFI=.922, SRMR=.085, and RMSEA=.070), as defined by Hu and Bentler (1999) and Hair et al. (2007). We then calculated standardized path coefficients using the maximum likelihood method in AMOS to confirm the proposed structured relationships (See Figure 2). Results confirm the positive effect of abusive supervision ($\beta = -.442$, $p < .01$) on organization exclusion, hence H1 supported.

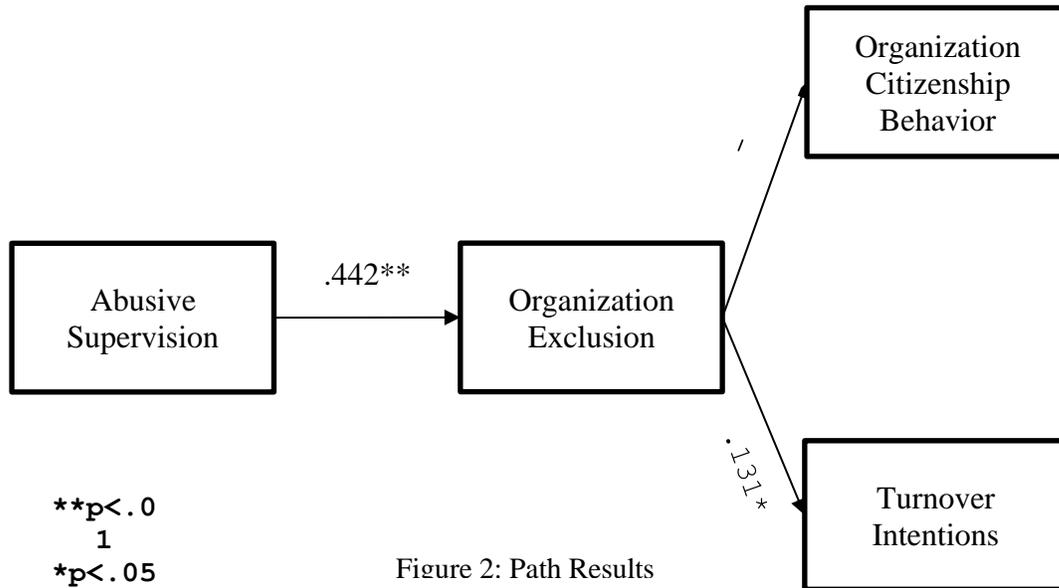


Figure 2: Path Results

To examine organizational exclusion, the indirect effect's bootstrap interval was calculated. The organizational exclusion mediates the relationship between abusive supervision and employee outcome behaviors (i.e. organizational citizenship behavior ($\beta = -.086$, bootstrap confidence interval $(-.127, -.052)$) and turnover intentions $\beta = -.086$, bootstrap confidence interval $(-.127, -.052)$) and as the values of $\beta = .056$, bootstrap confidence interval $(.020, .098)$), and there is no zero included between upper-bond and lower-bond which shows that the mediation effect on both the outcomes were significant hence, the H2a and H2b were also accepted.

Table 4 Indirect Effects

Path	Indirect effect	S.E	Lower-Bond Confidence Interval 95%	Upper-Bond Confidence Interval 95%	p-value	Decision
ABS → OE → OCB	-.086	.023	-.127	-.052	.005	Confirmed
ABS → OE → TI	.056	.023	.020	.098	.009	Confirmed

Note: ABS=Abusive Supervision, OE=Organization Exclusion, OCB=Organization Citizenship Behavior, TI=Turnover Intentions

5. DISCUSSIONS

The purpose of the study was to find out the impact of abusive supervision on organizational exclusion and to what extent the abusive supervision affects the feeling of exclusion from the workplace. The findings of this study concludes that abusive supervision has a positive influence on organizational exclusion. Results demonstrates that when supervisors become abusive and aggressive towards employees, they will likely to perceive it as unwanted and degrading experience. Moreover, the findings suggest that it is crucial to differentiate that whether that abuse is caused by impulsive or strategic source. The author found out that if the abuse is caused by strategic source, it can weaken the influence of abusive supervision on organizational exclusion. Secondly, the purpose was to investigate and explore the mediation effect between abusive supervision and employee's outcomes (citizenship behavior and turnover intention). This study also supports that organizational exclusion works as a mechanism between abusive supervision and organizational citizenship behaviors and turnover intention relationships (Tepper, 2007; Shore et al., 2011). We precisely investigated that organizational exclusion plays a role of a mediator between the relationship of abusive supervision and (1) organizational citizenship behavior and (2) turnover intentions. As such, the results propose that abusive supervision has the quality to create the unwanted feelings of employees in the workplace and thereby decreasing organizational citizen behaviors of employees and develop the intention to quit the job in future, because they feel excluded from the organization.

5.1 THEORETICAL IMPLICATIONS

There are several implications that can be concluded from the findings of this study for social behaviors (like, abusive supervision) and exclusion research. Firstly, the exclusion research is highly significant with the concept of abusive supervision as this theory is not been investigated yet. Moreover, organizational exclusion of employees considered as resultant of social exchange relations. Social exchange relations are when two individuals share important information with each and view each other as an in-group member (in our model supervisor - employee relation is being tested). This is the essence for developing relationships of employees with their supervisors and organization (Hitlan & Noel, 2009). If exclusion is treating diverse employees as they are being ignored or unwelcomed in organization, then social exchange behavior research can play an important part in improving our understanding and knowledge about exclusion. Secondly, this study supports to Mor-Barak and Cherin (1998) important idea of exclusion. Accordingly, exclusion is a degree/extend to which employees perceive and feel excluded from the important organizational matters and decisions and that they are unwelcomed by the organization through experiencing abusive treatments that violates employee's need of feeling belonged and unique.

Moreover, the findings of this cross- sectional study provide literature about new relationship of organizational exclusion with abusive supervision. Scholars who study abusive supervision have emphasized the importance of this type of study (Tepper et al., 2017). The findings recommend that the experience of exclusion of abusive supervision is perceived and felt distinctively. Investigating conditions and situations of abusive supervision through which it negative employees outcomes, is a foremost important step for moving ahead in this field of study (Martinko et al., 2013; Tepper et al., 2017). Additionally, recent law amendments in this area may make abusive treatments and behaviors an actionable severe offence due to which organizations may have to pay huge liabilities (Tepper, 2007; Yamada, 2004). Abusive supervisors not only make organizations suffer the cost

of their reputation in the market as being a place where employees feel inclusive, but it can also cost organizations to experience a liability due to the legal actions and consequences they may face.

5.2 PRACTICAL IMPLICATIONS

Letting abusive supervisors stay within the organization and not receiving any punishment for their behavior can be devastating to organizational culture, productivity, sustainability and effectiveness. This study suggests that mistreating and degrading employees who are also the member of organization, abusive supervision is negatively influencing the employee's organizational citizenship behaviors and turnover intentions. Huselid (1995) explored that when employee turnover rate is high and when employee productivity (organizational citizenship behavior) is low, they can mitigate the monetary performance of the organization as well. Other than these impacts and results of abusive supervision, studies provide evidence that the organizations face annual losses of about 23.8 USD billion as a consequences and outcomes of abusive supervision through low productivity levels of employees, more workplace turnover and increased costs of health care of the employees (Tepper et al., 2006).

Organizations are the one that place people on supervision positions. Because of this, organizations should promote and invest in training and development of these people and should teach them some human resources practices to make sure that they are recruiting and promoting the right candidates on supervisory positions. This claim is also supported through recent empirical literature. One quasi- experiment study that included employees and supervisors in restaurants sector, Gonzalez-Morales et al. (2018) examined the influence of supervisor's training programs on employee's feelings about abusive supervision. The findings suggested that training and development of supervisors on supportive techniques resulted in feeling of high level of supervisor's support and feeling of low level of abusive supervision. These findings were gathered after 9 months of training period whereas, the findings of a control group were different. This study along with our findings limelight the value and importance of supervisors that that they can develop a welcoming and pleasant organizational environment for employees.

6. LIMITATIONS AND FUTURE DIRECTIONS

Apart from these noteworthy findings, there are some limitations of this study that we should acknowledge. This study is based on cross sectional data that is taken in one point of time, so causality (the cause and effect) cannot be deduced from cross sectional data. Moreover, one of the common technique of variance might greatly influence the findings of this study (Podsakoff et al., 2003), peculiarly in a model that include organizational exclusion and employee's turnover intentions. Since that data collected for these variables by most important employees, but there are chances that the relationships of the models that are being tested, occurred an underestimation of the impact. Whereas, if any significant relationship impact is present in the model then it eliminates the risks associated with the common method variance, because relationship impact cannot be developed artificially through common technique variance (Siemsen et al., 2010). Another limitation is that the author included the items for measuring organizational exclusion that were related to exclusion caused by supervisor's mistreatment only. Remaining items of organizational exclusion measure related to co-worker exclusion, language exclusion and criterion exclusion are dropped by the author, testing the model based on whole measure would be beneficial.

With the above outlined limitations, the author proposes that the combining the field studies with experimental studies, most of the limitations should be addressed and resolved to a great extent, because of the complementary nature of combination of studies. Major problem of realism in experimental studies cannot be ignored, but the addition of field study along experimental study should eliminate the specific concern. Another major concern regarding the field study is that it incorporates the risks of reverse causality, for this the author suggests that the experimental studies should be conducted that provide cause and effect proof regarding the relationship of abusive supervision and organizational exclusion. Last but not the least, the author offers that although the questionnaire survey data inherent a common concern of social desirability, but this concern was eliminated and did not influenced the findings of this study. Consequently, the author offer that this study complements the study of Farh and Chen (2014) from the perspective of theoretical implications. On the other hand, Farh and Chen depended on several level supervisions theories in groups (Chen & Kanfer, 2006; Hackman, 1992), our conceptual framework was relied on social exchange behaviors. Furthermore, it is also noteworthy that Rafferty and Restubog (2011) conducted their testing of the model taken from the sample of a large commercial bank in Philippine context. The author offer that this study's findings are consistent with their findings as our model is tested on a non-western - Pakistani sample. Moreover, their study was conducted and limited to only one organization, whereas our model is tested on a wide and diverse number of organizations in same educational sector. The author also believes that through identifying any moderator related to supervisor- level also enhance the previous research that has investigated the abusive supervision and its outcomes.

7. CONCLUSION

This study puts forward a conceptual framework and developed the relationships between abusive supervision and organizational exclusion in the higher educational sector. Based on social exchange theory and social identity theory, this study provides the

empirical proved that abusive supervision leads to organizational exclusion. Furthermore, this study confirmed that organizational exclusion mediate the relationship between abusive supervision and employee’s outcomes. The findings of this study has offered worthy practical implications for higher educational sector and the educationists, managers, faculty and all other stakeholders, as they can develop their task’s guidelines on the basis of practical recommendations. These tasks can be linked with abusive supervision monitoring, feeling of exclusion and aiming to lower down the levels of organizational citizenship behavior and increased turnover intentions.

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DISRUPTIVE FACTORS AND CUSTOMER SATISFACTION AT CHAIN STORES

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Abstract

The aim was to determine the relationship between disruptive factors and customer satisfaction at the chain stores. In this study, a survey-based questionnaire and correlational analysis were designed to measure the findings. The primary focus was to estimate the factors that affect customer satisfaction at chain stores. The analysis of this study measured that product quality, pricing policy of chain stores, design and layout, responsiveness, and location of chain stores impart their role in customer satisfaction. This study found a significant relationship between the product quality and location of chain stores on customer satisfaction. This study determined that responsiveness, design and layout, and pricing of chain store products impart an insignificant role in customer satisfaction. However, it is proved that the location of chain stores and product quality positively impact customer satisfaction.

Keywords:

Quality, location of chain stores, responsiveness, design and layout, pricing, SPSS, Quantitative.

1. INTRODUCTION

1.1 BACKGROUND

The enhancement in online shopping and traditional shopping from physical stores force the retailers to give an excellent experience to their customers. Thus, retailers' knowledge of their customers has become the source of competitive edge for the retailers (Shi et al., 2020). To obtain a long-term and sustainable competitive advantage in the global market, the retailers need to create differentiation in their stores. In this way, they can increase the satisfaction level of their customers by providing them with an experience that is up to or beyond their expectations. In Pakistan, numerous retail chains are now growing in number over time. However, they face issues like lack of communication and unorganised setups that hamper their growth (Ahmad et al., 2013).

The past researchers have studied the impact of customer experience on their satisfaction level either in physical stores or in an online context. At the same time, this study integrates chain retailers (online and physical) and is mainly centred on past literature research. The researchers like Otto, Szymanski and Varadarajan (2020) have used the customer-delivered value theory in their study and revealed that customer satisfaction has mainly been influenced by these six factors: non-currency cost, service value, product value, personnel value, image value and currency cost. Soderlund and Sagfossen (2017) investigated the influence of efforts of suppliers and consumers on the level of customer satisfaction through different experiments. Levy and Gvili (2019) have researched in the context of e-commerce and revealed that customer satisfaction is highly influenced by product, value, and service delivered to them online while it is least affected by the security and other information collection features. The existing literature on several shopping situations concentrates on the factors that influence customer satisfaction in one case or some general few factors (Nisar and Prabhakar, 2017). These studies didn't focus on the differences among factors that influence customer satisfaction in terms of retail chains in Pakistan. Therefore, the present research aimed to analyze customer satisfaction by studying factors, i.e., "Product Quality, Responsiveness, Price, Store Location, Physical Design and appearance".

1.2 RESEARCH PROBLEM

The superstore or retail market has become one of the highly competitive markets in Pakistan, and it is highly profitable for anyone if they manage it right (Sumbal et al., 2019). As in this fast world, individual life has become so busy, and they don't have much time for shopping, so they prefer those stores where they get their essential products conveniently. That is one of the reasons for the remarkable expansion of the retail chain in Pakistan. In Karachi, the roads are bustling, and it becomes very tough for people to move from one place to other for shopping, so they prefer to shop from one departmental store where they find all the essential items. Moreover, consumers mostly prefer the stores that provide quality products and the best personnel services (Ashraf and Siddiqui, 2020). One of the biggest retail chains in Pakistan has closed some of its outlets due to some critical issues, but the researchers have provided no attention to them.

Moreover, there are very few research in the Pakistani context that investigated the relationships between customer satisfaction and disruptive factors which impact it. Therefore, the gap is still existing in this field. Consequently, the present study is aimed to fill this gap in the literature.

1.3 PURPOSE OF RESEARCH

Customer satisfaction is the fundamental indicator of the sustainable competitiveness of retailers. The primary purpose of this research is to investigate the relationships among the variables from the perspective of customers and level of customer satisfaction and the factors that influence the satisfaction level (for instance, "Product Quality, Responsiveness, Price, Store Location, Physical Design and appearance"). Moreover, the research aims to aware the retailers of the factors through which they enhance their customer satisfaction and competitiveness.

The main objective of this research is to find out the impact of different factors which impact customer satisfaction in terms of retail chains of Karachi, Pakistan. Following are the sub-objectives of this research:

- RO1: To find out the impact of Product Quality on customer satiation of retail chains.
- RO2: To determine the impact of responsiveness on customer satiation of retail chains.
- RO3: To determine the impact of price on customer satiation of retail chains.
- RO4: To find out the impact of Store Location on customer satiation of retail chains.
- RO5: To find out the impact of Physical Design and appearance on customer satiation of retail chains.

1.4 RESEARCH SIGNIFICANCE

This research will be significant for sales and marketing managers who can apply these concepts and results in their retail chain stores to increase their marketing strategies. This research is based on customer perception to understanding the real needs and preferences of customers in shopping from retail chains in Karachi. With these findings, they can improve their sales and marketing strategies. They will be able to identify and implement the needed strategies to enhance customer satisfaction and increase retail chains' sales, which will result in high revenues. The management can apply these factors "Product Quality, Responsiveness, Price, Store Location, Physical Design and appearance" can be adjusted to match the customer demand.

2. LITERATURE REVIEW

2.1 RELEVANT THEORY

2.1.1 COGNITIVE DISSONANCE THEORY

According to Payton et al. (2003), the theory of Assimilation has various aspects. First, in theory, the theory identifies a significant relationship between the expectations of customers and their satisfaction level. Second, the approach also supposes that customers' expectations can be influenced by a motivation that the product will perform well. The concept of cognitive dissonance refers to the uncomfortable feelings experienced by individuals when they hold two conflicting ideas in their minds simultaneously (Kim, 2011). The cognitive theory of dissonance states that individuals should be motivated to lessen their dissonance, as motivation influences their beliefs, attitudes, and behaviours. Festinger originally proposed cognitive dissonance in 1957, and the researchers adopt it very quickly for researching consumer behaviours. While the theory of cognitive dissonance proposed by Festinger in 1957 explains the relations among individual cognitions. According to this theory, people have different propensities to pursue

consistency in their cognitions such as beliefs, behaviour, etc. The dissonance occurs when there is something contradictory among attitude and behaviour. Therefore, the change is needed to remove this dissonance. The attitude is more likely to change to accommodate specific behaviour. In the context of shopping, the discomfort that buyers often experience after making the purchase can be described as dissonance. The customers avoid disharmony by using various factors and can result in satisfaction. However, when they are not satisfied, it can create dissonance. Organisations tend to change their attitude toward customers by providing certain benefits (Sharifi and Esfidani, 2014). This research is based on the identification of such factors which are beneficial for the customers and enhance their satisfaction level.

2.2 CUSTOMER SATISFACTION

Abril et al. (2009) stated that customer satisfaction is an overall feeling towards a product supplier. It is an emotional reaction about the customer's expectation about the product and what they get to satisfy their need. Bateson and Hoffman (2011) stated that satisfaction is the feeling of delight, pleasure, excitement, or disappointment experienced by the individuals when they compare the product's actual performance with their expectations. Satisfaction can also be described as the contentment individuals feel when their needs, expectations, or desires are fulfilled. Moreover, the variable customer satisfaction is also measured by how much the customers are happy with the products or services of retailers (Angelova & Zekiri, 2011). Companies get many benefits when their customers are satisfied with their services. Satisfied customers stay loyal to the company and spread positive word of mouth about a brand to their friends and family. As per the recommendations of Abril et al. (2009), customer satisfaction is an overall estimation of product or service utilisation and performance.

According to Bateson and Hoffman (2011), the level of customer satisfaction can be measured by comparing the product/service's actual performance with the customer's expectations about the product/ service. The success of any enterprise can be determined by the satisfaction level of their customers, as the main focus of organisations is to serve their customers more efficiently than their competitors (Solimun and Fernandes, 2018). The long term and sustainable survival of any business don't entirely depend on the revenue that they generate from their sales. Still, it also depends on their abilities to serve their customers. Thus, the businesses that serve their customers with superior value are more efficient in satisfying their customers. Satisfied customers prove the essential asset of any enterprise (Tseng and Wu, 2014).

As per a consensus, customer satisfaction is the response to their emotions. Ganesan argued that satisfaction is an attitude of the customers that have been derived from their past experiences and sets positive or negative emotional response based on these experiences (Chang et al., 2015). The satisfaction of customers is an emotional response that their purchases have developed. Orel and kara (2014) have researched customer satisfaction in the service industry and found that satisfaction results from service quality and whether it fulfils customers' expectations. According to Park et al., organisations have established long-term and sustainable relationships with their customers with the tool of customer satisfaction. There are very few businesses that have succeeded in a competitive market without such sustainable relations. Krystallis and Chrysochou (2014) depicted that the most important factors that influence the well-being of any enterprise are their customer's loyalty and the satisfaction that customers get after purchasing such a brand. Therefore, it can be concluded that customer satisfaction is the difference between their expectations and the actual value that they receive from purchase.

2.3 HYPOTHESIS DEVELOPMENT

2.3.1 PRODUCT QUALITY AND CUSTOMER SATISFACTION

One essential factor that significantly influences customer satisfaction is the product / service quality provided to customers at retail stores. Gilmore (1974) stated that product quality is its capacity to satisfy customers' specific desires. Product quality can be measured by the features and advantages that are associated with the product (Ishaq et al., 2014). Therefore, product quality has been considered as one of the core determinants of customer satisfaction. So, the researcher can hypothesise that:

H1: The higher the level of product quality, the more the level of customer satisfaction

2.3.2 RESPONSIVENESS AND CUSTOMER SATISFACTION

Responsiveness can be defined as the staff willing to serve their customers better and be helpful and available when they require service. The customers also expect the retail outlets to address them adequately and ensure the availability of essential items. When the staff is more careful and responsive towards their customers and address their needs quickly with courtesy, the customer satisfaction level will increase (Iberahim et al., 2016). Therefore, the researcher can hypothesise that:

H2: The higher the level of responsiveness, the higher the level of customer satisfaction

2.3.3 PRICE AND CUSTOMER SATISFACTION

The price structure of the retail stores also has a significant influence on the customer satisfaction level as the price can attract or repel customers. Moreover, the price is also an indicator of product or service quality. Customers mostly expect high value from the product or services that have been tagged with high prices. Similarly, suppose the prices are low from expectations. In that case, it raises questions about quality in the mind of customers as the competition among the retail stores are very high in Bangladesh, which enables the customers to establish the reference prices. The internal reference prices are those prices set in the customer's memory about a product or service, and they compare this price with the actual price (Triatanto, Nirwanto and Razak, 2016). Therefore, the retailers and companies must be careful while setting the price so that it may not exceed the one already set in customers' minds to avoid the negative deviation. Therefore, the researcher hypothesises that;

H3: Pricing policy of the stores affects satisfaction level of customers

2.3.4 STORE LOCATION AND CUSTOMER SATISFACTION

Customers think very cautiously when they are going to make any purchase from some retailer. They usually prefer to shop from those places where they get most convenience such as car parking, availability of most essential items etc. Because of the large population of Dhaka, the convenience and availability of essential items at one store are mostly preferred by people. Because the city mostly faces traffic jams, people like to buy from those stores where they reach easily and get all of their desired items (Rana, Osman and Islam, 2014). Thus, the researcher hypothesises that:

H4: The better the store location, the higher the level of customer satisfaction

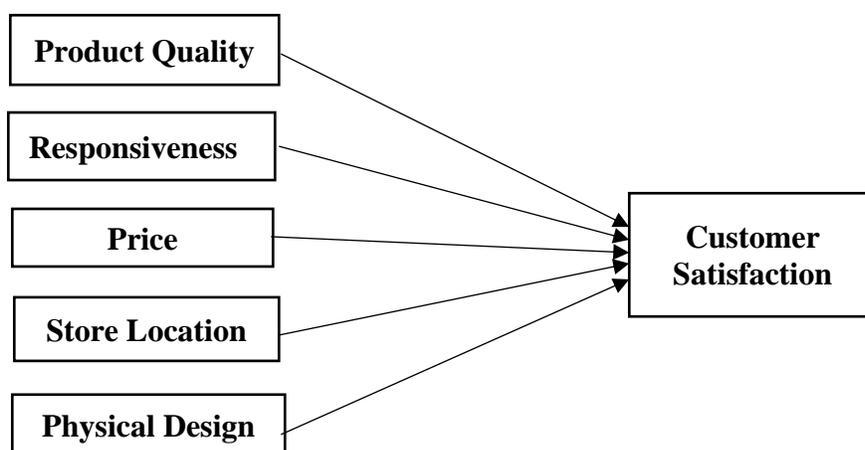
2.3.5 PHYSICAL DESIGN AND CUSTOMER SATISFACTION

The physical appearance of a retail store and the staff provides a great hint about the store's service quality to its customers. The outlets having eye-catching and attractive appearances can easily attract the customer's attention. If the outlet's design is unique and novel, then the customers take very little time to find such a store and make revisits just because of the physical appearance of the outlet (Sürücü et al., 2019). Therefore, the researcher hypothesises that:

H5: The better physical design of chain stores increases customer satisfaction

2.4 RESEARCH MODEL

Following is the research model, which shows the relationship of independent and dependent variables.



3. METHODS

3.1 RESEARCH DESIGN

The researchers use various research methods to conduct their studies, such as descriptive research, casual and exploratory research. However, the descriptive research method has been used in this study to describe the research question in detail. Descriptive analysis refers to collecting data and information about the specific situation for interpretation purposes (Armstrong

and Keller, 2006). The significance of this type of research depends on the sample selected by the researcher to collect valuable information about the research objectives. Based on this justification, the researcher perceived that descriptive research is one of the most reliable ways of data collection and measuring the relationship among study variables. To collect primary data, the researcher used the survey technique and distributed the questionnaires among the respondents (Hashmi et al., 2020a). Therefore, to know the customer's satisfaction with shopping, the researcher incorporated several factors in questionnaires.

3.2 RESEARCH APPROACH

The research approach that the researchers use for analysis is either qualitative, quantitative or both. In this study, the researcher used the quantitative technique to collect the data from the selected sample (Rashid, 2016; Al-Wareth et al., 2021; Das et al., 2021). The quantitative research method includes the subject's numbers and helps to generalise the results. This approach produces accurate results with greater objectivity. According to Kothari (2004) and Haque et al. (2021), the researchers mostly use quantitative methods in their studies to statistically analyse their data. The investigator can quickly evaluate the data that is gathered from respondents through different statistical techniques. Further, the researcher utilized the questionnaire to gather the information and data from the selected respondents (Rashid & Amirah, 2017; Hashmi et al., 2020a; Rashid et al., 2021).

3.3 POPULATION AND SAMPLE SELECTION

Data has been gathered from the customers of different retail chains of Karachi, which is basically a merchandising retailer, and its headquarters is in Pakistan. The population for this research is all the customers of all branches of retail chains. Therefore, it accurately represents the population and is not over or under-represented.

SAMPLE SELECTION IN RESEARCH

The data has been collected through questionnaires with a sample size of 250. These are the customers of retail chains, and the random sampling method has been utilised in this research (Rashid et al., 2019; Hashmi et al., 2020b). Moreover, the researcher used this method to generalize the results more accurately (Hashmi & Tawfiq, 2020; Rashid et al. 2020). Based on this justification, the researcher selected the sample based on randomness.

3.4 INSTRUMENT OF DATA COLLECTION AND SAMPLE SIZE

Primary data was collected from primary sources. Depending upon the nature of the research, primary data collection can be carried out through interviews or survey (Hashmi et al., 2020c). The study's main objective was to collect the data from the consumers of retail chains in Karachi to check their satisfaction. The researcher conducted the survey and distributed questionnaires among the 250 shopping mall customers and collected their responses. According to Hashmi et al (2020d), the sample of 200 is sufficient to generalized the analysis results.

3.5 STATISTICAL TECHNIQUE

To analyse the data that has been obtained from questionnaires, the researcher used the SPSS as statistical tool. Further, the researcher performed inferential statistics in order to make inferences about the selected sample (Bateson and Hoffman, 2011). The researcher also used the Pearson Correlation matrix to check the correlation among the research factors and test the hypothesis that is a parametric technique and measures the association and relation between two study variables.

4. RESULTS

The reliability analysis of any given research is considered extremely important as it ensures that each constructor of the variable used in this research, either dependent or independent, holds reliability. This is represented through the value of Cronbach's alpha using the number of items each construct has. If the value is above 0.7, then the construct is said to be reliable (Hashmi et al., 2020a; b). In this study, the independent variables of this research are Store Location, Pricing factor, Product Quality, Physical Design, and Responsiveness, while the dependent variable of this research is Customer Satisfaction. Table-1 expressing that the Cronbach's alpha value $0.94 > 0.70$ that means the Following are the results obtained through reliability statistics:

Table-1: Reliability Statistics

Cronbach's Alpha	N of Items
.940	24

A variety of tests has been performed to analyze the relationship between independent and dependent variables including the Pearson Correlation. The results of Pearson Correlation matrix are shown in Table 2 that expressing the moderate to high correlation between each variable ranging from 0.497 to 0.783 with significant *p* values. This means that each variable is correlated with the other and validates the developed hypotheses (Rashid, 2016).

Table-2: Correlations

		PD	PF	PQ	RS	SL	CS
PD	Pearson Correlation	1	.614**	.616**	.783**	.674**	.593**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	200	200	200	200	200	200
PF	Pearson Correlation	.614**	1	.497**	.636**	.650**	.538**
	Sig. (2-tailed)	.000		.000	.000	.000	.000
	N	200	200	200	200	200	200
PQ	Pearson Correlation	.616**	.497**	1	.712**	.659**	.651**
	Sig. (2-tailed)	.000	.000		.000	.000	.000
	N	200	200	200	200	200	200
RSP	Pearson Correlation	.783**	.636**	.712**	1	.650**	.631**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	200	200	200	200	200	200
SL	Pearson Correlation	.674**	.650**	.659**	.650**	1	.671**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	200	200	200	200	200	200
CS	Pearson Correlation	.593**	.538**	.651**	.631**	.671**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	200	200	200	200	200	200

** . Correlation is significant at the 0.01 level (2-tailed).

In the Table 3, the model summary showing that there are three components discussed to understand the model fit for independent and dependent variables: R, R-square, Adjusted R-Square and Std Error of Estimate. It is observed that the value of R-square is often used to imply the independent variance variables have the impact on the dependent variable. At the same time, the adjusted R-square implicates the adjustment of error and external factors and depict the variance or impact accordingly. The table 3 represents those independent variables (Store Location, Pricing factor, Product Quality, Physical Design, and Responsiveness) predicts the dependent variable (Customer Satisfaction) by 54%. The adjusted R square values is adequate and fulfilling the test assumptions (Rashid, 2016).

Table-3: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.742 ^a	.551	.539	.58327

a. Predictors: (Constant), SL, PF, PQ, PD, RSP

After the regression analysis, the Table 4 indicates the results of ANOVA that is used to ensure the reliability of the relationship between independent and dependent variables by using the value of F. On the other hand, the value of sig is used to indicate if the relationship between independent and dependent variables is significant or not. The results are showing that the value of F is 47.529, which implies that the relationship between independent variables (Store Location, Pricing Factor, Product Quality, Physical Design, and Responsiveness) and the dependent variable (Customer Satisfaction) is reliable and is significant as the *p* value is $0.000 < 0.001$.

Table-4: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	80.849	5	16.170	47.529	.000 ^b
	Residual	66.000	194	.340		
	Total	146.849	199			

a. Dependent Variable: CS

b. Predictors: (Constant), SL, PF, PQ, PD, RSP

Table 5 showing the coefficient values with *p* values and expressing that PQ (product quality) and SL (store location) has a significant effect (*p* value < 0.05) on CS (customer satisfaction); whereas PD (product design), PF (Pricing Factor), RSP (Responsiveness) have insignificant effect (*p* value > 0.05) on CS (Customer Satisfaction).

Table-5: Coefficients

Model		Unstandardised Coefficients		Standardised Coefficients Beta	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.397	.266		-1.491	.138
	PD	.056	.079	.059	.715	.476
	PF	.088	.082	.074	1.075	.284
	PQ	.332	.091	.271	3.669	.000
	RSP	.141	.090	.142	1.568	.119
	SL	.430	.106	.312	4.044	.000

a. Dependent Variable: CS

Table 6 indicating the hypotheses summary and expressing that the H1 and H4 are accepted by the results whereas, the hypotheses H2, H3, and H5 are rejected.

Table-6: Hypotheses Assessment Summary

Hypotheses		p-Value	Result
H1	The higher the level of product quality, the more the level of customer satisfaction.	.000	Accepted
H2	The higher the level of responsiveness, the higher the level of customer satisfaction.	.119	Rejected
H3	The pricing policy of the stores affects the satisfaction level of customers.	.284	Rejected
H4	The better the store location, the higher the level of customer satisfaction.	.000	Accepted
H5:	The better physical design of chain stores increases customer satisfaction. Rejected	.476	Rejected

5. DISCUSSION AND RECOMMENDATION

5.1 DISCUSSION AND IMPLICATIONS

The results of this study concluded that multiple factors affect customer satisfaction. The product quality and store location impart an important role in customer satisfaction. The study determined that multiple factors that affect the customer satisfaction of chain stores are technology, product quality, services, personal interaction, physical appearance, and convenience of people. The supply of products to the customers is the main factor that enhances customer satisfaction at Karachi chain stores. Product quality can be measured by the features and advantages that are associated with the product. The better location of the chain store also imparts an essential role in customer satisfaction. When the store is present at a better location, customers' satisfaction increased. In contrast, the inappropriate location of the stores decreases the customer satisfaction.

This study provides knowledge about the various disruptive factors affecting the customer satisfaction of chain stores in Karachi. There are five variables taken in this study: product quality, responsiveness, better location, physical design, and pricing policy of chain stores and their effect on customer satisfaction in Karachi. Based on these variables, five hypotheses were formulated to measure the impact of all these factors on customer satisfaction at chain stores. The two hypotheses from these were accepted that show a significant relationship with customer satisfaction. However, the insignificant relationship exists between the responsiveness, pricing policy, and physical design of the chain store at customer satisfaction considering Karachi. Product quality was an important factor that imparts a pivotal role in the customer satisfaction of the chain stores. The quality of service is a major aspect of customer satisfaction, and multiple researchers have focused that service and product quality imparts an important role in customer satisfaction (Rashid, 2016). Further, product quality plays vital role to retain the customer loyalty of chain stores (Ishaq, 2014)

A better store location is another factor that enhances the customer satisfaction of chain stores. The location of chain stores imparts an important role on the satisfaction of customers because the purchasing of products is majorly focused on the location of a chain store. The location of chain stores is mainly important for the customers because most of the customers prefer purchasing from those stores which are more convenient, such as car parking and other factors essential for customers' convenience. Rana, Osman, and Islam (2014) determined that customers prefer to purchase from those stores present at better places and away from traffic. There is a positive relationship between the attractiveness of the retail activities and the location of the retailers because there are two main places for retailers such as commercial streets and commercial malls. The stores present at commercial streets are less convenient for the customers than those at commercial malls. Thus, the customers prefer to purchase the goods and services from the stores of commercial malls and a well-reputed place compared to the street because customers are more satisfied with the products of stores at commercial malls and well-reputed places compared to streets.

5.2 IMPLICATIONS, LIMITATIONS, AND RECOMMENDATIONS

There are few limitations present in this study, but the main limitation of this study was the time constraints and the cost. Further, the study is geographically limited to the region of Karachi, Pakistan. Therefore, in other regions the findings may differ in context of study implications. Lastly, the pandemic and lock down situations also affected the study as the study was limited to collect data from small sample size.

There are some recommendations about the disruptive factor such as the location of stores and product quality to enhance customer satisfaction; but the other variables should not be ignored as the factors and their implications may differ geographically. Further, research could be done on post pandemic effects on sustainability, logistically operations with emerging trends, and operational efficiency through lean-six sigma.

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QUANTIFYING THE MODERATING EFFECT OF SERVANT LEADERSHIP BETWEEN OCCUPATIONAL STRESS EMPLOYEE IN-ROLE AND EXTRA-ROLE PERFORMANCE

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Abstract

The study examined the effects of occupational stress on employees' performance and extra role performance (OCB) moderated by the servant leadership of the supervisor. As many studies have indicated a significant impact of servant leadership on employee work related behavior. Therefore we aimed to examine the role of occupational; stress in the context of public and private sector of Pakistan. A multi-source cross sectional field survey was conducted including diverse sample (N=286 paired responses). The study applied SPSS (22.0) to conduct the analysis and result revealed that stress has drastic effect on employees 'performance and (OCB). Main and moderated regression analysis indicated that inverse relationship between stress and employee performance can be decreased to some extent by inducing the managers servant leadership behavior. Therefore, that managerial approach should be adopted by taking into consideration some factors like organizational/regional culture and individual values.

Keywords:

Occupational stress, Servant leadership, in-role performance, Organizational Citizenship Behavior (OCB), Pakistan.

1. INTRODUCTION

Leaders are viable source that influence the organizational and employee performance (Grojean et al., 2004; Ng, Koh and Goh, 2008 and Zehir et al., 2011). Leadership is an ongoing process that could be altered by management as per requirement (Ehigie & Akpan, 2004). As revealed by Mullins (1996) leadership is a relationship between a person influencing and being influenced. At organizational level leadership is considered key to success (Gupta, et al., 2005; Moreno, Morales, & Montes, 2005). Researches emphasized that effective leadership can enhance the individual employee performance through providing support and motivation that ultimately boost organizational performance (Mumford et al, 2002; Bono & Judge, 2003; Gillespie & Mann, 2004). Therefore, leadership style has immense significance for success by being participative, supportive, transmitting empowerment and transforming their members (Senge et al., 1994; Politis, 2003; Jabnoun & Al-Ghasyah, 2005 and Moreno, et al., 2005).

In this regard the concept of servant leadership given by Greenleaf (1977) comprises of listening, healing, empathy, awareness, persuasion, foresight, building community stewardship, commitment to the growth of people, helps not only for the individual and organizational development (Melchar & Bosco.2010) but also works toward building a learning organization where each individual can be of distinctive value. Moreover Service-oriented approach of servant leadership motivates employees to perform efficiently (Dirks & Ferrin, 2002). Servant leadership is an exclusive approach of leadership philosophy flow against the morsel of self-interest human behavior. As stated by McMinn (2001) effective leaders achieve the desired outcomes by maintain a healthy interpersonal relationship with their employees. Previously servant leadership construct has been studied

in terms of employee empowerment, their growth and for the betterment of organization as a whole in the developed countries (Laub, 1999; Beazley, 2002; Sashkin & Sashkin, 2003 and Russell, & Patterson, 2003).

To further elaborate the concept servant leadership, it is decided to study this construct in the context of Pakistan that is developing and also an Islamic country as it is revealed by Badawai and Beekun (1998) that principles underpin by servant leadership are already existing in the teaching of Islam that gives strength to test servant leadership in order to mitigate the negative effects of occupational stress on employee performance. The leadership style exhibited by Prophet was to empower and care for others that is a source for leaders to analyze his way of leading and unifying people (As-Sibaie, 2005). Reviewing the traditional Islamic way of leadership Abdulla and Al- Homoud (2001: p, 509) stated that, leader is “moderate, consultative, forgiving, honorable, abiding by his promises, honest, humble, patient, and to hold non-materialistic and ascetic values”. Also, Islamic way of leadership is to serve as a guardian /trustee for the betterment of people (Abdalla & AlHomoud, 2001). Therefore, as the approach of servant leadership brings together the service and its implication for all and awareness of the basic spiritual values and how to serve those values to others like colleagues, the organization, and society at large. So, service here is not a special case of leadership, but fairly a special kind of service guided by spirituality. Servant leadership construct comprises of helping others by discovering their inner feelings, grossing their trust, serving and listening their needs (Greenleaf’s (1977) given four cores of servant leadership model including (i) sacrifices, (ii) inspires commitment to a worthy cause, (iii) teaches others that ends and means are inseparable, and (iv) introduces the world of relationships. Also stated by Spears (1997), “that the best leadership is not provided by those who seek leadership roles but, instead, by those with a compelling vision and a desire to serve others first”, and servant leaders are the one who put their subordinates first (Liden et al. 2008). Therefore, the current study aims to extend the existing body of knowledge on servant leadership by inducing the role of servant leadership as moderator between occupational stress and employee performance in different organizations of Islamic Republic of Pakistan where official religion is Islam and principles of servant leadership having similarities with Islamic way of leadership seems more relevant in Pakistani context. Organizational sustainability is linked with employee performance (Firth et al, 2004) and because of stress employee performance declined (Villanueva & Djurkovic, 2009). As stress induce the negative feelings regarding the workplace and hinders their capacity to utilize their best potential (Tepas & Price, 2001; Halbesleben & Bowler, 2007).

2.REVIEW OF LITERATURE AND HYPOTHESIS

2.1SERVANT LEADERSHIP

Greenleaf (1970) has introduced servant leadership concept. The focus of this approach of leadership is serving employees rather ruling on them (Sendjaya, Sarros, & Santora, 2008). The primary focus of servant leadership is to groom employees according to the requirements of organization (Page & Wong, 2000; Patterson, 2003; Sendjay, Sarros & Santora, 2008). Researchers differentiated the servant leadership style from the other leadership styles (Patterson, 2003) because of its prime focus on employees’ satisfaction (Anderson, 2005). As revealed by Lrving (2005) that servant leadership enhanced the efficiency of the team in United States). As positive workplace environment is ensured through the people-oriented approach by servant leadership style (Spears & Lawrence, 2002) that facilitates the employee career growth (Liden et al, 2008) by polishing their skills (Stone, Russell & Patterson, 2004). Developing good interpersonal relationships and inducing a pleasant workplace environment are the main features of servant leadership style (Herbert, 2004). These traits stir up trust among employees and enhance their commitment with the organization (Whetstone, 2002; Luthans & Avolio, 2003; Reinke, 2004).

2.2 OCCUPATIONAL STRESS AND PERFORMANCE

The phenomenon of stress has been described in different way, Selye (1974), explained stress as unspecified reaction of the body to an outer agent. Park and DeCotis (1983) described job stress as a particular individual’s awareness or feeling of personal dysfunction as a result of perceived conditions or happening in the work settings. Salami (2010) revealed occupational stress as the occurrence of unpleasant negative emotions such as tension, anxiety, frustration, anger and depression resulting from aspects of work Morrison (1994) acknowledged that performance of an employee included both i.e. in-role performance (assigned job) and extra-role performance (OCB). Employee in-role performance is described as the successful completion of the assigned tasks (Williams & Anderson, 1991). While the extra-role performance (OCB) has been defined by Organ (1988) as, “individual behavior that is discretionary, not directly or explicitly recognized by the formal reward system, and that in the aggregate promotes the effective functioning of the organization” (p. 4). Both of these are essential for organizational success. But stress at workplace negatively affects employee performance and its intensity varies across the individuals (Webster, Beehr & Christiansen, 2010) because of the differences in their perception (Skinner & Brewer, 2002). Employee perception of stress decreases their motivation that hinders their task accomplishment (LePine & Jackson, 2004; Crawford, LePine & Rich, 2010).

Stress not only affects the employee and organizational performance (Gilboa et al, 2008) but also their decision-making capacity (Larsen, 2001). Unpleasant working environment, heavy workloads, lack of mutual harmony affects individuals' capacity to utilize their best potential (Schaufeli, 2003; Topper, 2007). Another research conducted by Fairbrother and Warn (2003) stated that stress is one of the main reasons behind the counter productive workplace behavior. Employee discretionary behavior towards their coworkers and organization also declines because of high job stress as it affects their ability to develop good interpersonal skills with the other people in an organization (Podsakoff et al, 2000; Kohan & Mazmanian, 2003). Research by Bragger et al., (2005) also revealed the inverse relationship between stress and extra-role behavior. Based on the existing literature following hypothesis are established to be examined:

H1; Job stress has a negative impact on employees in-role performance

H2; Job stress has a negative impact on employee extra-role performance

Job Demand Resource Based Framework of Stress and Servant Leadership

Workplace stress is the outcome of mismatch between the job requirements and available resources (Demerouti & Nachreiner, 2001; Blaug, Kenyon & Lekhi, 2007). As it creates intricacy to achieve assigned goals which ultimately enhance mental turmoil (Gaillard, 2001; Halbesleben & Buckly, 2004). Imbalance between the job requirements and employee abilities leads towards stress (Demerouti & Verbeke, 2004). Job demands converted into stressors when there is a deficiency of resources necessary for the accomplishment of those demands including mental, physical, social and organizational aspects of that particular task/job (Meijman & Mulder, 1998; Siegrist, 1996).

Researchers suggested that by providing the supportive leadership employees capacity can be enhanced (Erkutlu, 2008). Therefore, through sympathetic leadership employee stress can be reduced and their wellbeing can be enhanced (Sandal & Johnsen, 2007). According to Sahat et al., (2018) servant leadership is one of the effective approaches to be utilized by the organization for the mitigation of stress and enhancement of employee in-role and extra-role performance. Servant leadership approach is not only the leadership but also the set of leadership practices including sharing of power, give priority to others need and help others to develop and perform as high as possible. As research carried out by Linden et al. (2008) revealed a great contribution of servant leadership towards in-role performance, OCB, and organizational commitment. Therefore, the servant leadership approach of managers could be a resource for the employees due to its follower centric behavior, well judgment of ethical and social responsibility and admiration having a healthy impact on employees' performance through creating the spirit and motivating employees to for the handling the job challenges and to develop their careers (Greenleaf, 1977; Liden, 2008; Su et al, 2020). The serving feature of this leadership approach enables individuals to help others (Vondey, 2010) and enhance their citizenship behavior (Sendjaya, Sarros & Santora, 2008).

H3: The negative relationship between occupational stress and employee in-role performance is moderated by the level of servant leadership.

H4: The negative relationship between the occupational stress and employee extra-role performance is moderated by the level of servant leadership.

3. RESEARCH MODEL

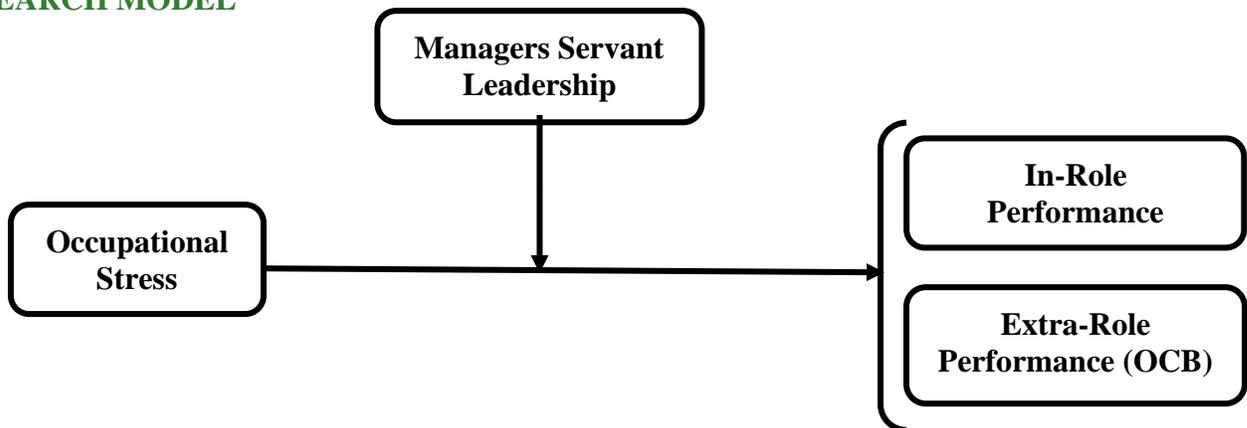


Figure: 1 Framework exhibiting the moderating role of servant leadership style between occupational stress, employee in-role and extra-role performance.

4. METHODS

4.1 SAMPLE AND PROCEDURES

Quantitative data for the current research has been collected by distributing the survey among the employees of public and private sector organization (Rashid, 2016; Rashid & Amirah, 2017; Rashid, Amirah, & Yusof, 2019). In total 286 responses were received from different hierarchical levels of organization. The sample was comprised of both the genders including 66.5% males and 33.5% females. Servant leadership and occupational stress has been measured through self-reported responses while supervisory rated techniques has been used to measure the employee in-role and extra-role performance.

4.2 MEASURES

SERVANT LEADERSHIP: To measure the manager’s servant leadership a scale of 30 items developed by Van Dierendonch and Nuijten (2011) is used. The alpha reliability of the scale was .981 (Hashmi & Tawfiq, 2020; Hashmi, Amirah, & Yusof, 2020a).

OCCUPATIONAL STRESS: To measure the occupational stress a scale developed by Jamal and Baba (1992) is used. The reported reliability of this scale was .815 (Rashid et al., 2020; Rashid, Qadri, & Rasheed, 2021; Alrazehi et al., 2021).

EMPLOYEE IN-ROLE PERFORMANCE: A scale of 14-items developed by William and Anderson (1991) was used to measure employee performance. The reported reliability of the scale was .771 (Hashmi et al., 2020; Hashmi et al., 2021; Das et al., 2021; Haque et al., 2021).

EXTRA-ROLE PERFORMANCE (OCB): A 4-item scale developed by Konovsky and Organ (1996) is used to measure the employee OCB.

5. RESULTS

DESCRIPTIVE STATISTICS

The reliabilities of all the measures used in the present research were obtained above the conventional standards which are represented in table-1 (Haque, Rashid, & Ahmed, 2021; Hashmi, Amirah, & Yusof, 2020b). Results supported H1 which stated that occupational stress has negative impact on employee in-role performance ($r = -.114^*$, $p < .01$). Hypothesis 2 also accepted by the study results showing that occupational stress has significant negative relationship with employee extra-role performance ($r = -.167$, $p < .01$).

Table 1: Means, Standard Deviations, Correlations and Reliabilities

	Mean	St. Div	1	2	3	4	5	6	7	8	9
Gender	1.3345	.47266									
Age	30.2491	4.95356	-.110								
Qualification	3.5623	7.2002	.085	.182**							
Tenure	1.7295	.80055	-.081	.632**	-.107						
Job nature	2.6085	1.31331	.108	.330**	.487**	.038					
Monthly Income	2.5089	.96033	-.046	.498**	.483**	.319**	.476**				
Servant Leadership	3.6414	1.00587	-.043	.045	.058	.029	.066	.148*	(.98)		
Stress	3.8188	.87209	.084	-.039	.151*	-.014	.100	.132*	-.141*	(.81)	
Employee Performance	4.5936	.85696	-.079	-.100	-.185**	-.046	-.073	.195**	.016	-.114	(.77)
OCB	4.0672	.90330	.061	.005	-.035	-.029	.032	-.041	.115	-.067	.472** (.83)

Note: (Two tailed test) N=286; Chronbach’s alphas presented in parenthesis.

REGRESSION ANALYSIS

In table-2 all the results of regression the main and moderated are presented above and beyond the control variables. Results of the main regression analysis indicated that stress at workplace significantly predicted the employee in-role performance ($\beta = -.391, p < .01$) and extra-role performance ($\beta = -.246, p < .01$).

Results for the independent effect of moderating variable (servant leadership) indicated significant relationship with employee in-role performance ($\beta = .16, p < .01$) and extra-role performance ($\beta = .11, p < .01$).

To check the moderating effect of servant leadership, we conducted the multiple regression analysis by Cohen and Cohen (1983). We found the negative relationship between occupational stress and employee in-role performance decreased to some extent when managers exhibited savant leadership behavior ($\beta = -.167, p < .001$). While in case of extra-role performance the intensity of negative relationship between predictor and job outcomes is also decreased ($\beta = -.122, p < .001$).

Table 2: Moderated Multiple Regression Results for employees in-role performance and OCB

Variable	Performance				OCB			
	Constant	β	R ²	ΔR^2	Constant	B	R ²	ΔR^2
Step 1		-.068	.009	4.168	.012			
Control Variable	5.684	-.173			-.037			
Step 2								
Stress	5.661	-.391*	.048	.009***	4.1999	-.246	.017	.016**
SL		.161				.110**		
Step 3								
Stress * SL	5.741	-.167***	.075	.027**	4.281	-.122***	.042	.025**

Control variables (age, qualification and gender)

Figure 2



It has been indicated in Figure-2 the negative relationship is decreasing when manager exhibits high servant leadership.

Figure 3

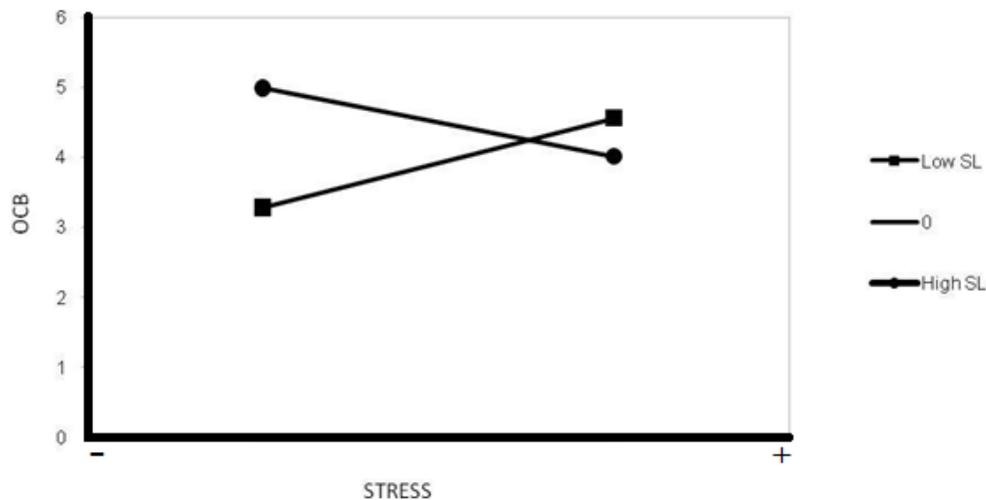


Figure-3 revealed that through inducing servant leader behavior the negativity created by stress can be minimized to some extent.

5.DISCUSSION

The findings reported in terms of propositions one seems to indicate that occupational stress and employee in-role and extra-role performance were found negatively correlated and substantial amount of literature supports this relationship (Crawford, LePine & Rich, 2010; Mosadeghrad et al, 2011).

Though the moderated regression analysis indicated that if the managers are exhibiting the servant leadership behavior instead of ruling on employees, then their performance and OCB can be increased. But in case of high workplace stress servant leadership can help organizations to some extent. Therefore, there is a need to identify some more influential factors that can mitigate the negative influence of stress at workplace.

The possible revelation for the results of the current study maybe the cultural values prevailing in the organizations of Pakistan. According to the Hofstede (2010) the culture in Pakistan is comprised of high power distance, individualism and short term orientation and it has been stated by Hannay (2009), "servant leadership is best applied in a culture with low power distance, low to moderate collectivism, low to moderate masculinity, low uncertainty avoidance and a moderate to high long-term orientation". Thus, the power distance prevailing is contradictory with servant leadership. Furthermore because of the collectivism employee the chances of whistle blowing are less and employee support their colleagues in obscuring their inefficiencies. Presence of servant leadership makes their life easy as leaders are believed to be taking care of individuals' deficiencies in performance so, their efficiency becomes low in case of high stress along with high servant leadership.

Other reason could be the length of employment of the participant of this study as it is suggested by Colbert and Kwon (2000): the span of tenure positively effects the employee commitment to the organization. In addition, the employees who participated in this study are new and thus experiencing different level of commitment with their organizations can be one of the reasons for the moldering effect we obtained in this research. The behavior of servant leader is quite different for them comparative to their last job. Employees position/role in the organization could be another reason for the reverse relations as demographics in this study indicated that only 12.1% respondents were from middle to higher level of management.

Concerning the concept of servant leadership and its role as a moderator in relationship of occupational stress, employee in-role performance and OCB showed inverse relationship indicating may employees of this study are more committed to their individuals rather their organization in servant-oriented organization.

6.SUGGESTIONS FOR FUTURE RESEARCH

In order to extend/develop the theory of servant leadership further study is required with large set of data and level of employees. Longitudinal field survey should carry out as it could help to study this concept more comprehensively. The concept of servant

leadership can be investigated in relation to varying work related stressors and in different workplace settings with the employees belongs to diverse social. Cultural and religious tribes. As it is assumed that employees may be more committed to their individual jobs so in order to take the advantage from the principles of servant leadership training could be initiated so that employees could benefit from these principles for the improvement of their work and assistance of their coworkers.

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BUILD A WEB-BASED E-COMMERCE INFORMATION SYSTEM USING CONTENT MANAGEMENT SYSTEM (CMA) AT DJUWARIYAH ACCOUNTANT SERVICE OFFICE

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Abstract

The purpose of this research is to design and build a web-based e-commerce information system using a Content Management System (CMS) that can provide informative information, make transactions online, and expand market coverage. The system has built using CMS WordPress. The method used in system development is a prototype method with the system modeling language used is Unified Modelling Language (UML). The results obtained are a web company that provides informative information about the company profile and can conduct online service orders transactions.

Keywords:

Office of accountant Services, E-Commerce, CMS, prototype

1.INTRODUCTION

The role of economics and accounting is crucial in a business. Accounting has a function to improve the transparency of the quasi report needed by economic actors in the business world as a basic guideline in financial decision making. The Accounting Firm provides accounting services for users carried out by certified professionals. It has licenses, branches, codes of conduct, and supervision from the Government and IAI that must be recorded on the List of State Accountants (RNA) so that they have permission from a state-licensed accountant. The existence of KJA has regulated by the Minister of Finance regulation (No. 216 / PMK. 01/2017). KJA Djuwariah is an accountant service office located on Jl. Darat Nipah 3 No. 215A, Dadapsari Village, North Semarang district.

Based on the results of the evaluation conducted by the company in April 2019, knowing that the company's weakness is in the market coverage that is still in the dominance of Semarang domicile. The marketing system done by KJA Djuwariah has only been through the spread of business cards at certain events. Clients order services by contacting the contact person listed on the company's business card. The transaction system to order services is still manually, so the client must come directly to KJA.

Based on the company's problem that has outlined, KJA Djuwariah needs web-based e-commerce that aims to expand market reach, providing information about KJA Djuwariah's profile, and can make online booking transactions. Ecommerce is a transaction between the seller and the buyer through online media using the Internet network.

2.METHODS

This research uses applied research approaches. The study conducted at the office of Djuwariah Accountants, who have an address on Jalan Darat Nipah No. 251 A, Dadapsari, North Semarang. The research aims to design and to build a Web-based e-commerce application. Enterprise Web creation has created using a content management system that can be used easily by the Web administrator of the company.

The data in this study use primary data and secondary data. Primary Data obtained through interviews with the Accountant Service office and observed direct observation of the research object. The secondary data is information taken from the company's profile, books, journals, scientific articles, Internet sites as a review of this research writing library. Data types based on their nature differentiated into qualitative data and quantitative data. Qualitative Data In this study is a general overview of the company, its

history, its organizational structure, and its respective duties and authorities. The quantitative data needed in this study relates to the service tariff of the KJA Djuwariyah.

In this research, the techniques used in obtaining the necessary data are by observing, interviewing, and library studies. The method of system development used in this research is using prototype methods. According to Sajja (2017:82), There are four phases in the prototype method, namely identification of known terms, building working models, prototype trials, and prototype review.

3.RESULT AND DISCUSSION

In conducting the identification of the running system, researchers use PIECES analysis (performance, information, economics, control, efficiency, service) to determine the weaknesses of old systems. The following is a comparison between current methods applied by companies with new Systems analyzed using PIECES analysis.

Table 1. Analysis of PIECES

Analysis Type	Present System
Performance	As long as conveying information about the Company has done through the spread of business cards at certain events.
Information	The information contained in the business card includes only the contact person.
Economic	The company estimates the cost to print business cards, and the fees for following specific events.
Control	Transaction management has done by the corporate Secretary and is known

Source: Primary Data, 2019

Analysis of the system needs to define the needs of the system built. Inbuilt a system that has just needed a device that supports the creation of information system financial statements, needs that need to be prepared to include:

1. Hardware requirements in establishing an e-commerce informer system are required hardware that is capable of supporting the operation of the system, namely a laptop device.
2. The need for software used to run an e-commerce information system consists of a Windows operating system 7/8/10, Web browser, plugin, PDF, and CSV reader.
3. Information needs analysis needs the information functioning to outline the information required for system developers. The system required information is service data information, client identity, and report data.
4. User needs system information built has two types of access rights for the security of internal control consisting of admins and clients.

System feasibility analysis has done to define the feasibility of the e-commerce information system to be implemented. The feasibility analysis examining the aspects of the proposed method includes:

1. Technical possibility: The proposed system deserves to be applied to the office of the accountant Services Djuwariyah. The e-commerce information system built using Web service technology so that customers can access it through a computer or smartphone.
2. Operational eligibility: The e-commerce information system to be applied to the office of the Djuwariyah Accountant service is said to be feasible due to the following factors:
 - a. The built-in information system can provide company information to the client.
 - b. The integrated system can make it easier to record the income received by the company.
 - c. The system that built is applying according to the needs of the company.
3. Economic feasibility: economic feasibility analysis is required to measure how fast the investment will return. Calculation of economic viability has done by calculating Payback Period (PP) and Return on Investment (ROI) and Present Net Value (NPV).

4. Legal eligibility: The supporting application used in the creation of this system is an open-source application that is available for free on the official web so that in terms of the form is no indication of legal violations.
5. Social Eligibility: Users of assisted systems in the processing of data orders and services revenue companies, in addition to which users are more supporting information with the speed and accuracy of the data provided.

The next step in the prototype method is to build a working model using the requirements that have accumulated. This stage consists of three parts that are designing the working model using UML and interface planning. The standard modeling used in building working models is the Unified Modelling Language (UML). The UML will use in this research, i.e., Use Case Diagram, Activity Diagram, Sequence Diagram, and Deployment Diagrams.

User Acceptance Testing (UAT) aims to verify that the solutions made in the proposed system are appropriate to the needs of the user. User Acceptance Testing conducted on the thesis test on 22 August 2019. The system examiner consists of a single representative from the industry (user) and the two Faculty of accounting department of Semarang Polytechnic who are skilled and competent in the field of accounting information systems. In this test acquired some system modifications as follows.

1. Add a deployment diagram aimed at demonstrating the communication relationship between the hardware components with the software.
2. Add a notification to the client when the service processed and the job has done.
3. They are adding access rights for accountants to obtain information on the order of services entered through a Web-based e-commerce information system.

4.CONCLUSION

The design of information systems of Web-based e-commerce information systems successfully implemented by Using a WordPress Content management system (CMS). The client can conduct the order transaction services according to the needs of the corporation because the Web provides informative information for the client. The Admin can conduct the management and supervision of all online transaction activities and can be.

The design of information systems of Web-based e-commerce information systems successfully implemented by Using a WordPress Content management system (CMS). The client can conduct the order transaction services according to the needs of the corporation because the Web provides informative information for the client. Admin can perform management and supervision of all online transaction activities and can make changes to a Web page view.

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A REVIEW OF MEDICAL CONTRIBUTION FACTOR TO FATALITIES ACCIDENT AMONG DIVERS

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Abstract

Scuba diving is one of the popular activities that involve risks of its own nature. It can lead towards major injuries or even cause deaths. The rate of exposure to the fatality among scuba divers has come into concern. In 2016, 64 deaths of divers were recorded from US and Canada which raised up to 80 to 100 in 2017. The upshot rate of deaths could not be neglected and need a critical emphasis. Objectives: The aim of this paper is to propose a framework that shows the medical contribution as a contributing factor to fatalities among scuba divers. Methodology: A review of literature from the previous study was conducted to meet the objective. Results: Previous study was indicated that medical contribution is the most contributing factor to fatalities among divers. This medical contribution can be divided into two factors which are psychological and physiological. Psychological factors involve anxiety and panic. Anxiety is related to worried feelings, tired and insomnia problem, cause irregular heartbeat, sweating, muscle tension, pain, rapid breathing, dizziness, and faintness. From the anxiety attack, the divers panic and react unexpectedly, which endanger their lives. Second factor is physiological, which study about how the human body works. It refers to physical unfitness and asthma. Physical unfitness refers to the condition of body health when someone gets sick. Asthma is a disease characterized by narrowing of the breathing tubes (bronchi) in response to a variety of stimuli. Conclusion: Medical contribution can be one of the pivotal factors that lead to fatalities among divers. For scuba diving, the divers need to be in a good health and fit during diving activities to avoid any undesired situation. A direct relationship is proposed to find the relationship between medical contribution and fatality accidents.

Keywords:

Scuba diving, medical contribution, fatalities accident, divers

1.INTRODUCTION

Scuba diving is one of the popular activities in United States (US), around 3 million participants take part in this activity (Ranapurwala, S. I., Kucera, K. L., & Denoble, P. J., 2018). Like other sports, scuba diving also involve risks of its own nature, which can lead towards major injuries or even cause deaths. The rate of exposure to the fatality among scuba divers in Australia is 0.57 per 100,000; while in Scotland, 4 per 100,000, and in US and Canada 16 per 100,000 divers (Trevett, 2001). In 2014, 13,860,956 number of divers referred to Emergency Room and 1,220 got severe injuries (Diver Alert Network (DAN), 2014). In 2016, only from US and Canada 64 deaths of divers were recorded which raised up to 80 to 100 in 2017 (DAN, 2017 & 2018). The upshot rate of deaths could not be neglected and need a critical emphasis.

2.MEDICAL CONTRIBUTION

A study indicated that 122 fatality accidents occurred among divers in Caribbean, North America with 57 percent fatality occurrences solely caused by medical events (Shreeves, Buzzacott, Hornsby & Caney., 2018). Since the medical contribution is the most common factor of fatalities among scuba divers, the identification of common health problems faced by the scuba divers need to be recognized. In this connection, a case study mentioned the medical problems associated with the fatality victims from US and Canada during the year 2016. The study argued that out of 13 fatality cases, eight victims were with the history of different health issues; such as hypertension, diabetes, flu or cold, back pain and ear or sinus problem while only five victims does not diagnosed with current medical problems at the time of accident.

Furthermore, the divers who are having history of health issues either permanent or temporary nature (allergies, flu or colds etc) will likely to remain unfocused during diving. This is because, their health issues hinder them to alert and respond promptly to the alarming conditions (Scuba diving.com, 2018)

Types of medical contribution: According to Edmonds and Walker (1989), the medical contribution can be divided into two following factors:

- Psychological (anxiety and panic)
- Physiological (physical unfitnes and asthma)

Psychological is the most common factor medical contribution that leads to the fatality accidents in scuba diving activities (diversalertnetwork.org, 2019). Psychological factors involve anxiety and panic. Anxiety is related to worried feelings, tired and insomnia problem, cause irregular heartbeat, sweating, muscle tension, pain, rapid breathing, dizziness, and faintness. It happens among divers because of the increased level of adrenalin during the activities. From the anxiety attack, the divers panic and react unexpectedly, which endanger their lives. The Annual Diving Report (2018) produced by DAN reported few cases and highlighted that a 22 years old inexperienced male diver died when he took off his mouthpiece in panic and later found hypoxia induced brain damage. According to Annual Report DAN, (2018) and Ihama, Miyazaki, Fuke, Mukai, Ohno & Sato, (2008), there were also other 7 cases of fatalities caused by panic attack. Panic attack not only happen to the inexperienced divers, but it also happens to the experience divers (Casadesús, Aguirre, Carrera, Boadas-Vaello, Serrando & Reina, 2019) The cases expressed that panic attack could be at anytime either before or during the activity. So, the divers need to know their medical condition before doing the diving activity. If they are not in a good condition, they better to step back from the activity. In addition, in the Figure 1, it show that most of the factor that causes fatalities among the divers is medical problem. For example, panic, breathlessness, exertion and chest discomfort (Casadesús, Aguirre, Carrera, Boadas-Vaello, Serrando & Reina, 2019).

Case	Trigger	Disabling agent	Disabling injury	Cause of death
1	Panic	Rapid ascent	Lung overexpansion	PBt/AGE
2	Exertion	Cardiovascular disease	Asphyxia	Drowning
3	Buoyancy problem	Rapid ascent	Lung overexpansion	PBt/AGE
4	Breathlessness	Rapid ascent	Lung overexpansion	PBt/AGE
5	Panic	Rapid ascent	Lung overexpansion	PBt/AGE
6	Unknown	Oxygen toxicity	Asphyxia	Drowning
7	Low visibility	Panic	Asphyxia	Drowning
8	Exertion	Coronary atherosclerosis	Myocardial ischemia	Heart attack
9	Unknown	Unknown	Asphyxia	Drowning
10	Exertion	Coronary atherosclerosis	Myocardial ischemia	Heart attack
11	Disorientation	Entrapment	Asphyxia	Drowning
12	Buoyancy problem	Panic	Asphyxia	Drowning
13	Exertion	Coronary atherosclerosis	Myocardial ischemia	Heart attack
14	Panic	Rapid ascent	Lung overexpansion	PBt/AGE
15	Unknown	Rapid ascent	Asphyxia	Near-drowning
16	Confusion	Entrapment	Asphyxia	Drowning
17	Exertion	Cardiovascular disease	Asphyxia	Drowning
18	No formal training	Hypoxia	Asphyxia	Drowning
19	Exertion	Coronary atherosclerosis	Myocardial ischemia	Heart attack
20	Unknown	Unknown	Asphyxia	Near-drowning
21	Exertion	Panic	Asphyxia	Drowning
22	Chest discomfort	Rapid ascent	Lung overexpansion	PBt/AGE
23	Confusion	Entanglement	Asphyxia	Drowning
24	Panic	Rapid ascent	Lung overexpansion	PBt/AGE
25	Exertion	Extreme breathlessness	Asphyxia	IPE

Figure 1. The analysis of the studied diving fatalities

Second factor is physiological, which study about how the human body works (WebMD, 2019) It also describes the chemistry and physics of the body functions, from how molecules behave in cells to how systems of organs work together. Besides, it also shows the condition of body health when someone gets sick. In physiology, asthma is one of the main factors in diving which resulted fatalities. Asthma is a disease characterized by narrowing of the breathing tubes (bronchi) in response to a variety of stimuli. It is not a fixed response, and a patient can have a sudden worsening in lungs function, called an "attack". An asthma attack can be triggered by pollen and other so-called "allergens," cold air, irritants in the atmosphere, colds or flu. Asthma happens in scuba diving because of the pulmonary barotrauma during the ascent that related to air trapping. Besides, asthma patients need frequent rescue bronchodilators that's why are not recommended to dive. Further added that the divers with stable asthma who have normal exercise capacity should not be restricted from diving because they still have capacity to control the asthma (Bove, 2014). The issue of asthma among the divers had been discussed since 1995 in the annual meeting of the Undersea and Hyperbaric Medical Society (UHMS) with the international organization of diving physicians from around the world with the title “Are Asthmatics Fit to Dive?”. Asthma in diving is not a small issue and shortness of breath lead towards panic attack and cause fatality. (diversalertnetwork.org, 2019). Additionally, underwater human body demands more energy than out of water (Bove, 2014)

DAN report (2018) expressed those 75 years old female diver was dignosed with cardiac event during diving activity. Another fatality case of 42 years old diver found dead in 12 Feet of Sea Water (FSW). After the postmortem, it was found that the diver died because of the hypertension and obesity. Therefore, the medical condition reduces the physical and mental capacity of divers that increases the exposure to serious hazards, increase the risk of barotrauma associated that can change the ambient pressure; e.g., asthma, allergies, and chronic sinusitis. Finally, the condition can increase the decompression illness; such as, obesity and diabetes (Taylor, O’Toole & Ryan, 2002). Therefore, the diver’s fitness need to be maintained and the divers should be aware of before doing scuba diving activities.

3.DISCUSSION AND CONCLUSION

Based on the literature conducted, medical contribution can be one of the pivotal factor that lead to fatalities among divers. Moreover, medical contribution is the most important part of the sport activities because most of the injuries and fatalities occurs due to medical problems and it does not involve only psychological but physiological factors instead, which lead to fatalities. For scuba diving, the divers need to be in good health and fit during diving activities to avoid any undesired situation. Therefore, there will be a significant relationship between medical contribution and fatalities of divers. In Figure 2, a direct relationship is proposed to find the the relationship between medical contribution and fatality accidents. Furthermore, the model is important to provide a new check list for the divers before and after dive to ensure that the divers are in good health condition before making any activity.



Figure 2. The proposed model

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A CONCEPT PAPER OF THE IMPULSE BUYING BEHAVIOR OF SAUDI ARABIA CITIZENS DURING COVID-19

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Abstract

This paper is an attempt to examine some of the factors affecting impulsive buying behavior of consumers in Saudi Arabia. Therefore, the purpose of this conceptual paper is to review the relationship between psychological stress, online shopping, panic buying factor and impulse buying behavior, which will be resulted to new perspective on impulse buying behavior. It is essential to explore those relationship as less attention had been paid to this matter. Therefore, future results of this study definitely will be interesting and contribute towards body of knowledge.

Keywords

Impulse Purchase Behavior, Covid-19, psychological stress, online shopping, panic buying

1.INTRODUCTION

The Novel CoronaVirus (COVID-19) has impacted all the nations across the globe. The case of COVID-19 has been in the public interest, as pandemics are one of the most pressing public health challenges in the world (Fischer et al., 2020). The COVID-19 pandemic restricts people's activities and makes consumer businesses suffer significantly (Sim, Chua, Viet, & Fernandez, 2020) and result in a disruption in the lifestyle and buying pattern of a consumer. Consequently, when the whole world is fighting against the COVID-19 people are panic enough in stocking up their shelves with the essential groceries and have made the public do the impulsive buying. Parsad (2020) explained an impulse buying happens when consumers experience a plan intensely and they insist on buying something quickly. An impulsive purchase differs from an unintentional purchase in that it causes the client to emotionally crave the thing before purchasing it.

This impulsive purchase has caused a severe shortage of emergency supply and intense consumer panic (Sim, Chua, Viet, & Fernandez, 2020). This can be seen in Table 1 shows products purchased impulsively especially during outbreak of pandemic.

Table 1: Product bought impulsively after the outbreak of Pandemic

	Responses		Percent of Cases
	N	Percent	
Hand Sanitizer	333	17.6%	74.0%
Hand Soap	249	13.1%	55.3%
Face Mask	349	18.4%	77.6%
Rice, Cereals, Vegetables and Cooking Oils	357	18.8%	79.3%
Branded Flours	201	10.6%	44.7%
PBIAP Bakery Products	217	11.5%	48.2%
Clothes	31	1.6%	6.9%
Online Games	30	1.6%	6.7%
Home Improvement	33	1.7%	7.3%
TV	32	1.7%	7.1%
Electronic Accessories	47	2.5%	10.4%
Investments	15	0.8%	3.3%
Total	1894	100.0%	420.9%

Based on the study by Cheriyan and Tamilarasi (2020) in their study of impulse buying during the pandemic and after the pandemic broke out, most of the respondents were concerned about the food supply. Therefore, most of the respondents purchased rice, grains, cooking oil, and kinds of vegetables on impulse to measure inventory accumulation. From the above table, it can be seen that 79.3% of the respondents purchased on impulse after the outbreak. Masks and hand sanitizers are two products that ordinary people did not know about before March. But after the outbreak of the epidemic in the world, ordinary people were forced to use these products as a preventive measure. Therefore, about 75% of the interviewees made impulse purchases of masks and hand sanitizers.

There was the outbreak of the pandemic and the government’s lockdown restrictions, impulse purchases of clothing and home improvement fell from 28.9% and 63.6% to 6.9% and 7.3%. During the pandemic, the percentage of impulsive purchases of investments decreased by 50%.

The nation-wide lockdowns imposed by several countries have made the public to do impulsive buying as a result of panic buying. Impulse buying results in a sudden urge felt by a person to purchase a product or service. Panic purchases are enough panic to secure shelves for the groceries people need when the whole world is fighting Covid-19. Impulse buying makes people feel a sudden urge to buy a product or service (Xiong et al., 2020).

Researchers have confirmed that panic buying is a major issue for impact impulse buying. Panic buying is an essential factor to help increase the profitability of an organization panic buying is a kind of buying behavior marked by a sudden increase in purchase volume, which usually results in a spike in the price of an item or security. Panic buying from a macro perspective, reduces supply while increasing demand, resulting in increased price inflation. Panic buying caused by the pandemic has a serious negative impact on society and creates negative externalities for society when perishable goods and household items are bought in excessive quantities and wasted, thereby discouraging another consumer from consuming.

In addition, previous study also found psychological stress is important factor to impulse buying as it is a rapid increase in the shopper's quest for a response, and these responses occur at some point in an emergency out of fear, each of which has an emergency. (Yap, and Chen, 2020). The phenomenon of psychological stress is really worth considering as waves of mental stress have been observed while shopping across cultures and national borders.

The main reason for the psychological distress of the client is the interruption of care, which occurs, among other things, as a result of herbal defects and disease outbreaks mental stress leads to the accumulation of supplies and this is undesirable as it affects scarcity conditions considering that people buy large chunks of daily necessities and clinical supplies; This stock-out often leads to higher rates for customer products has been received a great amount of attention in marketing and consumer behavior literature (Leach, 1994).

In previous studies conducted on consumer behavior, researchers observed that although much literature has studied the behavior of food stocks in emergency situations (Hori, and Iwamoto, 2014; Abe et al., 2014), there are no empirical studies on the impact of online channels on consumers. (Frau Toebben 2020). Online shopping was rampant during the Covid-19 pandemic and retailers went to great lengths to build, improve and promote their online stores in some small retailers who did not manage online stores prior to the closure have developed workarounds to sell their products online. (Gruene Wiese bedeutet, 2020) Others have offered discounts for their online channels and started promotion campaigns on social media. By posting products on social media sites and offering pick-up or delivery services for products. In contrast, during the pandemic but consumers' willingness to shop online to avoid the virus has increased.

Therefore, by adding new perspectives, the study of food inventory behavior in epidemics will have potential value and contribute to the existing literature. In addition, as participation in online channels increases, it is imperative to understand the policy implications of how online channels will affect hoarding behavior. Thus, this study aims to examine the impact of online shopping behavior. Furthermore, online shopping channels are believed to help alleviate panic buying, provide a convenient place to buy, and eliminate the risk of consumers being infected by the crowd in the store.

As a result, e-commerce companies are highly praised for their contribution to food distribution and have received good credit (Yao, 2020; Guo et al., 2020). According to (Rahman, 2015), several analysis papers have verified that there's a high share of impulsive buying, accounting for 62% of food market sales and 80% of all sales in sure classes of merchandise. However, Saudi Arabia remains combating the expansion of e-commerce scrutiny with its quick economic prosperity (Makki & Chang, 2014). The constraints of e-commerce result in lack of data regarding Impulse buying and its benefits of e-commerce.

In view of the foregoing, the objective of this study is to examine the influence of panic buying, physiological stress and online shopping on impulse buying behavior of Saudi Arabia citizens during Covid-19 and will also explore the moderating effects of demographic factors (age, gender & education) on impulse buying during pandemic on the relationship between the impulse buying behavior.

2.CONTEXT OF THE STUDY

This study has determined the consumer of online impulse buying behavior in groceries product in covid-19 situation and this research has organized in Saudi Arabia eastern region the main sources of data been collocated from the middle age group 18 to 30 years by survey which has been prepaid by the researcher and statistically treated by the use of descriptive such as frequency, percentage mean and graphical analysis.

Data has been collected using questionnaires and statistics reports has been measured to gather data on the variables under study in Saudi Arabia. This study aims to examine the impact of and relationship of psychological stress, online shopping, and the moderation effect of demographic factors.

3.METHODOLOGY

This paper will follow a deductive approach where different arguments on previous studies based impulsive buying pattern will be reviewed. Literature review will be the main research tool deployed to obtain an empirical and theoretical understanding. Discussions will be based on the context of online shopping, panic buying and psychological stress factor impact on impulse buying. Upon conclusion future research areas will also be recommended.

3.1 THE CONCEPT MODEL

The theoretical framework of the research is based on the research conducted by Ahmed et.al (2020) which was carried out to identify the factors of impulsive buying behavior.

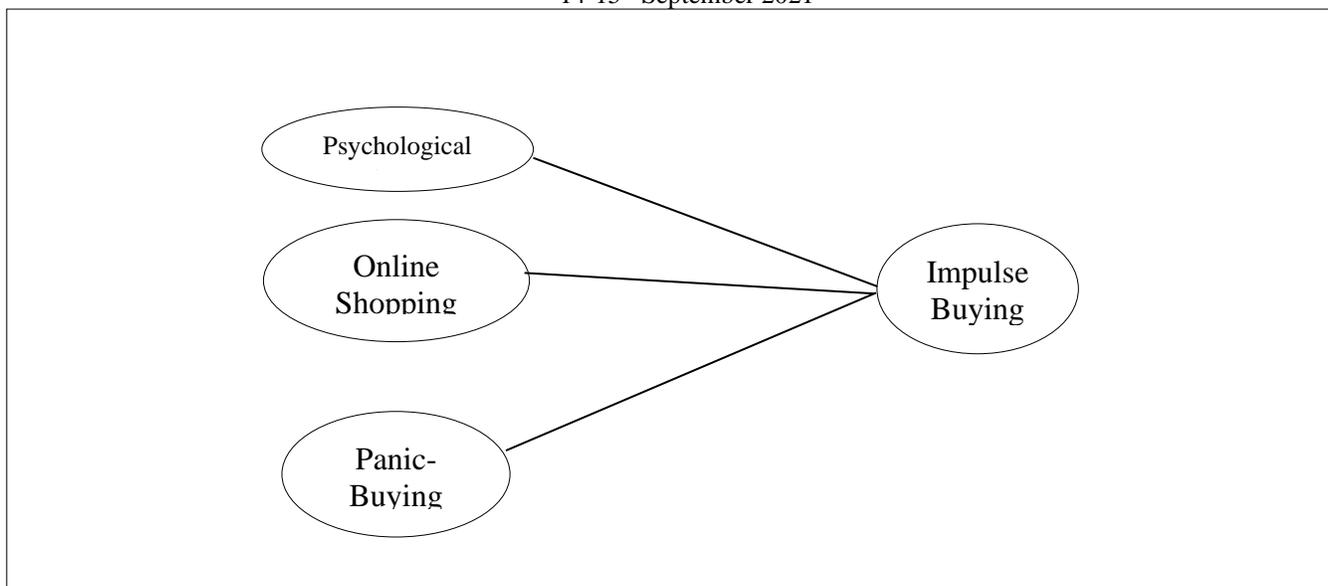


Figure 1: Conceptual Model

3.2 LITERATURE REVIEW

The urge to impulsive buying is a situation that is proficient; it was based upon finding an item in the purchasing atmosphere as an expressive item (Mohan, 2013). This means, the online impulse buying customer psychology is preceded by the desire they have to buy it. The customers involve online browsing more and more as on the shopping sites. In Fact, some studies have reported that the wish to buy has a positive relationship with impulsive buying behavior.

The desire to purchase a product and services impulsive is belonging to be in a process preceding and the time which is most prominent for the point of actual impulsive buying (Badgaiyan & Verma, 2015). While trying to find out reasons for spontaneous purchasing conduct (Rook, 1987), explained that impulsive purchasing has occurred when a consumer came across a quick, influential and instant tendency to purchase something immediately. There are many factors that affect the consumer to buy impulse product and services.

During a pandemic, consumers' online shopping is positively related to their intentions to purchase online. It is supposed that the socio-cultural factors in relation to the individual and store would influence the person's desire as well as the genuine impulsive buying behavior (Badgaiyan, & Verma, 2015) An online shopping site can interest and keep its customers by creating an interest in their mind and improving their involvement. They are able to do this by implementing numerous sales promotion activities thereby creating an urge to purchase their product impulsively in the minds of the customers.

On analysing other studies, promotional ideas were identified as the most impacting factor on the buying behavior of the respondents, which included the discounts and special offers which are offer at the place of sale (Angowski, Domanska, & Komor, 2017) it's find out that online marketers should focus on the satisfaction of the consumer to retain them and also should offer new appealing schemes day by day to appeal new customers (Jayaprakash et al., 2016)

The simulative element and the sales advertising activities impose a big factor for the satisfaction and loyalty a customer has to the shopping site, thereby establishing a trust to the shopping site they rely upon. A company should be conscious that consumer reliability cannot be generated effectively through the same rates of satisfaction gained by different customer sectors. For individuals who have greater involvement satisfaction is one of the best predictors of consumer reliability, whereas those who have lesser involvement with the effect of satisfaction is far smaller (Casteneda,2018) along with this the impact of family also has a huge impact on the impulsive buying behavior among online shoppers.

Authors opine that in the traditionally socialist society such as Saudi Arabia and GCC countries, where Need of family are esteemed other than the needs of individual , it is very sufficient possible that in the existence of family participants, the impulse buying behavior might increase where there is a desire inside the consumer to buy for their family members (Badgaiyan & Verma,

2015). If the consumers are shopping for their family members like for spouse, mother, father or children, they may have an affection for commitment towards the purchases they make on the online site.

They may also be more concerned about the quality of the products rather than the price they spend on them. Satisfaction is the most common variable which is generated as a consequence of the impact built by the online site, as well as the personal circumstance directing the online impulse purchase of the customer. Magnification of the level of honesty, safety, and quick facility is necessary for both convincing and holding online consumers, since these factors have a greater effect on consumer's satisfaction and purchase target (Lee & Lin, 2005).

4. CONCLUSION

Impulse buying creates a desire within a person's mind to commit for an unplanned purchase. The impulse buying behavior is unintentional, since the consumers are not specifically searching for some products and made no plans to purchase the item. It is important to understand impulse buying because the markets have changed and are now defined by increased competition, ongoing innovation in products and services, and a larger number of enterprises in the same market. In this scenario it is essential to know consumer behaviour well as they have various demographic pattern and retailing differences.

Studies developed by Cheriyan and Tamilarasi (2020) show that due to COVID-19, it is difficult to go out and see the product offline and buy. As a result, the advertising sector requires a clever strategy to cover its losses and entice customers to buy their products by offering online shopping platform. So, when the demand for online shopping has resulted to impulse buying. Jayaprakash et al., (2016) add that psychological factors have a strong implication in the purchase decision, as we easily find people who, after having purchased a product/ service, wonder about the reason why they did it. It is essential to understand the mental triggers behind the purchase decision process, which is why consumer psychology is related to marketing strategies. Researches developed by Parsad (2020) reveal that the influence of social media through scattered news that contains positive or negative information will have an impact on panic buying behavior and impulsive buying.

This study will provide the reasons and result of online impulse purchase behavior as it will give a big contribution to know the impact of online impulse purchase behavior in covid-19. The study can benefit the customers and general public. It will be benefited by the next researchers and the other members of the society to adopt a good lifestyle.

It is expected that this study has provide useful implications not only for academics, managers and policy makers. The study has further conceptualized impulse buying tendency as a groceries product-specific variable and test a model of its antecedent and it's influenced on actual impulse buying behavior.

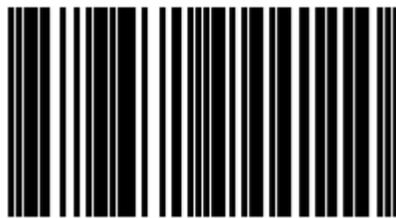
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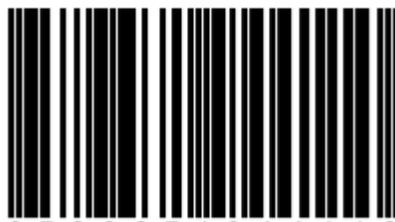
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International e-Conference on Business and Management 2021 (eICBM2021) with the theme of "Reforming Business Management in Digital Era". The conference aims to bring together leading academicians, researchers, scholars and students to exchange and share their experiences and researches on all aspects of business and globalization. It provides a premier interdisciplinary platform for researchers, practitioners, educators, and students to present and deliberate the most recent findings, trends, and concerns as well as practical challenges encountered and solutions adopted in the fields of business and management.

eICBM2021 is proposed to be held virtually due to the Covid-19 pandemic on 14th and 15th September 2021. The conference is to be hosted and organized by Faculty of Business and Management, Universiti Sultan Zainal Abidin, Terengganu, Malaysia in collaboration with the State Tourism Department of Terengganu. It is also jointly organized by four university from Indonesia which are Universitas Syiah Kuala, Aceh, Indonesia, Universitas Islam Negeri Sunan Ampel, Surabaya, Universitas Jember and Politeknik Negeri Semarang, Faculty of Islamic Economics & Finance, Universiti Islam Sultan Sharif Ali, Brunei, IQRA University, Pakistan and Faculty of Islamic Sciences, Prince of Songkla University, Pattani, Thailand.

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