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STRATEGY ALIGNMENT: KEY FACTORS FOR EFFECTIVE STRATEGY IMPLEMENTATION

A Review Of Conceptual And Empirical Literature

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ABSTRACT

This study aimed to conduct a literature review to determine the reason behind the difficulty of strategy implementation. To achieve this objective, 36 articles were collected from 1980 to June 2023 from previous literature reviews and the results of searching several other leading journals. The result showed that it is necessary to add a strategy alignment category as an important bridge between formulation and implementation. Furthermore, 6 important factors in strategy alignment need to be considered as a key success for effective implementation. The article contributes a theoretical strategy alignment framework and guidance questions useful to practitioners to ensure that the process runs well, thereby allowing an effective strategy implementation.

Keywords: Strategy alignment, strategy implementation, execution, alignment, strategic management.

ABSTRAK

Penelitian ini bertujuan untuk melakukan tinjauan literatur untuk menentukan alasan di balik kesulitan implementasi strategi. Untuk mencapai tujuan ini, 36 artikel dikumpulkan dari tahun 1980 hingga Juni 2023 dari tinjauan literatur sebelumnya dan hasil penelusuran beberapa jurnal terkemuka lainnya. Hasil penelitian menunjukkan bahwa perlu ditambahkan kategori penyelarasan strategi sebagai jembatan penting antara perumusan dan implementasi. Selain itu, 6 faktor penting dalam penyelarasan strategi perlu dipertimbangkan sebagai kunci keberhasilan implementasi yang efektif. Artikel ini memberikan kontribusi kerangka kerja penyelarasan strategi secara teoritis dan pertanyaan panduan yang berguna bagi para praktisi untuk memastikan bahwa proses tersebut berjalan dengan baik, sehingga memungkinkan implementasi strategi yang efektif.

Kata Kunci: Keselarasan strategi, implementasi strategi, eksekusi, keselarasan, manajemen strategik



Introduction

Obstacles in strategy implementation

Strategic management is usually divided into two phases, namely formulation and implementation (Henry Mintzberg & Waters, 1985). This division is a common standard used by many scholars and practitioners and in many strategic management books (Alexander, 1985; David & David, 2017; Wheelen et al., 2015). According to Bower (1982), the actual division of these two phases is more conceptual than real.

Many organizations or practitioners do not experience much difficulty when making strategy formulation (Hrebiniak, 2006; Vigfússon et al., 2021; Yang et al., 2010). This is because many tools and models can be used when doing strategy formulation. Meanwhile, the only a few tools or how-to's are available for strategy implementation. According to Vigfússon et al. (2021), strategy implementation is understudied and studies regarding this theme are still in their early days with a limited number of empirical investigations completed. This observation showed a gap between academia or scholars and the needs of organizations or practitioners. Bigler (2001) stated that strategy implementation is one of the crucial factors for sustainable advantage in the 21st century.

The implementation strategy is the realization of an organization's strategy by breaking it down into more specific programs, projects, or tasks (Amoo et al., 2019). The measure of effective strategy implementation is implementing the planned strategy into real action. This is easy to say but difficult to do. Some data shows how difficult it is to implement a strategy. Data from an Economist survey of 276 senior operations executives in 2004 showed that 57 percent of firms failed to implement their strategic initiatives over the past three years. Other data from the White Paper on Strategy Implementation of Chinese Corporations in 2006 states that 83 percent of surveyed companies failed to implement their strategies. There is still much data - in journals and books - stating that implementing corporate strategies often fails.

In examining the obstacle factors related to strategy implementation as described in Table 1, it becomes evident that the difficulty experienced is complicated and covers many areas. However, a deeper examination and group showed the factors related to the strategy formulation area are included in this obstacle, such as poor or vague strategy, unclear strategy, priorities, and others. Some of the factors directly related to the implementation difficulty area are lack of time and resources, inadequate IT support or monitoring strategy, the inability to manage change effectively and overcome its resistance, culture problems, management style, and others. Although the three sources mentioned obstructions to

strategy implementation, the obstacles are not purely in the implementation area but include formulation. There are even other factors that should not be included in the formulation area or the implementation area. Therefore, we need to add one more area besides strategy formulation and implementation.

Table 1: 3 sources of obstacles to strategy implementation

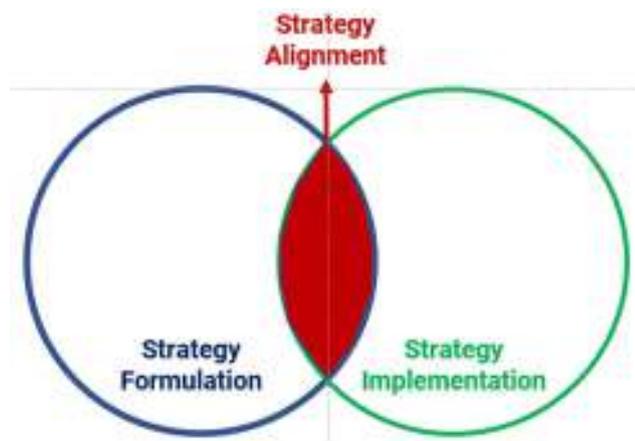
Obstacles to effective strategy implementation (Hrebiniak,2006)	The silent killers of strategy implementation and learning (Beer & Eisenstat,2000)	Obstacles to strategy implementation and success factors: a review of empirical literature (Vigfússon et al., 2021)		
Inability to manage change effectively and overcome resistance to change	Top-down or laissez-faire senior management style	Inadequate leadership	Cultural Problems	Limited commitment and understanding
Poor or vague strategy	Unclear strategy and conflicting priorities	Goals and tasks not defined	No guidelines to implement	Inadequate staff capabilities
Not having guidelines or a model to guide strategy implementation efforts	An ineffective senior management team	Management style and lack of support	Poor communication	Limited alignment and coordination
Poor or inadequate information sharing and unclear responsibility and accountability	Poor vertical communication	Unclear strategy	Lack of time	IT do not support or monitor strategy
Trying to execute a strategy that conflicts with the existing power structure	Coordination across functions, businesses or borders	External Barriers	Lack of resources	
	Inadequate down-the-line leadership skills and development	Inadequate change management	Unexpected problems	

Strategy alignment is another area between the strategic management dichotomies that will be the primary focus of this study. Some factors related to strategy alignment are poor or inadequate information sharing, as well as unclear responsibility and accountability. These may also include the absence of guidelines or a model to guide strategy implementation efforts, trying to execute a strategy that conflicts with the existing power structure, poor vertical communication, coordination across functions, businesses or borders, goals, and tasks not defined, no guidelines to implement, limited commitment and understanding, limited alignment and coordination. The strategy alignment areas include several factors, making it a difficult, yet indispensable component for achieving strategy implementation. Despite the significance of strategy alignment, it remained underexplored in the scholarly literature (Gasela, 2021b).

Strategy alignment definition

Strategy alignment is the intersection between formulation and implementation, as shown in Figure 1. Alignment is a broad term that scholars interpret differently, and one of its interpretations is the concept of fit (Venkatraman & Camillus, 1984). The word “fit” in this concept has several meanings, including a form of alignment between the internal and external conditions of the organization or the alignment of various internal organization resources for the execution of organizational strategy. It can also mean aligning corporate with business unit strategy (Hrebiniak, 2013). A similar meaning but with a smaller scope defines alignment as a form of organization's strategy, which is derived into the strategy of each functional unit or manager in the organization (Decoene & Bruggeman, 2006; Kaplan & Norton, 2006; Kathuria et al., 2007a). Therefore, alignment has a broad meaning and is an important concept in strategic management (Sherafat & Khaef Elahi, 2018; Venkatraman & Camillus, 1984).

Figure 1: Strategy alignment is the incision between strategy formulation and strategy implementation



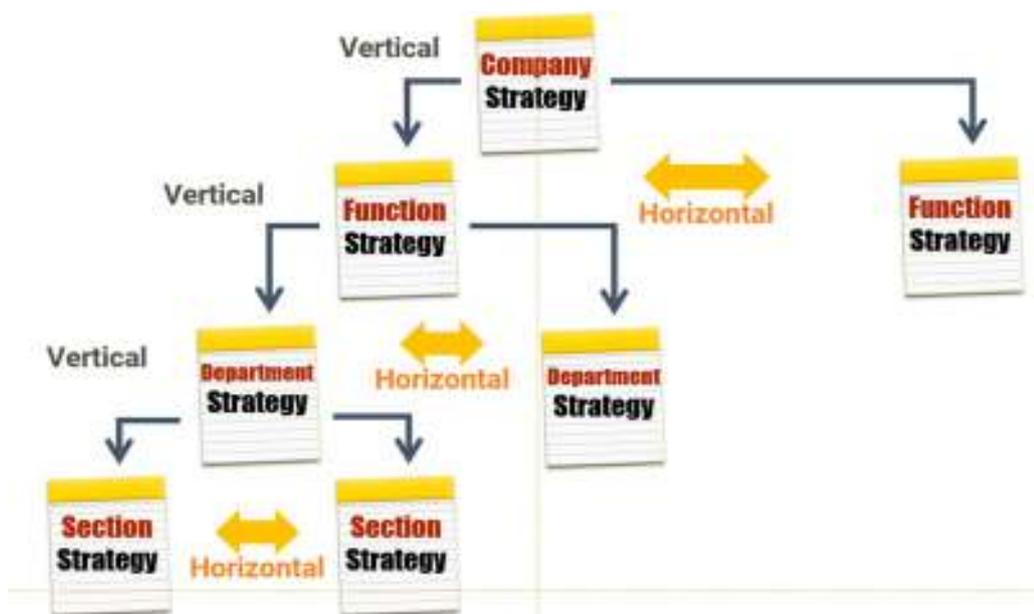
This study will use the definition of alignment in the sense of harmonizing organizational strategy, which is derived into the strategy of each business unit or functional unit in the organization as defined by (Decoene & Bruggeman, 2006; Hrebiniak, 2013; R. S. Kaplan & Norton, 2006; Kathuria et al., 2007). Consequently, strategy alignment is a way to ensure that the strategy from the organizational level can go down in harmony with each business or functional unit.

Only a few studies have discussed strategy alignment, such that implementation can run effectively and successfully. According to (Yang et al., 2010), there are very few studies that have examined the inter-relationship of functional and business strategies. Several studies

have discussed the concept of strategy alignment, often within the context of strategy implementation. These include model implementing strategy: key decisions and action (Hrebiniak, 2006), model management system: linking strategy to operations (Kaplan & Norton, 2008), model strategy process phases: strategic architecture, action, and adaptation (Vuorinen et al., 2018).

These three studies have the exact definition of strategy alignment used in this investigation. The study also mentioned two types of strategy alignment, namely vertical and horizontal (Kathuria et al., 2007). Vertical alignment is lowering strategies, objectives, targets, and initiatives from the top of the organization to the lowest level. It is divided into three levels, namely corporate, business, and functional. On the other hand, horizontal alignment is coordination between units at the lower level of top management/board of directors. It is divided into cross-function and intra-function, where coordination occurs across business or function units, and within the same business or function unit, respectively. The notion of vertical and horizontal alignment has been widely accepted in various studies (Vuorinen et al., 2018). The visual representation of vertical and horizontal alignment in Figure 2.

Figure 2: Vertical and horizontal alignment



Study objectives and paper purpose

This study addresses two questions:

- a. What key success factors make strategy alignment work?

b. Can a model or template be made for strategy alignment success factors?

This study aimed to address the two questions above, thereby contributing to the academic discourse on the topic of strategy alignment and serving as a model for effective implementation within companies by industry practitioners.

This study also aimed to review, critique, and synthesize the literature on empirical investigation of strategy alignment to create new knowledge and frameworks as part of the integrative review process (Torraco, 2016). The steps used in this study followed the critical analysis (CA) method proposed by (Nakano & Muniz, 2018).

Due to the absence of a comprehensive and relevant literature review in the area of strategy alignment with the tendency to incorporate the subject within the strategy implementation area (Barney & Hesterly, 2015; Hill & Jones, 1998; Hrebiniak, 2006; Kaplan & Norton, 2006), comprehensive and relevant literature reviews previously conducted by scholars were examined. The results showed four best relevant literature reviews from previous scholars (Noble, 1999; Tawse & Tabesh, 2021; Vigfússon et al., 2021; Yang et al., 2010), as listed in the Table 2.

Table 2: Four best and relevant existing literature reviews on strategy implementation or execution topic

Journal Name	Writer	Year of publication	Number of journal reference	Period of	Published by
The Eclectic Roots of Strategy Implementation Research	Charles H.Noble	1999	Fifty (50)	1983-1996	Jurnal of Business Research (Index 236 - Q1)
Making Strategy Work: A Literature Review on the Factors influencing Strategy Implementation	Yang Li, Sun Guohui, Martin J.Eppler	2010	Sixty (60)	1984-2007	Handbook of Research & Strategy Process (Chapter 8)
Strategy Implementation: A Review and an introductory framework	Alex Tawse, Pooya Tabesh	2020	Thirty-seven (37)	1997-2019	European Management Journal (Index 117 - Q1)
Obstacles to Strategy Implementation and Success Factors: A Review of Empirical Literature	Kristjan Vigfusson, Lara Johannsdottir, Snjolfur Olafsson	2021	thirty-five (35)	1980-2020	Journal of Strategic Management (Index 318 - Q1)

Another search was conducted for literature between 2020 and June 2023 to complete the 27 studies. The search was conducted through ScienceDirect, Proquest, and Emerald using the keywords "Strategy Implementation," "Strategy Execution," "Execution," "Alignment," "Strategy Alignment" or "Strategic Alignment." A total of 9 was obtained from this search, bringing the total number of primary studies to 36 for the period 1980 to 2020.

The analysis was carried out in two stages, where the first included the technique for conducting a critical analysis to write empirical literature (Nakano & Muniz, 2018). In the second stage, analytical tools were used:

- a. The 36 studies were grouped using the categories of the strategy alignment models, namely the strategy process phases model, including architecture, action, and adaptation (Vuorinen et al., 2018). Strategy architecture contains the process of analysis and formulation. Therefore, strategy architecture is the same as strategy formulation in the classic management model. Action translates strategy to operations and organizing activities, and it is the same as strategy alignment in the classic management model but "hidden" in implementation. Adaption contains monitoring and learning, and it is the same as strategy implementation or execution in the classic management model.
- b. The key factors for success and failure from the 36 studies are analyzed and group into the three categories using Excel software.

Result and Discussion

Finding strategy alignments' obstacles and key success factors

The analysis results of thirty-six articles highlight obstacles and key success factors for the action category in Table 4.

Table 4: The main points, obstacles, and key success for action category (strategy alignment)

No	Authors	Main Points	Action	
			Obstacles	Key Success
1.	(Bourgeois, 1980)	The influence of consensus on goal and means in strategy formulation	-	-
2.	(Bourgeois III & Brodwin, 1984)	Five process approaches used to advance strategy implementation for the role of CEO	-	Collaborative on strategy, Shared goal between the organization and its participants, Clear organizational structure
3.	(Gupta & Govindaran, 1984)	Effect of Managerial characteristic on SBU Strategy	-	-
4.	(Wernham, 1985)	Factors of implementation problem in UK nationalized	-	-

		industry		
5.	(Alexander, 1985)	Strategy implementation obstacles from the top management view	Lack of coordination, Key implementation tasks were not defined in enough detail	-
6.	(Nutt, 1986)	Different tactics for managers or sponsors in implementation	-	-
7.	(Guth & Macmillan, 1986)	Middle management self-interest or motivation to implement strategy	Low or negative commitment, not aligned with individual goals	-
8.	(Gupta, 1987)	The impact of Corporate - SBU relations on the strategy implementation of SBU	-	-
9.	(Govindarajan, 1988)	Effect of SBU strategy on administrative mechanisms in implementation	-	-
10.	(Hambrick & Cannella, 1987)	How to convert a new strategy into concrete competitive success	-	Coordination (upward, downward, outward, and across), clear structure, and subunit program
11.	(Wooldridge & Floyd, 1990.)	Investigating the relationship between middle management involvement in strategy and organizational performance	-	Consensus & commitment to strategy
12.	(Skivington & Daft, 1991)	Effect of two implementation modalities on individual strategic decisions	-	Clear structure, interaction between top management and employee
13.	(Floyd & Wooldridge, 1992)	A typology of four middle management strategic roles and links to organizational strategy	-	Championing alternatives, implementing deliberate strategy
14.	(Floyd, 1992)	Examines an approach to implementation that focuses on strategic understanding and commitment shared by managers	-	Improving understanding, enhancing commitment
15.	(Waldersee & Sheather, 1996)	Demonstrate the potential impact of strategy on manager implementation intentions	-	-
16.	(Piercy, 1998)	The impact of behavioral and organizational consequences caused by the traditional dichotomy between strategy formulation and implementation to marketing strategy implementation	-	-

17.	(Noble, 1999)	An eclectic collection of implementation studies	-	Proper strategy-structure alignment, strategic consensus (understanding and commitment) between managers, "trickle down" process from top management to line worker, vertical and lateral interaction and communication
18.	(Beer & Eisenstat, 2000)	Six silent killer of strategy implementation	Top-down or laissez-faize senior management style, poor vertical communication, poor coordination across functions	-
19.	(Okumus, 2001)	Develop an implementation framework and evaluation of how their variables interact and influence each other	-	Formal and informal organizational structure, top-down and bottom-up communication, operational planning
20.	(Heide et al., 2002)	Identify barriers to the successful implementation in a Norwegian ferry-cruise organization	Communication barriers, organizational structure barriers	-
21.	(Rapert et al., 2002.)	Explore vertical communication as strategic consensus factors for functional and organizational performance	-	Frequent communication, strategic consensus
22.	(Hrebiniak, 2006)	Identifies main obstacles to effective implementation and describes what manager must do to overcome it	Not having guidelines or a model to guide strategy implementation efforts, Poor or inadequate information sharing, unclear responsibility, and accountability, trying to execute a strategy that conflicts with the existing power structure	-
23.	(Schaap, 2006)	Investigating the relationship between effective leadership behavior and successful strategy implementation in the Nevada casinon industry	Employees understand and agree with the strategic plan of the organization	-
24.	(Brenes et al., 2008)	Understanding the key success factors in the implementation of business strategy for local business firms in Latin America	-	Organizational structure, alignment of processes - work systems and information systems, an orderly arrangement of actions to be taken,

25.	(Crittenden & Crittenden, 2008)	Identifies eight levers of strategy implementation	-	Who-what and when of cross-functional integration and organization collaboration, Craft implementation program, integrate program: roll up, present to board/senior management: ratification
26.	(Allio, 2005)	A practical guide to implementing strategy	Can't translate ideas into action	
27.	(Tawse et al., 2019)	The insight gained from the intersection between management (strategy implementation and change management) and psychology (self-regulation and nudges) Explore the relative importance between the quality of competitive strategy and the quality of the implementation of that strategy in the strategic management process	-	Develop implementation intentions
28.	(Wasilewski, 2020.)	Investigate whether organizational strategy implementation is effective given the alignment of certain strategic systems	-	-
29.	(Monteiro De Barros & Fischman, 2020)	A systematic literature review of strategy implementation in hospitality and tourism	-	Alignment of strategy and organizational design, alignment of strategy and initiatives
30.	(Aladag et al., 2020)	Provide an organizing framework to help firms develop profitable customer-level strategies across countries in the digital environment	-	-
31.	(Andrew Petersen et al., 2022)	Analysis of the degree of intrinsic alignment with the strategy as a source of business sustainability in the SMEs in Peru	-	Intrinsic Alignment (between operational, tactical, and strategic guidelines)
32.	(González-Díaz et al., 2021)	Determine the influence of leadership on organizational performance during strategy implementation in the Northern Cape-based public entities	-	Effective Leadership in the entity has a positive influence on the alignment
33.	(Gasela, 2021a)	Analyze the extent of misalignment or alignment between corporate and business-	Lack of capacity (HR and finance), lack of communication within the entities, lack of	-
34.	(Gasela, 2021c)			

		level strategy and the resulting impact on organizational performance in Northern Cape	impact assessment to assess the effectiveness of service delivery programs, some entities do not know or are not sure, duplication of key projects and functions, flexibility challenges	
35.	(Naresh Ramsumair, 2023)	To explore the development of a suitable strategy execution model for the public sector Answering the question: how does the middle-level sensemaking of other middle-level attitudes towards a new strategy affect the process of strategy implementation?	Structure, preparing the organization for strategy execution	-
36.	(Schuler et al., 2023)			-

The result showed 9 relationships between obstacles and key successes. All obstacles in the strategy alignment already have answers from the key successes in the source study. Afterward, the key success is analyzed and summarized for simplification, but the essence of the meaning was retained. The summarizing results produce 6 key success factors that are important in strategy alignment, namely vertical and horizontal coordination, clear operational action plans, communication and consensus on strategy, management leadership, clear structure, as well as system support.

The six key success factors are formed into a framework for visibility and contain cause-and-effect relationships. This framework used a simple thematic analysis, namely input, process, and output. The input consists of clear structure, management leadership, and system support and the process consists of communication and consensus on strategy, as well as on vertical and horizontal coordination. On the other hand, the output part is clear operational action plans.

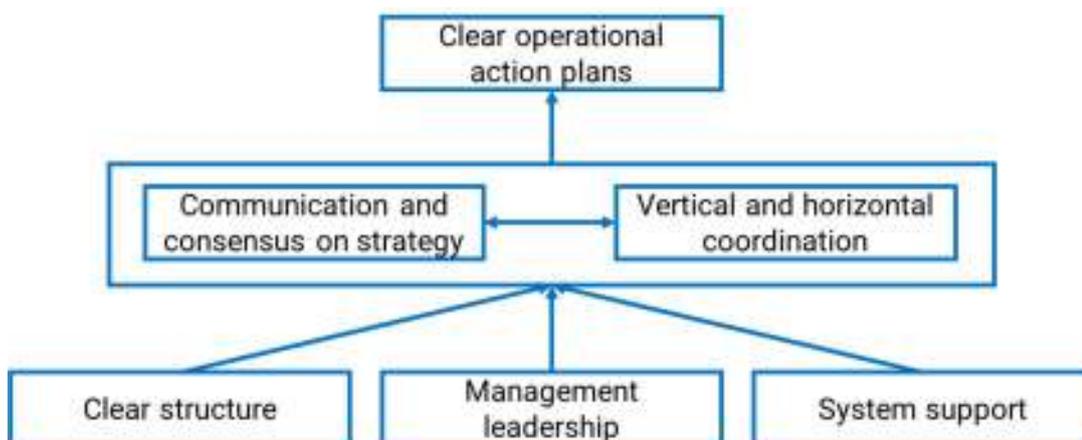
Table 5: Relationship between obstacles and key success factors in strategy alignment and key success factors summarizing.

No	Obstacle	Related	Key Success	Summarize
1	Lack of coordination (5)		Vertical and horizontal	Vertical and horizontal
2	Poor coordination across functions (18)		coordination (10)	coordination
3	Key implementation tasks not detail (5)		Subunit programs tasks (10,17,29),	Clear operational action plans
4	Unclear responsibility (22)		implementing	
5	Flexibility challenges (34)		deliberate	

		strategy :translate goals into action plans (13,26), operational planning(19), an orderly arrangement of actions to be taken (24), championing alternative (13), develop implementation intentions (27)	
10	Poor vertical communication (18)	Vertical and lateral interaction	
11	Communication barriers (20,34)	and communication (17,19,21,25), consensus on strategy (11,14,17,21)	
6	Low commitment (7)	Commitment on strategy (11,14)	
7	Not align with individual goal (7)	Collaborative on strategy (2,25), interaction between top management & employee (12), intrinsic alignment between operational, tactical and strategic guidelines (32)	Communication & consensus on strategy
8	Employee understand and agree with company's strategic plan (23)	Shared goal (2)	
13	Poor information sharing (22)	Effective leadership (33)	Management leadership
9	Top down senior management style (18)	Clear structure (2,10,12,17,19,24,29)	Clear structure
12	Organizational structure barriers (20,22,35)	Alignment of process, work systems and information systems (24)	System support
14	Lack of HR and Finance capacity to support alignment (34)		
15	Not having guideline or a model to guide strategy implementation effort (22)		

This framework also acts as a checklist useful for ascertaining the readiness of the 6 factors to ensure the smooth running of the strategy alignment process. When one of these factors is missing, the strategy alignment does not go well, and it can cause the implementation to fail. Figure 3 shows the strategy alignment key success framework.

Figure 3: Strategy alignment key success factors framework



The 3 factors at the lowest level, namely clear structure, management leadership, and system support, are the foundation factors that must exist first. These factors are not interdependent and do not affect each other, indicating that others can function when one is missing. These factors serve as the primary foundation for the other two positioned above. Therefore, the absence of one would impede the effective operation or proper functioning of the factors. A discussion of the three factors at the lowest level, which are the foundation of this framework is presented below:

a. Clear structure.

Organizational structure is essential and the foundation of strategy alignment. It has two main functions, namely the primary support of the strategy and the conditions for the strategy alignment process (Monteiro et al., 2020). With a clear structure, the strategy that has been determined and the alignment process will be achieved. Several checklists need to be ensured for the fulfillment of this clear structure, namely:

- ✓ Does the structure follow the desired strategy?
- ✓ Has the structure been approved and communicated to all employees?

b. Management leadership.

Management leadership is defined as technical and soft skill competence. Technical skill competence is the capacity of the leader to technically function, and the ability to formulate strategic plans aligned with the organizational strategy. On the other hand, soft skill competence is the capacity of the leaders to convince and mobilize their team to achieve the work plan that has been agreed upon. A leader needs to improve in technical and soft skills to ensure the success of strategy alignment (Gasela, 2021a). Several checklists need to be ensured for the fulfillment of this management leadership, namely:

-
- ✓ Does the technical ability of the leader at that level fit the competency needs of the position?
 - ✓ Are the soft skills competencies of leaders at that level able to mobilize their subordinates?

In a case where one of the checklists is not met, this management leadership factor will not be fulfilled.

c. System support.

The scope of system support is very broad and complex and can be in the form of business processes, as well as IT, reward, and management systems, and others. This support system is vital for successful companies (Brenes et al., 2008). The management system is more specific and relevant for this factor, and it is defined as a tool used to lower the strategy from the organizational level to the levels below. Many management system tools are currently used by various companies, including KPIs systems, Balanced Scorecards, 4DXs, and Objective and Key Results (OKR). The management system tool provides the organization with standard methods and policies that are collectively comprehensible, making the strategy alignment process possible. Several checklists need to be ensured to fulfill the management system, namely:

- ✓ Do all employees understand the management system tool that will be used?
- ✓ Is a PIC responsible for assisting each function using the management system tool?

In a case where one of these checklists is not met, the system support factor will not be fulfilled.

The three factors above should be present to ensure that the other two function well. The following two factors are communication and consensus on strategy and vertical and horizontal coordination. In addition to being influenced by the three factors below, these two factors also influence and need each other. For a strategy to be derived through vertical and horizontal coordination, effective communication and consensus on strategy are needed. Similarly, in the absence of communication or consensus on strategy, regardless of the frequency of coordination effort, it will end up in vain.

d. Communication and consensus on strategy.

Several studies distinguished between communication and consensus, but both are very closely related. Consensus is the sharing of understanding both within and between functions to achieve a joint commitment to an agreed strategy or activity

(Noble, 1999). On the other hand, communication is a way to convey messages in discussions or debates to reach a consensus. More frequent communication will positively impact consensus (Rapert et al., n.d.). Several checklists need to be ensured for the fulfillment of communication and consensus, namely:

- ✓ Is there a facilitator in every meeting, both within and between functions, to ensure a conducive discussion?
- ✓ Is there good two-way communication in every meeting to create the same understanding and commitment?

In a case where one of these checklists is not met, the communication and consensus factor will not be fulfilled.

e. Vertical and horizontal coordination.

Vertical coordination implies lowering the strategy from the top to the level below. For example, within the organization structure, there exists a general manager level and a manager level below. In that case, vertical coordination is the coordination process to reduce the strategy owned by the general manager to the managers below. On the other hand, horizontal coordination is the process of coordination at the same level. For example, in a situation where the general manager oversees three managers, these managers must engage in coordination to harmonize interrelated action plans. Both types of coordination, vertical and horizontal, are essential for effective strategy implementation. Vertical coordination enables the downward flow of strategy from the top to the level below, but it is not sufficient. However, this approach may lead to the formation of silos, where each section is primarily concerned with its interests, consequently impeding the cooperation process between sections. In the event of exclusive reliance on horizontal coordination, the action plan of each part will not align with the strategy or target level above. In principle, this coordination allows everyone to create strategies or activities in their respective sections, which is an important condition for effective implementation (Hambrick & Cannella, 1987). Several checklists need to be ensured for the fulfillment of vertical and horizontal alignment, namely:

- ✓ Is there a detailed schedule that organizes meetings for each function (between superiors and subordinates) and between functions to discuss strategies or activities?
- ✓ Is there documentation of a mutually agreed strategy for one function or between functions?

In a case where one of these checklists is not fulfilled, the communication and consensus factor will not be fulfilled.

After these two factors operate effectively, the clear operational action plan, which is the ultimate goal of this framework, is eligible to be fulfilled.

f. Clear operational action plan.

A clear operational action plan means that the large-scale and long-term strategy of the organization has been translated into a detailed action plan, aligned with the context of each function, and focused on the short term for the implementation of the strategy (Monteiro De Barros & Fischmann, 2020). This aspect is significantly important, ensuring that every employee in each section clearly understands their respective responsibilities, the designated timeline for completion, and the anticipated output. Several checklists need to be ensured for the fulfillment of this clear operational action, namely:

- ✓ Does each function have an action plan finalized with superiors and other related functions?
- ✓ Is the action plan following the standard management system tool used?

The ultimate goal of the strategy alignment process is to ensure that every part of every organization has an action plan aligned with its function, both vertically and horizontally, and is characterized by clarity. This can be achieved when the five factors below have been done by making sure all the checklists are fulfilled.

In conclusion, the two main categories in the strategy world are formulation and implementation. The results of previous studies have proven that strategy implementation was more challenging than strategy formulation. This study also showed factors influencing implementation failure that were not included in the strategy formulation or implementation categories. Therefore, it is important to introduce an intermediary category between the two factors, namely the strategy alignment category.

Conclusion

The results of this study identified 6 key success factors that needed to be considered to ensure the effective operation of strategy alignment. Each factor was given a checklist of questions to ensure that each requirement was fulfilled.

The theoretical implication of this study was its provision of literature reference from 1980 to June 2023 regarding the barriers and success factors of strategy implementation. The most recent literature review on strategy implementation was in 2020. Therefore, this study serves as a valuable complement adding a new synthesized perspective. Within the scope of this study, an important additional category was proposed. This category, namely strategy alignment, which was yet to be extensively addressed played a significant role in successful implementation. The concept of strategy alignment deserved equal attention as formulation

and implementation. This is because, without strategy alignment, formulation will be useless, and implementation will not be effective. The following framework was a theoretical contribution:

Figure 4: Summary of Strategy alignment key success factors framework



The managerial implication of this study was to provide input to practitioners regarding the importance of the strategy alignment category. The factors needed to be considered for this strategy alignment to function effectively were explained. Guidance were also provided in the form of a ready-made checklist that can be used as an indicator of whether each factor of strategy alignment has been fulfilled correctly.

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THE ACCOUNTING PRACTICE OF *BUWUHAN* TO FOSTER SOCIAL LIVES THROUGH THE VALUE *RUKUN AGAWE SANTOSA*, *CRAH AGAWE BUBRAH*

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ABSTRACT

This research aims to explore the practice of *buwuhan* accounting in enhancing the value of community life. To comprehend reality comprehensively and thoroughly, the research employs a postmodernist paradigm. Data collection for the research was obtained through interviews with informants and articles published in journals. The data analysis technique employs the Javanese proverb *rukun agawe santosa, crah agawe bubrah*, which translates to harmony strengthens, conflict disrupts. This proverb embodies the values of harmony, cooperation, peace, dishonesty, and conflict. The research findings reveal that the practice of *buwuhan* accounting contributes to harmony and reduces conflicts through asset acceptance, expense management, cash flow recording, and debt acknowledgment in the *buwuhan* tradition. Through *buwuhan* accounting practices, harmony can be maintained, and disputes reduced, when conducted with a sense of unity, cooperation, and peace.

Keywords: 1st *Buwuhan*, 2nd Javanese Society, 3rd Values, 4th Accounting Practices.

ABSTRAK

Penelitian ini bertujuan untuk menggali praktik akuntansi *buwuhan* dalam meningkatkan nilai kehidupan bermasyarakat. Untuk memahami realitas secara utuh dan lengkap, maka penelitian dilakukan menggunakan paradigma posmodernis. Pengumpulan data penelitian diperoleh melalui wawancara kepada informan dan artikel yang diterbitkan di jurnal. Teknik analisis data menggunakan peribahasa Jawa *rukun agawe santosa, crah agawe bubrah* yang artinya rukun membuat kuat, bertengkar membuat bubar. Peribahasa ini mengandung nilai kerukunan, gotong-royong, kedamaian, kecurangan dan konflik. Hasil penelitian dalam penelitian ini menghasilkan praktik akuntansi *buwuhan mundhake rukun tur isa ngurang cekcok* yang dilakukan dengan cara menerima aset, mengelola beban, mencatat arus kas dan mengakui utang pada tradisi *buwuhan*. Melalui praktik akuntansi *buwuhan* dapat menjaga kerukunan dan mengurangi perselisihan jika dilakukan dengan rasa persatuan, kerjasama serta kedamaian.

Kata Kunci: *Buwuhan*, Masyarakat Jawa, Nilai, Praktik Akuntansi



Introduction

Accounting can be defined as a service activity that provides quantitative information, particularly related to finance, used for rational decision-making (Sugiri, 2008). The primary function of accounting is as a tool to determine the financial condition within a group, organization, or dynamic company. The concept of accounting continues to evolve in response to environmental developments, and the term "an everchanging discipline" illustrates that this science is always changing with the times (Triyuwono, 2009). Accounting is also related to other interrelated sciences, so knowledge of accounting becomes broader and more beneficial to society. Accounting was initially only used for reporting corporate transactions, but now its understanding has expanded to include transactions of goods and services in society (Al-Arif, 2012). Furthermore, Triyuwono (2000) explains that the use of the non-positivist paradigm in accounting studies is very useful for developing accounting theory and practice. This paradigm helps accounting in Indonesia and expands the benefits and usefulness of accounting in society. It also influences the development of accounting research that is not limited to positivist approaches alone.

This is in line with Sukoharsono's research (1998), which explains that accounting has become a relevant study for understanding the dynamics of society and can be equated with other social institutions such as family, religion, work, education, culture, and art. The purpose of accounting is to provide solutions to problems that occur in society. The use of accounting, initially focused on organizations and companies, has also been applied in the family context. Research indicates a connection between accounting systems in the personal and public domains, which can be used as techniques and business systems applicable within households. The study of household accounting is not a new discipline, although the majority of research comes from outside Indonesia.

There are various factors that motivate the use of household accounting within a family, such as cultural influences from parents, risk avoidance, tax planning, and significant events like births, deaths, and marriages (Poornima et al., 2012). Furthermore, Ahsan (2017), in his research, concludes that household accounting reflects values such as responsibility, trustworthiness, honesty, discipline, sincerity, and perseverance. The practice of household accounting cannot be separated from local cultural aspects. Culture, including understanding, values, norms, knowledge, social structure, and religion, plays a crucial role in the practice of household accounting.

The current system and concepts of accounting education tend to be influenced by Western culture without significant adaptation. Accounting brought by Western culture has a secular orientation, focusing on profit and quantitative, materialistic, and mechanistic realities. The dominant positivist paradigm in the accounting perspective aims to develop market-based research and behavioral accounting. However, the positivist approach has limitations in understanding complex and dynamic realities. In this context, the non-positivist approach in accounting, which recognizes complexity, subjectivity, and the active involvement of researchers, makes a significant contribution to the development of accounting concepts and practices, especially in Indonesia.

The research problem in this study is how accounting practices within the Javanese *buwuhan* tradition contribute to enhancing communal life values. The objective of this research is to explore *buwuhan* accounting practices in enhancing communal life values.

The multiparadigm accounting approach provides a better solution for preserving the interconnected identities and values of religion and culture in the context of accounting in Indonesia. Postmodernism is a counter-thought movement against modernism, offering views, appreciation, and criticism of the discourse of modernity and the current dominating global capitalism (Purwanti: 2021). The postmodernist paradigm rejects the idea that there is one adequate representation of reality, emphasizing that each individual or group has the freedom to interpret reality based on their own experiences, perspectives, and contexts. The subjectivity of individual minds and communication between subjects is considered natural.

According to Triuwono (2004), the anti-objective interpretative approach acknowledges the subjective interpretation values of individuals, while the deconstruction approach involves a critical analysis of language and text to uncover contradictions and hidden assumptions. In postmodernism, interpretation is seen as a continually evolving and complex process, recognizing the complexity of reality that cannot be reduced to a single understanding.

Method

According to Kamayanti (2021), methodology is a study used to solve research problems and is selected based on the researcher's worldview. In this research, purposive sampling method was employed to select informants. Data collection in this study utilized both primary and secondary sources (Sugiyono: 2012). Primary data sources were obtained through passive participant observation, where the researcher observed the activities of the

Temon Village community without actively participating. This observation provided an overview and data support for the research. Additionally, in-depth interviews were conducted with relevant informants.

The data analysis technique in research, viewed from the perspective of postmodernism, is encapsulated in the Javanese proverb "*Rukun Agawe Santosa, Crah Agawe Bubrah*," which translates to "Harmony brings tranquility, conflict leads to destruction" (Pratiwiningsih, 2020). This proverb was coined by Emmanuel Levinas, aiming to express the ethics of what humans should and should not do with the dignity and honor of humanity. Javanese society strives to create peace and harmony in life (Suratno et al., 2013). Moreover, Javanese society is characterized by being harmonious. Common interests take precedence in communal living, with individuals sacrificing personal interests for the sake of creating peace and harmony in community life.

Result and Discussion

Currently, event organizers have demonstrated a very high level of existence in society. Many people even choose event organizing as a profession. According to Rhenald Kasal (Jeanetta, 2018), an event organizer is a business that applies continuous and consistent management to deeply explore the entertainment world. They build a competent team to record every event selection process, design events, arrange payments, handle permits, ensure the safety of implementation, keep up with technological developments, and manage marketing and evaluation processes. Meanwhile, according to Suseno, an event organizer is a group of people, or a team tasked with running the operational aspects of a program, including production, management, and execution.

In contemporary times, many weddings utilize event organizers that can provide various conveniences and benefits for the marrying couple. An event organizer is a professional organization with specific expertise in its respective field. They are trained and skilled in providing wedding services such as decoration, catering, photography, makeup, and more. By employing an event organizer, the marrying couple can leverage the knowledge and skills of these professionals to ensure that their wedding runs smoothly.

Wedding preparations can be highly complex and time-consuming, especially for busy couples. Enlisting the services of a wedding event organizer can alleviate the burden of preparation that they would otherwise have to handle themselves. Organizing a wedding can be a stressful and overwhelming experience for the marrying couple. By using an event

organizer, a significant portion of the preparation and event execution responsibilities will be handled by skilled professionals. This can reduce the stress levels experienced by the marrying couple, allowing them to enjoy these special moments without being burdened by technical tasks.

The *Buwuhan* tradition is one of the traditions that can be utilized to reconstruct the values of Javanese community life. This tradition represents the communal practice of the Javanese society in helping or contributions to those in need, especially in specific situations such as when community members face economic difficulties or disasters.

In this modern era, many couples-to-be opt to use the services of event organizers in the planning and organization of their weddings. Several factors drive this trend, including the increasing complexity of modern wedding preparations and the time-consuming nature of wedding planning, given busy schedules. Although utilizing an event organizer in a wedding has numerous benefits, there are also some drawbacks to consider, especially concerning cultural traditions.

The use of an event organizer in weddings often involves significant costs. Each service provided by the event organizer comes with a price tag, and these costs can add a financial burden to the marrying couple. When using an event organizer, the marrying couple may face limitations in implementing their creative vision. In some practices, the use of an event organizer can remove the personal touch and direct involvement from the marrying couple and their families.

The presence of these event organizers leads to a lack of community participation and involvement in wedding traditions. This can result in feelings of dissatisfaction and alienation among the community. Weddings are matters that involve many people, and it is important for the community to feel they have a voice in this matter.

The explanation above proves that *Buwuhan* can also help counter cultural homogenization resulting from globalization and modernization. In line with the postmodernist paradigm, it is acknowledged that identity and culture are not homogeneous but diverse and complex. The explanation above demonstrates that the *Buwuhan* tradition traditionally strengthens local identity and revives cultural traditions. One way is by introducing the younger generation and the broader community to their cultural heritage; this event helps preserve cultural diversity, hindering the cultural homogenization that occurs through globalization and modernization. Furthermore, as stated by Purwanti (2021), postmodernism expands

the understanding of the paradox of meaning interpretation, actively paying attention to and developing cultural elements that are often overlooked, considered unimportant, or marginalized.

In the postmodernist paradigm, the importance of paying attention to and appreciating local narratives is recognized. The *Buwuhan* tradition traditionally provides a platform for the local community to voice their own experiences, stories, and traditions. This helps counter the dominance of global narratives and cultural homogenization that often occurs in the context of globalization and modernization. The *Buwuhan* tradition traditionally also instills pride in their culture. When the community sees their cultural richness preserved and proudly celebrated, they will have greater respect and appreciation for that cultural heritage.

Postmodernism highlights the importance of recognizing and preserving cultural heritage that is often overlooked or considered unimportant in dominant cultural narratives. Furthermore, as stated by Purwanti (2021), postmodernism expands the understanding of the paradox of meaning interpretation, actively paying attention to and developing cultural elements that are often overlooked, considered unimportant, or marginalized.

Posmodernis menekankan keberagaman budaya dan kompleksitas identitas manusia. Tradisi *buwuhan* secara tradisional mencerminkan keragaman budaya yang ada dalam masyarakat dan memberikan kesempatan bagi individu untuk merayakan dan menghargai identitas budaya mereka. Pada konteks kehidupan bermasyarakat, tradisi *buwuhan* secara tradisional juga dapat meningkatkan interaksi sosial antara anggota masyarakat. Ketika masyarakat berkumpul untuk merayakan dan terlibat dalam acara ini, mereka memiliki kesempatan untuk saling berinteraksi, berbagi pengetahuan, dan saling belajar satu sama lain. Ini memperkuat ikatan sosial antara individu-individu dalam masyarakat dan menciptakan hubungan yang lebih erat. Acara tradisi *buwuhan* dapat menjadi kesempatan untuk memperkuat ikatan sosial dan meningkatkan rasa kebersamaan dalam masyarakat. Pada pelaksanaannya, melibatkan partisipasi aktif dari masyarakat lokal, keluarga, dan tetangga dapat membangun solidaritas dan hubungan yang lebih erat antarwarga. Hal ini dapat menciptakan suasana yang harmonis dan saling mendukung dalam kehidupan sehari-hari.

The postmodernist paradigm recognizes diversity and plurality within society as a complex reality. The existence of diversity in culture, religion, family, race, economics, social aspects,

ethnicity, education, science, and politics is a reality. This implies that it is crucial to tolerate and appreciate diversity in thoughts, civilizations, religions, and cultures (Abdullah, 2004).

In the postmodernist paradigm, the analysis of the traditional *Buwuhan* tradition in the context of enhancing social interaction can be viewed through the principles of pluralism, the deconstruction of social hierarchies, and the encouragement of creativity and individual expression. Social interaction occurring in these events provides a space for the community to share, dialogue, and celebrate differences, thus strengthening social relationships and promoting better understanding and appreciation among individuals within the society.

Postmodernism opposes cultural homogenization caused by globalization and modernization. The *Buwuhan* tradition traditionally preserves cultural traditions, values, and norms that might be marginalized in a global context. Through cultural education gained from these events, the younger generation can appreciate and strengthen their own cultural identity as a resistance against cultural homogenization.

The *Buwuhan* tradition holds values aimed at enhancing community life. These values reflect social, cultural, and moral principles respected in Javanese society. Some values found in the *Buwuhan* tradition that contribute to the improvement of community life include:

1. Planning Stage

Planning is indeed a crucial initial stage in any activity, including the *Buwuhan* tradition in Java. Through the planning stage of a Javanese wedding, social bonds among family members, neighbors, and involved community members are established and strengthened. Collaboration and interaction during wedding planning create opportunities for mutual acquaintance, expand social networks, and build closer relationships. This proves beneficial in community life, fostering a sense of mutual care and support. Javanese wedding planning involves the fair distribution of responsibilities among family members and involved parties. Each person is given specific roles and responsibilities based on their abilities and expertise. This value reflects the principles of justice and balance in community life.

In the accounting practices of the *Buwuhan* tradition during the planning stage, event organizers create a budget that encompasses expenditures for various needs, particularly food. This can be seen as an initial step in financial planning for the event. During the event planning stage, various family members, relatives, and community members participate, often bringing contributions or donations in the form of food items.

Family involvement plays a crucial role in the planning of these practices. Family members not only participate in event preparations but also engage in cooking. This participation is essential for managing the food and ingredient supplies needed for cooking. Families organizing the *Buwuhan* tradition are responsible for tracking existing asset inventories, calculating inventory levels, and ensuring that an adequate supply is available throughout the event. Assets available at this stage include contributions from the family in the form of money or goods, and the services offered also serve as a crucial asset for event organizers to aid in preparations. This comprehensive approach ensures the smooth running of the event and guarantees that everyone receives adequate service.

In conclusion, the accounting practices of *Buwuhan* during the planning stage involve creating a budget needed for the event to ensure that the *Buwuhan* tradition is well-organized and financially controlled. Through these values, the planning stage in Javanese wedding traditions becomes not only a crucial process for achieving a successful marriage but also plays a role in strengthening social bonds, maintaining harmony in community relationships, and building a better life together.

2. Preparation Stage

This preparation stage discusses the things that need to be prepared for the traditional *Buwuhan* event, such as the dishes that will be served to the invited guests, like various pastries and cakes. Some activities carried out during the preparation of a Javanese traditional wedding, along with the societal values embedded in them, include:

A. Hantaran

The community also brings gifts that signify that the invited neighbors or family members bring cooking ingredients for wedding preparations as a form of togetherness and solidarity among the community. Gifts in Javanese wedding traditions carry profound meanings. These gifts consist of cooking ingredients or food brought by neighbors or family members who are invited as contributions to the wedding preparations. However, beyond its literal meaning, these gifts also embody social values, togetherness, and solidarity among the community.

Bringing gifts in Javanese weddings is also a form of appreciation and respect for the traditions and cultural values held in high regard. In Javanese tradition, cooperation and mutual assistance are highly valued. By bringing gifts, neighbors or family members can honor and respect these traditions, fostering cooperation to create a successful

marriage. Through the act of bringing gifts, social bonds among community members are strengthened. The community becomes interconnected and involved in wedding preparations, creating a sense of togetherness, camaraderie, and closeness among community members.

In Javanese wedding traditions, gifts are not just symbols of cooking ingredients brought by neighbors or family; they also symbolize social values such as togetherness, solidarity, collaboration, appreciation, and the strengthening of social bonds. These values reinforce relationships among community members, maintain harmony in society, and reflect local wisdom in community life.

B. Cooking Food

In Javanese society, there is a strong tradition of warmly welcoming guests. Bringing, cooking, and serving food at weddings are expressions of respect and honor for the invited guests. This signifies that families and communities appreciate the presence and participation of guests in such significant events. The value of respect reflects Javanese customs and manners that emphasize the importance of providing excellent service to guests. Javanese customs stress the significance of respecting guests as a gesture of appreciation for their presence.

Through the actions of bringing, cooking, and serving food in Javanese wedding traditions, values such as solidarity, togetherness, appreciation, respect, balance, justice, and cultural heritage can be realized. These values not only strengthen social relationships within Javanese society but also preserve and enrich communal life by maintaining inherited traditions and customs.

C. Venue Decoration

During the decoration phase of Javanese wedding preparations, the community plays a crucial role in various tasks related to venue decor. Javanese people often use local materials in wedding decorations, incorporating natural elements such as flowers, leaves, bamboo, rattan, or traditional fabrics. The decoration of the Javanese wedding venue emphasizes beauty and aesthetics, reflecting an appreciation for visual appeal and harmonious arrangements. Through captivating decorations, the Javanese community expresses their love for art and aesthetics, aiming to create a beautiful and enchanting environment for the guests. This also reflects their interest in a pleasing and refreshing appearance.

Overall, wedding preparations involving community participation in Javanese wedding traditions reflect a spirit of cooperation, the use of traditional skills, the use of local materials, attention to symbolism and meaning, and creative and innovative touches. Through active community participation in decoration, weddings become more meaningful, strengthening social bonds within the community.

In the accounting practices of *buwuhan* during the preparation phase, it plays a central role in ensuring the smooth execution of this tradition. This process begins with budgeting to allocate funds for event needs, including but not limited to food, fuel, and food offerings. The budget serves as a guide to efficiently manage funds during the event.

During the preparation phase, *buwuhan* accounting practices involve monitoring and managing the budget. The cash flow during wedding preparation must be executed smoothly. The goal is to ensure that the expenditure incurred during the event aligns with the previously established budget. This helps prevent excessive burdens and ensures that financial resources are used wisely.

Furthermore, during the preparation phase, expense recording becomes a crucial step. Every expenditure related to event preparation, such as purchasing food, decorations, and other items, should be detailed. This creates a clear and verified transaction trail, allowing tracking of where funds have been accurately utilized.

In the context of *buwuhan* tradition, the preparation phase plays an indispensable role in ensuring that all elements of the event run smoothly. One aspect that requires serious attention is the availability of material assets, especially food items to be used in serving dishes to the guests. The importance of material asset availability during the preparation phase is striking. This is because the *buwuhan* tradition, aside from being a cultural ritual, also involves serving special dishes to the attending guests. Therefore, the availability of quality assets and an adequate quantity is essential to ensure the success of the event. In this regard, *buwuhan* accounting practices also play a crucial role. Through accurate recording of food and other material inventory, the event organizers can precisely calculate how much material is available. This helps avoid the risk of material shortages, which can disrupt the smooth flow of the event and disappoint the guests.

Moreover, a detailed cash flow regarding material assets provides another advantage. The event organizer or the person responsible for recording can easily identify which assets are already available and which ones need to be purchased. This aids in efficient shopping planning and prevents unnecessary excess burdens.

The sufficient availability of assets also creates a calmer and more controlled atmosphere during the event execution. Knowing that all the necessary assets are ready, the event organizer can focus on the overall execution of the event without worrying about shortages or sudden issues related to inventory. The availability of food items and other supplies during the preparation phase is not just a technical detail; it is a solid foundation for the successful execution of the "*buwuhan*" tradition. "*Buwuhan*" accounting practices ensure that every material is counted and available in sufficient quantity, allowing the event to run smoothly without unwanted obstacles. The preparation phase in "*buwuhan*" accounting practices is not just about planning the budget but also about monitoring incoming and outgoing cash flows, ensuring the availability of required assets, and monitoring the burden during event preparation. All these steps contribute to the success of the "*buwuhan*" tradition by maintaining transparency, efficiency, and readiness in executing this event.

3. Implementation Stage

Practicing accounting rituals in the implementation stage of the traditional wedding ceremony is crucial for controlling the availability of food at the event. Some series of traditional wedding ceremony implementations in Javanese society and the values contained in them are:

A. *Siraman*

In Javanese weddings, *siraman* involves the participation of the community. Family and relatives play a role in providing flower-infused water and spices used in the bride's ceremonial bath. The values contained in it are cooperation and togetherness to assist in wedding preparations. Through community involvement, a strong social bond is created, and a sense of mutual care among community members is fostered. The spirit of cooperation and togetherness in the preparation of *siraman* teaches the Javanese society the importance of collaboration and mutual assistance in communal life. These values strengthen social ties and cultivate a sense of trust and care among community members. Additionally, through active participation in wedding preparations, family and

relatives also show their support and affection for the bride and groom who are about to enter a new life as a married couple.

Overall, *siraman* in Javanese wedding ceremonies has values that involve spiritual preparation, togetherness, symbolism, and collective readiness. Javanese society values and conducts *siraman* as an integral part of wedding preparations, with the hope that this action will bring blessings, purity, and harmony to the marriage.

B. Panggih

Panggih is a moment where the two families joining through marriage unite their strengths and resources. This reflects the values of unity and togetherness in forming the bond of marriage. Panggih becomes a tangible manifestation of family collaboration and cooperation that leads to the creation of a strong new family.

Overall, panggih in Javanese wedding traditions reflects the values of honor, respect, unity, togetherness, cultural heritage, and identity. These values are crucial pillars in preserving traditions, strengthening family relationships, and building a solid foundation for a happy marriage. Through panggih, the Javanese community upholds noble values and local wisdom, reinforcing social and cultural ties in the institution of marriage.

C. Midodareni

Midodareni also involves spiritual activities, such as prayers, recitations, and rituals aimed at seeking blessings and safety for the bride as well as the family entering marriage. This value emphasizes the importance of maintaining a strong relationship with God and relying on spiritual strength in facing marriage and family life.

Through midodareni, the Javanese community appreciates the values of patience, spirituality, family closeness, and mental preparation in navigating marriage. This stage teaches the significance of maintaining emotional strength, spiritual balance, and social support in facing marriage and the role as a member of a new family.

D. Marriage Vows (*Akad Nikah*)

Marriage vows also reflect the values of trust and honesty between both parties. The *ijab-qabul* process involves sincere and honest vows to respect, love, and care for each other. This value emphasizes the importance of building strong trust in marriage and

maintaining honesty as the foundation of the husband-wife relationship. They trust each other to fulfill their promises and commitments to live together as husband and wife. This trust forms a solid foundation in the marital relationship, creating a sense of security and confidence in each other. The marriage vows involve strong trust between the groom and the bride.

Through the marriage vows, the Javanese community values and internalizes virtues such as courage, commitment, trust, honesty, responsibility, balance, respect, and honor. This stage becomes the foundation for building a strong, harmonious husband-wife relationship based on cultural and traditional values.

F. Wedding Reception

The wedding reception in Javanese wedding traditions is a significant moment that involves family, relatives, and the community as a form of respect and celebration for the union of the couple. One of the values inherent in Javanese wedding receptions is brotherhood. The Javanese community views marriage as a bond that involves not only the marrying couple but also the extended family, relatives, and the surrounding community. During the wedding reception, all parties involved feel like part of one large family. They support each other, share joy, and celebrate together. This brotherhood strengthens interpersonal relationships, promotes cooperation, and fosters mutual support in the community. The Javanese wedding reception serves as an opportunity to strengthen family bonds. Families from both sides, including extended and close family, come together to celebrate the wedding. They support and share in the happiness, demonstrating a sense of brotherhood and togetherness in this moment. This brotherhood value reflects the importance of maintaining close family ties and mutual assistance.

Javanese wedding receptions embody social and cultural strength that encourages brotherhood, togetherness, and joy. Through wedding receptions, the Javanese community strengthens family ties, enhances social relationships, and celebrates their cultural diversity. These values reflect the importance of supporting each other, collaborating, and celebrating life together. Javanese wedding receptions become a significant moment in maintaining harmony and strengthening relationships between generations, contributing to social bonds within the community.

In the accounting practices of the *buwuhan* tradition, the control and presentation of food become crucial aspects. This stage involves various actions to ensure that the food served to the guests meets the expected standards and creates a meaningful experience.

In the preparation and execution stage, the event owner or assigned individual monitors the inventory of prepared food assets. Accounting practices involve detailed cash flow recording of the types and quantities of food assets available. This includes calculating the number of dishes to be served, checking the availability of essential food assets, and evaluating whether the inventory is sufficient for all attending guests.

Then there is accounting practice in controlling event food that also includes adjusting the proportions and balance of the dishes served. Food portions must be calculated based on the expected number of guests. Each dish must also be balanced in composition, incorporating various types of food that cater to the preferences and nutritional needs of the guests. The primary goal of food control is to prevent shortages or wastage. Through good accounting practices, event owners can identify potential food shortages before the event starts and take necessary actions to address these issues. Additionally, strict monitoring helps avoid food wastage that may occur without proper planning.

Considering that food is a central aspect of the *buwuhan* tradition, ensuring that food is served well and in sufficient quantity is key to enhancing the guests' experience. Accounting practices in controlling food help ensure that each guest can enjoy the dishes satisfactorily, without concerns about shortages or the quality of the food. In the overall context of the *buwuhan* tradition, controlling event food through accounting practices is a step that not only involves technical aspects but also influences the spiritual and social experiences of the guests. Ensuring sufficient, balanced, and quality food, this practice contributes to the success and meaningful achievement in carrying out the *buwuhan* tradition.

Monitoring and managing cash flow are key elements in accounting practices during the *buwuhan* tradition to balance the load and availability of existing assets. During the event execution stage, the focus is on keeping the expenses under control and in line with the predetermined financial plan. Throughout the event execution, expenses can suddenly and unexpectedly increase. Without careful monitoring, assets can easily be exceeded. This is why accounting practices are essential to closely monitor every cash flow that occurs during the event. Active monitoring helps identify whether expenditures have exceeded the set limits.

The budget that has been prepared beforehand plays a crucial role as a guiding reference during the event execution. Event owners use this budget as a reference to manage expenses. Accounting practices assist in comparing actual expenses with the availability of predetermined assets. If differences are identified, corrective actions can be taken promptly to ensure that the budget remains under control. Monitoring and managing the budget in accounting practices also play a role in preventing financial resource wastage. By comparing each expense with the existing budget, event owners can avoid the excessive or unnecessary use of assets. This contributes to efficient and prudent fund management.

Accounting practices involve all parties involved in the event, including the organizing team and individuals responsible for specific expenses. This creates greater transparency and accountability in budget management, allowing everyone to contribute to keeping the expenses in line with the plan.

Detailed cash flow management is a fundamental principle in accounting practices during the *buwahan* tradition. This practice involves recording every financial transaction that occurs during the event, from purchasing food ingredients to transportation and decoration costs. Recording expenses creates tangible evidence of how assets have been used during the event. It helps identify each expense and ensures that every transaction has detailed records. This evidence is useful for being accountable for expenditures to all involved parties.

By recording all expenses, event owners can actively monitor and control the use of assets. This recording allows them to see clearly how much has been spent on each aspect of the event. If there is a deviation from the set budget, corrective measures can be taken quickly. Expense recording is not only applicable during the event but also has long-term benefits. After the event concludes, these records become valuable references for evaluation. Event owners can thoroughly assess how the budget has been utilized, identify areas where expenditures might have been excessive or insufficient, and draw valuable lessons for future event planning.

Recording expenses creates transparency in financial management. It enables all involved parties to see clearly how funds have been utilized, avoiding ambiguity or suspicion. This transparency also helps build trust among involved parties. Recording all expenses in the *buwahan* accounting practices not only provides a real-time overview of asset usage but also has valuable long-term implications. These practices ensure accountability, aid in

planning and evaluation, and support the necessary transparency for successfully carrying out the *buwuhan* tradition.

Recording asset contributions from invited guests is a crucial step in accounting practices during the *buwuhan* tradition. This involves documenting every asset contribution received from guests attending the event. The purpose of this recording is to create transparency, accountability, and valid documentation related to all income. Each asset contribution received from invited guests should be recorded in detail. This includes recording the amount of assets given by each guest, the name or identification of the guest making the contribution, and the guest's address. The more detailed the recording, the better, as this creates a clear and comprehensive trail of income.

Recording income creates an auditable trail that can be accounted for. In this context, an auditable trail refers to records that can be verified and inspected to ensure the accuracy and validity of information. This trail becomes crucial if there are questions or a need for evidence regarding the received income. By recording each contribution in detail, this practice creates transparency regarding income. Invited guests can have confidence that their financial contributions are managed well and used in line with the goals of the *buwuhan* tradition. This transparency builds trust between event organizers and invited guests.

Recording income supports efficient asset management. Event owners can clearly see how many assets have been accumulated from contributions by invited guests. This helps control fund usage according to the budget and event needs. Recording income also supports compliance with regulations and financial requirements that may apply. Detailed recording facilitates the preparation of accurate and comprehensive financial reports. Thus, recording contributions from invited guests through accounting practices in the *buwuhan* tradition is not just a way to gather asset data but also impacts transparency, accountability, and good fund management.

Accounting practices involve recording all types of items given as contributions. This can include food and beverages. Every type of asset should be recorded in detail, including its quantity. For example, if a guest provides 10 kilograms of sugar, this amount should be clearly documented. In addition to recording the type and quantity of items, the identification of the guest making the contribution is also important. This recording helps maintain a trace of where the contribution originated. Guest identification can be in the form of a full name or a unique identification number, depending on the practices used in the *buwuhan* tradition.

In some cases, the value of contributions may be difficult to measure financially. In such instances, accounting practices involve estimating the value of items. The value of assets also becomes crucial for returning favors when other communities hold *buwuhan* traditions. Event owners who currently receive contributed assets must one day return assets of the same quantity and type. The estimated value can be based on market prices or the average price for those assets. This estimation helps calculate the total value of received item contributions. Recording item contributions is not just about accurately documenting them, but also about managing the received inventory. Through clear recording of the type and quantity of items, event owners can better organize the return of assets. This ensures that received assets are neither excessive nor lacking, and all items can be used effectively. Recording asset contributions also creates transparency in the management of non-financial assets. All parties involved can clearly see the types and quantities of asset contributions received. This transparency helps ensure that item contributions are managed and used wisely. Cash flow during the event becomes a valuable reference for future event planning.

In essence, accounting practices during the implementation stage of the *buwuhan* tradition help tightly control assets for the preparation of the presented food, manage expenses effectively, monitor cash flow accurately, and return favors on assets to the community that participates. These practices provide a solid foundation for the smooth execution and success of the *buwuhan* tradition, ensuring that all aspects of the event proceed according to the planned objectives.

Table 1 summarizes the accounting practices of *Buwuhan* in each stage with the contained values.

Stage of <i>Buwuhan</i>	Accounting Practices	Values
Planning	<ul style="list-style-type: none"> - Creating a budget that includes expenditure for Wuhan traditional needs. - Receiving donations of assets (sugar, rice, cigarettes, oil, money). - Managing assets for Wuhan traditions. 	<ul style="list-style-type: none"> - Mutual cooperation - Solidarity - Peace - Harmony - Justice - Fraud - Conflict
Preparation	<ul style="list-style-type: none"> - Managing asset materials used in Wuhan traditions - Recording cash flow accountably - Issuing expenses efficiently - Using assets such as services to aid in Wuhan tradition preparations - Monitoring cash flow 	<ul style="list-style-type: none"> - Mutual cooperation - Solidarity - Harmony - Fraud - Conflict

Implementation	<ul style="list-style-type: none"> - Monitoring available assets - Calculating inventory of assets transparently - Recording cash flow accountably - Acknowledging debts from community contributions - Controlling expenditure of food material costs efficiently - Recording all expenditure to control assets 	<ul style="list-style-type: none"> - Mutual cooperation - Unity - Patience - Harmony - Justice - Solidarity - Balance - Fraud - Conflict
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In the context of Javanese wedding traditions, the proverb "*rukun agawe santosa, crah agawe bubrah*" holds significant relevance. Javanese wedding traditions emphasize the importance of harmony, concord, and unity between the marrying couple, their families, and the involved community. This principle aligns with the meaning of the proverb, which suggests that harmony or concord can strengthen relationships and create peaceful conditions, while discord or conflict (*cekcek*) can damage those relationships.

Overall, the Javanese proverb "*rukun agawe santosa, crah agawe bubrah*" can be associated with Javanese wedding traditions because both entities emphasize the importance of harmony, concord, and unity in relationships. These principles play a central role in ensuring the success and happiness of Javanese marriages, as well as in building and maintaining harmony within the families and communities involved.

The principle above primarily aims for mutual harmony within the community and the absence of conflict (*cekcek*). Harmony serves as one of the keys in community life because through harmony, communities can create a harmonious and peaceful environment. In this context, there are several important steps that can be taken to enhance (*mundhake*) harmony.

The first step is to build good communication, which is key to community harmony. Through open dialogue, listening, and understanding each other's perspectives and feelings, conflicts (*cekcek*) can be prevented before they escalate into larger issues. Communication within the community can be fostered through traditional ceremonies in the area.

The second step is through education and awareness about diversity and tolerance. Communities need to be educated about the values of respecting differences, so they can better understand and appreciate different cultures, religions, and backgrounds. This tolerance should be applied in everyday life.

The third step is to foster collaboration or cooperation among communities through various traditional ceremonies. Collaboration or cooperation is one of the most effective ways to enhance harmony in communities. Through collaboration, community members can work together to achieve common goals, build mutual understanding, and strengthen relationships among individuals and groups. Traditional ceremonies serve as shared agendas within the community and require mutual assistance to achieve common objectives. Collaboration is a powerful tool for enhancing harmony and addressing the challenges faced by communities. By adhering to these principles and striving to enhance harmony, communities can achieve their primary goal of living together peacefully, without harmful conflicts (*cekcok*) that affect everyone.

In the findings of this research, a new Javanese expression was discovered, which is "*mundhake rukun tur isa ngurang cekcok*." In Javanese language, the expression "*mundhake rukun*" refers to the enhancement of harmony or concord. The word "*rukun*" carries the meanings of unity, solidarity, and cooperation among individuals or groups, while "*mundhake*" means to increase or strengthen.

On the other hand, the expression "*ngurang cekcok*" refers to the reduction of conflicts or issues. The term "*cekcok*" refers to conflicts, tensions, or disagreements between individuals or groups. Meanwhile, "*ngurang*" means to reduce, eliminate, or resolve. Therefore, "*ngurang cekcok*" implies the importance of reducing or resolving conflicts, tensions, or issues that may arise in social relationships. This involves effective communication, understanding, as well as fair and mutually beneficial resolutions. Reducing conflicts is expected to create a more stable, harmonious, and tolerant environment among individuals or groups.

"Mundhake rukun" carries the meaning that it is important to strengthen or enhance harmony, concord, and unity in social relationships, whether within families, communities, or among citizens. This involves attitudes of mutual respect, support, and assistance towards one another. Enhancing harmony is expected to create a harmonious, peaceful, and productive atmosphere for all parties involved."

"*Mundhake rukun*" is an expression that is part of the Javanese community's wedding tradition. This expression aims to strengthen social relationships and mutual assistance between the families of the bride and groom with the attending community in the wedding. In Javanese wedding traditions, there are several aspects considered important to maintain harmony and sustainability in the relationship between the families and the participating

community or relatives. "*Mundhake rukun*" is one of the Javanese expressions that serves as a foundation in efforts to achieve this.

"*Mundhake rukun*" refers to the attitude of mutual assistance and cooperation in various aspects of life, especially in the economic aspect. In Javanese community traditions, particularly in the context of "*buwuhan*," which is closely related to the relationships between communities that support wedding events. Communities will engage in mutual cooperation and assistance economically and in services during the event, aiming to enhance harmony among community members.

By applying the Javanese expression "*mundhake rukun*," it is hoped that Javanese communities can create a supportive environment through Javanese community traditions, including economic aspects. Collaboration, mutual assistance, and communal work in planning, preparation, and execution of weddings can help alleviate financial burdens and strengthen the overall economic life of the community.

The expression "*mundhake rukun*" in Javanese culture serves as the foundation of cooperation and mutual assistance in carrying out specific tasks or activities. It conveys the meaning that the burden of tasks or responsibilities undertaken by an individual is not only a personal responsibility but also a collective responsibility for the entire community. This expression encourages collaboration and the spirit of communal work in every aspect of community life.

In the context of accounting practices in the tradition of "*buwuhan*," the expression "*mundhake rukun*" can be applied by community members collectively managing resources for the *buwuhan* tradition. They contribute together in raising funds, donating goods, and even participating in food preparation. Each individual not only sees responsibility as a personal matter but also plays a role in ensuring the success of the event collectively. In the accounting practices of *buwuhan*, several aspects need to be considered to ensure that the expression "*mundhake rukun tur isa ngurang cekcok*" can be effectively applied in the community. In the planning stage of *buwuhan*, budgeting that includes income and expenditure must be adjusted to the needs of the event. Fair acceptance of asset donations (sugar, money, rice, cigarettes, and oil) should be ensured by the event organizers, and wise management of assets for the needs during the event should be practiced.

On the other hand, in the preparation stage of *buwuhan* accounting practices, it involves managing the asset materials used during the event according to the needs. Then,

recording cash flows, both income and expenses, in an accountable and transparent manner. Additionally, expenditure must be efficient to avoid excessive spending and ensure it is sufficient throughout the event.

During the execution stage of the *buwuhan* tradition, accounting practices involve monitoring all available assets for estimating the event's material needs. The calculation of available assets must be transparent to prevent fraud. Subsequently, monitoring and managing cash flows are carried out in detail and are easily understandable.

In accounting management, this expression teaches that recording and managing funds and resources must be transparent and done collectively. All members have the right and obligation to know how resources are used and managed. This creates a stronger emotional bond within the community, as everyone feels directly involved in the success of the event. By applying "*mundhake rukun*" in *buwuhan* accounting practices, the community fosters a sense of togetherness, solidarity, and harmony. All members collaborate in planning, managing, and executing the event with a common goal of achieving success. This reinforces the values of mutual cooperation, peace, and harmony in Javanese culture and ensures that the *buwuhan* tradition remains alive and meaningful in the community's life.

In the *buwuhan* tradition, Javanese communities strive to maintain unity, harmony, and mutual care among themselves. Therefore, "*ngurang cekcok*" is embraced as a means to reduce behaviors that contradict these values. "*Ngurang cekcok*" means reducing behaviors that are inconsistent with nurturing the values of community life through the *buwuhan* tradition. The expression "*ngurang cekcok*" signifies reducing behaviors that are inconsistent with the values of communal living. This expression conveys the meaning:

"The term 'cekcok' in Javanese refers to excessive or imbalanced behavior that can disrupt social harmony and cultural values within the community."

To reduce such conflict behaviors, Javanese communities through the *Buwuhan* tradition can uphold the values of communal life, including cooperation, togetherness, justice, simplicity, and mutual respect. This contributes to maintaining social harmony and the sustainability of Javanese cultural heritage. By implementing "*rukunꦶ punadhake*" and "*ngurang cekcok*" within the *Buwuhan* tradition, Javanese communities can strengthen and nurture the shared values of life. Social solidarity, community well-being, collective sharing, and respect for traditions and the environment. These are essential aspects that can uphold the continuity and harmony of communities within the *Buwuhan* tradition.

In the context of *buwuhan*, both the preparation and execution of the event involve various types of expenditures, ranging from purchasing food, decorations, to financial contributions. "*Ngurang cekcok*" suggests that expenditures should be made wisely and not excessively. In accounting practices, this can prevent dissatisfaction or conflicts in the community regarding fund usage. By carefully planning expenditures and ensuring that each expenditure adds significant value, communities can reduce the potential for conflict that may arise due to differences in opinions about unnecessary expenditures.

Additionally, "*ngurang cekcok*" can also be interpreted as avoiding waste or excessive spending. In the *buwuhan* tradition, careless or excessive spending can be a source of conflict or dissatisfaction. Accounting practices that involve careful monitoring and recording of expenditures can help prevent wastefulness and avoid potential conflicts that may arise due to differences in views on how resources should be managed.

Applying the "*ngurang cekcok*" accounting practices in the *buwuhan* tradition, communities can achieve more efficient and prudent financial management. This can reduce the potential for conflicts or disagreements that may arise due to differences in views on expenditures. As a result of transparent, fair, and efficient fund management, the *buwuhan* tradition can be carried out harmoniously, strengthening the values of mutual cooperation and harmony highly esteemed in Javanese culture.

Overall, the assistance from the community in the form of services, goods, or money can provide significant benefits to families hosting *buwuhan* by alleviating their financial burden and strengthening social ties within the community. The meaning of "*rukunꦶ pun dhadhake isa ngurang cekcok*" can be applied to Javanese communities to enhance the values of communal living. Overall, the statement "*rukunꦶ pun dhadhake isa ngurang cekcok*" emphasizes the importance of unity, cooperation, and harmony in Javanese society. By applying this Javanese expression, communities can strengthen positive communal values and create a better social environment.

Conclusion

After going through a series of explanations to obtain Javanese expressions in the accounting practices of *buwuhan* and the community's life values, the researcher reached the stage of drawing conclusions regarding the *buwuhan* accounting practice of "*mundhake rukun tur isa ngurang cekcok*," which can enhance communal life values. The expression "*rukun pun dhadhake tur isa ngurang cekcok*" is relevant in the context of the Javanese

community's *buwuhan* tradition. This expression teaches the importance of mutual assistance, cooperation, and avoiding excessive behavior or conflicts in maintaining shared life values. In accounting practices, it refers to wise, transparent, and efficient fund management to maintain harmony in the *buwuhan* tradition. Moving into the preparation stage, accounting practices focus on asset management, accountable cash flow recording, and efficient expenditure. Thorough preparation, based on the values of mutual cooperation, solidarity, harmony, integrity, and conflict resolution, is the key to success in carrying out the *buwuhan* tradition. Careful preparation helps create a harmonious environment. Then, in the implementation stage, accounting practices monitor available assets, record cash flows in detail, control food material costs efficiently, and acknowledge debts. Values such as mutual cooperation, unity, patience, harmony, justice, solidarity, balance, and avoiding fraud and conflicts are the main focus. Balance in asset and cash flow management is key to maintaining success and harmony in the implementation of *buwuhan*.

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HR STRATEGY IMPLEMENTATION IN A RAPID CHANGING ENVIRONMENT

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ABSTRACT

This study aims to analyze the application of human resource management strategies at the Bintan Regency Environmental Office. This research is a study that uses qualitative research. The results showed that the implementation of human resource strategies at the Bintan Regency Environmental Office has been implemented but must be developed again because basically human resources have many differences for each individual. Planning at the Bintan Regency Environmental Office has been done well through planning, implementation, organizing. In terms of organizing, human resources owned by the Bintan Regency Environmental Office are still developing and training in order to implement the policies contained in the Bintan Regency regional regulations because the Bintan Regency Environmental Office is engaged in the government sector that regulates government regulations through policies that have been regulated in law. The actuation carried out has been carried out but has not been maximized because the human resources owned by the Bintan Regency Environmental Office must continue to be skilled in dealing with regulations made by the local government of Bintan Regency and regulate policies related to the environment Policies or regulations from local governments that like to change must make human resources have planning, organizing, implementing, directing, and control so that in dealing with and issuing licenses and regulations can be carried out properly effectively and efficientl.

Keywords:

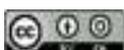
Strategy, Human Resource Management, Government

ABSTRAK

Penelitian ini bertujuan untuk menganalisis penerapan strategi manajemen sumber daya manusia pada Dinas Lingkungan Hidup Kabupaten Bintan. Penelitian ini merupakan penelitian yang menggunakan penelitian kualitatif. Hasil penelitian menunjukkan bahwa penerapan strategi sumber daya manusia pada Dinas Lingkungan Hidup Kabupaten Bintan sudah dilaksanakan namun harus dikembangkan lagi karena pada dasarnya sumber daya manusia memiliki banyak perbedaan setiap individunya. Perencanaan (Planning) pada Dinas Lingkungan Hidup Kabupaten Bintan telah dilakukan dengan baik melalui perencanaan, pelaksanaan, pengorganisasian. Secara pengorganisasian sumber daya manusia yang dimiliki oleh Dinas Lingkungan Hidup Kabupaten Bintan masih melakukan pengembangan dan pelatihan agar dalam melaksanakan kebijakan yang terdapat di peraturan daerah Kabupaten Bintan karena Dinas Lingkungan Hidup Kabupaten Bintan bergerak pada bidang pemerintah yang mengatur regulasi pemerintah melalui kebijakan yang sudah di atur dalam undang-undang. Aktuasi yang dilakukan sudah terlaksana namun belum maksimal karena sumber daya manusia yang dimiliki Dinas Lingkungan Hidup Kabupaten Bintan harus terus terampil dalam menghadapi peraturan yang dibikin oleh pemerintah daerah Kabupaten Bintan dan mengatur kebijakan terkait lingkungan Kebijakan atau regulasi dari pemerintah daerah yang suka berubah-ubah harus menjadikan sumber daya manusia memiliki perencanaan, pengorganisasian, pelaksanaan, mengarahkan, dan mengendalikan sehingga dalam menghadapi dan mengeluarkan kenijakan serta regulasi dapat terlaksana dengan baik secara efektif dan efisien.

Kata Kunci:

Strategi, Manajemen Sumber Daya Manusia, Pemerintah



Introduction

The era of globalization from time to time brings important changes related to HR management systems and concepts in controlling significantly different organizations. To achieve an effective competitive advantage for a company or an organization, everything must be adjusted to the times. Currently, the environmental sector is still controlled or regulated by the environmental agency which is mandated by the local government of Bintan Regency. Good and creative human resources can provide innovation and creativity in presenting ideas that increase the productivity of the Environmental Agency.

Although the role of human resources determines the flow of the regulatory policy process in carrying out the activities of the Environmental Agency, there are still many people who do not understand the role of HR management. With HR management, the performance carried out will run well efficiently and effectively. Human Resources is capital or assets that can survive by adapting to the problems of the business environment and enabling human resources to be able to respond to advances in science and technology. Human resources contribute to competitive strategies that are in accordance with future policies or regulations. This includes innovation and entrepreneurial skills, unique qualities, specific skills, more differentiated services, and productivity skills that can be developed over time depending on needs and knowledge.

Human resource management is a process that involves handling various problems related to civil servants, employees, labor managers, service heads, and other workers. According to Hasibuan (2019), human resource management is a combination of science and art in managing the interaction and role of the workforce effectively and efficiently to help achieve the goals desired by the company, employees, and society as a whole.

According to Bintoro and Daryanto (2017) stated that "Human resource management, abbreviated as HRM, is a science or way of how to manage the relationship and role of resources (labor) owned by individuals efficiently and effectively and can be used optimally so that goals are achieved. There are 4 main functions of HRM, namely planning, organizing, directing, controlling. Civil servants (PNS) are part of the State Civil Apparatus (ASN), which has been appointed permanently and is entitled to certain positions in its task force. As a support for the government of a country, it plays a role in creating a system in a country with the aim of improving the standard of living of the people. According to Mutiara S. Panggabean (2020), human resources (HR) is a process that includes management, planning, leadership, and control of related activities such as job analysis, recruitment,

performance evaluation, development, promotion, compensation, and termination of employment. All this is done to achieve the goals that have been set.

The management of civil servants includes the preparation and determination of needs, procurement, rank and position, career development, career patterns, promotion, mutation, performance appraisal, payroll and benefits, awards, discipline, dismissal, pension and old age security, and protection. Meanwhile, PPPK Management includes determination of needs, procurement, performance appraisal, salary and benefits, competency development, awarding, discipline, termination of employment agreements, and protection.

Improving Human Resource Management in the organization is very important to run and improve the way employees work in the Bintan Regency Environmental Office. The lack of human resources for civil servants often results in losses to the profile of the Environmental Agency because it is stigmatized by the community and from local governments. Therefore, improving human resources, namely planning, organizing, directing, and controlling must be done in order to create good performance as well as efficiently and effectively. The purpose of this study is expected to explain or explain human resource management strategies to the government, especially in the Bintan Regency Environmental Office, especially in carrying out orders from local governments and applying them to the community.

According to Simamora (Sutrisno, 2015) human resource management is the utilization, development, review, remuneration and management of individual members of organizations or groups of workers. Human Resource Management is one of the efforts made by companies to regulate their human resources. These resources are directed towards achieving the company's pre-set goals. Human resource management refers to planning, organizing, directing, and controlling. The components of human resource management have different objectives and functions and the underlying management components are:

1. Human Resource Planning

Strategic planning is the process of determining the goals of the enterprise and the overall program of actions to achieve the designed goals. Strategic planning is generally long-term. Human resource planning is a liaison between an organization and human resource management, and the function of human resource planning has an unavoidable and important role because it can integrate human resource decisions towards goals.

Planning and functions of HR Management in companies or organizations are generally defined as tools to find out the number of employees (demand) and the need or amount of

labor supply (supply) needed, as well as how to find out the right position or position in accordance with the competencies possessed by employees (Utomo, 2022).

2. Human Resource Organizing

Organizing is the process of identifying, grouping, organizing, and building models of people's working relationships to achieve organizational goals. Organizing is a function of management, namely the process of managing people, tasks, authorities and responsibilities in achieving predetermined goals. Human resource policy to determine a person's position or position in the implementation of work in accordance with the criteria in employee recruitment based on the abilities, abilities and expertise possessed by the prospective employee. In organizations, the preparation of an organizational structure is very important so that everyone in the organization knows their duties and responsibilities, duties, rights and authorities precisely.

3. Human Resources Briefing

Direction is an action or thing to carry out or strive for all group members in the organization to strive to achieve goals according to goals with managerial planning and organizational efforts. According to Triwibowo (2013) briefing is to include responsibilities in managing human resources such as for morale, conflict management, delegation, communication and facilitating collaboration. Briefing is a managerial function of influencing others to follow the briefing. Direction serves to organize what is already in the planning so that it is organized and human resources who have competence are located in accordance with the existing capabilities in the organization so that it runs efficiently and effectively and runs in accordance with the planning that has been implemented.

4. Human Resource Control

Management control as a system used to plan various activities in order to achieve the organization's vision through the selected mission and to implement and monitor the implementation of the activity plan. Robert J. Mockler defines Management Supervision as a systematic effort to establish implementation standards with planning objectives, design feedback information systems, compare real activities with predetermined standards, determine and measure deviations, The function of control itself is useful for carrying out implementation that has been set regularly so that the organization can run to the goal.

Method

In this study, the author applied a qualitative approach with data analysis techniques carried out throughout the data collection process and some time afterwards. According to

Auerbach and Silverstein, qualitative research is a type of study that interprets text and interview results to understand the meaning of a phenomenon. In this study, there are two types of data used, namely primary data and secondary data. The sample used was the result of an interview with the head of the general subdivision of the Bintan Regency Environmental Office. During the analysis in the field, researchers relied on interview and observation techniques. The data analysis technique used is descriptive analysis and triangulation.

Result and Discussion

Planning

Planning is carried out to design a competitive and changing future due to changing situations and conditions. The purpose of planning is to establish targets, procedures, programs, policies and work plans to provide or design efficient and effective implementation to achieve objectives. In addition, the purpose of planning is to carry out customer-related activities in an orderly and goal-oriented manner. The existence of good planning in a good DLH is expected that civil servants and staff can carry out the goals outlined in the regional medium-term development plan so that what is expected to be carried out well by the Biintan Regency Environmental Office. With regard to planning in management, the management of the Bintan Regency Environmental Office uses the rules contained in the regional medium-term development plan. The impact that occurs on the Environmental Agency if it does not use human resource planning, namely :

1. Activities that have been arranged in the regional medium-term development plan if not carried out can result in the cessation of programs that have been well designed every year and do not run well.
2. The completion of the draft that has been arranged will experience problems because each civil servant and staff has their own work letter.
3. Musrembang, which will be held the following year, experienced problems.

Organizing

Organizing has a very important role and greatly determines the next step in management. The success or failure of an organization is definitely related to the role of its members. A success can be achieved if there is good cooperation between its members. Good organization will create and maintain relationships between all organizational resources by indicating which resources should be used for a particular activity, when they should be

used, where, and how to use them. Meanwhile, failure can be caused by internal factors in the organization which are negative in nature. The organization carried out by DLH is stated based on the Bintan Regent Regulation Number 54 of 2022 concerning the position, organizational structure, duties and functions and work procedures of regional offices. The impact that occurs on the Environmental Agency if it does not use human resource organization, namely :

1. One of the functions of use as a basis for the division of labor will not run smoothly or will not be carried out
2. Unable to realize planning to achieve a goal that has been set in the regional medium-term development plan.
3. Governance or management of human resources is not effective and efficient.

Directing

Management arranges to plan so that civil servants and talented staff are aligned with the capabilities in the planning structure and function efficiently and effectively in accordance with the implemented plan. The process carried out in the briefing aims to guide, instruct, and instruct according to the work program that has been implemented in accordance with the predetermined plan so that it runs well. The Head of the Environmental Agency provides guidance, guidance and instructions such as providing training such as evaluation meetings so that the directions carried out can run well. The impact that occurs if the Environmental Agency does not conduct a briefing on the organizational structure, namely ;

1. Planning contingency will not be well directed with what is expected in planning.
2. The arrival of unexpected absenteeism in planning and control so that it is not effective against the objectives.

Controlling

Control is carried out by an organization to carry out the planned or structured effective work of subordinates. Control requires that the activities in the planning run well in accordance with the objectives. Control also ensures that human resources in the organization are carried out according to plan. The control carried out by the Environmental Office is regulated in the regent regulation which is transferred to the head of the DLH service to be carried out by controlling subordinates such as the secretary to the head of the finance

subdivision and the head of the general subdivision, as well as to the head of the field and his staff who already have their respective work letter assignments. With the control of planning that is carried out more structured organizationally. The impact that occurs if the Environmental Agency does not control the organizational structure, namely ;

1. Not getting achievement for the next step that has been set out in the planning can not achieve the goal and show corrective action.
2. Activities carried out in such a way do not occupy the standards and norms that have been established to ensure that existing human resources, namely civil servants and their ranks, are not efficient and effective.
3. Civil servants and staff who have been organized according to standards and objectives cannot be properly understood and coordinated.

Human resource management (HRM) is a combination of practical skills and theoretical knowledge to manage the relationships and responsibilities of civil servants working in the environmental service, ensuring that civil servants follow procedures and work efficiently and effectively to achieve organizational goals. This additional effort is necessary to achieve a key element of organizational success, which requires effective control and management of employee performance. From the point of view of leadership and coaching to improve well-being. Measuring the performance of employees and staff is an evaluation of improvements provided with the work done. Consumers as service users have a very important role in employee welfare and improve a positive image for the Environmental Agency in terms of improving performance regulated in the regent regulation.

Conclusion

The implementation of the human resource strategy at the Bintan Regency Environmental Office has been carried out, but still requires further development. This research highlights the importance of planning, organizing, training, and controlling human resources in the face of changing regulations and policies related to the environment. The role of human resources in carrying out the activities of the Environmental Agency is very important. Good human resource management can contribute to increasing productivity and innovation in the provision of environmental services.

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DIGITAL TECHNOLOGY ADOPTION AND PERFORMANCE OF WOMEN ENTREPRENEURS: FINDINGS FROM EAST JAVA

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ABSTRACT

This research aims to analyze the influence of digital technology adoption on the performance of women entrepreneurs. This type of research is quantitative with a causal associative type. The population in this study was 394 women entrepreneurs in East Java Province. The sampling technique used purposive sampling to obtain a sample size of 268 respondents. Data collection uses questionnaires and data analysis techniques using PLS-SEM. The research results show that digital technology adoption has a positive and significant effect on the performance of women entrepreneurs in East Java Province. These results provide a practical contribution, namely that women entrepreneurs are encouraged to adopt digital technology so that it can help them improve their business performance.

Keywords: Digital Technology Adoption, Performance, Women Entrepreneurs, East Java.

ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh adopsi teknologi digital terhadap kinerja pengusaha perempuan. Jenis penelitian ini kuantitatif dengan tipe asosiatif kausal. Populasi dalam penelitian ini adalah pengusaha perempuan di Provinsi Jawa Timur sebanyak 394 orang. Teknik pengambilan sampel menggunakan purposive sampling sehingga diperoleh jumlah sampel sebesar 268 responden. Pengumpulan data menggunakan kuesioner dan teknik analisis data menggunakan PLS-SEM. Hasil penelitian menunjukkan bahwa adopsi teknologi digital berpengaruh positif dan signifikan terhadap kinerja pengusaha perempuan di Provinsi Jawa Timur. Hasil ini memberikan kontribusi praktis yaitu pengusaha perempuan didorong untuk mengadopsi teknologi digital sehingga dapat membantu mereka dalam meningkatkan kinerja usahanya.

Kata Kunci: Adopsi Teknologi Digital, Kinerja, Pengusaha Perempuan, Jawa Timur.



Introduction

Technology adoption is not gender-neutral, and some research literature confirms the limited participation of women in high-tech organizations and positions (Domecq et al., 2020). Men consider that the emergence of women entrepreneurs poses a threat to the business world, so women's involvement in entrepreneurial activities is still very limited (S. & Shivappa, 2021). Women are still less advanced in starting and managing their own businesses than men; women earn less money with slower business growth (Srividhya & Paramasivam, 2022).

Women entrepreneurs are less likely to adopt digital technologies than men (Orser & Riding, 2018; Lashitew, 2023). The level of digital technology adoption is still in its infancy among women entrepreneurs (Bhagat et al., 2021). Increasing access to digital technology has had a much greater beneficial effect on men entrepreneurs than on women entrepreneurs (Manocha et al., 2021).

Women's entrepreneurship is synonymous with women's empowerment (S. & Shivappa, 2021). Parallel to men, women entrepreneurs are quite fast with respect to innovation and job creation and also contribute more than real to the nation's income. In East Java, women play an important role in economic development. Table 1 shows data on the increase in women's income every year.

Table 1. Contribution to Women's Income in East Java Province, 2014-2023

No.	Year	Women's Income Contribution (%)
1	2014	34.83
2	2015	35.17
3	2016	35.52
4	2017	35.63
5	2018	35.64
6	2019	35.68
7	2020	35.81
8	2021	35.72
9	2022	35.81
10	2023	35.59

Source: BPS, 2024

This research aims to analyze the influence of digital technology adoption on the performance of women entrepreneurs in East Java Province. Women are expected to contribute and play an active role in the digital context because gender norms that regulate the different roles of men and women are starting to melt and change (Discua Cruz et al., 2022). The role of women digital entrepreneurs as active agents of transition who undergo a liminal journey in a digital context is to gain creative ways to develop new knowledge,

skills, and relationships (Kelly & McAdam, 2022). Digital technology has been proven to be able to empower women (Chatterjee et al., 2020).

Researchers have conducted several studies related to digital technology adoption and business performance. Bhagat et al. (2021) conducted research on micro and small businesses owned by women entrepreneurs in India. The results showed that there was a positive relationship between the level of digital marketing adoption and sales, so that it had an impact on the company's business performance. The digital marketing strategies adopted by women entrepreneurs were identified based on their digital media usage patterns.

In China, manufacturing companies with a high level of digitalization capabilities can usually produce higher corporate performance (Li et al., 2022). Digitization capability refers to the extent to which a company's management system allows the integration of data and processes with the help of different digital technologies.

Technology orientation is positively related to the performance of SMEs in Mexico (Ramírez-Solis et al., 2022). Technology is a determining factor in creating new business opportunities and securing a competitive advantage. Dimensions of technology orientation include companies tending to be aggressive, R&D-oriented, and future-oriented when learning new technology. In addition, companies employ as many technological experts as possible to produce innovative products.

Digital transformation in SMEs in Thailand has a positive effect on high-performance organizations (Songkajorn et al., 2022). Digital transformation combines information technology, computing, communication, and connectivity. Organizations use digital technology to create value, positively influence competition, and achieve superior performance.

Technological capacity influences the ambidexterity of banking organizations in Indonesia, with the relationship becoming stronger when mediated by the organization's dynamic capabilities (Yunita et al., 2023). Security risks will also increase if companies increase their technological capacity in a highly dynamic environment.

Adopting digital technology can provide many new opportunities and benefits. Digitalization and Industry 4.0 technology can improve product quality, process reliability, and increase flexibility and productivity (Chirumalla, 2021). Digital instruments contribute to business model innovation, creating new distribution channels and new ways to create and deliver value to the SME customer segment in Italy (Matarazzo et al., 2021). Similar results were

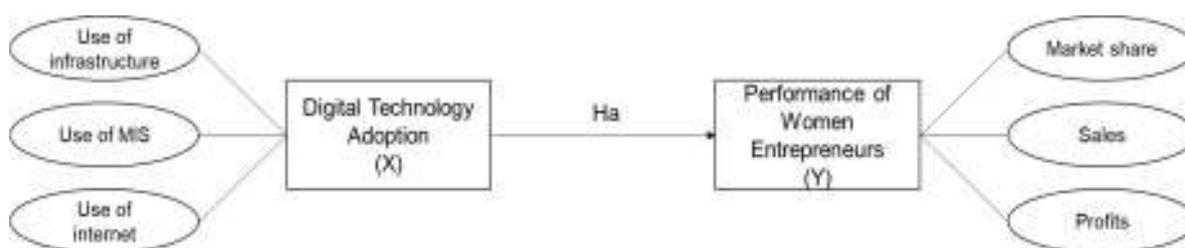
also presented by Hwang & Kim (2022) that adopting new technology increased the productivity of manufacturing SMEs in Korea.

Thus, this study proposes the following hypothesis:

Ha: Digital technology adoption influences the performance of women entrepreneurs.

Figure 1 shows the research framework and hypotheses based on the literature review.

Figure 1. Research Hypothesis Model



Source: Author Own, 2023

Method

This research is quantitative using a causal associative research type. The population in this study was all 394 women entrepreneurs registered with the East Java Province Cooperatives and SMEs Service. The sample was determined using a purposive sampling technique with the criteria namely women entrepreneurs who had adopted digital technology in their marketing so 268 respondents were obtained. Data was collected using a questionnaire distributed to respondents from July to August 2023. This research uses Partial Least Squares-Structural Equation Modeling (PLS-SEM) analysis with SmartPLS 4.0 software to determine the effect of digital technology adoption on the performance of women entrepreneurs.

This research questionnaire uses a 5-point Likert scale adapted from the appropriate literature. The digital technology adoption variable acts as an independent variable, while the business performance variable acts as a dependent variable. For the digital technology adoption variable, variable measurement was adapted from a questionnaire developed by Pergelova et al. (2019) which consists of three indicators, namely use of infrastructure, use of Management Information System (MIS), and use of internet. The measurement of business performance variables was adapted from a questionnaire developed by Feranita et al. (2020), Olamide & Ogbachie (2021), and Adomako & Ahsan (2022) which consists of three indicators, namely market share, sales and profits.

Result and Discussion

The results of the instrument validity test on the variables of digital technology adoption and business performance shows that all statement items have a significant correlation value because the ρ value $< \alpha$ (0.05) so they are declared valid. Meanwhile, the results of the instrument reliability test on all variables obtained a Cronbach alpha coefficient value of > 0.60 so all research instruments were declared reliable.

Based on questionnaire data obtained from 268 respondents, several conclusions were obtained regarding the general description of the respondents. First, the largest business sector is the culinary sector (food/drink) at 64.2%. Second, the majority of respondents were married, 85.8%. Third, the majority of respondents were in the age range of 21-30 years (36.2%) and 31-40 years (32.8%). Fourth, the most recent education of most respondents was dominated by high school/vocational school graduates at 46.3%. Fifth, the length of time the respondent has been running the business is ≤ 3 years at 49.6%. Sixth, the largest number of respondents' workforce is 1-4 people, amounting to 94.4%.

Table 2 and Table 3 show descriptions of digital technology adoption variables and business performance variables using frequency statistical tables obtained from tabulating respondents' answer scores.

Table 2. Respondents' Average Assessment of Digital Technology Adoption Variables

Item	Respondent Answer Score										Average Score
	1		2		3		4		5		
	f	%	f	%	f	%	f	%	f	%	
1	12	4.5	18	6.7	28	10.4	53	19.8	157	58.6	4.21
2	41	15.3	13	4.9	34	12.7	42	15.7	138	51.5	3.83
3	26	9.7	27	10.1	38	14.2	54	20.1	123	45.9	3.82
4	61	22.8	44	16.4	39	14.6	42	15.7	82	30.6	3.15
5	12	4.5	32	11.9	35	13.1	49	18.3	140	52.2	4.02
6	12	4.5	28	10.4	33	12.3	57	21.3	138	51.5	4.05

Source: Author Own, 2023

Based on Table 2, it can be seen that the average value of the digital technology adoption variable statement item which has a value of more than 4.2 is item 1 which can be interpreted as very good. This means that women entrepreneurs are very good at marketing and selling products through e-commerce. Then the average value of the statement items that have a value of more than 3.4 to 4.2 are items 2, 3, 5, and 6 which can be interpreted as good. This means that women entrepreneurs are good at providing online ordering and payment systems, providing information related to products sold through e-commerce accounts, and using the internet as a digital tool which has fundamentally changed business

processes and created added value for businesses owned by women entrepreneurs. The average value of statement items that have a value of more than 2.6 to 3.4 is item 4 which can be interpreted as quite good. This means that women entrepreneurs are quite good at obtaining information regarding raw materials provided by suppliers through the supplier's e-commerce account.

Table 3. Respondents' Average Assessment of Business Performance Variables

Item	Respondent Answer Score										Average Score
	1		2		3		4		5		
	f	%	f	%	f	%	f	%	f	%	
1	4	1.5	17	6.3	51	19.0	84	31.3	112	41.8	4.06
2	12	4.5	23	8.6	80	29.9	89	33.2	64	23.9	3.63
3	5	1.9	9	3.4	59	22.0	88	32.8	107	39.9	4.06
4	11	4.1	17	6.3	97	36.2	81	30.2	62	23.1	3.62
5	5	1.9	9	3.4	65	24.3	89	33.2	100	37.3	4.01
6	13	4.9	13	4.9	104	38.8	81	30.2	57	21.3	3.58

Source: Author Own, 2023

Based on Table 3, it can be seen that the average value of the business performance variable statement items which have a value of more than 3.4 to 4.2 are items 1, 2, 3, 4, 5, and 6 which can be interpreted as good. This means that women entrepreneurs have good market share, sales and profits each period compared to their competitors.

This research uses PLS-SEM analysis techniques for hypothesis testing. PLS-SEM results in assessment consists of evaluating the outer model and inner model. The outer model evaluation uses reflective measurement model evaluation, while the inner model evaluation uses structural model evaluation (Hair Jr. et al., 2022).

Evaluation of the reflective measurement model through four steps. The first step is to check the reliability indicators by looking at the outer loading value where each indicator has an outer loading value > 0.708 (Table 4) so it has a high level of reliability. The second step is to evaluate internal consistency reliability by looking at Cronbach's alpha and composite reliability where each research variable has a Cronbach's alpha value > 0.70 and a composite reliability value > 0.90 (Table 4) so it can be considered satisfactory. The third step is to determine convergent validity using the Average Variance Extracted (AVE) measure where each research variable has an AVE value > 0.50 (Table 4) so that the construct explains more than half of the variance of the indicators.

The fourth step is measuring discriminant validity using cross-loading values. The discriminant validity results in Table 5 shows that each indicator has the largest outer loading value so it has good discriminant validity.

Table 4. Results of Reliability Indicators, Internal Consistency Reliability, Convergent Validity, and VIF

Variable	Indicator	Outer loading	Cronbach's alpha	Composite reliability	AVE	VIF
Digital technology adoption (X)	X1	0.887	0.853	0.911	0.773	2.247
	X2	0.860				1.898
	X3	0.890				2.273
Business performance (Y)	Y1	0.940	0.928	0.954	0.874	3.712
	Y2	0.935				3.864
	Y3	0.929				3.477

Source: SmartPLS 4.0 Output, 2023

Table 5. Discriminant Validity Results

Indicator	Variable	
	X	Y
X1	0.887	0.518
X2	0.860	0.484
X3	0.890	0.533
Y1	0.588	0.940
Y2	0.506	0.935
Y3	0.533	0.929

Source: SmartPLS 4.0 Output, 2023

The procedure for evaluating structural model results begins with assessing the structural model for collinearity by looking at the Variance Inflation Factor (VIF) where the VIF value is < 5 (Table 4) so that collinearity does not have a major effect on the structural model estimation. Next, assess the significance and relevance of the structural model relationships. The assessment results are shown in Table 6.

Table 6. Path Coefficient, T-statistics and P-values

Hypothesis	Path coefficient	T-statistics	P-values	Hypothesis test
Ha Digital technology adoption (X) → Business performance (Y)	0.393	4.160	0.000	Accepted

Source: SmartPLS 4.0 Output, 2023

Based on Table 6, it appears that this model has a path coefficient with a positive value. Apart from that, it can be seen that the empirical t-value (4.160) is greater than the critical value (1.96) or the p-value (0.000) is smaller than 0.05 so the coefficient is statistically significant at the 5% significance level. This means that the hypothesis proposed in this research can be accepted.

This research finds that digital technology adoption has a positive and significant effect on the performance of women entrepreneurs. This means that the higher adoption of digital

technology owned by women entrepreneurs results in increased their business performance. These findings provide evidence that digital technology adoption consisting of indicators of use of infrastructure, use of MIS, and use of internet will have a significant effect on the performance of women entrepreneurs as measured by market share, sales, and profits.

From an empirical perspective, these findings are in line with previous research examining digital technology adoption on business performance. Previous research results show that digital technology adoption was found to have a significant effect on the performance of SMEs in India (Bhagat et al., 2021), SMEs in Mexico (Ramírez-Solis et al., 2022), SMEs in Thailand (Songkajorn et al., 2022), manufacturing companies in China (Li et al., 2022), and banking companies in Indonesia (Yunita et al., 2023) even though they use different indicators for measuring digital technology adoption variables and business performance.

Based on the characteristics of respondents, women entrepreneurs are dominated by those aged 21-30 years (36.2%), which shows that the majority of respondents belong to Gen Z. According to Sakitri (2021), Gen Z is known as the digital generation because Gen Z spends more than 6 hours a day using a cell phone and using social media much more often than previous generations. Therefore, it is easier for women entrepreneurs to adopt digital technology which is ultimately able to improve their business performance.

Based on the description of the digital technology adoption variable, the average score for item 1 is the highest compared to the other items. This means that by marketing and selling products through e-commerce very well, women entrepreneurs can improve their performance.

Conclusion

Based on the results of hypothesis testing, it can be concluded that there is an influence of digital technology adoption on the performance of women entrepreneurs in East Java Province. With digital technology adoption, women entrepreneurs can maintain market share in conditions of increasingly tight competition. Adoption of digital technology can also increase product sales, which in turn will increase profits. In essence, adopting digital technology is basic for a business to be able to survive in market competition so that women entrepreneurs can improve their performance.

Recommendations can be given to women entrepreneurs in East Java Province. They are expected to sell their products outside their immediate environment to a larger consumer base using digital applications. All this can help close the gender gap in the online marketplace. Greater use of digital technologies among women entrepreneurs has the

potential to generate value both for women entrepreneurs and for the economy as a whole and requires further attention going forward.

This research is limited to women entrepreneurs in East Java Province. So the results of this research cannot be generalized to other areas. Thus, future research is expected to use a wider coverage area at the national level so that the results can be generalized.

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MODERATING EFFECTS OF CONFORMITY CONSUMPTION AND CELEBRITY WORSHIP ON BUYER'S REMORSE SBT K-POP TWITTER

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ABSTRACT

This study investigates the effects of the Fear Of Missing Out (FOMO) and Impulsive buying constructs on buyer's remorse, employing moderating variables such as conformity consumption and Celebrity Worship among users of SBT K-pop (sell-buy-trade) accounts on Twitter. The research utilizes data from 201 samples collected through questionnaires distributed via various social media platforms, including Twitter, Line, and WhatsApp. The study demonstrates that the constructs of Conformity Consumption and Celebrity Worship can serve as moderators in the prediction model of SBT K-pop buyers' remorse on Twitter. The relationships between these constructs were analyzed using the Smart PLS program with bootstrapping techniques.

Keywords: *Fear of Missing Out, Impulsive Buying, Buyer remorse, Conformity Consumption, Celebrity Worship*

ABSTRAK

Penelitian ini bertujuan untuk mengetahui efek yang ditimbulkan oleh konstruk FOMO dan pembelian implusif terhadap penyesalan pembelian menggunakan variabel moderasi *comformity consumption* dan *celebrity worship* pada pengguna SBT K-pop (*sell-buy-trade*) akun di Twitter. Riset ini menggunakan 201 sampel dari data kuesioner yang disebar melalui berbagai sosial media seperti Twitter, Line dan Whatsapp. Riset ini membuktikan bahwa konstruk *comformity consumption* dan *celebrity worship* dapat digunakan sebagai pemoderasi dalam model prediksi penyesalan pembelian SBT K-pop di Twitter. Hubungan antar konstruk diuji dengan menggunakan program Smart PLS dengan teknik bootstrapping.

Kata Kunci: *FOMO, Pembelian Implusif, Penyesalan Pembelian, Conformity Consumption, Celebrity Worship*



Introduction

The K-wave phenomenon, which has swept the world, has always been closely tied to fervent fans (Nafeesa & Novita, 2021). The K-wave disseminates Korean culture, encompassing songs, movies, dramas, and Korean artists (San, 2020). One of the significant impacts of K-wave in the music industry is K-pop (Korean pop or Korean popular music), a music genre comprising electronic music, hip-hop, pop, rock, and R&B originating from South Korea. K-pop has undeniably achieved global recognition due to its unique fusion of catchy melodies, polished choreography, and high production values (Danica et al., 2019).

As a form of support for their idols, K-poppers (K-pop fans) are willing to spend a certain amount of money to buy specific merchandise for each artist, including a variety of products ranging from albums, clothes, accessories, posters, photo cards, postcards and other official items (Danica et al., 2019). K-pop merchandise with high prices does not prevent them from buying it; fans compete to own it. This enthusiasm makes Indonesia rank 10th on the list of the most K-pop album buyers based on data from the Hanteo Chart (Hermawan et al., 2022).

K-pop merchandise can be purchased through pre-orders on the official shop website of the agency that houses the artist. However, because not all fans understand how to buy goods from abroad, group orders have emerged to help the purchasing process. A group order is a buying and selling service formed by one or a group of people who help fans buy K-Pop products only sold in several countries, such as South Korea, Japan, and China (Hermawan et al., 2022).

According to CNN (2022), Indonesia became the country with the most K-Pop fans in cyberspace in 2021. This is based on a Twitter report in January 2021 and is based on unique authors. Interest in purchasing merchandise in Indonesia is also very high, as evidenced by the number of purchases recorded by Hanteo. The size of the K-poppers community on Twitter makes K-poppers use the application to buy and sell merchandise. K-poppers who use their Twitter accounts for buying and selling usually label them SBT (Sell-buy-trade) accounts.

Pre-ordering K-pop merchandise within a short period creates a sense of Fear of Missing Out (FOMO) that compels K-pop fans to make purchases impulsively. FOMO is a term young people use to describe a behavioural pattern characterized by excessive worry and the fear of being left behind by the latest social trends (San, 2020). K-pop artist agencies will only issue previews of some items with blurry images without showing the

Original physical form so prospective buyers who are FOMO will have expectations of the original form of the merchandise. When receiving merchandise physically, K-pop fans can feel dissatisfied with the item because it differs from what is expected, so regretarises after purchasing (buyer's remorse). After making a purchase, consumers will make an evaluation that will determine whether they are satisfied or not with the product they have bought. Post-purchase regret compares individual assessments of the results of what has been purchased; regret can occur if the purchase decision-making considerations are not mature (Secapramana et al., 2021).

Conformity is the tendency of an individual to follow others after an interaction has taken place (Zheng et al., 2021). The E-Conformity consumption drive of K-poppers on Twitter is also related to FOMO. The strength of the impact of group conformity on loyalty depends on the importance of the customer needs to be met by the service industry in Maslow's hierarchy of needs (Gonçalves et al., 2020). In Maslow's hierarchy of needs, purchasing K-pop merchandise is classified as a form of self-actualization.

Regret can arise because purchases are made without careful consideration and thought. Impulsive buying can also be interpreted as behaviour when individuals make unplanned or sudden purchases with a solid internal urge to have an item to fulfil momentary lust, which is characteristic of a teenager (Yuliani, 2022). The attitude of worship or celebrity worship of K-pop idols makes K-pop fans also want to own merchandise related to their idols. This celebrity worship behaviour based on self-disclosure and knowledge of idol/internet celebrity expertise influences followers' impulse buying behaviour through attachment and parasocial interactions with fans (Chen et al., 2021).

Empirically, there have been several previous studies on post-purchase behaviour, exceedingly regretful behaviour after making a purchase (buyer remorse) such as Secapramana et al. (2021) and Çelik & Eru (2019). Some studies explain if buyer's remorse is caused by impulsive buying behaviour (Secapramana et al., 2021; Kumar et al., 2020; Lazim et al., 2020; Mahmood et al., 2019). Several of these studies only explain the relationship between impulsive buying behaviour as a predictor of buyer remorse. On the other hand, a study by Çelik & Eru (2019) showed that FOMO (fear of Missing out) is a good predictor of impulsive buying. They also proved the role of impulsive buying as a mediator of the relationship between FOMO and buyer's remorse.

Santoso et al. (2021) explain that the occurrence of FOMO can be reduced through conformity provided by the family environment but can also increase if consumers have a

High fear of group isolation. However, this study is limited to the number of predictors used, namely only conformity consumption and FOMO, so the research model needs to be fit.

Kang et al. (2019) explained that FOMO can lead to conformity consumption through strengthening stability and increasing worry. Santoso et al. (2021) and Kang et al. (2019) show that FOMO is a precursor to conformity consumption. Meanwhile, research Yuliani, (2022) shows that conformity has a significant positive relationship with impulsive buying. Consumers tend to choose brands or products that reflect their cultural values, creating a connection and embodying the idea of conformity with their cultural values and norms. (Kang et al. 2019). Therefore, it is necessary to investigate the role of conformity consumption as a moderator of the relationship between FOMO and impulsive buying and the relationship between Impulsive buying and buyer remorse.

Fans with celebrity worship tendencies tend to make impulsive purchases by buying products related to their idols to create a sense of closeness with them (Lin et al., 2021). Similarly, Chen et al. (2021) explained that celebrity worship is a cause of impulsive buying. Munica (2021) elucidated that the levels of celebrity worship influence fans differently. At the lowest level (entertainment-social), K-pop fans provide regular support such as streaming and voting. Fans at the intermediate level of celebrity worship (intensive personal feeling) feel they share similar emotional bonds with their idols. Finally, fans at the highest level of worship (borderline-pathological) experience a stage where they become incredibly obsessed with their idols. Fans at the fanatic level are willing to spend any amount to purchase merchandise of their idols, making these purchases often impulsive. Thus, it is reasonable to suspect that celebrity worship moderates the relationship between the FOMO variable and impulsive buying.

Thus, this study investigates the roles of FOMO and impulsive buying to buyer's remorse. Simultaneously, it examines the roles of conformity consumption and celebrity worship as moderators in the relationship between FOMO, impulsive buying, and buyer's remorse. A specific group, namely active K-pop fans who utilize SBT (sell-buy-trade) accounts on the Twitter platform, was selected as the subject for this research to explore the levels of buyer's remorse. This group is considered representative in illustrating impulsive purchases aligned with their pre-order buying activities within a short timeframe.

Literature Review and Hypothesis Development

FOMO is a common phenomenon and an essential concept for explaining consumer behaviour in social media marketing (Zhang et al., 2020). Psychologically, the fear of

missing Out experiences by young individuals result from strong emotional bonds with a specific group (Santoso et al., 2021). FOMO is exacerbated by social media, which allows users to view other people's posts and prompts them to start comparing themselves to others (Zhang et al., 2020). Fear of missing out, or FOMO, significantly affects an individual's intention to purchase a product (Syafaah & Santoso, 2022).

FOMO can be a psychological trait that typically instigates an individual's desire to possess a specific item (Kang et al., 2019). Furthermore, according to Secapramana et al. (2021), impulsive buying can be triggered by the presence of FOMO (Fear Of Missing Out) within an individual. A person's anxiety will drive them to purchase without considering the potential impacts of that purchase. FOMO influences an individual's tendency to engage in impulsive purchases, possibly resulting from their heightened purchase intention due to sentimental actions stemming from FOMO. When viewing the experiences, lives, and lifestyles of others, FOMO can lead to feelings of inadequacy, triggering the desire not to miss out (Çelik & Eru, 2019).

H1: FOMO has a positive effect on impulsive buying behaviour.

Consumers typically compare products they have purchased with similar products from other brands, which can lead to a psychological condition known as Buyer's Remorse (Secapramana et al., 2021). Consumers experience regret upon realizing they have made a wrong decision (Zhang et al., 2020). The lack of effort to seek information during decision-making due to the dominance of emotional factors over rational elements also leads to buyer's remorse (Secapramana et al., 2021). Tzeng and Shiu (2019) further state that failing to employ risk-avoidance strategies, such as seeking information, can sometimes result in post-purchase regret. Fear of Missing Out (FOMO) experienced by an individual will impact their post-purchase behaviour. According to Çelik and Eru (2019), the continuous advancement of technology has made FOMO more prevalent, possibly due to the widespread use of social media.

Impulsive buying is a sudden decision made without thorough prior planning because the decision-making process occurs quickly (Nafeesa & Novita, 2021). One of the triggers for impulsive buying is hedonistic tendencies that shape unplanned purchasing behaviour (Indrawati et al., 2022). Therefore, impulsive buying is a psychological urge within an individual. This force leads to an irresistible urge and a sudden inclination to do something without consideration (Nafeesa & Novita, 2021). According to Rodrigues (2021) Impulse buying is influenced by a combination of sociodemographic, emotional, sensory, genetic, psychological, social, and cultural factors, with personality traits such as low self-esteem, high levels of anxiety, depression, negative mood, and a tendency to develop obsessive

compulsive disorders playing a significant role.

Impulsive buying is one of the characteristics that can lead to post-purchase regret (Secapramana et al., 2021). Careless or thoughtless consumption is likely to result in consumption failure, increasing the likelihood of experiencing buyer's remorse (Tzeng & Shiu, 2019). This is because impulsive buying is unplanned and driven by sudden urges when encountering a product. Therefore, the more frequent impulsive buying, the higher the likelihood of experiencing buyer's remorse (Secapramana et al., 2021).

H2: Impulsive buying has a positive effect on buyer's remorse.

Consumer conformity is compliance with group norms, susceptibility to group influence, and changes in consumer behaviour due to group references (Kang et al., 2019). According to Wijayanake et al. (2020) Social conformity is a common aspect of social influence in both face-to-face and online group contexts, requiring minority groups to adjust their behavior and perspectives to align with differing opinions of the majority. Greater group size of the majority has a more significant impact on conforming behavior (Wijayanake et al., 2020).

Consumers align themselves with others' expectations regarding purchasing decisions and learn about products by observing others' purchasing behaviours (Kang et al., 2019). Conformity consumption is an individual's involvement in the purchasing decision-making process and using a product based on opinions, advice, and recommendations from a specific group. This involvement is based on personal awareness to be accepted within the group. Essentially, individuals will change their opinions about a brand and actively pay more attention to it. However, according to Santoso et al. (2021), conformity provided by the family environment can reduce FOMO because the family's active role in shaping adolescents' mental attitudes and personalities is assumed to decrease the fear of missing out. Thus, conformity consumption will be associated with the fear of missing out experienced by young individuals due to the strong bonds with a particular group.

According to Çelik & Eru (2019), FOMO directs individuals to live beyond their needs, making their needs unclear. Individuals will seek their peers' opinions to decide which new products and services they should purchase. Conformity consumption from these peers or close acquaintances is believed to reduce the impact of FOMO on impulsive buying.

H3: Conformity Consumption negatively affects the relationship between FOMO and impulsive buying.

In a study by Lin Bi et al. (2021), Consumers experiencing regret tend to exhibit more impulsive online buying behavior. However, planned purchases can reduce the occurrence of impulsive buying. Efforts are needed to ensure that purchases are planned, thus avoiding impulsive purchases that can happen suddenly. Attempting to ask for conformity from family and close people is one way to make planned purchases. Kumar et al. (2020) state that consumers should prepare a list of products they need and discuss them with their families before going to the store or deciding to buy a product to reduce their chances of buying unplanned items and post-purchase regrets.

After making a purchase, consumers evaluate their satisfaction or dissatisfaction with the product they have bought (Secapramana et al., 2021). Kumar et al. (2020) state that one way to reduce the occurrence of buyer's remorse is by managing expectations for impulsively purchased items and seeking input from close individuals, which can mitigate purchase regret. Therefore, the conformity provided by family or close individuals to manage expectations for impulsively purchased items can lessen buyer's remorse. Based on this explanation, it is suggested that conformity consumption can reduce the impact of impulsive buying on buyer's remorse.

H4: Conformity consumption negatively affects the relationship between impulsive buying and buyer's remorse.

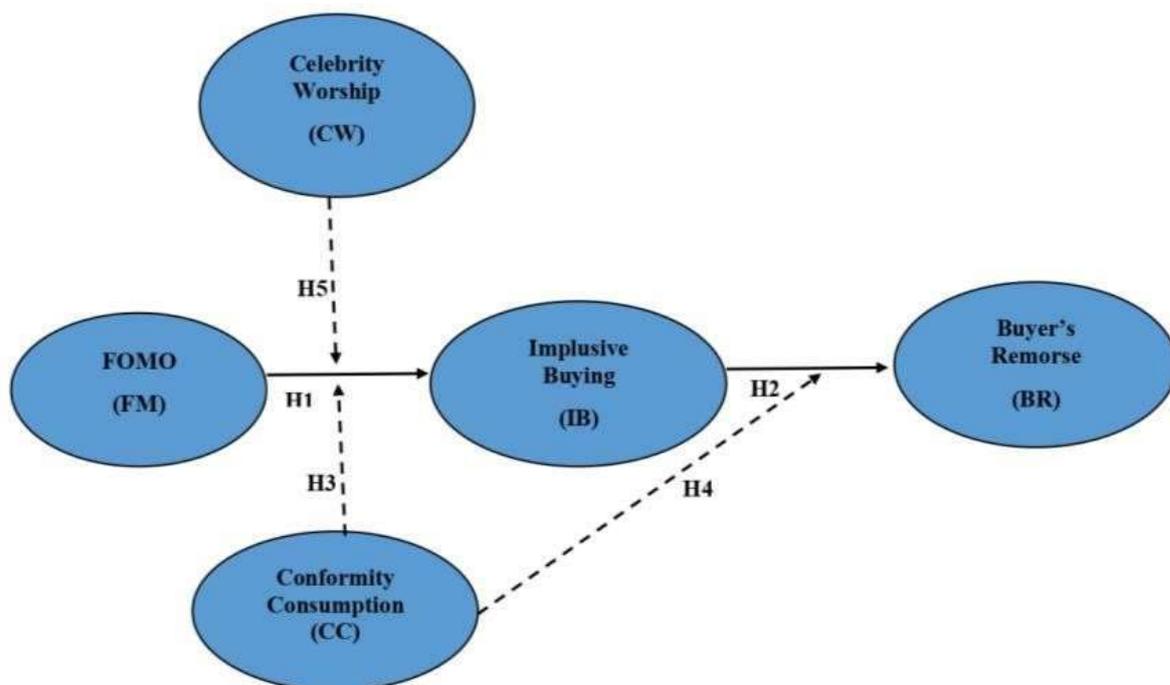
In psychology, Celebrity Worship refers to an individual's excessive or obsessive attitude towards their idol. Typically, these fans engage in various activities aimed at supporting their idol. These activities require both material and non-material sacrifices in terms of time, effort, and finances to please their idol (lin et al., 2021). Furthermore, celebrity worship can be divided into three stages (Munica, 2021):

- Entertainment-social is the lowest level of idolization activity, where idolization is still within reasonable limits. It involves gathering information about the idol, admiring the idol for their talent, and enjoying their work.
- Intensive personal feeling represents the middle stage in the idolization process. In this stage, empathy emerges when a fan feels that they and their idol can understand each other. The form of empathy reflected towards their idol can trigger obsessive and compulsive behaviour in the future if not addressed, and it could even escalate to a higher level of worship.
- Borderline-pathological represents the highest level of celebrity worship. The attitude displayed involves activities that can infringe upon the privacy of their idol.

Worship is a one-way relationship between a person and his idol character, where a person becomes obsessed with celebrities (Cahyani & Purnamasari, 2019). The attitude of celebrity worship possessed by fans can encourage them to make impulsive purchases of merchandise or goods related to their idols, and it was found that celebrity worship has a positive influence on impulsive buying behaviour (Lin et al., 2021). Çelik & Eru (2019) explain that FOMO precedes impulsive buying. So from the above statement, it can be assumed that the relationship between FOMO and Impulsive buying will be stronger if fans have celebrity worship. Fanaticism from K-pop fans will cause them to be more willing to spend money to support their idols (Munica, 2021).

H5: Celebrity worship positively influences the relationship between FOMO and impulsive buying.

Figure 1 Research Conceptual Framework



Method

This study investigates the moderating effects of conformity consumption and celebrity worship on the relationship between FOMO, impulsive buying, and buyer remorse by adopting consumer behaviour in purchases. The research sample consists of K-pop Twitter SBT (sell-buy-trade) account users who have made purchases or pre-orders of K-pop merchandise.

Data was collected by distributing a questionnaire in a Google Form through social media platforms such as Twitter, Whatsapp, and Line. This technique was used to reach a wide range of samples of Twitter SBT (sell-buy-trade) K-pop account users. Out of 258 responses received, 201 respondent samples from SBT (sell-buy-trade) K-pop account users on Twitter were deemed complete and met the criteria for this research sample.

Table 1 sample demographics

Variable	Frequency
Gender	
Male	1
Female	200
Age	
12-17 years	16
17-21 years	83
22-25 years	74
26-45 years	27
Latest education	
No school	0
Elementary school	0
Junior High School	5
Senior High School	107
Diploma	24
Bachelor Degree	64
Master Degree	1
Postgraduate	0
Occupation	
Students	117
Employee	63
Civil Servants	4
Others	17
Monthly Income	
< Rp 1.000.000	95
Rp 1.000.001-Rp 3.000.000	60
Rp 3.000.001-Rp 5.000.000	20
>Rp 5.000.000	26

Source: Fitri Rizky Amellia, Usman, 2023

The questionnaire comprises three sections. In the first section, respondents are asked to indicate their ownership of a K-pop Twitter SBT account and their experience purchasing K-pop merchandise. This information is crucial to participate in the survey and ensure that the samples taken align with the criteria, explicitly being K-pop Twitter SBT account users who have made merchandise purchases. The subsequent section focuses on demographics, including variables related to gender, age, education level, occupation, and

income, the results of which can be seen in Table 1. The final section (see Table 2) gathers information regarding the dependent, independent, and moderating variables: FOMO, impulsive buying, buyer's remorse, conformity consumption, and celebrity worship. The measurement items used in this study were adapted from previous research on buyer's remorse behaviour. A five-point Likert scale ranging from 1-Strongly Disagree to 5-Strongly Agree was employed to assess responses.

Table 2 Indicators of measurement of research variables

Variable	No	Indicators	Source
FOMO	1	I prefer buying K-pop merchandise, so I am not excluded from my group.	(Syafaah Santoso, 2022) &
	2	I feel included if I refrain from participating in the latest K-pop merchandise pre-orders.	
	3	I feel uncomfortable socializing if I do not have K-pop merchandise.	
	4	I buy K-pop merchandise to be accepted into my group.	
Impulsive Buying	1	I often buy/pre-order K-pop merchandise without giving it much thought.	(Çelik & Eru, 2019); (Nafeesa & Novita, 2021)
	2	"I see K-pop merchandise I buy" describes me.	
	3	I often buy K-pop merchandise spontaneously.	
	4	"Just do it" describes how I buy K-pop merchandise.	
Buyer's Remorse	1	I feel guilty after purchasing the K-Pop merchandise that I have chosen.	(Çelik & Eru, 2019)
	2	I regret choosing the K-pop merchandise that I bought.	
Conformity Consumption	1	I observe people in my social group to ensure I buy the right product.	(Kang et al., 2019)
Celebrity worship	1	I am willing to spend a lot of money to continue supporting my idol.	(lin Driana & Indrawati, 2021) &

The analysis technique used is Partial Least Square Structural Equation Modeling (PLS-SEM), considering that this study is not aimed at confirming theories but at theory development to explain the target constructs. According to Hair Jr et al. (2017), in cases where there is little theoretical knowledge about structural relationships or measurement characteristics for each latent construct or when the emphasis is on exploration rather than confirmation, PLS-SEM is more appropriate than covariance-based SEM. The two-stage method is used to generate interaction for moderator variables. This method was chosen because both exogenous constructs and moderator constructs are measured using reflective indicators, and the analysis aims to reveal the significance of moderation effects.

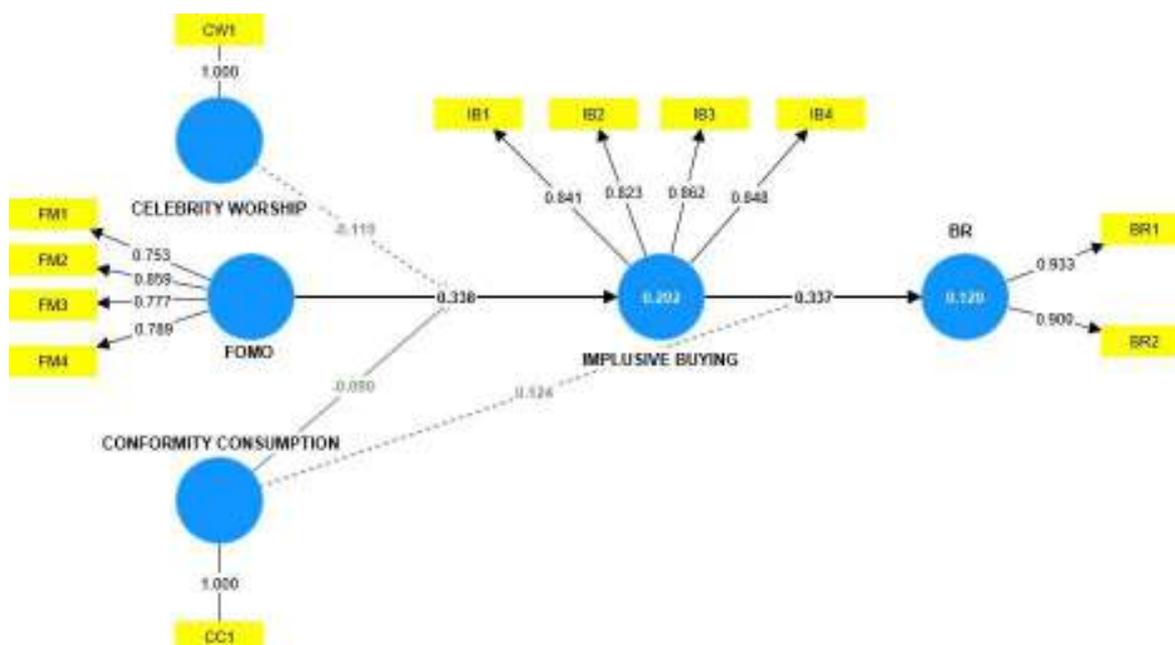
The model parameters are estimated using the Partial Least Square Structural Equation

Modeling (PLS-SEM) algorithm. All measurement models in this study use reflective indicators to assess the validity and reliability of these measurement models, namely Internal Consistency Reliability, convergent validity, and discriminant validity (Hair Jr et al., 2017).

Result and Discussion

Although PLS-SEM does not require normally distributed data, data that deviates significantly from normality can pose issues in measuring parameter significance. The test results indicate that most indicators have absolute skewness values less than one and kurtosis values less than 2. Thus, there are no severe violations of normality, supporting the measurement of parameter significance using bootstrapping.

Figure 2 Structural Model Results and Parameter Estimates



The model parameters are estimated using PLS-Algorithm, and the estimation results can be seen in Figure 2. The reliability test is carried out by analyzing the C.R. (composite reliability) and Cronbach's alpha values with an expected value of more than 0.7 (Straub et al., 1997). It is known that the variables of this study have Cronbach alpha and composite reliability values above 0.7, so all variables used are said to meet internal consistency reliability. Convergent validity analysis is assessed by the value of outer loadings less than 0.7 (Hair Jr et al., 2017). The analysis results show that all indicators for each variable have loadings greater than 0.7 to show their validity. Convergent validity

is also indicated by the AVE (Average Variance Extracted) value with a minimum of 0.5 for each construct (Hair Jr et al., 2017). The analysis shows that all constructs have an AVE value greater than 0.5. So, all constructs meet convergent validity.

Evaluation of the mentioned measurement model shows that discriminant validity has been met. A set of measurement items representing a construct can be distinguished from a set of measurement items belonging to another construct. The Fornell-Larcker criterion and the Heterotrait- Monotrait Ratio (HTMT) criterion are used to assess discriminant validity. According to the Fornell-Larcker criterion, the discriminant validity of a construct is considered fulfilled if the square root of the AVE (explicit mean value measured) is greater than the correlation between the construct and other constructs (Fornell & Larker, 1981). Meanwhile, according to the HTMT criterion, the discriminant validity of a construct is considered fulfilled if the HTMT value of the construct does not exceed 0.9 (Fornell & Larker, 1981).

The evaluation results using both criteria above indicate that all constructs in this research model meet the requirements for discriminant validity. Therefore, the measurement model in this study is promising because all constructs in the model have met the standards of internal consistency reliability, convergent validity, and discriminant validity.

Furthermore, the structural model assessment does not refer to global model fit in PLS-SEM. However, it focuses on heuristic criteria based on the model's ability to predict the dependent variables. The evaluation of this structural model covers several aspects, such as diagnosing collinearity (Hair et al., 2014), assessing the determination coefficients R^2 (Hair et al., 2011), and evaluating the effect size f^2 (Cohen, 1988).

All variables used in this study are measured using reflective indicators, which means there is no collinearity check between indicators (outer VIF). Multicollinearity assessment is done by calculating the Variance Inflation Factor (VIF) coefficient, and the results show that none.

In addition, this research model has an R^2 value of 0.115 and a customized R^2 value of 0.274. Thus, this model is good at predicting the endogenous variable of buyer's remorse. Two variables, C.W. and F.M., significantly influence predicting I.B. because the effect size value f^2 is more significant than 0.02. Meanwhile, the variables CC, CW*FM, and CC*FM make a more negligible contribution to the model's ability to predict I.B. The I.B. variable has a significant role in predicting B.R. as its f^2 value exceeds 0.02. Meanwhile, the CC and CC*IB variables make a more negligible contribution to the model's ability to predict B.R.

The model yields an SRMR value of 0.71. Thus, the overall model fit is quite good since the SRMR value is less than 0.8. In general, the model generated is good for confirming the theory. Furthermore, transitioning to moderation analysis, which relies on bootstrapping prediction techniques in PLS using 5000 subsamples and a significance level of 0.05, resulted in significant outcomes for the moderation included in the model. T-statistics are generated through this procedure, and the p-value serves as the basis for accepting or rejecting the null hypothesis.

Table 3 Hypotesis Testing Results

Hypotesis	Path	t-value	p-value	Results
H1	FM → IB	5,859	0,000	Supported
H2	IB → BR	5,001	0,000	Supported
H3	CC* FM → IB	1,430	0,076	Not Supported
H4	CC*IB → BR	1,728	0,042	Supported
H5	CW*FM → IB	1,932	0,027	Supported

Source: Fitri Rizky Amellia, Usman, 2023

The results of hypothesis testing related to structural relationships can be found in Table 3. The table indicates that H3 did not receive statistical support, while the other hypotheses received support. H1 and H2 are significant at the 0.1% level, whereas H4 and H5 are at the 5% significant level.

This study successfully developed a new model to predict buyer's remorse using moderation variables of conformity consumption and celebrity worship. The PLS-SEM technique analysis results indicate that the proposed conceptual model has undergone a series of good validity and reliability tests, making it an acceptable research model. Additionally, the evaluation of the structural model shows that the research model has good predictive capabilities, with an adjusted R-squared of 0.274. This research model also indicates its overall fit and ability to confirm the built theory.

This study aims to investigate the roles of FOMO and impulsive buying in buyer remorse and simultaneously explore the roles of conformity consumption and celebrity.

Worship as moderators in the relationship between FOMO, impulsive buying, and buyer's remorse. The analysis results indicate that FOMO significantly and positively influences impulsive buying, and impulsive buying significantly and positively affects buyer remorse experienced by users of the SBT K-pop Twitter account. K-pop fans feel left behind if they do not participate in pre-ordering merchandise, leading them to make spontaneous purchases without much thought. This behaviour can result in buyer's remorse as they buy merchandise without careful planning. These findings align with previous research (Çelik &

Eru, 2019), which revealed that FOMO tendencies significantly impact impulsive buying and partially influence post-purchase regret, with post-purchase regret being influenced by impulsive buying.

Almost all of the sampled users of SBT K-pop are female fans, often referred to as fangirls, who likely have a high desire for purchase, increasing the risk of post-purchase regret. Utama et al. (2021) states that women make more impulsive purchases than men due to emotional factors, which can result in buying goods and services that are not actually needed.

Furthermore, it was also found that conformity consumption does not significantly influence the relationship between FOMO and impulsive buying (p -value > 0.05). Whether or not there is moderation by conformity consumption indirectly will not affect the level of impulsive buying caused by FOMO. According to Çelik & Eru (2019), FOMO directs people to live beyond their needs, making their needs unclear. This lack of clarity in needs confuses an individual in considering input from others, so the presence of conformity moderation has no effect.

On the contrary, conformity consumption significantly negatively influences the relationship between impulsive buying and buyer remorse among SBT K-pop Twitter users. This indicates that the SBT K-pop community, predominantly consisting of late teenagers (17-21 years old), will consider the influence of their family and close ones in their expectations of the purchased K-pop merchandise, thereby reducing regret regarding the product. Wijenayake et al. (2020) explained that conformity is the tendency to follow the expectations of the majority within a group, by accepting the majority's judgment as more accurate than one's own, especially in ambiguous situations; this is referred to as 'informational influence'.

It can be demonstrated that celebrity worship significantly positively influences the relationship between FOMO and impulsive buying (p -value < 0.05). Indirectly, celebrity worship leads K-pop fans to experience FOMO, prompting them to make unplanned merchandise purchases to demonstrate their fanaticism frequently (Munich, 2021).

This is evident from the demographic information of SBT K-pop users, primarily students with an income of less than Rp 1,000,000, yet exhibiting high celebrity worship. They are willing to spend money to purchase merchandise, a sacrifice made solely to support their idols.

Conclusion

This study successfully built a new purchase regret prediction model involving two moderating variables. The resulting model has a good level of fit-model so that it can be used as an alternative to the buyer's remorse prediction model. This study successfully proved FOMO as a predictor of impulsive buying and impulsive buying as a predictor of buyer's remorse. Conformity consumption has been proven to moderate the relationship between impulsive buying and buyer's remorse. Reducing the regret arising from impulsive buying can be done by asking for conformity from the closest person or family. Celebrity worship moderates the relationship between FOMO and impulsive buying. This can be utilized by marketing from K-pop agencies to target people with high celebrity worship to increase sales of their company's merchandise.

Overall, this study has successfully proven the moderating role of celebrity worship and conformity consumption in predicting buyer remorse. Given that this model has only been applied to specific cases, there is still a need to validate the model for other subjects such as fashion, culinary, beauty products, household appliances, etc. There are also limitations to the uneven sample of fans in terms of gender, so future research needs to pay attention to equalizing the sample of male fans (fanboy) and female fans (fangirl).

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EMPLOYEE LOYALTY THROUGH THE ROLE OF JOB SATISFACTION AS A MEDIATOR: LEADER MEMBER EXCHANGE AND WORK LIFE BALANCE AT PT. BATANG HARI BARISAN

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ABSTRACT

This research investigates the role of job satisfaction as a mediator in the impact of leader member exchange and work-life balance on employee loyalty at PT Batang Hari Barisan. Data were collected through surveys and questionnaires distributed to a sample of 74 respondents. Path analysis was used as the analysis method, with SmartPLS used for statistical processing. The findings show that leader member exchange and work-life balance significantly influence job satisfaction. Furthermore, leader member exchange has a significant influence on employee loyalty, while work-life balance has no direct impact on employee loyalty. Job satisfaction was found to significantly influence employee loyalty. In addition, leader member exchange impacts employee loyalty indirectly through the mediation of job satisfaction, whereas job satisfaction does not mediate the relationship between work-life balance and employee loyalty.

Keywords: *Employee Loyalty, Leader Member Exchange, Work Life Balance, Job Satisfaction*

ABSTRAK

Penelitian ini bertujuan untuk menganalisis peran kepuasan kerja sebagai mediator dampak leader member exchange dan work life balance pada loyalitas karyawan di PT Batang Hari Barisan. Pengumpulan data dilakukan melalui survei dan kuesioner yang disebarkan kepada sampel sebanyak 74 responden. Analisis jalur digunakan sebagai metode analisis, dengan SmartPLS digunakan untuk pengolahan statistik. Temuan menunjukkan bahwa leader member exchange dan work-life balance secara signifikan mempengaruhi kepuasan kerja. Lebih lanjut, leader member exchange memiliki pengaruh yang signifikan terhadap loyalitas karyawan, sedangkan work-life balance secara langsung tidak berdampak pada loyalitas karyawan. Kepuasan kerja terbukti secara signifikan mempengaruhi loyalitas karyawan. Selain itu, leader member exchange berdampak pada loyalitas karyawan secara tidak langsung melalui mediasi kepuasan kerja, sedangkan kepuasan kerja tidak memediasi hubungan antara work-life balance dan loyalitas karyawan.

Keywords : *Loyalty Employees , Leader Member Exchange, Work Life Balance , Job Satisfaction*



Introduction

In activities operations , the company depend on labor to produce goods and services, with management function organization completely done by the department source Power human resources (HR). Source Power existing human beings can help employee performance and improve productivity company if function organization well managed . For example, PT. Batang Hari Barisan, a companies operating in the sector processing material standard rubber , has optimize use source Power human . This company is recognized as one of the largest in Padang City in industry processing rubber . To face competition in the market, PT. Batang Hari Barisan focuses on production rubber with standard quality high . Resource management Power efficient human being is one of element key influencing success a company .

Performance generated is indicator main from performance source Power human . In the context of the company that produces goods , such as factories and MSMEs, performance of sources Power man reflected through productivity . Meanwhile , in the service sector , such as hospitals and health centers , the performance of human resources Power man realized through effective and satisfactory service (Jamil, 2022) .

In today's context , business organizations are required to adapt yourself and strengthen position competitive them so they can facing the challenges that will come . Source Power humans , in particular employee , play role key in various aspects operational company . They act as planner , implementer , and taker essential decision in achieve organizational targets . Therefore, increasing productivity employee can achieved through use of resource management Power effective human resources . Companies must implement policies that will push employees to follow the plan that has been determined . Loyalty employee reflect character individuals who are not only carry out their main duties well, but also demonstrate initiative to undertake additional tasks , including collaborating with other coworkers (Adhitya, 2024).

Loyalty can defined as demonstrated commitment , dedication , and trust to a person or organization . Loyalty also includes commitment emotional and responsible responsible for providing quality service tall as well as show good behavior . According to (Wirawan, 2018), there are a number of things that influence faithfulness employees . This includes job satisfaction , motivation , work environment , organizational processes , culture organization , leadership serving (*servant leadership*), commitment to organization , *work-life balance* , and *leader member exchange* .

Leader member exchange refers to the increase quality communication between leaders and members team , which can make an impact positive on second performance split

parties . Although thus , in implementation , relationship between employees and supervisors often classified into two category : constructive relationships and destructive relationships . Relationships positive tend build belief , attitude optimistic , and loyalty from employees , while negative relationships have the opposite impact (Wijaya & Siswoyo , 2020). Interaction between leaders and members team own role crucial in reach success a organization . Good treatment of employee can increase desire them to sacrifice for the sake of interests company . In addition , the attitude positive given to employee will push them to improve contribution to the organization they have (Wijaya & Siswoyo , 2020).

Work-life balance is important factors for everyone individuals who have a profession , because allow them to have balanced quality of life both in affairs family and also work . This balance includes various sources power , including support for parent and child care , services health , as well as welfare employees , in addition to the necessary relocation process . Currently, many a company that provides various programs that support family use help employee in guard This balance . Examples of such programs include flexible working hours , job sharing, jobs , and options for work from distance far (Kembuan et al., 2021). *Work-life balance* refers to the condition Where individual can manage two important aspects of their lives , namely work and life personal . From the perspective employees , this balance means the ability to balance not quite enough answer professional and obligations personal , including those related to family . On the other hand , companies face difficulty in creating supportive work environment balance between work and life so employee can pour out attention they are on their task have in the workplace (Kembuan et al., 2021).

Job satisfaction is condition emotional that reflects attitude a employees , both positive and also negative , against work as well as not quite enough the responsibility he bears . In general , there is assumption that individual in position managerial tend feel higher job satisfaction compared to those at lower levels . But , some studies indicates that This view is not always right , because rotation position often have a greater impact on level experienced job satisfaction (Adha et al., 2019).

Loyalty employee can measured through level faithfulness they in contribute to PT. Batang Hari Barisan. To maintain employee quality , company need fulfil rights that are part of from interest employees , as well as create a work environment that suits your needs them , including providing comfort in do activities . If company is unable fulfil these aspects, the risk of employees resigning self (*turnover*) will increase . Below is presented data regarding employees who left PT. Batang Hari Barisan during period 2018-2022 as shown in Table 1.

Table 1. Data on the Number of Employees of PT. Batang Hari Barisan 2018-2022

Year	Beginning of Period	Enter	Go out	End of Period
2018	90	5	3	92
2019	92	-	12	80
2020	80	4	2	82
2021	82	2	5	79
2022	79	-	5	74

Source : PT. Batang Hari Barisan

Based on Table 1, the level loyalty employee in matter faithfulness Work show different dynamics every year. In 2018, there were 90 employees at the beginning period , with the addition of 5 new employees and the reduction of 3 employees , so that amount end employee reached 92 people. The following year, 2019 , started with 92 employees , but none addition new employees and 12 employees left, resulting in amount end employee decreased to 80 people. In 2020, the number of beginning employee is 80 people, with the addition of 4 new employees and a reduction of 2 employees , so that amount end increased to 82 people. Furthermore , in 2021, starting with 82 employees , there was addition of 2 employees , but 5 employees left, so amount end employee reduced to 79 people. Finally , in 2022, with 79 employees at the beginning period and without new additions , as well as 5 employees leaving, the number end employees to 74 people.

Based on the analysis carried out, it can be concluded that loyalty Current employees are not at an optimal level . This assumption is related to the factor *work-life balance* and *leader-member exchange* . Research by (Hawa & Nurtjahjanti , 2018) shows existence impact significant from *work-life balance* on loyalty employees . In addition, research by (Oktavianda , 2018) also concluded that *leader member exchange* contribute in a way significant on loyalty employee .

This analysis offers new contribution in field human resource management by highlighting role Job satisfaction as a mediator of *leader-member exchange* and *work-life balance* in influence loyalty employees at PT. Batang Hari Barisan. The novelty of this research lies in the emphasis on the importance of role job satisfaction as a mediator of impact *leader member exchange* in increase loyalty employees , as well as invention that *work life balance* does not contribute directly to loyalty employees ; this is challenging assumption general that *work life balance* always correlated with loyalty higher employees .

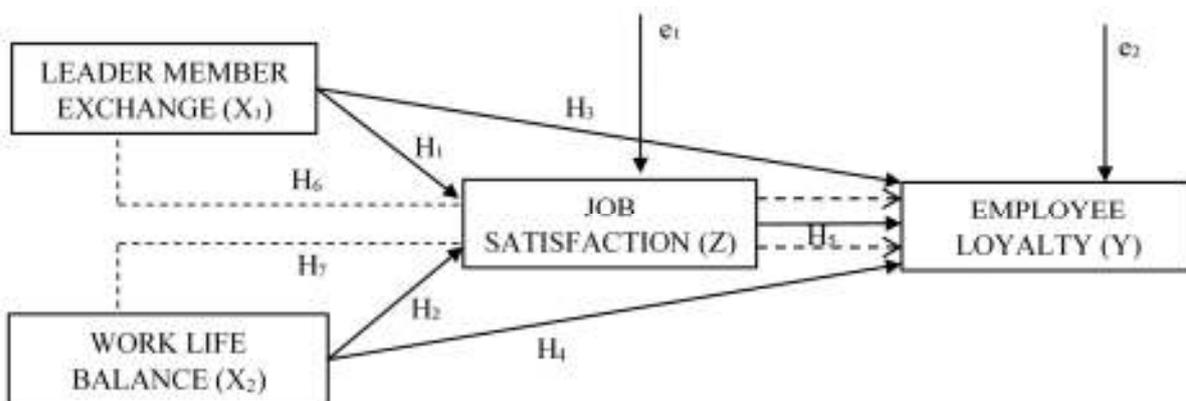
This study objective is to investigate the role work satisfaction as an impact mediator *leader member exchange* as well as *work-life balance* on loyalty employees . Here This is connection hypothetical :

H1: *Leader member exchange* allegedly impact positive on satisfaction Work

H2: *Work life balance* allegedly impact positive on satisfaction Work

- H3: *Leader member exchange* allegedly impact positive to loyalty employee
- H4: *Work life balance* allegedly impact positive on loyalty employee
- H5: Satisfaction Work allegedly impact positive to loyalty employee
- H6: Satisfaction Work allegedly mediate impact *leader member exchange* on loyalty employee
- H7: Satisfaction Work allegedly mediate impact *work life balance* on loyalty employee

Figure 1. Research Framework



Method

This research was conducted at PT. Batang Hari Barisan, a company that focuses on processing rubber , located on Jalan By Pass No. 18, Ambacang Market , District Kuranji , Padang City, West Sumatra. The research population includes all over employee company , with a total of 74 people. Considering amount population does not exceed 100 people, all the population is made research subjects . Thus , researchers decided to use overall population as many as 74 people as samples . Data analysis in this study was carried out using *Structural Equation Modeling* (SEM) through the *Partial Least Square* (PLS) program .

Table 2. Definition Operational Variables

Variables	Definition	Indicator	Source
Employee Loyalty	Employee loyalty can be defined as the level of commitment demonstrated by employees in an effort to protect and support the organization, both in the context of the work environment and outside, against threats or disruptions that may be caused by irresponsible parties .	1. Keta a tan as well as compliance 2. Not quite enough answer 3. Service 4. Honesty	(Wibowo, 2018)
Job satisfaction	Satisfaction Work defined as a series emotions felt by employees about level comfort or discomfort in operate task they .	1. Work challenge 2. Condition support 3. Wages which is appropriate	(Robbins & Coutler, 2018)

Leader Member Exchange	<p><i>Leader-member exchange</i> refers to the interactions that occur between leaders and members group , where the relationship This play role important in dynamics team , which is marked by four aspect main : affection , loyalty , contribution , and respect professional .</p>	<p>4. Compliance personality colleague Work 1. <i>Respect</i> 2. <i>Trust</i> 3. <i>obligation</i></p>	(Simamora, 2017)
Work-Life Balance	<p><i>Work-life balance</i> is aspect important for every individual in environment work , because matter This allow they For reach quality harmonious life in interaction with family as well as in implementation task work .</p>	<p>1. Type work 2. You are place Work 3. Problem Work 4. Need time For family 5. Need time For personal</p>	(Sutrisno, 2018)

The population of this study involved 74 respondents who were all over employees of PT. Batang Hari Barisan. Use of methodology taking sample in a way random , especially technique taking sample saturated , allows all over employee put in population sample . This study uses *Structural Equation Modeling (SEM)* with *Partial Least Squares (PLS)* to analyze data. PLS-SEM serves as an approach alternatives to investigate market orientation and equality structural to assess relatedness between latent construction, accommodating linear or non-linear association across indicators in a way simultaneously . This method is characterized by its flexibility and robustness, since it does not require strict assumptions (Hair et al., 2018).

Results and Discussion

The total number of questionnaires distributed in all fields is 74, with a total of 74 questionnaires returned and included in the study. *The outer model* functions as a tool measurement, it is very important to assess validity and reliability of the research model. In the field of research, the aspects conceptual and relational a model cannot test in a way adequate for the relationship because consequences to the point refinement in the measurement model has completed satisfactorily. This stage aims to explain connection between block indicators with latent variables.

In the development stage, correlation values ranging from 0.5 to 0.6 are considered sufficient. However, in the context of this study, *convergent validity* is set with a threshold above 0.6 .

Figure 2. Outer Model Test Results Before Elimination

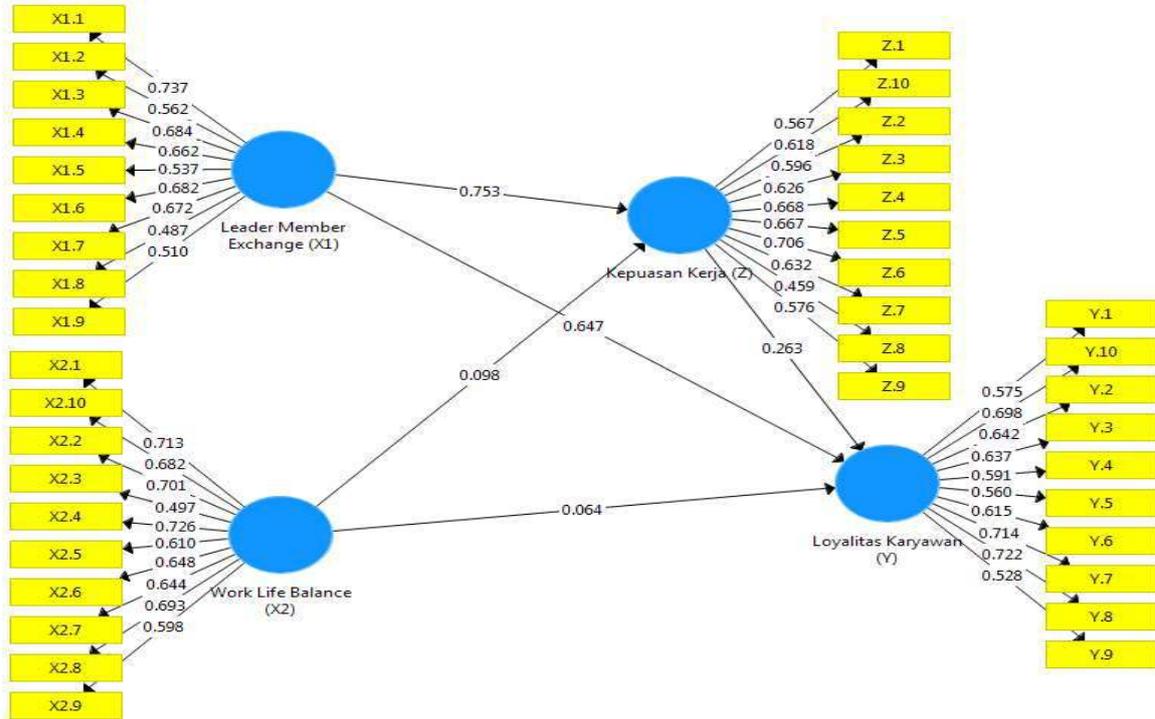
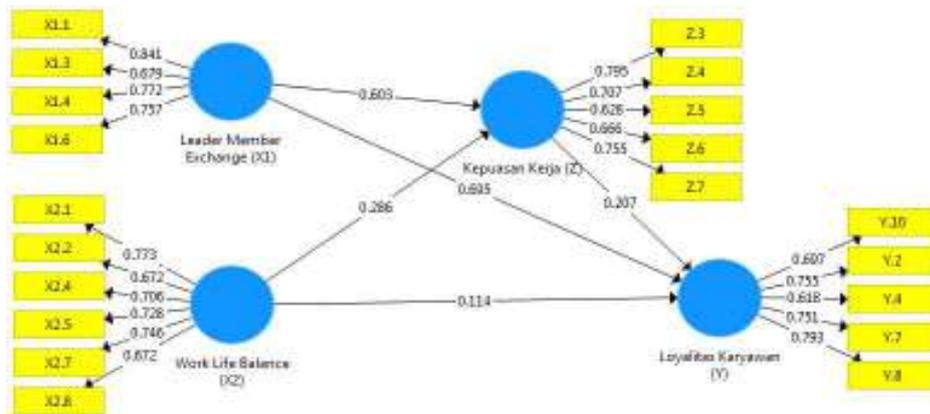


Figure 3. Outer Model Test Results After Elimination



Based on the presented figure 3, this study sets the minimum *convergent validity value limit* of 0.6. Several indicators of the *leader member exchange* and *work-life balance* variables have been removed in the context of employee loyalty analysis through job satisfaction .

Table 3. Average Variance Extracted (AVE) Value

Variables	AVE
Loyalty Employee (Y)	0.508
Leader member exchange (X1)	0.584
Work life balance (X2)	0.526
Satisfaction (Z)	0.514

Source : Processed results SmartPLS , 2023

The findings in Table 3 show that all constructs or variables examined in this study demonstrate strong validity, as indicated by the *Average Variance Extracted (AVE)* value which exceeds the recommended threshold of 0.50.

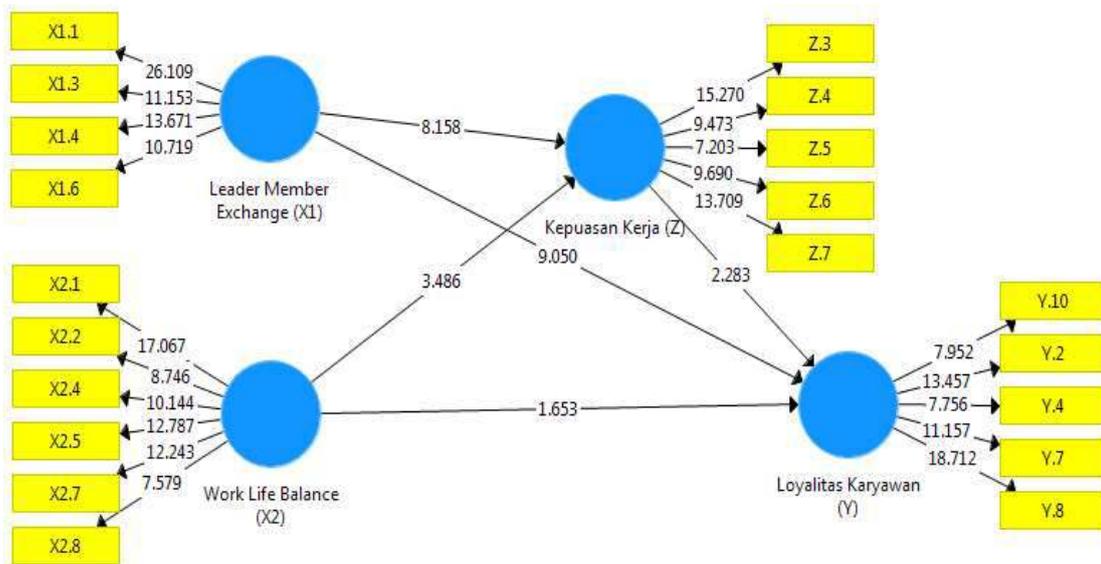
Table 4. Reliability Values

Construct (Variable)	Cronbach's Alpha	Composite Reliability	Conclusion
Loyalty Employee (Y)	0.756	0.837	Reliable
Leader member exchange (X1)	0.760	0.848	Reliable
Work life balance (X2)	0.773	0.846	Reliable
Satisfaction (Z)	0.812	0.864	Reliable

Resource : Processed results SmartPLS , 2023

Based on the findings presented in Table 4, both the values reliability composite and also mark *Cronbach's alpha* of each construct or variable beyond the figure is 0.70. This shows level high data reliability, so show that the data can considered can trusted and reliable.

Figure 4. Structure Inner Model



Based on the picture the structure of the model above can stated in form the model equation is as follows :

- a. Model Equation I, illustrates in a way overall impact construct *leader member exchange* and *work-life balance* on job satisfaction . This model includes the resulting coefficient as well as consider level error that reflects estimation that cannot be explained in this study.

$$Z = 8.158 X_1 + 3.486 X_2 + e \dots\dots\dots 1$$

b. Model Equation II, describes in a way overall impact construct *leader member exchange* , *work-life balance* , and job satisfaction on loyalty employee . In this model, there are coefficient that reflects the relationship between each construct , as well as existence error estimates expressed as errors .

$$Y = 9,050 X_1 + 1,653 X_2 + 2,283 Z + e \dots\dots\dots 2$$

Table 5. Test Results Research Hypothesis

Hypothesis	Statement	Original Sample Value	T Statistics	P Values	Information
H1	<i>Leader Member Exchange</i> (X1) → Job Satisfaction (Z)	0.603	8,158 > 1.96	0.000 < 0.05	Accepted
H2	<i>Work Life Balance</i> (X2) → Job Satisfaction (Z)	0.286	3,486 > 1.96	0.001 < 0.05	Accepted
H3	<i>Leader Member Exchange</i> (X1) → Employee Loyalty (Y)	0.695	9,050 > 1.96	0.000 < 0.05	Accepted
H4	<i>Work Life Balance</i> (X2) → Employee Loyalty (Y)	0.114	1.653 < 1.96	0.099 > 0.05	Rejected
H5	Satisfaction (Z) → Employee Loyalty (Y)	0.207	2,283 > 1.96	0.023 < 0.05	Accepted
H6	<i>Leader Member Exchange</i> (X1) → Job Satisfaction (Z) → Employee Loyalty (Y)	0.125	2,261 > 1.96	0.024 < 0.05	Accepted
H7	<i>Work Life Balance</i> (X2) → Job Satisfaction (Z) → Employee Loyalty (Y)	0.059	1.648 < 1.96	0, 100 > 0.05	Rejected

Based on the results of the H1 analysis with the SmartPLS tool, the value recorded in Table 5 is 0.603, t-statistic 8.158> t-table 1.96. Then, the p-value 0.000 <0.05, indicating rejection (H0) and acceptance (Ha). Thus, the study findings indicate that *Leader Member Exchange* has a positive and significant impact on Job Satisfaction. This finding is consistent with studies conducted by (Eşitti & Kasap, 2020), (Helmy, 2021), (Zulfa, 2021), (Lubis, 2022) which resulted in a positive and significant impact on job satisfaction. The quality of interaction between leaders and employees affects the level of trust, support, and communication obtained by workers. When *leader member exchange* is high, leaders provide more personal attention and support to members, and involve them in decision making. This increases employees' sense of appreciation and fairness, which contributes to increased work motivation and commitment. Employees who feel supported by their

leaders tend to experience increased levels of happiness at work. Positive interactions between leaders and team members contribute to the creation of a conducive work environment, where employees feel comfortable expressing ideas and raising concerns. In turn, this improves employee mental health. Empirical research (Jufrizen et al., 2023), (Tahir et al., 2023) shows that compared to employees with poor exchange relationships, employees who work with high-quality *leader member exchange* tend to be more satisfied with their jobs.

Based on the results of the H2 test study, using SmartPLS, the values recorded in Table 5 are 0.286, t-statistic 3.486 > t-table 1.96, and p-value 0.001 < 0.05, emphasizing that (H0) is rejected and (Ha) is accepted. Thus, the results of the study indicate that *Work-Life Balance* has a positive and significant impact on Job Satisfaction. This finding is consistent with studies conducted by (Putra et al., 2020), (Arief et al., 2021), (Aruldoss et al., 2022), (Rony & Yulisyahyanti, 2022) which resulted in a positive and significant *work-life balance* affecting job satisfaction. This happens because these conditions allow employees to meet their needs in both personal and professional aspects. When individuals are able to balance time between work demands and personal life, this can help reduce stress and fatigue, which ultimately contributes to increased psychological well-being. Employees who feel in control of their time and responsibilities tend to be more motivated, highly committed, and more satisfied with their work. Companies that prioritize *work-life balance* tend to create a more flexible and open workplace, which in turn can increase employee loyalty and productivity. Empirical studies (Aruldoss, 2021), (Aziz et al., 2023) found that *work-life balance directly* affects increased job satisfaction because employees feel more appreciated and can live a more meaningful life, without having to sacrifice one aspect of their life. This is different from the findings by (Endeka et al., 2020), (Tirta & Enrika, 2020), (Maharani et al., 2023) that there is no impact of *work-life balance* on job satisfaction.

Based on the findings of the H3 analysis using the SmartPLS tool, the values recorded in Table 5 are 0.695, t-statistic 9.050 > t-table 1.96, and p-value 0.000 < 0.05, indicating rejection of the hypothesis (H0) and acceptance of the hypothesis (Ha). Thus, the findings indicate that *Leader Member Exchange has a significant positive* impact on Employee Loyalty. This finding is consistent with the analysis conducted by (Anam et al., 2023), (Uly et al., 2023), and (Setiaji et al., 2024) which resulted in a positive and significant impact on employee loyalty. A strong relationship in *leader member exchange encourages the creation of bonds based on trust, appreciation, and support between leaders* and team members, thereby increasing employee loyalty. In this relationship, employees feel appreciated and recognized for their contributions, thereby increasing their emotional involvement and commitment to the organization. Employees who have strong *leader*

member exchange relationships tend to feel motivated to perform at their best, because they believe that their leaders care about and support their career development. Trust and open communication between leaders and team members also strengthen employees' sense of emotional attachment, which ultimately influences their loyalty to the organization. Several empirical studies have shown that employees who experience high-quality *leader member exchange interactions* demonstrate higher levels of loyalty due to increased job satisfaction and better perceptions of organizational justice.

Based on the analysis conducted using SmartPLS to test the H4 hypothesis, the values obtained are listed in Table 5 as 0.114, t-statistic of 1.653 <t-table 1.96, and p-value of 0.099> 0.05. This indicates that acceptance (H0) and rejection (Ha). Thus, the findings of the analysis indicate that there is no significant impact of *Work-Life Balance* on Employee Loyalty. This finding is in line with studies that have been conducted (Mea & Se, 2023), (Yudiani et al., 2023), and (Reners et al., 2024) which resulted in no impact of *work-life balance* on employee loyalty. This is because there are other factors that can be more dominant, such as organizational culture, opportunities for career development, and financial compensation. Although *work-life balance* is important for employee personal well-being, some employees may place more value on factors such as recognition, job stability, or career path. In addition, there are cases where employees with good *work-life balance* still feel less loyal due to poor interpersonal relationships at work or minimal prospects for self-development. Research also shows that loyalty is often influenced by emotional commitment to the company, which is not always directly related to *work-life balance*. Thus, although *work-life balance* can increase job satisfaction, it is not always strong enough to ensure loyalty without the support of other organizational factors.

Based on the H5 analysis with SmartPLS, the values recorded in Table 5 are 0.207, t-statistic 92.283> t-table 1.96, and p-value 0.023 <0.05, indicating that the hypothesis (H0) is rejected and (Ha) is accepted. Thus, the results of the study indicate a significant positive impact of Job Satisfaction on Employee Loyalty. This finding is consistent with the results of the analysis conducted by (Bagis & Adawiyah, 2022), (Rahmat & Rasyidi, 2023), and (Reners et al., 2024) which resulted in a significant positive impact of job satisfaction on employee loyalty, where employees who feel satisfied with their work tend to show a higher level of commitment to the organization. When employees feel that their needs and expectations are met through a positive work atmosphere, fair compensation, and good interactions with superiors and coworkers, it will encourage them to stay in the company for a long time. Job satisfaction contributes to increased emotional involvement and a sense of belonging to the organization, which in turn reduces the desire to look for work outside. Employees who have high levels of job satisfaction usually show increased performance,

which in turn can strengthen their loyalty to the organization. This relationship is reinforced by balance theory and social exchange theory, which claim that employees who feel they are treated fairly will be more loyal to the organization.

Based on the results of the SmartPLS analysis, the original sample H6 value of 0.125, plus a t-statistic of 2.261 <t-table 1.96, and a p-value of 0.024 <0.05, causes rejection (H0) and acceptance (Ha). Thus, the results of the study show that Job Satisfaction is able to mediate the impact of *Leader Member Exchange* in a significant positive way on Employee Loyalty. There has been no previous research that also concluded that *leader member exchange* has a significant impact on employee loyalty if mediated by job satisfaction. Job satisfaction acts as a mediator in the impact of *leader member exchange* on employee loyalty. Positive exchanges between leaders and subordinates create constructive interactions, where leaders provide support, trust, and appreciation to employees. This contributes to increased job satisfaction, which reflects positive perceptions of work due to recognition, appreciation, and a supportive work environment. When employees feel satisfied with their jobs, they are more likely to develop deeper loyalty to the organization. This loyalty is reflected in long-term commitment, higher levels of engagement, and a desire to support the company's vision and mission. Thus, job satisfaction acts as an important link that strengthens the impact of *leader member exchange* on employee loyalty, making employees feel valued and motivated to continue working for the organization.

Based on the results of the SmartPLS analysis, the original sample H7 value of 0.059, plus a t-statistic of 1.648 <t-table 1.96, and a p-value of 0.100 > 0.05, causes H0 to be accepted and Ha to be rejected. Thus, the study findings show that Job Satisfaction is not optimal as a mediator of the impact of *Work Life Balance* on Employee Loyalty. This finding is in line with previous analysis by (Reners et al., 2024) which also indicated that *work-life balance* does not have a significant impact on employee loyalty if mediated by job satisfaction. Job satisfaction is unable to be a mediator in the relationship between *work-life balance* and employee loyalty because although good *work-life balance* can improve individual well-being, its impact on employee loyalty is more direct and not always through job satisfaction. Employees may remain loyal due to other factors, such as company culture, emotional attachment, or career development opportunities, even though job satisfaction has not been fully achieved. Loyalty is often determined by long-term commitment and the fit between personal values and organizational values, which may not depend on daily satisfaction levels. Furthermore, a good *work-life balance* can directly increase loyalty because it provides the flexibility that employees want without having to increase job satisfaction first. This indicates that the impact between *work-life balance* and employee loyalty is complex and does not depend entirely on mediating variables such as job satisfaction .

Conclusion

Based on the explanation and results of the hypothesis analysis above, it is concluded that *leader member exchange* as well as *work life balance* significantly positive impact on job satisfaction, *leader member exchange* in a way positive significant influence on employee loyalty, but *work life balance* has no impact on employee loyalty. Meanwhile, job satisfaction has a significant positive effect on employee loyalty. Furthermore, job satisfaction is effective as a mediator in impact *leader member exchange* on employee loyalty , but ineffectiveness job satisfaction in mediate *work life balance* in affect employee loyalty. This study has several limitations, including the possibility of bias in the measurement of employee job satisfaction and loyalty that relies on subjective perceptions of respondents. In addition, other factors that may influence employee loyalty, such as salary or career development opportunities, were not analyzed in this study. This study may also not be applicable to all industries or geographic locations. For future research, it is recommended to explore additional variables that may influence employee loyalty, such as compensation and professional development opportunities. Research can also be conducted across different industry sectors and locations to increase the generalizability of the results. In addition, using a more objective measurement method may help reduce potential bias in the evaluation of employee job satisfaction and loyalty .

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STRENGTHENING THE LOCAL ECONOMY: MEASURING THE DIGITAL LITERACY OF UMKM TOWARDS THE EFFICIENCY OF ELECTRONIC TAX REPORTING

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ABSTRACT

This study explores the level of digital literacy of Micro, Small and Medium Enterprises (SMEs) in Malang City and its impact on electronic tax reporting. Of the 99 SMEs operating for at least one year, the majority showed adequate digital literacy, with interest and skills in using electronic tax applications. A good level of digital literacy gives hope for the successful implementation of electronic taxes in Malang City. Data analysis shows that the readiness of digital literacy of SMEs significantly affects the obligation of electronic tax reporting. Increasing digital literacy can improve the efficiency of SME tax reporting, contribute to local economic growth, and ensure business continuity. Therefore, a deep understanding of digital literacy not only impacts SME operations but is also crucial to ensuring good and sustainable tax compliance in the long term.

Keywords: Local Economy, Digital Literacy, SMEs, Reporting, Electronic Tax

ABSTRAK

Penelitian ini mengeksplorasi tingkat literasi digital Usaha Mikro Kecil Menengah (UMKM) di Kota Malang dan dampaknya pada pelaporan pajak elektronik. Dari 99 UMKM yang beroperasi minimal satu tahun, mayoritas menunjukkan literasi digital yang memadai, dengan minat dan keterampilan menggunakan aplikasi pajak elektronik. Tingkat literasi digital yang baik memberikan harapan untuk berhasilnya implementasi pajak elektronik di Kota Malang. Analisis data menunjukkan bahwa kesiapan literasi digital UMKM secara signifikan berpengaruh positif terhadap kewajiban pelaporan pajak elektronik. Peningkatan literasi digital dapat meningkatkan efisiensi pelaporan pajak UMKM, berkontribusi pada pertumbuhan ekonomi lokal, dan memastikan kelangsungan usaha. Oleh karena itu, pemahaman mendalam tentang literasi digital bukan hanya berdampak pada operasional UMKM, tetapi juga krusial untuk memastikan kepatuhan pajak yang baik dan berkelanjutan dalam jangka panjang.

Keywords: Ekonomi Lokal, Literasi Digital, UMKM, Pelaporan, Pajak Elektronik



Introduction

Malang has experienced an increase in the number of Micro, Small and Medium Enterprises (SMEs) by 17,071 businesses in 2020, up from 17,021 in 2019. (BPS, 2020). The important role of SMEs in the economy of Malang City was proven during the pandemic, where many workers who were laid off turned to opening businesses. The existence of SMEs not only contributes to the absorption of labor, but also has a positive impact on tax revenues.

Based on data from the BPS of Malang City, there was an increase in the number of business premises overall in Malang City from 17,021 in 2019 to 17,071 in 2020. Klojen District became the area with the largest number of business units, namely 7,812 in 2020, although it experienced a decrease of 2.6% compared to the previous year. The highest positive growth occurred in Sukun District, with an increase of 7.7% from 3,409 units in 2019 to 3,674 units in 2020. However, Lowokwaru District experienced the lowest decrease, namely 0.2%, to 1,112 business units. This data indicates that the economic growth of Malang City is generally positive, although the growth rate is not evenly distributed across sub-districts. In practice, the tax reporting system in Indonesia adopts a self-assessment system and has started reporting taxes electronically using e-filing and e-forms. To implement electronic tax reporting, taxpayers must have digital literacy, namely the ability to use digital media, communicate, and interact in a healthy, wise, intelligent, and legally compliant manner.

Digital literacy among SMEs has a significant impact on tax reporting obligations. In the digital era, understanding and implementing digital literacy by SMEs can be the key to success in fulfilling tax responsibilities. SMEs with good digital literacy can optimize the use of digital accounting software, accelerate the reporting process, and improve the accuracy of financial data. Conversely, a lack of digital literacy can hinder the efficiency of tax reporting, even increasing the risk of errors in filling out forms and recording transactions. Therefore, a deep understanding of digital literacy among SMEs not only provides operational benefits, but is also key to ensuring good and sustainable tax compliance.

Digital literacy according to Lee (2014), is the ability to understand and utilize information from various sources presented through computers. This includes the ability to understand, analyze, assess, organize, and evaluate information using digital technology, as defined in digital literacy literature. This definition involves an understanding of various technologies and how they are used, as well as recognizing their impact on individuals and society. Digital literacy, as stated by Martin (2008), opening the door to improved communication skills, work effectiveness, and productivity, especially in collaboration with individuals with similar skills.

Sense (2009) identified three main skills in digital literacy, namely using technology, understanding and interpreting digital content, and assessing its credibility. In other words, digital literacy is not only related to the ability to search for, use, and disseminate information, but also includes skills in creating information, making critical assessments, ensuring the relevance of the applications used, and fully understanding digital content. Given the impact of digital literacy on society, responsibility is needed in the dissemination of information to ensure that the use of digital technology is carried out with full awareness and caution.

Although SMEs are recognized as having a vital role in the economy of Malang City, the selection of research focus on SME digital literacy towards electronic tax reporting requires deeper rationalization. The impact of SME digital literacy on electronic tax reporting is very important because it is closely related to two crucial aspects: tax revenue and SME sustainability. Concretely, a high level of digital literacy among SMEs can increase efficiency in electronic tax reporting, accelerate the administration process, and improve the accuracy of financial data. With a good understanding of electronic tax reporting procedures, SMEs can optimize the use of digital accounting software, which in turn can increase their financial transparency. This not only makes it easier to fulfill tax obligations but can also have a positive impact on overall tax revenue. In addition, good digital literacy can help SMEs adapt to the digital era, increase competitiveness, and ensure the sustainability of their businesses in the long term. Therefore, research on SME digital literacy towards electronic tax reporting in Malang City is expected to provide in-depth insights into how increasing digital literacy can contribute to local economic growth and SME sustainability.

In detailing the research problem, the main focus of this study is to explore and understand the level of digital literacy of SMEs in Malang City and its impact on electronic tax reporting. The crucial issue that needs to be solved is the extent of understanding and readiness of SMEs in adopting digital technology to fulfill tax reporting obligations. In this context, it is important to assess whether SMEs have adequate understanding of the use of digital accounting software, procedures for electronic tax reporting, and awareness of the importance of digital literacy in the context of taxation. This problem is considered to have a significant impact on SMEs in Malang City, because low levels of digital literacy can hinder efficiency tax reporting, increasing the risk of errors, and in turn, affecting the contribution of SMEs to the economy and tax revenues at the local level. Therefore, this study aims to provide in-depth insights into the digital literacy profile of SMEs and how it can affect the quality of reporting electronic tax in Malang City.

Method

In this study, the hypothesis or causal hypothesis that has been made previously is tested. This study uses a questionnaire to collect initial data, which shows the opinions of each participant. Therefore, the unit of analysis is also carried out individually. Small and medium enterprises (SMEs) in Malang City are the subjects of this study. This study uses a sample method, and the number of samples ranges from 99 samples. To calculate the number of sufficient samples, the Slovin formula is used (Sevilla, 2007). This also considers the capabilities or limitations of researchers and the characteristics of the population that tend to be homogeneous. The research sample consisted of 99 SMEs in Malang City that met the following criteria: SMEs have been operating for at least one year and respondents were at least 25 years old and had a minimum elementary school education. The number of samples was calculated using the Slovin Formula. This study used a questionnaire on a Likert scale (strongly agree, agree, disagree, strongly disagree) with the following research instruments:

- a. Digital Literacy Readiness Indicators
 1. Views on the internet
 2. Interest and feelings towards digitalization
 3. Views on digitalization training
 4. Views on productivity
 5. Dependence on the internet
 6. Belief in the Importance of Digital Literacy
- b. Tax Reporting Obligation Indicators
 1. Ability to Use Electronic Tax Applications
 2. Ease and Skill in Operating Electronic Tax Applications
 3. Interest and Clarity in Using Electronic Tax Applications
 4. Ease of Learning and Accessing Electronic Tax Applications
 5. System complexity level
 6. Precision in Operating According to Needs
 7. Perception of System Complexity Level

The data analysis method used in this study is multiple regression to see and determine the influence between variables with the T-test. The test was carried out using normality, linearity, multicollinearity, and autocorrelation analysis.

Results and Discussion

This study captures demographic information of SME actors in Malang City about having been running a business for at least 1 year, respondents are at least 25 years old. And respondents have at least elementary school education as seen in Table 1.

Table 1. Summary of Respondent Demographic Information

Category	Information	Amount
Gender	Man	62
	Woman	37
Level of education	Elementary school	4
	JUNIOR HIGH SCHOOL	23
	SENIOR HIGH SCHOOL	48
	Diploma/Bachelor	24
Company Age	< 1 Year	42
	> 1 Year	57

The online questionnaire has been distributed and 99 data have been collected from respondents which were then analyzed and processed. Most of the SMEs in Malang City already have more than 50% of their company age of more than 1 year.

Table 2. Summary of Questionnaire Results by Indicators

No	Indicator	Results (%)
1	Views on the internet	75
2	Interest and feelings towards digitalization	80
3	Views on digitalization training	70
4	Views on productivity	78
5	Dependence on the internet	85
6	Belief in the Importance of Digital Literacy	90
7	Ability to Use Electronic Tax Applications	75
8	Ease and Skill in Operating Electronic Tax Applications	80
9	Interest and Clarity in Using Electronic Tax Applications	75
10	Ease of Learning and Accessing Electronic Tax Applications	78
11	System complexity level	60
12	Precision in Operating According to Needs	75
13	Perception of System Complexity Level	65

Based on the results of the study, it can be seen that the majority of SMEs in Malang City have fairly good digital literacy and readiness to adopt electronic tax technology. Although there are still some respondents who feel the system is quite complicated, most of them show interest, skills, and confidence in using electronic tax applications. This conclusion provides an optimistic view regarding the potential for successful implementation of electronic tax among SMEs in Malang City with increased digital literacy. Descriptively, this study with the sample used is shown in Table 3.

exceeds 0.7, it can be concluded that the measuring instrument used is reliable; conversely, if the value is less than 0.7, then the instrument is considered inconsistent or unreliable.(Ghazali, 2018). Reliability testing on variables such as digital literacy readiness and tax reporting obligations showed a Cronbach's Alpha value of 0.724.

Before involving linear regression testing, the data were processed to test for normality using the Kolmogorov-Smirnov value, which showed a significant value of 0.066, exceeding the significance threshold of 0.05. This indicates that the data does not show multicollinearity, with a Variance Inflation Factor (VIF) value of less than 10 and a tolerance of more than 0.01. In addition, heteroscedasticity problems were identified through the Glejser test, especially in the literacy readiness variable. However, the Durbin Watson statistic of 1.246 shows a higher value than the DW value in the autocorrelation-free test table, indicating that the classical assumptions have been met before multiple linear regression testing was carried out.

Table 6. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	36,785	3,002		12,252	.000
X1	,682	,092	,603	7,435	.000

The results of the data test show that the multiple linear regression model $Y = 36.785 + 0.682X1 + e$. The results of the regression equation show that the variable of digital literacy readiness towards tax reporting obligations is positive or can increase the digital knowledge of SME actors in Malang City.

With a coefficient of 0.682, the digital literacy variable shows an influence on tax reporting obligations. With a significant t-test, the digital literacy variable obtained a significance value of 0.000 less than 0.05, which indicates that this variable has an effect on tax reporting obligations. Based on the results of the analysis above, the research hypothesis states that Malang City SME business actors must be ready with digital literacy, which has a significant impact on tax reporting obligations.

Table 7. Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,603a	,363	,356	3,07829	1,281

Based on Table 7, the coefficient of determination value is 0.603, which means that the influence of the digital literacy readiness variable on tax reporting obligations is 60.3% and the remaining 39.7% is influenced by other variables outside this research model. Variables outside the model can be a reference in further research that is in accordance with the characteristics of business actors, for example financial literacy.

Digital Literacy Readiness for Tax Reporting Obligations

The results of the study show that the majority of Micro, Small, and Medium Enterprises (SMEs) in Malang City have adequate levels of digital literacy and readiness to adopt electronic tax technology. Positive views of the internet, enthusiasm for learning digitalization, and the belief that digitalization training will improve skills, indicate that SMEs in Malang City have a proactive attitude towards technological change. The high interest and trust in the use of digital technology in daily work is also reflected in the perception that working with digitalization can increase productivity. Therefore, digital literacy is not only seen as a necessity, but also as an investment to advance the business.

On the tax reporting obligation side, the results show that most SMEs have basic skills in using electronic tax applications such as e-SPT, e-form, and e-filing. The ease and easy-to-understand display, along with the skills in operating the application, indicate a positive adoption of electronic tax technology among SMEs. Although some respondents considered the level of system complexity to be quite high, most felt that they could overcome these difficulties with increased understanding and training. This highlights the importance of mentoring and training efforts for SMEs so that they can make maximum use of electronic tax technology.

The focus of digital literacy is on the ability of individuals or groups to find, organize, and create information through the use of digital technology, such as the internet, mobile phones, computer hardware and software, and other digital devices.(Warlick, 2004). This means that digital literacy includes the extent to which a person or group can master the use of computer systems and applications. In this context, the results of the study indicate that the level of digital literacy of Micro, Small, and Medium Enterprises (SMEs) in Malang City has a significant correlation with the obligation to report taxes electronically.

Overall, the digital literacy of SMEs in Malang City is considered high, reflecting an intensive understanding and use of the internet. SMEs in the city often use current technology to increase productivity in their daily activities. Thus, they are better prepared to face situations where electronic tax reporting becomes a necessity.Desmayanti(2012) added that a person's readiness for technology, especially related to electronic tax reporting, is significantly influenced by the individual's attitude. Individuals who are able to respond well to technology tend to be more enthusiastic about reporting taxes electronically.

According toDesmayanti(2012), readiness for information technology can also affect a person's way of thinking. The more ready a person is to accept new technology, especially in adapting, the more progressive their mindset is. Therefore, digital literacy and readiness

for information technology play an important role in shaping the attitudes and behavior of SME actors, especially regarding the obligation to report taxes electronically.

Conclusion

Based on the findings of the previous discussion, it can be concluded that digital literacy readiness has an impact on tax reporting obligations. This sends a message to the government as a regulator, academics as instructors, the business world as a catalyst, and the general public as an incentive to further socialize and develop digital literacy and tax reporting readiness in SMEs in Malang City. The results of the study provide a positive picture regarding digital literacy and the readiness of SMEs in Malang City for electronic tax reporting. However, it must be acknowledged that there are still a small number of respondents who experience obstacles in dealing with the complexity of the system. Therefore, further steps are needed, such as training and mentoring programs, to ensure that all SMEs can utilize this technology optimally. These results increase our understanding of the adoption of technology by SMEs and how it impacts electronic tax reporting at the local level. The limitations of this study are that the level of digital literacy only measures the technical ability of respondents in using computers and organizing the data collected, not their ability to analyze the data. In addition, because each electronic tax obligation requires a different level of readiness, the level of effort of respondents is very different and has an impact on the tax obligations that must be met by respondents.

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ANALYSIS INDONESIAN COAL EXPORT TO THE TOP LARGEST IMPORTING COUNTRIES

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ABSTRACT

Indonesia with abundant natural resources optimizes its superior commodities in trade in the global market. This lesson aims to analyze the factors that affect the value of Indonesian coal exports as a superior commodity. The research method uses panel data regression analysis in 2009 - 2022 and a cross-section of the ten largest destination countries for Indonesian coal exports. The comes about appeared that in part the sum of production, Indonesian GDP, and reference coal cost had a noteworthy and positive impact on trade value, framework had a noteworthy and negative impact on send out value, GDP of bringing in nations and swelling had no noteworthy and positive impact on send out value, trade rate, the populace of bringing in nations had no noteworthy and negative impact on send out value and at the same time the free factors together had an impact on the subordinate variable. This research can be used as a strategic guide in increasing production, maintaining exchange rate stability, encouraging economic growth, and improving infrastructure to support Indonesia's coal export sector. The shortcomings of this lesson are that it does not consider data stationarity and influence in the short and long term.

Keywords: Coal Export Value, Exchange Rate, GDP, Infrastructure

ABSTRAK

Indonesia dengan kekayaan alam melimpah melakukan optimalisasi komoditas unggulannya dalam perdagangan di pasar global. Penelitian ini memiliki suatu tujuan yakni untuk melakukan analisis atas faktor-faktor yang mempengaruhi nilai ekspor batubara Indonesia sebagai komoditas unggulan. Metode dalam penelitian menggunakan analisis regresi data panel pada tahun 2009 - 2022 dan cross section sepuluh negara tujuan terbesar ekspor batubara Indonesia. Penelitian dilakukan dengan menggunakan bantuan oleh sebuah perangkat lunak bernama Eviews 12. Hasil penelitian ini mempresentasikan bahwa secara parsial jumlah produksi, GDP Indonesia, Harga Batubara Acuan (HBA) memiliki pengaruh signifikan dan positif terhadap nilai ekspor, infrastruktur memiliki pengaruh signifikan dan negatif terhadap nilai ekspor, GDP negara importir dan inflasi tidak memiliki pengaruh signifikan dan positif terhadap nilai ekspor, nilai tukar, populasi negara importir tidak memiliki pengaruh signifikan dan negatif terhadap nilai ekspor dan secara simultan variabel independen bersama-sama memiliki pengaruh terhadap variabel dependen. Penelitian ini dapat dijadikan sebagai panduan strategis dalam meningkatkan produksi, menjaga stabilitas nilai tukar, mendorong pertumbuhan ekonomi, dan meningkatkan infrastruktur untuk mendukung sektor ekspor batubara Indonesia. Adapun kekurangan dari penelitian ini yaitu kurang mempertimbangkan stasioneritas data dan pengaruh dalam jangka waktu pendek dan panjang.

Kata Kunci: Nilai Ekspor Batubara, Nilai Tukar, GDP, Infrastruktur



Introduction

Indonesia's abundant natural resources in both the land and sea sectors make Indonesia a maritime and agrarian country (Atmaja, 2022; Pujiriyani, 2022). This form of wealth is a privilege for the country and its people. The utilization of natural resources needs to be done optimally to be able to encourage a better level of the country's economy as measured by economic growth indicators (H. Huang *et al.*, 2024; Shah *et al.*, 2022; Wang *et al.*, 2023; Zhong & Su, 2023). Economic growth is a very overriding indicator in the development and development of economy in a country which can then increase the level of prosperity and welfare of society at the per capita income level. The success of a country for its economic development is usually seen from the description of its economic growth conditions (Hodijah & Angelina, 2021).

The form of contribution to supporting economic growth can be made through the leading commodity trade sector in the global market share (Anggraini *et al.*, 2022). Based on the official Trade Maps page (2022), Indonesia's superior products are in classification number 2701 which directly refers to coal commodity products. Trade in the global market, especially coal-superior products, not only contributes to increasing the country's foreign exchange but is indeed a contributor to driving the country's economic growth rate as well (W.Q. Huang & Liu, 2023; Lyu *et al.*, 2023; Yahya *et al.*, 2020). Such activities provide benefits for Indonesia, which participates in global trade activities, especially since Indonesia's territory is strategically located at the intersection of the main routes between the Indian Ocean and the Pacific Ocean. Thus, export activities have a great opportunity to contribute to the growth and stability of the Indonesian economy (Reddy & Lakshmi, 2020)

Table 1 Indonesia's coal export growth in the last 10 years to global markets

Year	Exports Value	Growth
2013	22.773.242.167	-
2014	18.697.799.883	-3,43%
2015	14.717.264.659	-14,20%
2016	12.898.709.758	-3,22%
2017	17.876.972.294	13,32%
2018	20.634.196.110	6,20%
2019	18.957.159.558	-6,82%
2020	14.534.016.528	-2,40%
2021	26.538.187.719	37,36%
2022	46.739.251.756	33,13%

Table 1 shows the condition of Indonesia's coal export movement which is still experiencing a decline in the first three years of the last ten-year period. Then, it experienced a significant

increase from 2021 to the last data of 2022. Based on Alfred Mashall's theory in the commodity market, there is also a supply and demand, so it can be seen from the data that coal demand has increased in the global market in the last year.

Previous research related to coal export analysis by Azizah & Soelistyo (2022). The method applied in his research is the panel data regression of 2014-2020 time series and a cross-section of the seven primary countries of Indonesia's export destinations processed with Eviews 9 software. The outcomes of their research represent that the independent variables of Indonesian GDP, the population of the destination countries, exchange rates, and inflation have a significant impact on the dependent variable of Indonesian coal exports, while the independent variables of distance and the importing countries GDP do not have a significant influence on the dependent variable of Indonesian coal exports.

Barasyid & Setiawati (2023) have also conducted similar research related to Indonesian coal exports. The method used is multiple linear regression with independent variables of exchange rates, inflation, and Reference Coal Prices (HBA) and the dependent variable of Indonesian coal exports to China in 2009-2021. The outcomes of their lesson state that the exchange rate, inflation, and Coal Reference Price (HBA) have a significant impact on the value of exports.

There is also research by Hanif & Taufiq (2023) who conducted similar research related to coal exports. The method used in the lesson is an analysis of multiple linear regression which is processed using the help of Eviews 12 software. The independent variables used include exchange rates, production volumes, HBA, and global oil prices and the dependent variable is the value of Indonesian coal exports in the 2011-2021 annual time series. The outcomes of his research state that the exchange rate has an insignificant effect on the value of Indonesian coal exports, while production volume, reference coal price, and global oil prices exert a significant impact on the value of Indonesian coal exports.

The previous studies mentioned are three different studies in terms of methods, variables, and processing tools used. Research conducted by Barasyid & Setiawati (2023) dan Hanif & Taufiq (2023) is research conducted using multiple linear regression analysis methods with analysis data for the last year 2021. This analysis method is considered insufficient in controlling individual factors because each cross-section unit may have unique characteristics and the object of analysis year is not the latest year. Hanif & Taufiq (2023) researchers provide suggestions written in their articles aimed at future researchers to add new variables or samples as a novelty. Meanwhile, Azizah & Soelistyo (2022) research has

used panel data which can reduce individual factors with the need for research with novelty, but the object of the last year of analysis is 2020 which is not the latest year.

Thus, this research is urgent to immediately get research outcomes that can become a reference or the latest guidelines that are so important in determining government policy on Indonesian coal exports. This effort is a form of moving faster in optimizing the Indonesian economy. The novelty presented in this research is, firstly, employing time series analysis and focusing on the top ten importing countries with latest data. Secondly, there is an incorporation of variables that were not emphasized in previous research related to commodity exports, specifically the infrastructure of exporting nations. According to Walt Rostow in maintaining and improving the economic development of a country, it is necessary to evolve, so in this lesson, one of the novelties is the addition of exporter infrastructure variables that can be used as a form of evolution of the country to develop the economy.

By highlighting the problems that have been described, this research will focus on the central question: "What are the factors that influence to Indonesian coal exports on the ten largest export destination countries?". This question serves as the foundation for the primary objective of this lesson, which is to analyze the interrelationship of factors affecting the value of Indonesia's coal exports. By detailing these factors, it is supposed that this research will be able to make a positive contribution to the understanding of the dynamics of Indonesian coal exports. In addition, the outcomes are expected to provide practical guidance for the government in dealing with the complex challenges associated with coal exports, thereby supporting more effective decision-making.

Method

This lesson uses secondary data sourced from the UN Comtrade database, Global Infrastructure Hub, and the World Bank. The data used are the 10 countries with the highest exports of Indonesian coal from 2009 to 2022. This selection was made due to the limitations of the available data for all variables as well as adjusting to meet the needs of data processing in Eviews 12 software. The independent variables incorporated in the analysis encompass the production volume, the exchange rate of the importing countries, Indonesia's GDP, the GDP of the importing countries, the inflation of the importing countries, the HBA (Coal Reference Price, the population of the importing countries, and infrastructure of Indonesia, while the dependent variable is the value of Indonesia's coal exports.

The equation model of panel data used in this lesson is as follows:

$$y = \beta_0 + \beta_1.X_1^2 + \beta_2.X_2^2 + \beta_3.X_3^2 + \beta_4.X_4^2 + \beta_5.X_5^2 + \beta_6.X_6^2 + \beta_7.X_7^2 + \beta_8.X_8^2 + f(\varepsilon)\dots(1)$$

Which is then linearized as follows:

$$\log y = \beta_0 + \beta_1 \cdot \log x_1 + \beta_2 \cdot \log x_2 + \beta_3 \cdot \log X_3 + \beta_4 \cdot \log X_4 + \beta_5 \cdot \log X_5 + \beta_6 \cdot \log X_6 + \beta_7 \cdot \log X_7 + \beta_8 \cdot \log X_8 + \varepsilon \dots\dots\dots (2)$$

Where:

logy: Indonesia coal export's value to the ten j-countries in the year

Logx1: total Indonesian coal production in year-t

Logx2: country-j's currency exchange rate against the dollar in year-t

Logx3: Indonesian GDP in year-t

Logx4: GDP of country-j in year-t

Logx5: country-j's population in year-t

Logx6: inflation of country-j in year-t

Logx7: reference coal price (HBA)

Logx8: Indonesia's infrastructure

β: Constant

j: India, China, Japan, Philliphina, Malaysia, Republic of Korea, Thailand, Hong Kong, Vietnam, Bangladesh

t: 2009 - 2022

ε: Error term

Next, estimate the equation in Eviews 12 with the Common Effect Model (CEM), fixed effect Model (FEM), and Random Effect Model (REM).

Common Effect Model (CEM)

Utilizing in this lesson disregards variations in the dimensions of individuals over time. In other words, it assumes that the behavior of the data remains consistent across individuals in different periods.

Fixed effect Model (FEM)

This model assumes that each individual has a distinct intercept, while the slope between individuals remains fixed (unchanged).

Random Effect Model (REM)

This model assumes that each individual possesses a unique intercept, treated as a random or stochastic variable.

To determine the most appropriate model for this lesson, various model determination tests have been employed, including the Chow test, Hausman test, and Breusch-Pagan Lagrange Multiple (LM) test. These tests aim to assess and select the optimal model based on the characteristics of the data and the assumptions underlying each model type.

Chow Test

This test is designed to identify the individual effects in the panel data that needs to be modeled. The result of this test is used to choose the better regression model between FEM and CEM, with the following hypotheses:

H0 = CEM is more suitable

H1 = FEM is more suitable

If the resulting p-value is less than the significance level of 0.05, it can reject H0, and it can be concluded that FEM is more suitable for the given data.

Hausmann Test

This test is conducted to determine whether the individual effects in the panel data are random or fixed. The conclusion of this test is used to choose a better regression model between FEM and REM with the hypothesis:

H0 = REM is more suitable

H1 = FEM is more suitable

If the resulting p-value is less than the α value of 0.05, it can reject H0, so it can be concluded that the FEM is more suitable.

LM Breusch-Pagan Test

This test is established to determine the best model between REM and CEM with the hypothesis:

H0 = CEM is more suitable

H1 = REM is more suitable

If the resulting p-value is less than the α value of 0.05, it can reject H0, so it can be concluded that REM is more suitable.

After identifying the best model through the t-test and considering the t-count possibility value associated with the chosen model. The hypothesis asserts the influence of the independent variable if the t-count possibility value falls below the alpha level (0.05) 5%. Subsequently, the examination of the coefficient of determination (R²) involves assessing R-squared value.

Classical Assumption Test

1. The classical of assumption test is enforced to get BLUE (Best Linear Unbiased Estimator) estimation outcomes, so the estimate must fulfill several related assumptions. Panel data has advantages including:
2. Panel data can provide more information regarding degrees of freedom and can reduce collinearity between variables.
3. Panel data can control for different places and times as well as individual heterogeneity.

Result and Discussion

The best analysis model is required in analysis of panel data regression research. The best model is generated from the Chow test, Hausman test, and LM breach-pagan test as follows:

Table 2 Outcomes of the Chow test, Hausman test, and LM Breusch-Pagan

Test	Prob	Result
Chow Test	0,0000	Menolak H0
Hausman Test	0,7107	Menerima H0
LM Breusch-Pagan Test	0,0000	Menolak H0

Based on the outcomes of the above tests, the Chow test shows a probability of 0.0000 < 0.05 (alpha level), which means rejecting H₀ and accepting H₁, namely the Fixed Effect Model is more suitable. The Hausman test shows a probability of 0.7107 > 0.05, meaning that it accepts H₀ and rejects H₁, namely the Random Effect Model is more appropriate. The LM test shows a probability of 0.0000 < 0.05, which means rejecting H₀ and accepting H₁, namely the Random Effect Model is more appropriate. So, the best model conclusion that can be drawn from the table above is the Random Effect Model. Then, the next step will to do is to estimate the classical assumption test to get BLUE research outcomes.

The first assumption of classic test performed is the normality test. Based on the normality test above, the probability value of the normality test shows a value above 0.05, namely 0.082059. So that the data in this lesson can be declared to be normally distributed.

Figure 1 Normality Test

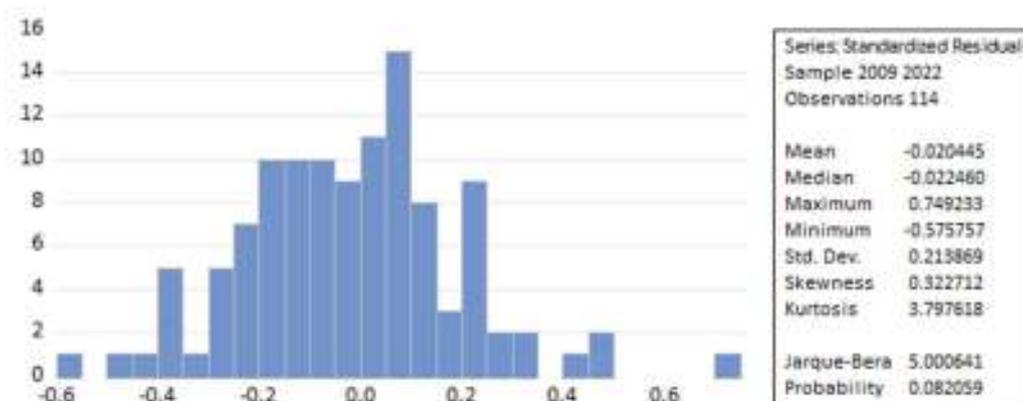


Table 3. Multicollinearity Test

	LOGX1	LOGX2	LOGX3	LOGX4	LOGX5	LOGX6	LOGX7
LOGX1	1,000000	-0,282570	0,240211	0,712164	0,434246	-0,215710	0,063794
LOGX2	-0,282357	1,000000	-0,004417	-0,168422	0,012254	0,211271	0,017931
LOGX3	0,240211	-0,004417	1,000000	0,221490	0,027668	-0,025086	0,560804
LOGX4	0,712164	-0,168422	0,221490	1,000000	0,677575	-0,165558	0,053908
LOGX5	0,434246	0,012254	0,027668	0,677575	1,000000	0,313186	-0,003335
LOGX6	-0,215710	0,211271	-0,025086	-0,165558	0,313186	1,000000	0,116464
LOGX7	0,063794	0,017931	0,560804	0,053908	-0,003335	0,116464	1,000000
LOGX8	0,130688	0,026044	0,732564	0,161812	0,040774	-0,118334	0,405167

The multicollinearity test outcomes are carried out to determine the impress between independent variables. The correlation value of this test, the multicollinearity test is 0.08. If the correlation value of the multicollinearity test outcomes between independent variables is below 0.08, it can be said that the relationship between variables is free from multicollinearity. If on the other hand, the correlation value is above 0.08, then the independent variables are indicated to be multicollinear, which makes it difficult to separate these variables. Based on the table above, the correlation coefficient between each independent variable shows that the relationship between variables in this lesson is free from multicollinearity because the coefficient value is <0.08.

Based on the outcome of the two tests in Table 4, it be able be determined that the top model in this learn for regression analysis is the Common Effect Model. The constant coefficient value in the above outcomes is -13.10589, meaning that if the amount of commodity production, rupiah exchange rate, Indonesian Gross Domestic Product (GDP), importer GDP, importer population, importer Inflation, Reference Coal Price (HBA), and

Indonesian infrastructure are zero or constant, then the Indonesian's coal exports value to the primary destination countries will mitigate by 13.10%. The coefficient value of the amount of production is 0.989497, meaning that for every 1% addition to the amount of coal production, the value of coal exports will increase by 0.98%. The coefficient value of the importer exchange rate against the dollar of -0.002477 means that for every 1% addition to the coal exchange rate, the value of coal exports will increase by 0.002%. The coefficient value of the Indonesian GDP is 0.645015, meaning that for every 1% addition to the Indonesian GDP, the value of coal exports will increase by 0.64%. The importer GDP coefficient value of 0.047054 means that for every 1% addition to the importer GDP, the value of coal exports will increase by 0.04%, the importer population coefficient value of -0.067755 means that every 1% addition to the importer population, the value of coal exports will increase by 0.06%, the importer inflation coefficient value of 0.010666 means that every 1% addition to the importer GDP, The coefficient value of HBA of 0.593044 means that every 1% addition to the Importer's GDP, the value of coal exports will increase by 0.59%, The coefficient value of Indonesian infrastructure of -0.519952 means that every 1% addition to Indonesian infrastructure, the value of coal exports will increase by 0.51%.

Table 4. Calculation Outcomes of Panel Data Estimation Random Effect Model

Variable	Coefficient	Std. Error	t-Statistic	Probabilities
C	-13,10589	3,023936	-4,334050	0,0000
LOGX1	0,989497	0,029381	33,67785	0,0000
LOGX2	-0,002477	0,033658	-0,073594	0,9415
LOGX3	0,645015	0,159090	4,054408	0,0001
LOGX4	0,047054	0,085100	0,552925	0,5815
LOGX5	-0,067755	0,071996	-0,941092	0,3488
LOGX6	0,010666	0,027887	0,382463	0,7029
LOGX7	0,593044	0,048273	12,28517	0,0000
LOGX8	-0,519952	0,077695	-6,692211	0,0000
R-squared		0,959816		
Adjusted R-squared		0,956754		
F-statistic		313,4982		
Prob(F-statistic)		0,000000		

The probability value of the F test is 0.00000 where this value is <0.05 . This shows that the amount of commodity production, rupiah exchange rate, Indonesian Gross Domestic Product (GDP), importer GDP, importer population, importer Inflation, Reference Coal Price (HBA), and Indonesian infrastructure jointly affect the value of Indonesian coal exports. The probability value of the t-variable test of the amount of production is $0.0000 < 0.05$, meaning that the amount of Indonesian coal production has a significant and positive impact on the value of Indonesian coal exports. The probability value of the t-test of the importer exchange rate against the dollar is $0.9415 > 0.05$, meaning that the importer exchange rate against the dollar has insignificant and negative impact on the value of Indonesian coal exports. The

probability value of the t-test of the Indonesian GDP variable is $0.0001 < 0.05$, meaning that Indonesian GDP has a significant and positive impact on the value of Indonesian coal exports. The probability value of the t-test of importer GDP variables is $0.5815 > 0.05$, meaning that importer GDP has insignificant and positive impact on the value of Indonesian coal exports. The probability value of the t-test of the importer population variable is $0.3488 > 0.05$, meaning that the importer population has insignificant and negative impact on the value of Indonesian coal exports, the probability value of the t-test of the importer inflation variable is $0.7029 > 0.05$, meaning that importer inflation has insignificant and positive impact on the value of Indonesian coal exports, The t-test probability value of the HBA variable is $0.0000 < 0.05$, meaning that the HBA has a significant and positive impact on the value of Indonesian coal exports, The t-test probability value of the Indonesian infrastructure variable is $0.0000 < 0.05$, meaning that Indonesian infrastructure has a significant and negative impact on the value of Indonesian coal exports. The estimation outcomes obtained an R-squared value of 0.959816. This value shows that changes in the value of Indonesian coal exports can be explained by the amount of commodity production, the rupiah exchange rate, Indonesia's Gross Domestic Product (GDP), importer GDP, importer population, importer inflation, Reference Coal Prices (HBA) and Indonesian infrastructure as much as 95.98%, while the remaining 3.40% is explained by other variables not explained in this lesson.

Total production against Coal export value

Based on the final result above indicates that the amount of coal production to be exported has a significant and positive impact on the value of Indonesian coal exports. When the amount of production exported to the global market increases, the value of Indonesian coal exports will also increase, and vice versa. The amount of production of a commodity is usually determined by the quality of the product produced. The better the level of product quality, the higher the level of interest or interest of buyers or offers for products on the global market. This is by research conducted by Hanif and Taufiq (2023) which states that the variable amount of coal production has a significant and positive impact on the value of Indonesian coal exports. The research was conducted with 2011-2021 time series research data with the help of Eviews12 software and with multiple linear regression models. Research from Alam and Rosjadi (2021) also states that the amount of production has a significant impact on the value of exports. The research was conducted with time series data from 2014-2017 with the help of SPSS 22.0 software and with multiple linear regression models. Other research is also harmonized by Adriansyah & Rozaini (2023) with time series data from 2005-2015. However, there is another lesson from Purba (2021) that says that

the amount of production has insignificant impact on the value of exports, which means that any increase in the amount of production of the product will reduce the export volume of the product. The lesson used the 1990-2019 time series with a multiple linear regression model. The increase shows a result that contradicts Adam Smith's theory.

Exchange Rate to Export Value of Coal

The outcomes of this lesson indicate that the exchange rate of the currency of the importing countries to the dollar has insignificant or negative impact on the value of Indonesian coal exports. A declining exchange rate indicates that goods in Indonesia are worth less than in foreign countries (Akdoğan *et al.*, 2023; Tran *et al.*, 2020; Urgessa, 2024). The outcomes of this lesson are not by previous studies that have been conducted such as Barasyid and Setyawati (2023) who said that the exchange rate variable has a significant impact on the value of exports. The research was conducted with time series data from 2009-2021 with SPSS 26 processing tools. The corresponding research by Azizah and Soelistyo (2022) states that the exchange rate variable has a significant and positive impact on the value of Indonesian coal exports. This research was conducted with panel data consisting of the 2014-2020 time series and cross-section in the form of 7 countries. The corresponding research was conducted by Maulani & Wahyuningsih (2021) which states that the exchange rate does not affect the value of exports. The research conducted focused on Indonesian coffee commodities with panel data consisting of a time series of 2009-2018 and a cross-section of 6 countries processed using Stata 16. This happens because of the value of the export destination currency which may be higher than the currency of the importing countries. The absence of the impact of exchange rates on the value of exports can be due to the higher market demand for commodities so that the exchange rate of the importing countries experiences depreciation or appreciation which does not affect the amount of commodity demand because coal is a superior product in Indonesia even though the price becomes relatively more expensive.

Indonesia's GDP to Coal Export Value

The outcomes of this lesson indicate that the relationship between Indonesia's GDP and export value is significant and positive. An increase in the GDP of an exporting country can be one of the potential increases in investment in research, and development, improving the quality of export products, and production efficiency. Such factors support the increase in export value. The outcomes of this lesson are by research conducted by Azizah dan Soelistyo (2022) which states that the Indonesian GDP variable has a significant and positive impact on the Indonesian coal export's value. This research was conducted with

panel data consisting of the 2014-2020 time series and cross-section in the form of 7 countries. However, there is conflicting research from Suprpto *et al.*, (2023) with the outcomes of his research which say that Indonesia's GDP has insignificant impact on the value of exports. The commodities in this lesson focused on Indonesian palm oil. The research used panel data including a time series from 2016-2021 with a cross-section of 3 countries which are the main export destinations.

Importer GDP to Coal export value

The outcomes of this lesson indicate that the GDP of importers or destination countries has insignificant and positive impact on the Indonesian coal export's value. The size of the GDP of the importing countries of coal exports does not determine the Indonesian coal export's value. This can happen because people do not directly use coal. Export activities will continue regardless of whether the GDP of the importing countries is experiencing an increase or decrease. The outcomes of this lesson are the outcomes of previous research by Azizah & Soelistyo (2022) who also conducted research related to coal exports using panel data processed with the help of Eviews software. Other appropriate research by Pratomo *et al.*, (2022) with panel data from a cross-section of 6 Asian countries that are Indonesia's main export destinations and a 10-year time series from 2011-2020 on palm oil commodities. This research uses Eviews software to help the research process. Another lesson by Da Silva *et al.*, (2023) also states that importer GDP has insignificant impact on exports. His research focuses on Indonesian frozen tuna commodities with panel data from a time series of 16 years 2005-2020 and a cross-section of four export destination countries. However, Pramastya (2023) states that the GDP of the importing countries affects the value of exports. The research used panel data with time series 2001-2020 and cross-section data of 6 export destination countries which were processed using Stata software.

Importer Population on Coal Export Value

The outcomes of this lesson indicate that the importer population has insignificant or negative impact on the value of exports. The outcomes of this lesson are not to the previous theory which states that the higher the population the higher the level of demand. The outcomes of this lesson may not directly affect the individual population because people who are not direct consumers of coal commodities. The outcomes of the lesson here are research conducted by (Rahmah, 2020) with 2003-2017 time series panel data on five export destination countries. The research focused on Indonesia's tropical wood export commodities. The outcomes of this lesson are not by research conducted by Azizah and Soelistyo (2022) which states that the importer population variable has a significant and

positive impact on the Indonesian coal export's value. This research was conducted with panel data consisting of the 2014-2020 time series and cross-section in the form of 7 countries. Other research outcomes that are also inconsistent with the outcomes of this lesson are from Wijaya *et al.*, (2023) with quarterly time series data from 2005 to 2021 which are processed with the help of SPSS software.

Importer Inflation on Coal Export Value

The outcomes of this lesson indicate that importer inflation does not affect the value of exports. This happens because there are people who still need to meet their needs, especially through exports on the international market. So, the rise and fall of inflation has insignificant impact on the value of exports. This is by the research of Hutabarat *et al.*, (2023) which states that inflation has insignificant impact on the value of exports. The research was conducted with time series data from 2016-2021 which was processed with Eviews software. The corresponding research is also from Manilet *et al.*, (2023) which uses 2008-2022 time series data with the help of the Eviews data processing tool. This research focuses on total exports by North Sulawesi province. Zahrianti Erika & Fadly, (2022) also states that inflation has insignificant impact in either the long or short term on the value of exports. The research data used is time series data with monthly time intervals in 2016-2020 which is analyzed by Auto-Regressive Distributed Lag Models (ARDL). However, the outcomes of this lesson are not by previous research by Barasyid and Setyawati (2023) which states that inflation variables have a significant impact on export values. The research was conducted with time series data from 2009-2021 with SPSS 26 processing tools. Another lesson that did not match was by Sitanini *et al.*, (2020) with annual time series research data from 1989 to 2018. The analysis in this lesson uses multiple linear regression models through the ECM approach with Indonesian coffee commodities.

HBA on the Export Value of Coal

The outcomes of this lesson indicate that the HBA has a significant and positive influence on the Indonesian coal export's value. The increase in HBA has contributed to the increase in royalties and mineral taxes calculated based on the HBA. If the HBA increases, coal companies can set higher coal selling prices (Lean & Smyth, 2010; Moreira, 2014). This affects the amount of revenue from coal sales. Conversely, if the HBA decreases, the revenue earned by coal companies is smaller with a small selling price benchmark. The outcomes of this lesson are by research conducted by Hamdani *et al.*, (2023) with 1991-2021 time series data processed using Eviews 12 with Indonesian coconut commodities. His research uses independent variables of coconut production, world coconut prices,

rupiah exchange rates, and dependent variables of Indonesian coconut exports. Another appropriate lesson by Trirahayuni *et al.*, (2023) used a combination of panel data from the 2005-2020 time series and a cross-section of five Asian countries destined for Indonesian Arabica coffee exports. However, research from Suprpto *et al.*, (2023) with the outcomes of his research which says that the reference price has insignificant impact on export value. The research used panel data including time series from 2016-2021 with a cross-section of 3 countries.

Indonesia's Infrastructure on Coal Export Value

The outcomes of this lesson state that the infrastructure variable which is a novelty in this lesson has a significant impact on the Indonesian coal export's value. This shows the fact that infrastructure facilities have an important nature in supporting the increase in the Indonesian coal export's value. Therefore, efforts to increase investment in export-supporting infrastructure facilities need to be increased if it is desired to increase the value of exports.

Conclusion

Based on the outcomes of the research that has been done, simultaneously the independent variables of total production, exchange rate, Indonesian GDP, importer country GDP, importer population, importer inflation, reference coal price, and inflation in this lesson affect the dependent variable of Indonesian coal export value. Partially, the amount of production, Indonesian GDP, and reference coal price have a significant and positive impact on the export value, infrastructure has a significant and negative impact on the export value, importer country GDP and inflation have insignificant and positive impact on the export value, exchange rate, importer country population has insignificant and negative impact on export value. The disadvantage of this lesson is that it does not take into account the stationarity of the data as well as the long-term and short-term impacts. So, further research is recommended to consider data stationarity as well as the impact of independent variables to the dependent variable in the long and short term.

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GREEN DINAMIC CAPABILITY IN ENHACING PERFORMA PRODUCT INNOVATION IN THE CREATIVE INDUSTRY SECTOR : THE MODERATING EFFECT OF GREEN CREATIVITY

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ABSTRACT

This study explores the importance of human resource dynamic capabilities to create product innovation through the mediating role of green creativity in handicraft organizations in Malang-East Java by utilizing natural resources and local wisdom. The purpose of this study is to determine the role of green dynamic capabilities in creating long-term environmentally friendly creativity that will improve the performance of green product innovation. This research method uses a quantitative approach, namely testing the influence of green dynamic capability variables in creating environmentally friendly creativity so that they can create green product innovation performance. The research sample consisted of 96 respondents who met the criteria for creative industry entrepreneurs, then the data analysis stage used PLS-SEM. The results of the study indicate that green dynamic capabilities have a significant effect on environmentally friendly creativity and green product performance, while environmentally friendly creativity also has a significant effect on product performance and is able to mediate the relationship between green dynamic capabilities and product innovation performance.

Keywords: Green dynamic capabilities, green creativity, product innovation performance, creative Industry SMEs

ABSTRAK

Penelitian ini mengeksplorasi pentingnya kapabilitas dinamis sumberdaya manusia untuk menciptakan inovasi produk melalui mediasi kreativitas hijau pada Usaha Kecil Menengah (UKM) penghasil kerajinan tangan di Malang-Jawa Timur dengan pemanfaatan sumberdaya alam dan kearifan lokal. Tujuan penelitian ini untuk mengetahui peran kapabilitas dinamis hijau dalam menciptakan kreativitas ramah lingkungan yang jangka panjang akan meningkatkan performa inovasi produk hijau. Metode penelitian ini menggunakan pendekatan kuantitatif yaitu menguji pengaruh variabel kapabilitas dinamis hijau dalam menciptakan kreativitas ramah lingkungan sehingga mampu menciptakan performa inovasi produk hijau. Sampel penelitian terdiri dari 96 responden yang memenuhi kriteria pengusaha industri kreatif, selanjutnya tahapan analisis data menggunakan PLS-SEM. Hasil penelitian menunjukkan bahwa kapabilitas dinamis hijau berpengaruh signifikan terhadap kreativitas ramah lingkungan dan performa produk hijau, sementara kreativitas ramah lingkungan juga berpengaruh signifikan terhadap performa produk dan mampu memediasi hubungan antara kapabilitas dinamis hijau dengan performa product innovation.

Kata Kunci: kapabilitas dinamis hijau, kreativitas hijau, performa inovasi produk, UKM Kerajinan



Introduction

Resource capability is an important factor in business performance and sustainability. (Al Mamun et al., 2019; Jebran & Chen, 2022; Murtianingsih et al., 2023). In line with research (Lara & Salas-Vallina, 2017) that managerial competence will play an important role in determining innovation for organizational sustainability, but on the other hand, managerial capability is also an important problem in the small and medium industry sector which includes resource quality, production continuity, marketing access, product packaging and managerial aspects. (Naqshbandi & Jasimuddin, 2022) Although the leverage of this sector on the national economy is very large, in 2023 it will be 60.4% based on data collected by the Ministry of Cooperatives, Micro, Small and Medium Enterprises.

The Small and Medium Enterprises sector in the Malang area has the potential to continue to grow, among them are creative industries, namely fashion, culinary and including the handicraft industry, many handicraft industries that promote local wisdom values, including bamboo crafts, cobek, Malangan Masks, Malangan Batik, and various other crafts. In line with Malang which has many tourist destinations, this sector has the opportunity to continue to grow and develop, but this industry also has a level of vulnerability to business sustainability, it needs continuous innovation (Ha et al., 2021; Raghuvanshi & Garg, 2022) Innovation in an organization depends on managerial and operational capabilities. (Ali et al., 2019; Mamun, 2018).

The highly dynamic and ever-evolving competitive conditions require business actors to be adaptable. In the context of dynamic capability theory (Asad et al., 2023) states that the need for green practices for business actors that have an impact on decision making. In relation to strategic management science, organizational capabilities are a consequence of manager behavior in making plans and making decisions to achieve better performance. Managerial capabilities are intangible assets that are the most important determinant of a company's success. (Do et al., 2022) and is dynamic. Dynamic capabilities based on resource theory specifically in the capabilities and assets owned which are used to achieve sustainable competitive advantage (Ellström et al., 2022). Kareem, (2019) in his research, he stated that the dynamic capabilities of an organization, including learning capabilities and reconfiguration, have an effect on the effectiveness of business performance, while sensitivity capabilities do not have a significant positive effect on business performance.

In relation to today's environmental issues, dynamic capabilities are not only related to organizational sustainability but must also pay attention to environmental sustainability, which is referred to as green dynamic capabilities. Various studies related to capabilities have been carried out, but related to dynamic capabilities in the small and medium business

sector, there are still not many found, especially green dynamic capabilities (Joshi & Dhar, 2020). Green dynamic capability is a managerial aspect that is very relevant to current environmental issues, but is still a major problem for business actors, especially Small and Medium Industries (SMEs). Understanding environmental concerns for business actors is a key factor for sustainability. Various obstacles related to environmental issues in the SMEs sector are related to resources, attitudes and organizational culture and concerns. Low concern and support systems for the environment, the perception that the environment is less relevant to the status of the business being run.

“Green Dynamic Capability” refers to the continuous development and improvement of an organization’s ability to adapt, innovate, and integrate sustainable practices into its operations and strategies. This concept involves developing the capabilities needed to continuously improve environmental performance, respond to changing environmental regulations, and meet the growing demand for sustainable products and services. Green dynamic capability in its research (Joshi & Dhar, 2020) can be achieved through green training for all employees of the organization to increase green creativity, while (Endiana et al., 2023) states that green intellectual capital is determined by green human capital, green capital structure, and green relational capital which are able to improve the performance of MSMEs. Kiranantawat & Ahmad, (2023) in forming a conceptual framework for research that green dynamic capabilities can create green creativity and green innovation which then improves organizational performance.

An organization's green creativity is not only in the aspect of new products but also environmentally friendly innovations for sustainability (Joshi & Dhar, 2020). Henriques & Laranjeira, (2023) in his research stated that business sustainability can be achieved with environmentally friendly creativity. The resource capability of an organization does not only think about achieving short-term profits but also long-term sustainability, adaptable to environmental changes so that dynamic capabilities are very necessary (Pundziene et al., 2021). Green creativity is the hope of the current generation in the form of ideas that are still original and aim to minimize environmental impacts, which are manifested in products and eco environments. Green creativity is formed from the quality of human resources of an organization, (Jiang et al., 2021) In his research, he measured green creativity with four aspects, namely green creative motivation, green creative thinking, green creative behavior, and creative results, meanwhile (Abdelwahed et al., 2023) who conducted research on the SMEs sector in Saudi Arabia stated that green entrepreneurial skills and green entrepreneurial independence can create green entrepreneurship. While different from

(Setyaningrum et al., 2023) who in his research stated that green creativity has a significant negative effect on business performance.

Several research results that have been presented show different results and in the current research will try to examine the managerial aspects, especially those related to environmentally friendly creativity because of the lack of understanding and low managerial aspects of business actors in this sector, so the research hypothesis is formulated as follows:

H1 : Green dynamic capability can improve the performance of environmentally friendly product innovation

H2 : Green dynamic capability can improve green creativity

H3 : Green creativity can create environmentally friendly product innovation performance

H4 : Green dynamic capability can create environmentally friendly product innovation performance through the mediation of green creativity

Method

This study uses a quantitative approach that is associative causal, namely testing the influence of green dynamic capability variables in creating green creativity so that they can create green product innovation in the long term. The research stages include: 1) Literature study and reviewing empirical phenomena in the handicraft industry, 2) Distribution of questionnaires to respondents who meet the research sample criteria of 96 respondents, 3) questionnaires using a linkert scale of 1-5 and then the data analysis stage using PLS-SEM, with the variables measured Product Innovation Performance (Y), Green dynamic capability (X), and Green Creativity (Z) with the operational definition of the variables as follows:

Table 1 Operational definition of variables

Variable	Dimension	Source
Green Dynamic Capability	<ol style="list-style-type: none"> 1. The company has the ability to monitor new green environmental opportunities 2. The company routinely identifies and develops green insights 3. The company has the ability to develop green products/technologies 4. The company has the ability to assimilate and share transform green insight information 5. The company has successfully integrated and managed employees with green insights 6. The company has successfully allocated resources with green innovation 	(Joshi & Dhar, 2020; Kareem, 2019; Kiranantawat & Ahmad, 2023; Pundziene et al., 2021)

Green Creativity	<ol style="list-style-type: none"> 1. The company has a goal and commitment to create a green environment 2. The company has goals and ideas for developing a green environment 3. The company supports creative green ideas 4. The company develops green environment-oriented plans 5. The company tries to find ideas related to environmental problems 	(Abdelwahed et al., 2023; Jiang et al., 2021; Joshi & Dhar, 2020)
Performa Inovasi Produk	<ol style="list-style-type: none"> 1. Green Product 2. Green Process 3. Green Service 4. Green Practices 	(Henriques & Laranjeira, 2023; Kiranantawat & Ahmad, 2023; Phong & Adomako, 2023; Xiao et al., 2023)

Source: Research mapping, 2024

Result and Discussion

Descriptive Statistics

The research data is based on the results of a questionnaire that has been distributed with a demographic profile level that includes gender, education level, Firm establish, and type of business. Based on gender, 60% of the business managers of this craft business are men and 40% are managed by women. While the level of education is 60% diploma / bachelor's level, 33% have a high school education level and 7% have a junior high school education level. The age of business continuity is in the range of 1-5 years as much as 25%, 6-10 years 39%, 11-15 years as much as 23% and more than 15 years as much as 13%. While the type of creative industry business in this study is 35% in the culinary field, 26% in the craft field, 29% in the fashion field and 6% printing. This description is presented in the following table:

Table 2: Demographic Profile

Discription	N	%	Discription	N	%
Gender			Education		
Male	58	60%	Diploma/Bachelor Degree/Equivalent	58	60%
Female	38	40%	Senior high school	32	33%
Total	96	100%	Junior High School	6	7%
Firm Establish			Total	96	100%
1-5 years	24	25%	Type of firm		
6-10 years	38	39%	Handicraft Industry	25	26%
11-15 years	22	23%	Fashion	28	29%
More than 15 years	12	13%	Culinary	34	35%
Total	96	100%	Printing	9	6%
			Total	96	100%

Data source: processed data 2024

Next, the model assumption test includes convergent validity and construct reliability, the convergent validity test is intended to determine the validity of the relationship between each indicator and other constructs or variables. While construct reliability is used to measure the level of accuracy, consistency, and precision of the indicators used. The convergent validity test and construct reliability are presented in tables 3 and 4.

Table 3: Convergent Validity Test

Indicator	Loading factor	T Statistic	P-Value	Description
Green Dynamic Capability (GDC)				
GDC1	0,706	8,912	0,000	Valid
GDC2	0,742	11,347	0,000	Valid
GDC3	0,805	14,016	0,000	Valid
GDC4	0,766	12,152	0,000	Valid
GDC5	0,758	14,374	0,000	Valid
GDC6	0,667	8,726	0,000	Valid
Green Creativity (GC)				
GC1	0,603	6,755	0,000	Valid
GC2	0,655	7,775	0,000	Valid
GC3	0,905	35,198	0,000	Valid
GC4	0,897	37,043	0,000	Valid
GC5	0,681	8,383	0,000	Valid
Performa Product Innovation				
PP1	0,807	17,593	0,000	Valid
PP2	0,873	30,639	0,000	Valid
PP3	0,773	11,424	0,000	Valid
PP4	0,766	12,253	0,000	Valid

Data source: processed data 2024

Table 3 shows that all measurement indicators of the variables green dynamic capability, green creativity, and product innovation performance have a factor loading value of more than 0.500 with a p-value of 0.000 and are declared to meet the validity requirements.

Tabel 4 : Uji Reliabilitas Konstruk

Variable	Composite Reliability		Cronbachs Alpha		Description
	Test Value	Criteria	Test Value	Criteria	
Green Capability Dinamic	0.840		0.836		Accepted
Green Creativity	0.877	≥ 0.600	0.813	≥ 0.600	Accepted
Performa product Innovation	0.838		0.821		Accepted

Data source: processed data 2024

Table 4 shows that the construct reliability test where the composite reliability and Cronbach Alpha values obtained results greater than 0.600 and were declared to meet the reliability requirements for all variables.

Table 6 Determination Coefficient Results

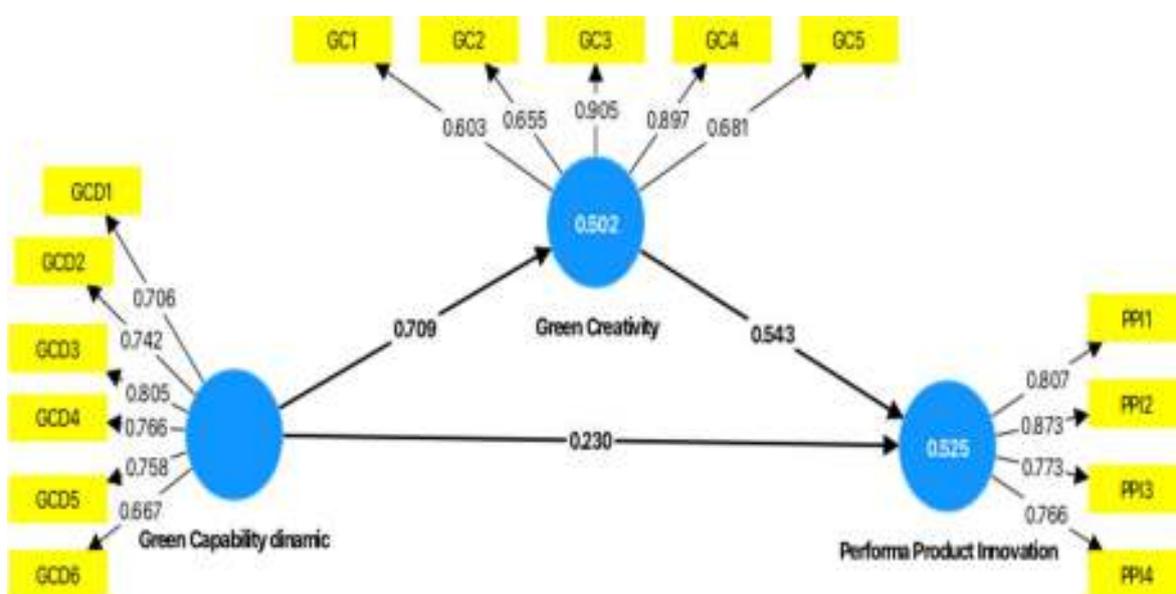
Variable	R Square
Green Creativity	0.502
Performa Product Innovation	0.525

Data source: processed data 2024

The R-Square table above shows that Green creativity is formed by green dynamic capability of 0.502 and product innovation performance is formed through green dynamic capability and green creativity of 0.525.

Research Model Development

Figure 1 : Research Model



In Figure 1 above, it shows that green dynamic capabilities are formed by six indicators with the most dominant factor loading value in the 3rd GDC, which is 0.805, meaning that the creative industry sector has the ability to develop green products or technologies, but the resource allocation factor loading for green technology is still lacking. Meanwhile, Green creativity is formed from five indicators where the most dominant indicator is in the 3rd Gc, which is 0.905, meaning that the handicraft industry has creative green ideas, although the commitment to a green environment still needs to be improved. Meanwhile, product innovation performance is formed through 4 indicators and the most dominant indicator is the 2nd PPI of 0.873, which shows that the average industry has implemented a green business process, although in practice it is not yet maximal. Furthermore, the results of the hypothesis testing are shown in the Table 7.

Table 7 Hypothesis Test Results

Hypothesis	Path	Path coefficient	T Statistics	P-value	Description
1	X -> Y	0.230	2.413	0.016	Significant
2	X -> Z	0.709	2.058	0.000	Significant
3	Z -> Y	0.543	5,394	0.000	Significant
4	X -> Z->Y	0.385	4,801	0.000	Significant

Data source: processed data 2024

Based on table 7, it shows that the first hypothesis and the second hypothesis, namely green dynamic capability, are able to improve the performance of product innovation and green creativity, where creative industry managers are able to monitor, identify green environmental insights and develop green technology even though they have not been maximized in their resource allocation, this has a great impact on green innovation which includes products, services, processes, and practices. This creative industry has an important role in the go green movement: the craft industry which in the packaging process has minimized plastic packaging, in the fashion sector, several industries have also processed recycled textile waste into unique fashion accessories and products. While in the culinary sector, it is manifested in the activity of using energy-efficient tools, environmentally friendly food packaging, water conservation, and reducing food waste or waste, while in the printing industry, environmentally friendly activities are reflected in activities in the form of reducing the use of chemical raw materials and optimizing the use of recycled materials. This research is in line with (Endiana et al., 2023; Joshi & Dhar, 2020; Kiranantawat & Ahmad, 2023; Xiao et al., 2023).

The third hypothesis related to green creativity also has a significant positive influence on product innovation performance and is able to mediate the relationship between green dynamic capabilities and innovation product performance. In relation to current environmental issues, the ideas and concepts of creative industry business actors encourage innovation of environmentally friendly products and services. Business actors understand the importance of a green environment and play a role in realizing it through environmentally friendly industrial activities. These creative ideas include, in the fashion industry, for example, industrial processes with more efficient technology, such as energy-efficient sewing machines, optimizing waste reduction in the use of materials, and promoting environmental values on product labels or packaging. In the culinary field, these creative ideas are realized by using organic raw materials for food processing, in line with research. (Afridi et al., 2023; Jiang et al., 2021; Maitlo et al., 2022; Muafi, 2015; Phong & Adomako,

2023). Green creativity in the creative industry includes commitments and ideas/concepts that are environmentally friendly and oriented towards issues related to environmental problems.

Conclusion

This study was conducted to test the green dynamic capabilities of creative industry business actors in the Malang area, where the results of the study showed that business actors already have green dynamic capabilities even though they have not been implemented optimally, limited resources in small and medium-scale industries are one of the obstacles, but capabilities that include the ability to identify and develop green products provide positive opportunities for this sector. The green dynamic capabilities possessed by business actors can encourage creative ideas related to environmental concerns so as to improve the performance of environmentally friendly product innovations. Synergy is needed from the local government, especially the cooperative and micro, small and medium Department, the environmental Department, and business actors in the creative industry sector in order to increase the growth of the green environment in the Malang area. Socialization and training related to green environmental insights need to be carried out continuously.

Acknowledgment

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THE EFFECT OF TAX COLLECTION EFFECTIVENESS AND THE USE OF TAPPING BOXES ON RESTAURANT TAXPAYER COMPLIANCE IN PADANG CITY

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ABSTRACT

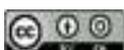
This study aims to determine the effect of the effectiveness of tax collection and the use of tapping boxes on taxpayer compliance of restaurant taxpayers in Padang City. This research is a type of quantitative research with a descriptive approach. The population and sample in this study are restaurants in the city of Padang. The sampling method uses the slovin formula, with a total sample of 67. The data used in this study is primary data collected through questionnaires to restaurant owners according to data from the Central Bureau of Statistics (BPS) of Padang City. Then the collected data was tested with multiple linear regression analysis R^2 test, F test, t test. The results showed that the variable effectiveness of tax collection had an effect on restaurant taxpayer compliance in the city of Padang and the variable use of tapping boxes also had an effect on taxpayer compliance in the city of Padang.

Keywords: Effectiveness, Tax Collection, Tapping box, Taxpayer Compliance

ABSTRAK

Penelitian ini bertujuan untuk mengetahui pengaruh efektivitas pemungutan pajak dan pemanfaatan tap box terhadap kepatuhan wajib pajak wajib pajak restoran di Kota Padang. Penelitian ini merupakan jenis penelitian kuantitatif dengan pendekatan deskriptif. Populasi dan sampel dalam penelitian ini adalah restoran yang ada di kota Padang. Metode pengambilan sampel menggunakan rumus slovin, dengan jumlah sampel sebanyak 67. Data yang digunakan dalam penelitian ini merupakan data primer yang dikumpulkan melalui kuesioner kepada pemilik restoran menurut data Badan Pusat Statistik (BPS) Kota Padang. Kemudian data yang terkumpul diuji dengan analisis regresi linier berganda uji R^2 , uji F, uji t. Hasil penelitian menunjukkan bahwa variabel efektivitas pemungutan pajak berpengaruh terhadap kepatuhan wajib pajak restoran di kota Padang dan variabel penggunaan *tapping box* juga berpengaruh terhadap kepatuhan wajib pajak di Kota Padang.

Kata Kunci: Efektivitas, Pengumpulan Data, *Tapping Box*, Kepatuhan Pajak



Introduction

In all countries in the world, especially in developing countries like Indonesia, taxes are the most important factor in supporting the state budget. In addition, Indonesia is a developing country and requires improvements and development in various areas of infrastructure and human resources. Therefore, the government has carried out many development programs in various fields to improve the welfare of the community. To finance improvement and development activities, a large source of funds is needed. Taxes are one of the sources of state revenue and the largest contributor to the implementation of government activities so that Indonesian citizens who are taxpayers are required to pay taxes to the state treasury.

Basically, Tax Compliance can be defined as a behavior in which Taxpayers (WP) fulfill all tax obligations and exercise their tax rights. There are two types of compliance, namely formal compliance and material compliance. Formal compliance is a behavior in which taxpayers attempt to fulfill their tax obligations formally in accordance with the formal provisions in the tax law. Material compliance is a behavior in which taxpayers substantively fulfill all material tax provisions, namely in accordance with the letter and spirit of tax law.

Based on data from the Central Statistics Agency (BPS, 2022), the Indonesian economy in 2021 grew by 3.69 percent, higher than the achievement in 2020 which experienced a growth contraction of 2.07 percent. The role of MSMEs is very large in the growth of the Indonesian economy, with their number reaching 99% of all business units. The contribution of MSMEs to GDP also reached 60.5%, and to labor absorption it was 96.9% of the total national labor absorption. As one of the domestic individual taxpayers, Micro, Small and Medium Enterprises (MSMEs) are one of the important pillars that support the economy in Indonesia. This is because MSMEs can absorb labor and increase the level of welfare of those involved. Based on this data, it can be concluded that the role of MSMEs in the economy must be taken into account in the process of planning a policy in the field of taxation.

Restaurants are one of the MSMEs that can be found in almost every region. The existence of restaurants or similar eating places is increasingly mushrooming along with the level of development of an area. As one of the districts in West Sumatra Province, Padang City is an area that has many restaurants in its area. Based on the table according to the Central

Statistics Agency (BPS, 2022), there are 203 restaurants according to districts/cities in the province of West Sumatra.

Table 1. 1 Number of restaurants in the city of Padang

Years	2019	2020	2021
Total	336	318	203

Source : BPS, 2022

Tapping boxes are used to record transactions to prevent regional tax fraud or can simply be called a tax monitoring tool. The installation of tapping boxes is generally applied to restaurants, hotels, and entertainment venues in various regions in the country. The tapping box will operate by automatically sending every transaction data in business activities along with taxes to the Regional Financial and Asset Management Agency (BPKAD) server.

The use of tapping boxes is expected to increase taxpayer compliance. However, the implementation of Tapping Boxes is still limited due to incompatibility of IT systems and manual recording practices by some taxpayers. Based on information from the Padang City Regional Revenue Agency (BAPENDA, 2022), monitoring inactive taxpayer tapping boxes. This supervision is in order to anticipate tax revenue leaks. There are 22 taxpayers whose Tapping Boxes are inactive. BAPENDA immediately checked what caused the tapping box to be inactive. After searching in several places, the tapping box was inactive due to network problems, such as at Kioski, Janji Jiwa, Arau Café, and Rumah Makan Bahagia. This study aims to test the effect of tax collection effectiveness and the use of tapping boxes on restaurant taxpayer compliance in Padang city.

The effectiveness of tax collection uses the Theory of Planned Behavior (TPB). Based on the TPB model, tax provisions can be complied with by an individual if he or she has the intention. An individual's intention to behave in compliance with taxes is influenced by several factors, namely: behavioral beliefs, normative beliefs, control beliefs. The phase where a person will have the intention to behave towards tax provisions appears after going through the three factors above, which then enters the final phase, which is the phase where the individual will start to behave (Lee et al., 2021). In previous research, the effectiveness of tax collection influenced restaurant taxpayer compliance (Lobinsen & Tobing, 2019; Azzahra & Purbaningrum, 2022; Purba, 2022)

H1: The effectiveness of tax collection influences taxpayer compliance.

Tapping box affects the high and low compliance of taxpayers, tapping box will capture data sent from the cash register to the printer and then send it over the GSM network to the Regional Revenue Agency server. Tapping Box uses the theory of Technology Acceptance Model (TAM) and this theory used to see how a technology system can affect users of technology in their daily activities (Susmita and Supadmi, 2016). In this study, users of the technology are taxpayers, while Tapping Box is the technology system used. The Technology Acceptance Model is expected to explain how the use of Tapping Box can affect taxpayer compliance. The Technology Acceptance Model (TAM) theory also states that the intention to use certain technology determines a person's willingness to want to use technology or not (Primasari & Abriani, 2019).

In research conducted by Fauzi et al (2022), it was found that the use of tapping boxes negatively affects taxpayer compliance in paying hotel and restaurant taxes. This is because there are obstacles in the implementation of Tapping Box, namely there are around 32% of entrepreneurs who do not support government policies regarding the implementation of the tapping box system which also brings its own problems for the Tanjung Pinang city government. Based on the description above, it can be concluded that the hypothesis to be proposed in this study is:

H2: The use of Tapping Box negatively affects taxpayer compliance.

Method

According to Sekaran & Bougie (2018), a population is a group of people, events or things that have certain interesting characteristics for which researchers want to make opinions (based on sample statistics). The population of this study is restaurants in the city of Padang. Based on the table according to the Central Statistics Agency (BPS, 2022), there are 203 restaurants by district/city in West Sumatra province.

In this study, to take a sampling technique using the Slovin formula. Because to determine the number of samples must be representative so that the results of the study can be generalized so that the sample calculation does not need to use tables, but only by using formula calculations and the number of samples as many as 67 people. Samples taken based on probability sampling techniques; Simple random sampling,

where researchers provide equal opportunities for every restaurant in the city of Padang to be selected into a sample that is carried out randomly regardless of the type of business that exists in the population itself.

Effectiveness is the total measure of the success of the organization's achievement in achieving goals. Organizations can be said to be effective if they can achieve their goals. The effectiveness parameter shows the impact and effect of the output in achieving organizational goals. Tax collection is an activity carried out by the fiscus because taxpayers do not comply with the provisions of tax law, especially regarding the payment of taxes owed, tax collection includes, activities, deeds, sending warning letters, letters of reprimand, forced letters, confiscation, auctions, prevention, and hostage taking. The instrument used in research on this variable refers to a questionnaire adopted from (Azzahra & Purbaningrum, 2022) using a Likert scale.

One application of information and communication technology in the world of economics and business is the tapping *box* system installed in the restaurant. The *tapping box* system is a device similar to electronic data capture (EDC) based on data access by relying on a smartphone or computer where the transaction process carried out will be recorded in the system to minimize fraud in recording tax transactions. The indicator for the use of tapping boxes is that taxpayers can avoid fictitious report because it can know his income in real terms. The instrument used in research on this variable refers to a questionnaire adopted from (Paramita & Sumarno, 2022) using a Likert scale.

Taxpayer compliance can be seen from the large value of the difference between the tax revenue plan and the realization of tax revenue. If the value of the difference between the planned tax revenue and the realization of tax revenue is zero, then all hotel and restaurant taxpayers are compliant in carrying out their obligations in accordance with the current tax rules. Therefore, simply put, the increasing level of compliance of taxpayers will be reflected in the narrowing of the compliance gap.

The instrument used in research on this variable refers to a questionnaire adopted from (Azzahra & Purbaningrum, 2022) using a Likert scale.

The data analysis tool used in this study is multiple regression which begins with instrument testing in the form of reliability and validity tests and then a series of classical assumption tests.

Result and Discussion

The data collected in this study were 67 respondents with the following descriptive statistical:

Table 2 Statistical Descriptive Test Results

Variables	N	Minimum	Maximum	Mean	Std. Deviation
X1	67	11	15	13,40	1,060
X2	67	9	12	11,00	0,835
Y	67	4	9	6,37	1,179

Source : Results Primary Data Processing SPSS version 26.0

The purpose of descriptive statistical analysis is to provide an overview of the variables used, such as minimum values, maximum values, averages and standard deviations in each study. Based on table 2, it can be concluded that descriptive statistics with a sample of 67 samples, the variable tax collection effectiveness (X1) has the smallest value (minimum) of 11 and the largest value of 15. The average of 67 samples showed a positive result of 13.40 and the standard deviation value of tax collection effectiveness was 1.060 or below the average value, meaning that tax collection effectiveness had a low level of data variation.

The variable the use of tapping box (X2) has the smallest value (minimum) of 9 and the largest value of 12. The average of 67 samples showed a positive result of 11 and a standard deviation value of 0.835 or below the average value, meaning that the use of tapping box had a low level of data variation . The tax compliance variable (Y) has the smallest value (minimum) of 4 and the largest value of 9. The average of 67 samples showed a positive result of 6.37 and a standard deviation value of 1.179 or below the average value, meaning that tax compliance has a low level of data variation.

The results of the reliability and validity test show that the research instrument has met the KMO and Cronbach Alpha cut-off so that it can be concluded that the instrument is reliable and valid. The KMO and Cronbach Alpha values are illustrated in table 3 below:

Table 3 Test Results of Reliability and Validity

Variables	KMO	Cronbach Alpha	Decision
X1	0,502	0,759	Reliabel dan Valid
X2	0,523	0,888	Reliabel dan Valid
Y	0,511	0,742	Reliabel dan Valid

Source : Results Primary Data Processing SPSS version 26.0

The results of the classical assumption test show that the data are normal and multicollinearity do not occur.

Table 4 Test Results of classical assumptions

Tests	Cut off	Result	Decision
Normality	Sig two tailed > 0.05	0.143	Normally distributed data
Multicollarity	VIF < 5	1.105	No multicollarity

Source : Results Primary Data Processing SPSS version 26.0

The results of determination testing, F and t are described in Table 5.

Table 5. Results of hypothesis testing

	Koef.	Std.Error	t- Stat	Nilai Sig.	Decision
Konstanta	7,635	2,347	3,253	0,002	
X1	0,019	0,145	0,130	0,089**	H1 Accepted
X2	0,138	0,185	0,747	0,046*	H2 Accepted
R Square				0,342	
F Sig				0,284	

Source : Results Primary Data Processing SPSS version 26.0

* sig in alpha 0,05

**sig in alpha 0,1

Based on table 5 it can be seen that the R² result is 0.342 or 34.2%. This means that 34.2% of the dependent variable of taxpayer compliance is influenced and can be explained by the two independent variables in this study, namely the effectiveness of tax collection and tapping box. For the F test, an F sig of 0.248 > 0.05 was obtained. It can be concluded that the research model is continued.

For hypothesis testing, table 5 describes the significant value for the variable X1 of 0.089 < 0.1 and the calculated t value of 0.130 < t table 1.668 so that it can be concluded that H1 is accepted which means that the effectiveness of tax collection affects taxpayer compliance. The significant value for variable X2 is 0.046 < 0.05 so that it can be concluded that tapping box affects taxpayer compliance.

The effectiveness of tax collection carried out by fiscus on restaurant owners using reprimand letters and forced letters can increase tax compliance even though the

effectiveness value is only around 60% (Marellu et al, 2017). The reason for this occurrence is tax collection that experiences obstacles faced by the fiscus, where the fiscus is difficult to find the address of the taxpayer's residence, there are 2 NPWPs from one taxpayer, and taxpayers who do not know and recognize the obligation to pay the tax debt. In addition, the fiscus or employee in charge of the tax collection department to improve communication with restaurant taxpayers so that when tax collection activities will be carried out, the fiscus can meet directly with the person responsible for handling taxation in the restaurant business. And for the smooth running of the billing program that will be implemented by the fiscus. The results of this study are consistent with the findings of Harahap et al., (2022) who found that the effectiveness of tax collection using compulsory letters has a positive effect on tax compliance. On the other hand, the use of compulsory letters has no effect on tax compliance (Rahmawati and Nurcahyani, 2022).

The level of tax compliance before and after the implementation of the tapping box system has increased and is running effectively. In nominal terms, the implementation of this system resulted in an increase in tax revenue realization for each year and the achievement of the tax revenue target that had been set. The installation of this tapping box tool can reduce leakage in tax reporting and payment by taxpayers. Taxpayers can also calculate taxes accurately and precisely. The results of this study are consistent with the findings of Safei and Achyani (2023); Maharani and Darmawan (2024) who found that the use of tapping boxes has a positive effect on tax compliance.

Conclusion

This study aims to determine the effect of the effectiveness of tax collection and the use of tapping boxes on the compliance of restaurant taxpayers in Padang City. The data used in this study is primary data collected through questionnaires to restaurant owners according to data from the Central Statistics Agency (BPS) of Padang City . Based on the results of analysis and testing of the data in this study, it was concluded that the effectiveness of tax collection and the use of tapping boxes affect taxpayer compliance.

For further research, the respondents studied also include taxpayers, hotels and other public facilities so that the results of the research are broader. To continue to improve the effectiveness of revenue, several things that need to be done are evaluating or restructuring the organization and management work procedures and adding new competent human

resources for the management of these taxes, as well as being more assertive in implementing sanctions that create a deterrent effect on taxpayers.

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