JOURNAL OF RESEARCH IN BUSINESS ECONOMICS AND EDUCATION

SEKOLAH TINGGI ILMU EKONOMI
- KUSUMA NEGARA -

Editorial Team

Editor in Chief

Dr (cand) Mochammad Fahlevi, MM, MA, M.Ud, Sinta id:6667807, Scopus id:57211888309 (*Kusuma Negara Business School*)

Reviewer

Prof. Dr. Mts. Arief, MM, MBA, CPM. Sinta id:5997805 Scopus id: (*Kusuma Negara Business School*)

Dr. Sabar Sutia, SE, MM. Sinta id:5997885 Scopus id:57211891562 (*Kusuma Negara Business School*)

Dr. Nendi Juhandi, SE, MM. Sinta id:5997852 (*Kusuma Negara Business School*)

Dr. Kasbuntoro, SE, MM. Sinta id:6683283 (*Kusuma Negara Business School*)

Victor Pattiasina, SE, MSA. Sinta id:225617, Scopus id:57207245058 (*Yapis Papua University*)

Dr. Febrianty, S.E., M.Si. Sinta id:5974622, Scopus id:56725694000 (*Palcomtech Polytechnic*)

Edy Anas Ahmadi, SE, MM. Sinta id:6679458, Scopus id:57203269368 (*Lamongan Islamic University*)

Dr. Winda Widyanty SE, MM. Sinta id:6195324 (*Mercu Buana University*)

A A Gde Satia Utama,SE.,M.Ak.,Ak.,CA. Sinta id:5986152, Scopus id:57190400910 (*Airlangga University*)

Linda Handayuni, M.Si. Sinta id:6039016, Scopus id:57209467465 (*Dharma Landbouw Padang*)

Dr. (cand) Muhamad Ekhsan, S.kom, MM, Sinta id:6682407, Scopus id:57211890216 (*Pelita Bangsa University*)

Acai Sudirman, SE, MM. Sinta id:6712910, Scopus id:57210888599 (*Sultan Agung Business School*)

Dr. Eliada Herwiyanti, MSi., Ak. (*General Soedirman University*)

Dr. Darmawan, Sinta id:6187259 (*Kalijaga Yogyakarta Islamic University)*

Rahmat Hidayat, SE, MSi. Sinta id:6706031, Scopus id:57191265401 (*Sukma Management School*)

Tomy Fitrio, MBA. Sinta id:6114290, Scopus id:57212468117 (*Indragiri Rengat Business School*)

Dr. Abdul Razak Munir, SE, MSi. Sinta id:257530, Scopus id:57193749825 (*Hasanuddin University*)

Galih Wicaksono, S.E., M.Si., Akt., CA., BKP., ACPA. Sinta id:6116309 *(Jember National University*)

Dr. Rahmad Hakim, SH.I, M.MA. Sinta id:5995636, Scopus id:57210747985 (*Muhammadiyah Malang University*)

Dr. Esther Kembauw, Sinta id:5973914, Scopus id:57200992651 (*Pattimura University)*

Didi Mulyadi, SS, MM, Sinta id:6000384, Scopus id:57209455959 (*Pertiwi Business School*)

Table of Contents

PROFIT PLANNING ANALYSIS ON BUSINESS TAHU TEMPE BAIM MANNA SOUTH BENGKULU DISTRICT

Rinto Noviantoro, Sulisti Afriani, Heru Kurniawan

+++++++++++++++++++++++++++++

THE INFLUENCE OF TRANSFORMATIONAL LEADERSHIP AND HUMAN CAPITAL LEADERSHIP ON EMPLOYEE PERFORMANCE

Suryanto Sosrowidigdo

Department of Economics and Business, Bina Sarana Informatika University

Abstract

The purpose of this study was to determine and analyze the Transformational Leadership Style and Human Capital both partially and simultaneously the Employee Performance. This research was conducted at PT Trust Anugerah Persada with 55 employees as sample and the collected data is processed by multiple regression with SPSS version 23. This Research results showed that transformational leadership, positive and significant impact on Employee Performance, Human Capital positive and significant impact on Employee Performance, Transformational Leadership and Human Capital simultaneously positive and significant impact on Employee Performance.

Keywords: Transformational Leadership Styles, Human Capital, Employee Performance.

1. Introduction

The era of globalization is marked by increasingly fierce competition, mastery of natural resources is not a guarantee that a company is able to win the competition, because the current era of globalization is also followed by rapid progress on innovation and creation that is manifested in technological progress. Human Resources (HR) is the key in winning competition in this globalization era, because reliable HR will be able to give birth to various creations and innovations that will trigger added value in every business process. Therefore, reliable and quality human resources are the most important part of the company.

Performance is the result of someone's work describing the quality and quantity of work done. Performance between one person and another can be different, due to different driving factors. Employee performance is very important because the performance of an employee in an agency will determine whether or not the performance of the agency is effective. If the employee's performance is not good, then the performance of the agency becomes not good. Vice versa if the employee's performance is good, the agency's performance will be good (Mulyono, 2012). Good performance affects the overall performance of the company, if the employee's performance is low it will reflect a low work morale marked by a decrease in enthusiasm and excitement of work. Good employee performance will affect the level of productivity and goals expected by the organization. Furthermore, these employee performance factors can affect the quantity, quality, and timeliness of efforts to achieve goals.

PT Trust Anugerah Persada is a company engaged in the leasing of various types of heavy equipment for building construction and construction consultants established since 2000. PT. Trust Anugrah Persada is one of the leading companies in tower crane work. PT. Trust Anugrah Persada always strives to serve clients professionally in order to create trust by clients, PT. Trust Anugrah Persada is supported by an experienced and competent team crew.

In its operations, the role of the leader in all organizational situations is a very strategic factor. Leaders must be able to manage the mindset of their employees to obey and carry out every work in accordance with applicable norms and rules. Leaders must be able to convey the vision and mission of the organization in a persuasive manner with language that is easily understood and understood in order to improve their performance (Mulyanto and Widayati, 2012). The form of leadership style adopted in an organization can affect the performance of every employee. Leadership style that suits the situation and conditions will encourage employees to work more passionately in carrying out their duties and obligations (Putra and Subudi, 2014), in the transformational leadership style leaders will be able to inspire followers to transcend their own interests and leaders have influence in profound and extraordinary towards his followers (Robbins, 2015).

Human capital factors will affect performance (Divianto, 2010). Human capital is defined as the knowledge, skills, and experience that employees bring when leaving the company, some of that knowledge is unique to each individual, and some are general. For example: innovation capacity, creativity, know-how and experience, collaboration capacity, employee flexibility, tolerance for ambiguity, motivation, satisfaction, learning capacity, loyalty, formal education and education (Christa, 2013). Human capital includes knowledge about individuals from an organization that is in its employees. Employees produce intellectual capital through competence, attitude and intellectual intelligence. Competencies include skills and education. Attitudes include behavioral components of employees. Intellectual intelligence makes a person change practices and think of innovative solutions to a problem. the role of human capital in the creation of intellectual assets is very strategic, because only human capital (HR) can create knowledge and at the same time have knowledge. While knowledge itself is the most important element in the process of creating organizational / company value, so the creation of corporate value is strongly influenced by human capital (Christa, 2013).

2. Literature Review

Transformation Leadership Style

Leadership is the ability to influence others. A leader can use his power to influence the behavior of others (Pride, et al, 2014). leadership as a process of persuading (inducing) others to take steps towards a common goal. Leadership must persuade others to take action. Leaders persuade followers through a variety of ways, such as using legitimate authority, creating modes (setting an example), determining the situation, giving rewards and punishments, organizational restructuring, and communicating a vision (Locke Mulyanto and Widayati, 2012).

Leadership style is the norm of behavior used by someone when that person tries to influence the behavior of others to achieve their goals (Thoha, 2010). the form of leadership style adopted in an organization can affect the performance of every employee. Leadership style that suits the situation and conditions will encourage employees to work more passionately in carrying out their duties and obligations (Putra and Subudi, 2014), on transformational leadership leaders who inspire followers to transcend their own interests and who are able to have influence in a way profound and extraordinary towards his followers (Robbins, 2015). Dimensions of transformational leadership according to Bass and Avolio in Yuliaarnita (2014) are:
1. Idealized influence, the leader must be a good example, which can be followed by his employees, so that it will produce respect and trust in the leader.
2. Inspirational motivation, leaders must be able to provide motivation and clear targets to be achieved by their employees.
3. Intellectual simulation, leaders must be able to stimulate their employees to come up with new ideas and ideas, leaders must also let their employees become problem solvers and provide new innovations under their guidance.
4. Individualized consideration, leaders must pay attention, listen to complaints, and understand the needs of their employees.

Human Capital

A good organization must apply human capital as an investment company, while the indicators included in human capital include education, experience, and skills possessed by employees to support the organization's progress. The experience, education and skills are part of the support that has been summarized at this time

called human capital (Sukarti and Kistyanto, 2014). Human capital is defined as the knowledge, skills, and experience that employees bring when leaving a company, some of that knowledge is unique to each individual, and some are general (Starovic and Marr in Divianto, 2010). Human capital is an individual competence as an employee's capacity to act in a variety of situations. Equipped with another view which states that human capital is the knowledge possessed by employees through the process of education and training (Sveiby in Christa, 2013).

Salehudin (2010) states that there are several things that are believed to make human capital develop, namely:

1. Experience, employees who already have experience in a field will adapt faster and contribute more.
2. Education, the higher the level of employee education, the higher the competency is expected to have.
3. Training, is one of the company's main tools for developing human capital.
4. Social Capital, is a social network that can increase the influence of human capital to access jobs and better careers

Employee Performance

Performance is a result of work achieved by a person in carrying out the tasks assigned to him based on skill, experience, and ability and time (Hasibuan, 2016). work performance or performance is the result of quality and quantity of work achieved by an employee in carrying out their duties in accordance with the responsibilities given to him (Mangkunegara, 2016). Employee performance is a measure that can be used to determine the comparison of the results of the implementation of tasks, responsibilities given by the organization in a certain period and can be relatively used to measure work performance or organizational performance (Santoso, 2012). Based on the experts' opinions that have been described, it can be concluded that performance is the result of quality and quantity work achieved by an employee in carrying out his planned tasks in order to achieve the goals and objectives set by an organization and carried out within a certain period of time.

Ruky in Ramanda and Muchtar (2014: 3) identify the factors that directly influence the level of employee performance achievement as follows:

1. Technology that includes work equipment and work methods used to produce products and services produced by the organization, the more quality the technology is used, the higher the performance of the individual;
2. The quality of inputs or materials used by individuals;
3. The quality of the physical environment including work safety,
4. Structuring the room, and cleanliness.
5. Organizational culture as a pattern of behavior and work patterns that exist in the organization concerned;
6. Leadership as an effort to control members of the organization to work in accordance with the standards and objectives of the organization;
7. Management of human resources which includes aspects of compensation, rewards, promotions, and others.

The elements used to assess employee performance as stated by Flippo in Ramanda and Muchtar (2014) consist of:

1. Quality of work includes timeliness, accuracy, skills and accuracy of targets
2. Work quantity includes outputs that are not only routine and regular tasks but also extra and urgent tasks
3. Work relationships that include changes in work, coworkers, and cooperation with colleagues and superiors
4. Work toughness includes discipline, initiative, loyalty, and obedience to established regulations.

3. Methods

The object of research in this study is the Transformational Leadership Style, Human Capital and Employee Performance at PT Trust Anugerah Persada. The study was conducted during December 2019. The

variables related in this study can be more clearly seen in the operational table of the following research variables.

Table 3.1 Operationalization of Variables

No	Variable	Dimensions	Indicators	Scale
1	**Employee Performance Y**	*Work Quality*	Punctuality Accuracy Skills	**Interval**
		Work Quantity	Achievement of Production Targets Routine Tasks	
		Work Relationship	Adaptation at Work Relationship with Colleagues	
		Work Retention	Discipline Initiative Loyalty	
2	**Transformational Leadership Style (X₁)**	*Idealized influence*	Be a good example Respect Trust	**Interval**
		Inspirational motivation	Providing motivation Certainty of work targets	
		Intellectual simulation	Stimulate new ideas Allow problem solving by employees Bring up innovation	
		Individualized consideration	Give attention Listen to complaints	
3	**Human Capital (X₂)**	*Experience*	Change of work experience Expertise in one field	
		Education	Educational stage The impact of education on self and work	
		Training	General competence Special competence	**Interval**
		Social Capital	Social network / network	

Source: Researcher data, 2019.

In this study, the population is 110 employees at Trust Anugrah Persada, while the sample used is 50 percent of the total number of employees, amounting to 55 respondents, this is according to the rules of research according to Arikunto (2010) which states if the subject is large or more than 100 people can be sampled as much as 20-25% or more.

The data used by researchers in this study are primary data collected by questionnaire, the results of the data are tabulated and analyzed descriptively and quantitatively by multiple regression methods with the help of SPSS version 23 analytical tools. The multiple linear regression formula in this study is:

$$Y = a + b_1X_1 + b_2X_2$$

Information:

Y	: Employee Performance
A	: Constants
B1, B2,Bn	: Regression coefficient
X1	: Leadership Style
X2	: Human Capital

4. Results and Discussion

Descriptive Statistics

Descriptive statistics presented from the results of this study aim to provide a general description of the distribution of data obtained in the field. The following table is the result of data processing:

Table 4.1 Transformation Leadership Style

N	Valid	55
	Missing	0
Mean		40,0182
Std. Error of Mean		,52895
Median		40,0000
Mode		40,00
Std. Deviation		3,92282
Variance		15,389
Skewness		-,220
Std. Error of Skewness		,322
Kurtosis		,435
Std. Error of Kurtosis		,634
Range		19,00
Minimum		29,00
Maximum		48,00
Sum		2201,00

Source: Reseacrher data, 2019

Table 4.1 shows the scores of the Transformational Leadership variables obtained from respondents having an average of 40.01 with a standard deviation of 3.92, a median of 40, mode 40. Minimum score of 29 and a maximum score of 48.

Table 4.2 Human Capital

N	Valid	55
	Missing	0
Mean		39,3091
Std. Error of Mean		,50909
Median		39,0000
Mode		39,00
Std. Deviation		3,77552
Variance		14,255
Skewness		,132
Std. Error of Skewness		,322
Kurtosis		,235
Std. Error of Kurtosis		,634
Range		18,00
Minimum		31,00
Maximum		49,00
Sum		2162,00

Source: Reseacrher data, 2019

Table 4.2 shows the Human Capital variable scores obtained from the respondents had an average of 39.30 with a standard deviation of 3.77, a median of 39, mode 39, a minimum score of 31 and a maximum score of 49.

Table 4.3 Employee Performance

N	Valid	55
	Missing	0
Mean		38,8909
Std. Error of Mean		,55938
Median		40,0000
Mode		40,00
Std. Deviation		4,14851
Variance		17,210
Skewness		-,802
Std. Error of Skewness		,322

Kurtosis	1,373
Std. Error of Kurtosis	,634
Range	22,00
Minimum	26,00
Maximum	48,00
Sum	2139,00

Source: Reseacrher data, 2019

Table 4.3 shows the employee performance scores obtained from respondents having an average of 38.89 with a standard deviation of 4.14 medians of 40, mode 40, minimum score of 26 and maximum score of 48.

Classic Assumption Test

The results of the data normalization test using the Kolmogorov-Smirnov One-Sample Test on SPSS 23 are presented in the following table:

Table 4.4 One-Sample Kolmogorov-Smirnov Test

Information		Transformation Leadership Style	Human Capital	Employee Performance
N		55	55	55
Normal Parameters[a,b]	Mean	40,0182	39,3091	38,8909
	Std. Deviation	3,92282	3,77552	4,14851
Most Extreme Differences	Absolute	,110	,118	,142
	Positive	,110	,118	,070
	Negative	-,089	-,104	-,142
Kolmogorov-Smirnov Z		,818	,877	1,055
Asymp. Sig. (2-tailed)		,515	,425	,216

a. Test distribution is Normal.
b. Calculated from data.
Source: Reseacrher data, 2019

In table 4.4 it can be seen that the Kolmogorov-Smirnov value for all samples is greater than 0.05, so H0 is accepted, in other words that the data from all samples in this study are normally distributed.

Multicollinearity Test aims to test whether the regression model found a strong relationship between independent variables. The following results are multicollinearity tests.

Table 4.5 Coefficients[a]

Model		Sig.	Collinearity Statistics	
			Tolerance	VIF
1	(Constant)	,543		
	Transformation Leadership Style	,015	,789	1,268
	Human Capital	,000	,789	1,268

a. Dependent Variable: Employee Performance
Source: Reseacrher data, 2019

In Table 4.5, the VIF value of the independent variable is smaller than 10, so it can be concluded that there is no deviation from the classical assumptions of multicollinearity between the independent variables in the model.

The heteroscedasticity test is to see whether there is an unequal variance from one residual to another observation. A good model is obtained if there are no specific patterns on the graph, following the test results of the heteroscedasticity test.
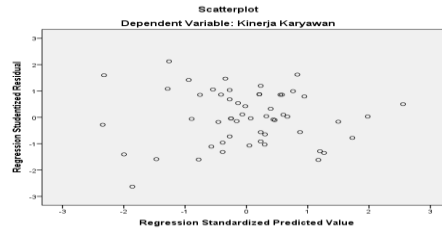
Figure 4.1 Heteroscedasticity Test Results

Source: Reseacrher data, 2019

Data Analysis

Data analysis with multiple regression can be seen in the following table:

Table 4.6 Multiple Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,897	4,730		,613	,543
	Transformation Leadership Style	,281	,112	,266	2,508	,015
	Human Capital	,629	,117	,573	5,401	,000

Source: Reseacrher data, 2019

From the results of data processing, it is obtained the multiple regression equation as follows:

$$\hat{Y} = 2{,}897 + 0{,}281\ X_1 + 0{,}629\ X_2 + e$$

The constant coefficient of 2.897 shows that if the values of X1 and X2 are zero then the Performance level of 2.897. Coefficient b1 of 0.281 means that if the Transformational Leadership (X1) increases by one unit, while other variables are fixed, then the Performance variable (Y) will increase by 0.281, in other words the higher the Transformational Leadership will improve its performance. Coefficient b2 of 0.629 means that if Human Capital (X2) increases by one unit, while other variables are fixed, then the Performance variable (Y) will increase by 0.629, in other words the more Human Capital will improve its performance.

Table 4.7 ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	500,777	2	250,388	30,381	,000[b]
	Residual	428,569	52	8,242		
	Total	929,345	54			

Source: Reseacrher data, 2019

From Table 4.7 it can be seen that the value of Fcount = 30.381, while the value of Ftable = 4.0266, so it is concluded Fcount> Ftable (30.381> 4.0266). As well as the value of Sig F = 0.000, smaller than 0.05, then the conclusion H0 is rejected, which means that the regression coefficient is significant. In other words, there is a significant influence of the independent variables of Transformational Leadership and Human Capital together on the Performance dependent variable.

Table 4.8 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,734[a]	,539	,521	2,87084	2,305

Source: Reseacrher data, 2019

The correlation coefficient (r) is 0.734, this means that there is a positive relationship between Transformational Leadership and Human Capital with Performance and the relationship is strong, because it is at an interval of 0.60 - 0.799 correlation. The magnitude of the effect of the equation of the Transformational Leadership and Human Capital models on the dependent variable of Performance has a coefficient of determination of 0.539 indicating that the magnitude of the contribution of the Transformational Leadership and Human Capital together to Performance is 53.9%, the rest is caused by other factors. such as organizational culture, compensation, workload, motivation, job satisfaction and so on.

5. Conclusion

The management of PT Trust Anugerah Persada, in order to maintain and improve the existing transformational leadership style, because the influence of the transformational leadership style partially on significant performance means that so far the existing transformational leadership style is good and improves performance. In addition, the Management in order to maintain and improve the process of human capital that has been running so far, because human capital either partially or simultaneously provides a positive and significant contribution to employee performance, human capital is considered to be very good employees.

References

Arikunto S, 2010. Prosedur Penelitian Suatu Pendekatan Praktik. Ed Revisi VI. Jakarta: Penerbit PT Rineka Cipta.

Christa, Usup Riassy. 2013. Peran human capital dan structural capital Dalam meningkatkan kinerja organisasi (suatu kajian konseptual). Jurnal Sains Manajemen Volume I, Nomor 1, April 2013 Universitas Parahyangan.

Divianto. 2010. Pengaruh Faktor-Faktor Intelectual Capital (Human Capital, Structural Capital dan Customer Capital) Terhadap Business Performance (Survey Pada Perusahaan Swasta Di Palembang). Jurnal Ilmiah Orasi Bisnis Edisi Ke-IV, Nopember.

Hasibuan, Malayu S.P. 2016. Manajemen Sumber Daya Manusia. Edisi. Revisi. Jakarta: Penerbit PT Bumi Aksara.

Mangkunegara, A. P. 2016. Manajemen Sumber Daya Manusia. Bandung: PT. Remaja Rosda Karya.

Mulyanto dan Dyah Widayati. 2012. Pengaruh Kepemimpinan Dan Motivasi Kerja Terhadap Kinerja Pegawai Dengan Kepuasan Kerja Sebagai Variabel Moderating (Studi Kasus Di Dinas Pertanian Tanaman Pangan, Perkebunan Dan Kehutanan Kabupaten Karanganyar). Jurnal STIE AUB Yogyakarta.

Mulyono. 2012. Pengaruh Kepemimpinan, Komunikasi, Motivasi, Pengembangan Karir, Dan Promosi Jabatan Terhadap Kinerja Pegawai Kantor Sekretariat Daerah Kabupaten Sukoharjo. Jurnal STIE AUB Yogyakarta.

Pride, William M. Robert J Hughes dan Jack R Kapoor. 2014. Pengantar Bisnis. Salemba Empat. Jakarta.

Putra, Gede Prawira Utama dan Made Subudi. 2014. Pengaruh Disiplin Kerja, Gaya Kepemimpinan, dan Motivasi Kerja Terhadap Kinerja Karyawan Pada Hotel Matahari Terbit Bali Tanjung Benoa-Nusa Dua. Jurnal Fakultas Ekonomi Universitas Udayana.

Ramanda, Yuli dan Bustari Muchtar. 2014. Pengaruh Human Capital, Relational apital dan Organizational Capital Terhadap Kinerja Pegawai (Studi Pada Badan Ketahanan Pangan Provinsi Sumatera Barat). Jurnal Pascasarjana Universitas Negeri Padang.

Robbins, Stephen P. 2015. Perilaku Organisasi. Salemba Empat. Jakarta.

Salehudin, Imam. 2010. Invest In Yourself: Aplikasi Konsep Human Capital Dari Sudut Pandang Karyawan. Manajemen Usahawan Indonesia. No. 06/TH. XXXIX 2010. ISSN: 0302-9859.

Santoso, Eko. 2012. Pengaruh Kepemimpinan, Motivasi, Kompensasi Dan Disiplin Kerja Terhadap Kinerja Karyawan Di Bank Central Asia Kudus. Jurnal Pascasarjana Universitas Dian Nuswantoro.

Siradjuddin. 2013. Analisis Pengaruh Karakteristik Kepemimpinan Terhadap Kinerja Karyawan BPR dan BPRS Di Sulawesi Selatan. Jurnal UIN Allaudin Sulawesi Selatan.

Sukarti dan Anang Kistyanto. 2014. Pengaruh Human Capital dan Person-Environment Fit Terhadap Komitmen Organisasi. Jurnal Ilmu Manajemen. Volume 2 Nomor 2 April 2014

Thoha. Miftah. 2010. Kepemimpinan dalam Manajemen. Rajawali Press. Jakarta.

Yuliaarnita, Komang Anik. 2014. Pengaruh Gaya Kepemimpinan Transformasional dan Motivasi Terhadap Kinerja Karyawan Pada PT. Sorga Indah Handicrafts. Jurnal Telkom University.

++++++++++++++++++++++++++++++

THE INFLUENCE OF EMOTIONAL INTELLIGENCE, COMPETENCE AND ORGANIZATIONAL CULTURE ON THE PERFORMANCE OF ENGLISH TEACHERS

Muhammad Khoirunnada

Bina Sarana Informatika University

Abstract

This study was conducted to determine how much influence the Emotional Intelligence, Competence and Organizational Culture on the Performance of English Teachers in Private Junior High Schools in Cakung District, East Jakarta. both partially and simultaneously. The data collection method uses primary data from 75 respondents, but the data is complete and can be processed as many as 72 respondents. The data obtained were then processed using the multiple regression method with SPSS software version 23. The results showed that emotional intelligence both partially and simultaneously had a significant effect on Teacher Performance, Competency both partially and simultaneously had a significant effect on Teacher Performance, Organizational Culture both partially or simultaneously significant effect on Teacher Performance.

Keywords: Emotional Intelligence, Competence, Organizational Culture, Teacher Performance.

1. Introduction

Teachers as educators play a very important role in producing quality graduates. The teacher is the front guard who holds the key to the quality of education, teachers who are competent, professional, dignified and prosperous will try harder to display the perfect teaching and learning process so that students are able to work well in social life. The teacher's duty as an educator according to Law Number 20 Year 2003, Chapter XI article 39 paragraph 2 namely: "Educators are professionals who are tasked with planning and implementing the learning process, assessing learning outcomes, conducting mentoring and training, and conducting research and community service. especially for educators at tertiary institutions. Teachers as educators, instructors and mentors are critical factors in student success (Muhibbin, 1997).

According to the Teacher and Lecturer Law No. 14 of 2005 Chapter I article 1 paragraph 1, the Teacher is a professional educator with the main task of educating, teaching, guiding, directing, training, evaluating and evaluating students in early childhood education through formal education, education primary and secondary education. " Therefore, in order for the implementation of teaching and learning activities to go according to the demands of the times, society and government regulations, the school institution must have teachers who have good competence and emotional intelligence so as to produce a good learning atmosphere and produce superior and empowered Indonesian human output competitiveness. In order for teacher performance to improve, complete competence, emotional intelligence and a conducive school organizational culture are needed.

Teacher competence is a set of abilities that must be possessed by teachers in accordance with educational needs in schools (syllabus), community demands, and the development of science and technology. There are

256

three dimensions of teacher competency, namely: First, professional competence, namely teachers have extensive and in-depth knowledge of subjects to be transformed into students and methodological mastery, have fundamental knowledge about education, have knowledge to choose and use a variety of appropriate strategies in learning. Second, personal competence is the ability of individuals to show a steady personality that is exemplary and able to be a source of identification, especially for students and generally for fellow humans. Third, social competence means the teacher shows the ability to communicate well with his students, fellow teachers, leaders, and with the wider community (Kartikawati, 2011).

In addition to competence, one's mental and emotional readiness to become teachers become an important factor, because every human being born has unique characteristics and talents that vary in various aspects, including emotional differences that are reflected in the form of one's actions or behavior. Emotional intelligence needs to be possessed by teachers to be able to become professional teachers, both personally and socially. Personal intelligence is an individual perception that emphasizes inner development which can lead to success. Social intelligence is the ability to provide perceptions of handling a relationship with its environment (Goleman in Sutikno, 2010).

In addition, the culture of a conducive school organization is a prerequisite for an effective teaching and learning process. The culture of a school organization is a school characteristic that can be identified through its values, attitudes, habits that are displayed, and actions shown by all school personnel that form a special unity of the school system (Handayani and Rasyid, 2015). organizational culture is an invisible social force, which can move people in an organization to carry out work activities. Indirectly everyone learns culture in an organization. Especially if he as a new teacher to be accepted by the environment in which the teacher works, must try to learn what is forbidden and what is required, what is good and what is bad, what is right and what is wrong so that the teacher must do what do and what not to do in the organization (Sutrisno, 2011).

2. Literature Review

Teacher Performance

Performance is the result of quality and quantity of work achieved by an employee in carrying out their duties in accordance with the responsibilities given to him (Mangkunegara, 2016). performance is the result of an employee's work during a certain period compared to various possibilities, for example standards, targets / targets / criteria that have been determined in advance and have been mutually agreed upon (Handayani and Rasyid, 2015).

Teacher performance or teacher work performance is the result achieved by the teacher in carrying out the tasks assigned to him based on skill, experience and sincerity and the use of time. Teacher performance will be good if the teacher has implemented elements which consist of loyalty and high commitment to the teaching task. The performance of a teacher is seen from the extent to which the teacher carries out his duties in an orderly and responsible manner, the ability to move and motivate students to learn and cooperate with other teachers. Teacher performance includes aspects of personal abilities, professional abilities and social abilities. In school organizations the success or failure of educational objectives is largely determined by teacher performance, because the main task of the teacher is managing teaching and learning activities. With regard to teacher performance as a teacher, teacher performance is a set of real behaviors that are shown by the teacher when giving teachings to his students (Usman, 2005).

Teacher performance is the work of quality and quantity achieved by teachers in carrying out their duties in accordance with the responsibilities given to them (Hamzah, 2010). According to Law No. 14 of 2005, teacher performance is the result of work or work performance achieved by a teacher based on his ability. Therefore, teachers must have academic qualifications, competencies, educator certificates, physically and mentally healthy, and meet other qualifications required by the education unit where they are assigned. Teacher performance is an outcome or level of success achieved by a teacher in providing knowledge to students, based on certain criteria and evaluated by certain people. In RI Law No. 14 of 2005 concerning Teachers and Lecturers stated that there are six elements which are indicators of teacher work performance or teacher performance, namely:

1. Mastery of Educational Platform
2. Mastery of teaching materials
3. Management of Teaching and Learning Programs

4. Use of Learning Tools
5. Understanding Research Methods
6. Understanding of school administration

The Ministry of National Education (2006) has made a standard for teacher performance assessment consisting of the following indicators:

1. Efficiency. Efficiency in the performance of a teacher can be described in the form of a teacher's ability to formulate learning goals that consist of aspects that make clear the objectives, completeness of the scope of the formulation and basic competencies to be achieved. In addition, efficiency in teacher performance is the ability of teachers to organize teaching materials that consist of the suitability of the material with the learning objectives and character of students, systematic material and allocation of learning time

2. Effectiveness. Effectiveness in teacher performance can be seen from the ability to use teaching media, this ability consists of aspects of the suitability of teaching media with the objectives and learning materials as well as the characteristics of students. The ability to use learning methods consisting of aspects of the suitability of learning methods with objectives, teaching materials and characteristics of students as well as time allocation, as well as the ability to make assessments consisting of aspects of appropriateness of assessment techniques with learning objectives, clarity of assessment procedures, and completeness of instruments in assessing.

3. Productivity. Teachers will be included in the category of professional teachers and are entitled to certification if they meet the specified performance standards, namely writing, following the professional development of teachers, making new technologies in teaching and learning and so forth..

Emotional Intelligence

Emotional intelligence is the ability to feel, understand, and effectively apply emotional power and sensitivity as a source of humane energy, information, connections, and influence. Emotional intelligence is the ability to motivate yourself and endure frustration, control impulses and not exaggerate pleasure, regulate moods and keep stress from crippling your ability to think, empathize, and pray. So it can be concluded that this emotional ability is a "mental ability" that determines how well a person is able to use other skills possessed including intellectuals (Mu'dadin, 2002).

Emotional intelligence at work will be expressed in the form of a passion for work that continues to ignite (Sutikno, 2010). Goleman in Sutikno (2010) argues that outline emotional intelligence is divided into two, namely 1) personal competence, including self-awareness, self-regulation, self-motivation and 2) social competence, including empathy and social skills. The details are explained as follows:

1. Self Awareness. Self-awareness is the basis of emotional intelligence which is the ability to monitor feelings from time to time. self awareness is knowing what is felt at one time and using it to guide self-decision making.

2. Self-regulation. The ability to handle feelings so that feelings can be properly expressed. Keeping troubling emotions under control is the key to emotional well-being.

3. Motivation. Motivation means using our deepest desires to move and guide someone toward the goal, help us take the initiative and act very effectively and to survive the failure and frustration. The most effective motivation is motivation that comes from within a person.

4. Empathy. The ability to empathize is the ability to know how others feel, be able to understand the perspectives of others, foster trusting relationships and align oneself with various people. Emotions are rarely expressed in words, but emotions are far more often expressed through desire. The key to understanding other people's feelings is being able to read nonverbal messages such as tone of voice, gestures, facial expressions and so on. The benefits of being able to read feelings from nonverbal cues include being more emotionally adaptable, more popular, more sociable and more sensitive.

5. Social Skills. Social skills mean handling emotions well when dealing with others and carefully reading situations and social networks, interacting smoothly, using skills to influence and lead, deliberating and resolving disputes and to work together and work in teams. Social skills are the most important aspect in Emotional Intelligence. Social skills can be obtained by practicing a lot.

Competence

According to Article 8 of the Law of the Republic of Indonesia Number 14 Year 2005 teacher competencies include personality competencies, pedagogical competencies, social competencies, and professional competencies obtained through professional education, the explanation is as follows:

1. Personality Competencies. Personality ability includes a whole personality, virtuous, honest, mature, faithful, moral, the ability to actualize themselves such as discipline, responsibility, sensitive, objective, flexible, broad-minded, able to communicate with others, the ability to develop professions such as creative thinking, critical , reflective, lifelong learning, making decisions. Based on this, personality competencies are divided into three namely:
   a) Moral and faithful. Moral and faith are important competencies because one of the tasks of the teacher is to help students fear and be faithful and to be good children.
   b) High actualization. Actualization that is important is the attitude of responsibility. Education regarding the development of students cannot be done arbitrarily, but needs to be planned, needs to be developed, needs to be done with responsibility.
   c) Attitude to continue to develop knowledge. In an age of rapid scientific progress like today, teachers are required to continue learning so that their knowledge remains fresh.
2. Pedagogical Competence. Pedagogical competence is the ability in the field of study that is understanding the characteristics and content of teaching materials and mastering the concepts, knowing the methodology of the relevant science, understanding the context of the field and also its relation to society, the environment and other sciences. In detail the pedagogical abilities can be explained as follows:
   a) The teacher must master the material and fields of study for which he is assigned.
   b) Teachers need to know how the method of teaching science itself works.
   c) The teacher understands the context of the knowledge that would be taught in society and the technology that now exists.
3. Social Competence. Social competence is the ability of teachers as part of the community, including at least:
   a) Communicate verbally, in writing, and / or cues.
   b) Using communication and information technology functionally.
   c) Associate effectively with students, fellow educators, educational staff, leaders of educational units, parents / guardians of students.
   d) Associate politely with the surrounding community by heeding norms and value systems that apply, and Applying the principles of brotherhood and a spirit of togetherness.
4. Professional Competence. Professional competence is the ability of teachers in learning or education includes an understanding of the nature, characteristics of students and development, understanding some educational concepts that are useful to help students, mastering several teaching methodologies that are appropriate to students' materials and development, and mastering an appropriate and good evaluation system that in turn, it further enhances students' abilities. Based on this explanation, professional competency can be described as follows:
   a) Teachers need to get to know students.
   b) Teachers are expected to understand the characteristics, character, level of thought, physical and psychological development of students. By understanding that the teacher will easily understand the difficulties and ease of students in developing themselves.
   c) Teachers also need to master several theories of education, especially education in this modern era.
   d) Teachers are expected to understand various learning models.

Organizational Culture

Culture is a complex combination of assumptions, behavior, stories, myths, metaphors and various other ideas that come together to determine what it means to be a member of a particular society (Stoner in Judges and Hadipapo, 2015). Organizational culture is conceptualized as a shared understanding of the important things

that are manifested in the words spoken together with the work done together, and the feelings shared. Organizational culture or corporate culture is often interpreted as values, symbols that are understood and adhered to together, owned by an organization so that members of the organization feel one family and create a condition that members of the organization feel different from other organizations (Kreitner and Kinicki in Poerwaningrum, 2016).

According to Robins in Sudarmanto (2014: 171) organizational culture has 7 primary characteristics, which are the essence of organizational culture, namely:

1. Innovation and risk taking: the extent to which employees are encouraged to be innovative and take risks.
2. Attention to details: the extent to which employees are expected to show precision (accuracy), analysis, and attention to details.
3. Results orientation: the extent to which management focuses on results, not on the techniques and processes used to achieve those results.
4. People orientation: the extent to which management decisions produce effects on people in the organization.
5. Team orientation: the extent to which work activities are organized around teams, not individuals.
6. Aggressiveness: the extent to which people are aggressive and competitive, not relaxed.
7. Stability: the extent to which organizational activities emphasize maintaining the status quo rather than change.

Organizational culture or corporate culture is often interpreted as values, symbols that are understood and adhered to together, owned by an organization so that members of the organization feel one family and create a condition that members of the organization feel different from other organizations (Hakim and Hadipapo, 2015).

3. Methods

In this research the authors chose the object of research on teacher performance, emotional intelligence, competence, and organizational culture in English teachers in the Private Middle School of Cakung District, East Jakarta. The study was conducted during December 2019.

In this study, the population was 75 teachers. Researchers used the saturated sampling method so that all members of the population were sampled (Sugiyono, 2016). The data used by researchers in this study are primary data collected by questionnaire, the results of the data are tabulated and analyzed descriptively and quantitatively by multiple regression methods with the help of SPSS version 23 analytical tools. The multiple linear regression formula in this study is:

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

Information:
Y   : Teacher's performance
A   : Constants
B1, B2..Bn   : Regression coefficient
X1   : Emotional Intelligence
X2   : Competence
X3   : Organizational Culture

4. Results and Discussion

Descriptive Statistics

Descriptive statistics presented from the results of this study aim to provide a general description of the distribution of data obtained in the field. The following table is the result of data processing:

Table 4.1 Descriptive Statistics Emotional Intelligence

N	Valid	72
	Missing	0
Mean		86,5833
Median		85,0000
Mode		82,00
Std. Deviation		6,18210
Minimum		73,00
Maximum		100,00
Sum		6234,00

Source: Reseacrher data, 2019

Table 4.1 shows the score of the variable Emotional Intelligence obtained from respondents has an average of 86.58 with a standard deviation of 6.18, a median of 85, a minimum score of 73 and a maximum score of 100. The number of valid question items in the Emotional Intelligence instrument is 20 items the question with a maximum score of each question is 5, then the average score of each question is 4.329, this shows that the average score for the item on the variable Emotional Intelligence is high.

Table 4.2 Descriptive Statistics Competence

N	Valid	72
	Missing	0
Mean		86,9722
Median		84,5000
Mode		84,00
Std. Deviation		7,16009
Minimum		70,00
Maximum		100,00
Sum		6262,00

Source: Reseacrher data, 2019

Table 4.2 shows the Competency variables obtained from respondents having an average of 86.97 with a standard deviation of 7.16, a median of 84.5, a minimum score of 70 and a maximum score of 100. The number of valid question items in the Competency instrument are 20 questions with a maximum score of each question is 5, then the average score of each question is 4.348, this shows that the average score of Competency is high.

Table 4.3 Descriptive Statistics Organizational Culture

N	Valid	72
	Missing	0
Mean		85,5972
Median		84,0000
Mode		78,00
Std. Deviation		7,42220
Minimum		76,00
Maximum		100,00
Sum		6163,00

Source: Reseacrher data, 2019

Table 4.3 shows the Organizational Culture scores obtained from the respondents had an average of 85.59 with a standard deviation of 7.42, a median of 84, a minimum score of 76 and a maximum score of 100. The number of valid question items in the Organizational Culture instrument were 20 questions with a maximum score of each question is 5, then the average score of each question is 4.27, this shows that the average score of Organizational Culture is high.

Table 4.4 Descriptive Statistics Teacher Performance

N	Valid	72
	Missing	0
Mean		87,1528
Median		86,0000
Mode		82,00
Std. Deviation		6,42105
Minimum		77,00
Maximum		100,00
Sum		6275,00

Source: Reseacrher data, 2019

Table 4.4 shows. Teacher Performance scores obtained from respondents had an average of 87.15 with a standard deviation of 6.42 a median of 86, a minimum score of 77 and a maximum score of 100. The number of valid questions in the Teacher Performance instrument were 20 questions with a maximum score of each the item question is 5, then the average score of each question is 4.35, this shows that the average Teacher Performance score is high.

Classic Assumption Test

The results of the data normalization test using the Kolmogorov-Smirnov One-Sample Test on SPSS 23 are presented in the following table:

Table 4.5 One-Sample Kolmogorov-Smirnov Test

		Emotional Intelligence	Competemce	Organizational Culture	Teacher Performance
N		72	72	72	72
Normal Parameters[a,b]	Mean	86,5833	86,9722	85,5972	87,1528
	Std. Deviation	6,18210	7,16009	7,42220	6,42105
Most Extreme Differences	Absolute	,129	,161	,136	,172
	Positive	,129	,161	,136	,172
	Negative	-,096	-,106	-,098	-,122
Kolmogorov-Smirnov Z		1,093	1,366	1,152	1,457
Asymp. Sig. (2-tailed)		,183	,480	,141	,129

Source: Reseacrher data, 2019

In table 4.5 it can be seen that the Kolmogorov-Smirnov value for all samples is greater than 0.05, so H0 is accepted, in other words that the data from all samples in this study are normally distributed.

Multicollinearity Test aims to test whether the regression model found a strong relationship between independent variables. The following results are multicollinearity tests.

Table 4.6 Multicollinearity Test Results

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Emotional Inteligence	,865	1,157
	Competence	,731	1,369
	Organizational Culture	,806	1,241

Source: Reseacrher data, 2019

The heteroscedasticity test is to see whether there is an unequal variance from one residual to another observation. A good model is obtained if there are no specific patterns on the graph, following the test results of the heteroscedasticity test.
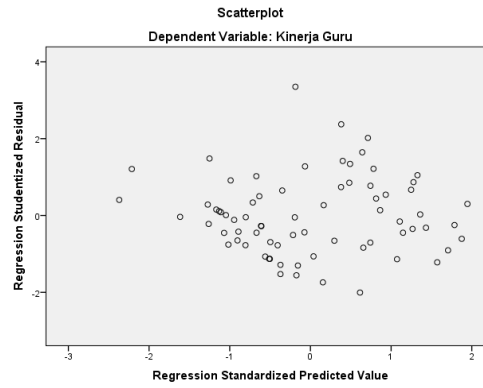
Figure 4.1 Heteroscedasticity Test Results

Source: Reseacrher data, 2019

Data Analysis

Data analysis with multiple regression can be seen in the following table:

Table 4.7 Multiple Regression Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3,532	8,495		,416	,679
	Emotional Intelligence	,582	,086	,561	6,764	,000
	Competence	,222	,081	,248	2,746	,008
	Organizational Culture	,162	,074	,188	2,184	,032

Source: Reseacrher data, 2019

From the results of data processing, it is obtained the multiple regression equation as follows:

$$\hat{Y} = 3,532 + 0,582\,X1 + 0,222\,X2 + 0,162\,X3 + e$$

The constant coefficient of 3,532 indicates that if the values of X1, X2 and X3 are zero then the Teacher Performance level is 3,532 units. Coefficient b1 of 0.582 means that if Emotional Intelligence (X1) increases by one unit, while other variables are fixed, then the Teacher Performance variable (Y) will increase by 0.582, in other words the higher Emotional Intelligence will increase the Teacher's Performance. Coefficient b2 of 0.222 means that if Competence (X2) increases by one unit, while other variables are permanent, then the Teacher Performance variable (Y) will increase by 0.222, in other words the higher the Competency will increase the Teacher's Performance. Coefficient b3 of 0.162 means that if Organizational Culture (X3) increases by one unit, while other variables are permanent, then the Teacher Performance variable (Y) will increase by 0.162, in other words the better Organizational Culture will improve Teacher Performance.

Table 4.8 ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1744,784	3	581,595	33,444	,000^b
	Residual	1182,536	68	17,390		
	Total	2927,319	71			

Source: Reseacrher data, 2019

From Table 4.8., it can be seen that the value of Fcount = 33.444, while the value of Ftable = 2.76, so that it is concluded Fcount> Ftable (33.444> 2.76). As well as the value of Sig F = 0.000, smaller than 0.05, then the conclusion H0 is rejected, which means that the regression coefficient is significant. In other words

263

that there is a significant influence on the independent variable of Emotional Intelligence, Competence and Organizational Culture together on the dependent variable Teacher Performance.

Table 4.9 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,772[a]	,596	,578	4,17016	1,735

Source: Reseacrher data, 2019

The correlation coefficient (r) is 0.772, this means that there is a positive relationship between Emotional Intelligence, Competency and Organizational Culture with Teacher Performance and the relationship is strong because it is in the interval of correlation of 0.600 - 0.799. The coefficient of determination of 0.596 shows that the contribution of Emotional Intelligence, Competence and Organizational Culture together to Teacher Performance is 59.6%, the remaining 40.4% is caused by other factors. Such as workload, work environment, leadership and so on.

5. Conclusion

The stakeholders are expected to continue to improve programs related to Emotional Intelligence at work, because the influence of Emotional Intelligence has proven to be significant in improving Teacher Performance. In addition, Teacher Competence has been running so far, because of the results of research both partially and jointly able to improve teacher performance. In connection with organizational culture, it is necessary to continue to strive to improve good organizational culture, because organizational culture either partially or jointly can improve teacher performance.

References

Depdiknas. 2006. Indikator-indikator Penilaian Kinerja Guru. Departemen Pendidikan Nasional. Jakarta.

Hakim, Abdul dan Anwar Hadipapo. 2015. Peran Kepemimpinan Dan Budaya Organisasi Terhadap Kinerja Sumber Daya Manusia Di Wawotobi. Jurnal EKOBIS Vol.16, No.1, Januari.

Hamzah B, Uno (2010). Teori Motivasi & Pengukurannya: Analisis di Bidang Pendidikan. Jakarta: Bumi Aksara.

Handayani, Titik dan Aliyah A Rasyid (2015) Pengaruh Kepemimpinan Kepala Sekolah, Motivasi Guru, dan Budaya Organisasi Terhadap Kinerja Guru SMA Negeri Wonosobo. Jurnal Akuntabilitas Manajemen Pendidikan
Volume 3, No 2, September 2015 (264-277).

Kartikawati, Nur Khomsah. 2011. Kompetensi Guru dalam Mengajar. Ratna Publisher, Jakarta.

Mangkunegara, Anwar Prabu. 2016. Manajemen Sumberdaya Manusia Perusahaan. Bandung: Remaja Rosdakarya.

Mu'tadin, Za'inun. 2002. Psikologi Remaja dan Pengaruh Orang Tua. Elex Media Komputindo. Jakarta.

Muhibbin, Achmad 1997. Cerdas Mendidik Anak Secara Islam. Mizan. Jakarta.

Poerwaningrum, Hesti Eko dan Frans Sudirjo. 2016. Pengaruh Kepemimpinan, Budaya Organisasi, Komitmen Organisasi Dan Kepuasan Kerja Terhadap Kinerja. Jurnal Ilmiah UNTAG Semarang ISSN: 2302-2752, Vol. 5 No. 1.

Sudarmanto. 2014. Kinerja dan Pengembangan Kompetensi SDM. Yogyakarta: Pustaka Pelajar

Sugiyono. 2016. Metode Penelitian Kuantitatif Kualitatif dan R&D. Bandung: Alfabeta.

Sutikno, 2010 .The Power of 4Q for HR dan Company Development. Gramedia: Jakarta.

Undang-undang No 20 tahun 2003 tentang Sistem Pendidikan Nasional

Undang-undang No. 14 Tahun 2005. Undang-undang tentang Guru dan Dosen.

Usman, Asep. 2005. Mengembangkan Diri Menjadi Pribadi Mulia. Elex Media Komputindo. Jakarta

++++++++++++++++++++++++++++++

THE EFFECT OF AUDIT QUALITY, LIQUIDITY, PROFITABILITY AND FIRM SIZE ON THE ACCEPTANCE OF GOING CONCERN OPINION IN TRANSPORTATION COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Hantono

Pelita Harapan University

Abstract

This study aims to determine the effect of 1) Audit Quality, 2) Liquidity, 3) Profitability, 4) Firm Size on the Acceptance of Going Concern Audit Opinions. This type of research is causality. The study population is a transportation company listed on the Stock Exchange in 2014-2018. The research sample used a purposive sampling method of 18 companies. The data used are secondary data obtained from the IDX and data analysis using descriptive statistics and logistic regression. The results showed that audit quality does not affect going concern opinion, liquidity affects going concern opinion, profitability does not affect going concern opinion, firm size influences going concern opinion in financial reporting on transportation companies listed on the Indonesia Stock Exchange in 2014- 2018. The significant value of the omnibus test must be below 0.05 This significant value meets the requirements of the significance level (0.05), thus the hypothesis is accepted. This shows that there is a significant influence of the independent variables simultaneously influencing the dependent variable so that the acceptance of this hypothesis shows that audit quality, liquidity, profitability and firm size on going concern opinion reception influence jointly in financial reporting on transport companies registered at Indonesia Stock Exchange in 2014-2018..

Keywords: Audit Quality, Liquidity, Profitability, Firm Size, Stock Exchange.

1. Introduction

Over the years the transportation technology system in Indonesia has increased. During the New Order administration, transportation technology was used as a development program. This is done so that the Indonesian government can provide convenience for the people of Indonesia to access the potential of other regions. The first transportation policy undertaken by the New Order government was to export public transportation equipment in the form of large-scale buses, construction of terminals, and connecting highways between regions. The program is carried out by the Department of Transportation. Then the new order government formed a land transportation institution, the Railway Bureau Company and a public bus transportation company called Perum Damri. Along with the emergence of the era of freedom transportation companies began to develop. Many transportation companies have sprung up in Indonesia. Besides that the Indonesian government also established a car body factory or an assembly plant for transportation equipment. The establishment of this factory brought a very rapid transportation progress in Indonesia. Even now the transportation era in Indonesia is at its peak to raise the problem of traffic density on the road. roads become

265

congested with increasing means of transportation. The auditor has the responsibility for opinions that have been issued so that the resulting report is not misleading. Auditors who have good audit quality tend to issue a going concern audit opinion opinion if the client has problems regarding going concern.

2. Literature Review

Audit Quality

According to Clinch et.al. in Bing (2014), audit quality is a component of the quality of accounting information disclosed and higher quality disclosure leads to lower information asymmetry between traders. According to Tandiontong (2016), audit quality (Audit Quality) is the probability of an auditor in finding and reporting an error or deviation that occurs in a client's accounting system. According to Harmono (2015), things that must be observed are mainly related to the quality of auditors that have an impact on the quality of financial statements which will be the basis of one of the company's fundamental analyzes. Investors can be deceived by management who masters the company's fundamental information if the enforcement of standard financial reporting is not carried out in an obedient and accurate manner in accordance with generally accepted accounting principles. The intentions of the management to deceive investors by manipulating accounting information is called moral hazard caused by information asymmetry between the management that controls the detailed operational system and the investor who receives the report.

In this study audit quality is proxied using the KAP size. This variable is measured using a dummy variable. The auditor's reputation is proxied by using the KAP measurement. According to Ginting (2014), KAP size is divided into two, namely big four KAP given Code 1 and nonbig four KAP given code 0. The big four KAP in Indonesia is as follows:

a) Price Water House Coopers with partners in Indonesia Haryanto Sahari and Partners.
b) Deloitte Touche Tohmatsu with Indonesian partners Osman Bing Satrio and Partners.
c) KPMG International with partners in Indonesia Siddharta and Widjaja.
d) Ernst and Young with their partners in Indonesia Purwantono, Sarwoko, and Sandjaja.

Liquidity

According to Hanafi (2016), the liquidity ratio measures the company's short-term liquidity capability by looking at the company's current assets relative to its current debt (debt in this case is a company's obligation). According to Hery (2016), liquidity ratios are ratios that show a company's ability to meet obligations or pay off short-term debt. The overall objectives and benefits of the liquidity ratio:

a) To measure the company's ability to pay obligations or debt that will soon be due.
b) To measure a company's ability to pay its short-term liabilities using total current assets.
c) To measure a company's ability to pay short-term liabilities using very current assets (without accounting for merchandise inventory and other current assets).
d) To measure the level of cash availability of companies in paying short-term debt.
e) As a financial planning tool in the future, especially those related to cash and short-term debt planning.
f) To see the condition and position of the company's liquidity from time to time by comparing it over several periods.

The indicator used to measure liquidity is to use Current Ratio. According to Ross (2016), the current ratio is defined as follows:

$$\text{Current Ratio} = \frac{Current\ Asset}{Current\ Liabilities}$$

Profitability

According According to Sartono (2014), profitability is the ability of companies to earn profits in relation to sales, total assets, and own capital. According to Fahmi (2015), the profitability ratio measures the overall effectiveness of management as indicated by the size of the level of profits obtained in relation to sales and

investment. According to Hery (2016), profitability ratios are ratios used to measure a company's ability to generate profits from its normal business activities. The profitability indicator in this study uses return on assets (ROA). According to Brigham (2014), the return formula on total assets is:

$$ROA = \frac{Net\ Profit}{Total\ Asset}$$

Leverage

According to Sjahrial (2013), the smaller the solvency ratio is the better (except the ratio of multiples of interest generated) because long-term liabilities are less than capital or assets and also large long-term liabilities also have large interest expense consequences. According to Sudana (2011), leverage ratios measure how much debt is used in corporate spending. According to Kasmir (2012), the solvency ratio or leverage ratio is a ratio used to measure the extent to which a company's assets are financed with debt. According to Fahmi (2015), leverage ratio is a measure of how much a company is financed with debt. In the leverage ratio, researchers take the debt to equity ratio indicator. According to Sartono (2012), the formula for calculating debt to equity ratio is:

$$Debt\ to\ Equity\ Ratio = \frac{Total\ Liabilities}{Shareholders\ Equity}$$

Hypothesis Development

The Effect of Audit Quality on Going Concern Opinions

According to Ruiz Barbadillo et al, (2004) in Setyarno (2006), auditor reputation is often used as a proxy of audit quality, however in many studies competence and independence are rarely used to see how much the actual audit quality. According to Ramadhany (2004) in Susanto (2009) states that large-scale audit companies have more incentives to avoid criticism of reputation damage than in small-scale audit companies. Large audit firms are also more inclined to address existing problems because they are stronger at risk of litigation. The greater the scale of the auditor, the greater the possibility of the auditor to issue a going concern audit opinion (Azhar, 2014).

Effect of Liquidity on Going Concern Opinions

According to Januarti (2008), the smaller the liquidity ratio owned by the Auditee, the more likely it is for auditors to provide GCAO and vice versa. Companies with low liquidity ratios should have doubts about their ability to be able to continue their business activities in the future, so it is likely that the company will get a going concern audit opinion (Setiawan, 2015). In conjunction with going concern audit opinion, the smaller the liquidity of a company, the smaller the company's ability to pay off its short-term liabilities using current assets, this tends to result in a lot of bad loans, which will lead to doubts for the auditor on the continuity company life. Conversely, the greater the company's liquidity, the greater the company's ability to pay off short-term obligations in a timely manner (Christian, 2016).

The Effect of Profitability on Going Concern Opinions

The higher profitability means that the company's management is considered capable of managing existing assets to generate profits effectively and efficiently so that the auditor has no doubts about the survival of the company (Kristiana, 2012). In the condition of profitability ratios the greater the company's ability to generate profits will increase, so that auditors will not experience doubts about the company's ability to continue its business in the coming period (Setiawan, 2015). In connection with going-concern audit opinion, all companies are required to be able to generate profits with all the resources they have, where later the profits generated will be used to maintain the continuity of the company's business. The lower the profitability of a company, the lower the company's ability to generate profits so that it will cause auditor doubt over the continuity of the company's business. Conversely, if the company's profitability is high, it means that the company's ability to make profits will also appear so that there will be no doubt about the continuity of the business the company (Christian, 2016).

Effect of Firm Size on Going Concern Opinion

Business continuity is always associated with management's ability to manage the company in order to survive. Therefore, even though a company is classified as a small company, but if the company has good management and performance so that it can survive in the long run, the smaller the potential for getting going concern audit opinion (Praptitorini and Januarti (2007) in Kristiana (2012). The bigger the company being audited, the better the audit quality provided by the auditor. Large companies have good management in managing the company and the ability to produce financial reports that are higher quality than small companies (Ginting, 2014). Firm size is not a signal or benchmark for the auditor in providing going concern audit opinion. Business continuity is usually associated with management's ability to manage the company to survive. Therefore, even though a company classified as a small company will survive for a long period of time because it has good management and performance so the smaller the potential for a company to get a going concern audit opinion (Monica, 2016).

The theoretical framework in this research can be described as follows:
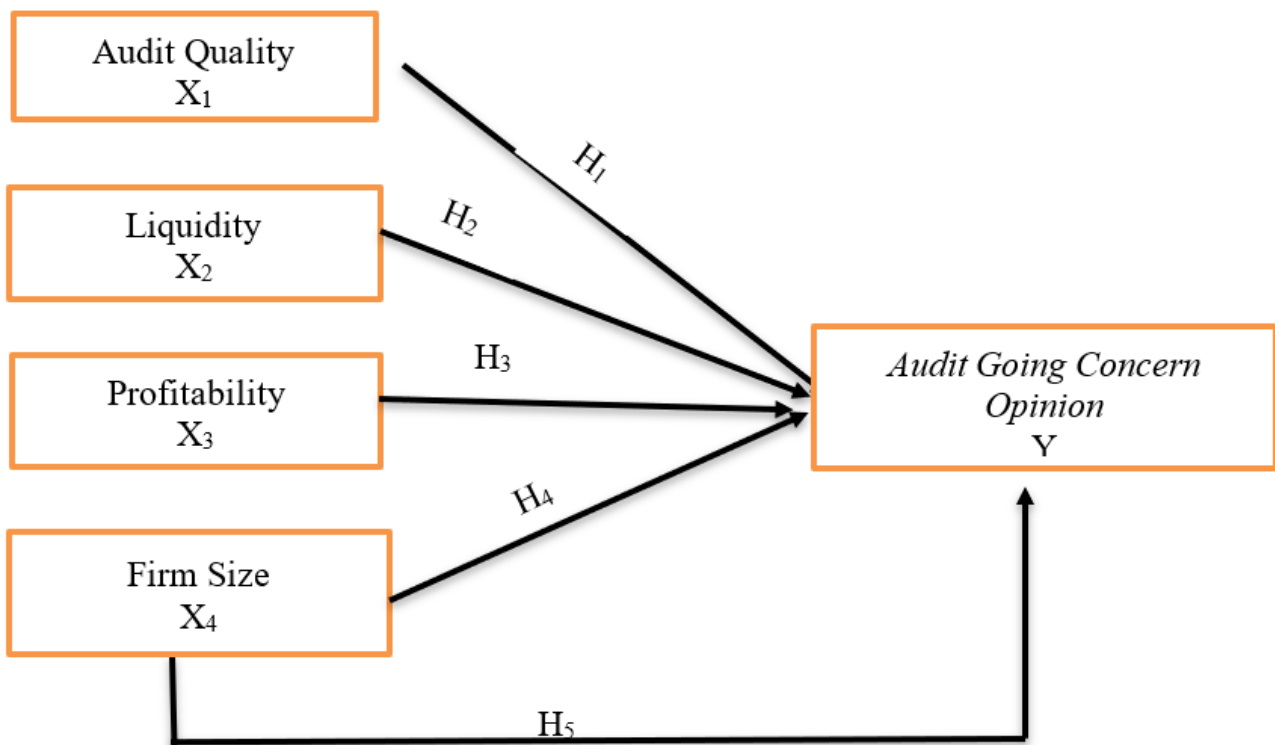
Figure 2.1 Framework

Hypothesis:

- H1: Audit Quality has a partial effect on the Going Concern for transportation companies listed on the Indonesia Stock Exchange in 2014-2018.
- H2: Liquidity partially influences the Going Concern on transportation companies listed on the Indonesia Stock Exchange in 2014-2018.
- H3: Profitability has a partial effect on Going Concern on transportation companies listed on the Indonesia Stock Exchange in 2014-2018.

- H4: Company size partially influences the Going Concern on transportation companies listed on the Indonesia Stock Exchange in 2014-2018.
- H5: Audit Quality, liquidity, profitability and Company Size simultaneously influence the Going Concern on Profitability partially influencing the Going Concern for transportation companies listed on the Indonesia Stock Exchange in 2014-2018.

3. Methods

The method of collecting data in this study is to use the method of documentation of secondary data based on the financial statements of transport companies listed on the Indonesia Stock Exchange in 2014-2018. The population of transportation companies listed on the Indonesia Stock Exchange in 2014-2018 was 35 companies and the samples obtained in purposive sampling were 10 companies.

Table 3.1 Sample

Transportation Companies listed on the Indonesia Stock Exchange in the 2014-2018 Period.	35
Transportation companies which do not publish complete financial statements for the 2014-2018 period.	(12)
Transportation companies that do not use foreign currencies in the 2014-2018 period.	(13)
The number of companies selected as research samples	**10**

Source: Reseacrher data, 2019

4. Results and Discussion

Partial Test - Wald and Logistic Hypothesis Test

To determine the final results of the study and answer the hypotheses previously prepared, the tables of variables in the equation used in the output data processing results can be presented as follows:

Table 4.1 Partial Test - Wald and Logistic Hypothesis Test

	Variables	B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B) Lower	Upper
Step 1ª	Audit Quality	-1.616	.988	2.679	1	.102	.199		
	Liquidity	.060	.028	4.840	1	.028	1.062	1.007	1.121
	Profitability	8.477	4.354	3.790	1	.052	4801.687	.945	24404543.540
	Firm Size	4.004	1.623	6.086	1	.014	54.823	2.277	1319.958
	Constant	-113.416	46.245	6.015	1	.014	.000		

Source: Output SPSS, 2019

In table 6 above shows the results of testing the logistic regression hypothesis at a significance level of 5% or 0.05. With the results of the test in column B, the logistic regression equation model is obtained as follows:

$$\ln \frac{GC}{1-GC} = \textbf{-113.416} - \textbf{1.616 AQ} + \textbf{0.060 L} + \textbf{8.477 P} + \textbf{4.004 FS}$$

The interpretation of the logistic regression equation above is as follows:
1. With a constant value of -113,416 it means a decline in audit quality to conduct a going concern opinion.
2. The audit quality variable shows a negative coefficient of 1.616 with going concern opinion variable. of .102 above a significance level of 0.05, which means that it can be concluded that H1 was rejected. Thus it is evident that audit quality has no effect on going concern opinion.

3. Liquidity variable shows a positive coefficient of 0.060 with going concern opinion variable. of 0.028 below the 0.05 significance level meaning that it can be concluded that H2 is accepted. Thus it is evident that liquidity affects the going concern opinion.
4. The Profitability variable shows a positive coefficient of 8,477 with a going concern opinion variable of 0.052 above the 0.05 significance level meaning that it can be concluded that H3 is rejected. Thus it is proven that profitability has no effect on going concern opinion.
5. Variable firm size shows a positive coefficient of 4,004 with a going concern opinion variable of 0.014 below the 0.05 significance level meaning it can be concluded that H4 is received. Thus it is evident that company size influences going concern opinion.

Discussion

The Effect of Audit Quality on Going Concern Opinions
The results showed that the audit quality showed a negative coefficient of 0.060 with a going concern opinion variable. of 0.028 below the significance level of 0.05 meaning that it can be concluded that H1 was rejected. Thus it is evident that liquidity has no effect on going concern opinion. The results of this study are not in line with research conducted by Azhar (2014: 75), the greater the scale of auditors, the greater the likelihood of auditors to issue going-concern audit opinions.

Effect of Liquidity on Going Concern Opinions
The results showed that liquidity showed a positive coefficient of 0.060 with going concern opinion variables. of 0.028 below the 0.05 significance level meaning that it can be concluded that H2 is accepted. Thus it is evident that liquidity affects the going concern opinion. The results of this study are not in accordance with research conducted by Christian (2016: 92) concluding that the smaller the liquidity of a company, the smaller the company's ability to pay off its short-term liabilities using current assets, this tends to result in a lot of bad loans , so that it will cause doubts for the auditor over the survival of the company. Conversely, the greater the company's liquidity, the greater the company's ability to pay off short-term obligations in a timely manner

The Effect of Profitability on Going Concern Opinions
Profitability shows a positive coefficient of 8,477 with a going concern opinion variable of 0.052 above the 0.05 significance level meaning that it can be concluded that H3 is rejected. Thus it is proven that profitability has no effect on going concern opinion. The results of this study are in line with research conducted by Christian (2016: 92) if the company's profitability is high, it means that the company's ability to earn profits will also increase, so there will be no doubt about the business continuity of the company and also in line with research conducted by Kristiana (2012: 50), the higher profitability means that the company's management is considered capable of managing existing assets to generate profits effectively and efficiently so that the auditor has no doubts about the company's survival.

Effect of Company Size on Going Concern Opinion
Company size shows a positive coefficient of 4.004 with a going concern opinion variable of 0.014 below a significance level of 0.05 which means that it can be concluded that H4 is accepted. Thus it is evident that company size influences going concern opinion. The results of this study are in line with that conducted by Monica (2016: 473), company size is not a signal or benchmark for auditors in providing going-concern audit opinions. Business continuity is usually associated with management's ability to manage the company to survive. Therefore, even though a company classified as a small company will survive for a long period of time because it has good management and performance, so the smaller the potential for a company to get a going concern audit opinion.

5. **Conclusion**

Audit quality variable shows a negative coefficient of 1.616 with going concern opinion variable. of .102 above a significance level of 0.05, which means that it can be concluded that H1 was rejected. Thus it is evident that audit quality has no effect on going concern opinion. Liquidity variable shows a positive coefficient of 0.060 with going concern opinion variable. of 0.028 below the 0.05 significance level meaning that it can be

concluded that H2 is accepted. Thus it is evident that liquidity affects the going concern opinion. The Profitability variable shows a positive coefficient of 8,477 with a going concern opinion variable of 0.052 above the 0.05 significance level meaning that it can be concluded that H3 is rejected. Thus it is proven that profitability has no effect on going concern opinion. The firm size variable shows a positive coefficient of 4.004 with a going concern opinion variable of 0.014 below the 0.05 significance level meaning that it can be concluded that H4 is received. Thus it is evident that company size influences going concern opinion.

Testing the influence of audit quality, liquidity, profitability and company size variables on the acceptance of going concern opinion in financial reporting on transportation companies listed on the Indonesia Stock Exchange in 2014-2018 using logistic regression obtained a value of 0,000. The significant value of the omnibus test must be below 0.05 This significant value meets the requirements of the significance level (0.05), thus the hypothesis is accepted. This shows that there is a significant influence of the independent variables simultaneously influencing the dependent variable so that the acceptance of this hypothesis shows that audit quality, liquidity, profitability and company size on going concern opinion reception influence jointly in financial reporting on transport companies registered at Indonesia Stock Exchange in 2014-2018.

References

A,Alzhar Al., Ricky Rusydi Satriawan. (2014). Pengaruh *Audit Lag*, Profitabilitas, dan Kualitas Audit Terhadap Pemberian Opini Audit *Going Concern* Pada Perusahaan Wholesale dan Retail Trade Listing di BEI Periode 2010-2012. *Pekbis Jurnal.Fakultas Ekonomi*, Universitas Riau. Vol.6.No.2, Juli. Hal. 73-85.

Brigham, Eugene F. & Joel F. Houston. (2014). *Dasar-dasar Manajemen Keuangan*. Jakarta : Penerbit Salemba Empat.

Fahmi, Irham. (2015). *Manajemen Keuangan Perusahaan Dan Pasar Modal*. Jakarta : Penerbit Mitra Wacana Media.

Ginting, Suriani dan Linda Suryani. (2014). Analisis Faktor-Faktor Yang Mempengaruhi Opini Audit *Going Concern* Pada Perusahaan Manufaktur di Bursa Efek Indonesia. *Jurnal Wira Ekonomi. STIE Mikroskill*, Medan.

Harmono. (2015). *Manajemen Keuangan : Berbasis Balanced Scorecard*. Jakarta : Bumi Aksara.

Hanafi, Mamduh M., Abdul Halim. (2016). *Analisis Laporan Keuangan*. Yogyakarta : UPP STIM YKPN.

Hery (2016). *Analisis Laporan Keuangan*. Jakarta : PT. Gramedia Widiasarana Indonesia.

Januarti, Indira dan Ella Fitrianasari. (2008). Analisis Rasio Keuangan dan Rasio Non Keuangan Yang Mempengaruhi Auditor dalam Memberikan Opini Audit *Going concern* Pada *Auditee* (Studi Empiris pada Perusahaan Manufaktur Yang Terdaftar di BEJ Tahun 2000 – 2005). *Jurnal MAKSI. Vol.8, No.1, Januari. Hal.43 - 58.*

Kasmir. (2012). *Pengantar Manajemen Keuangan*. Jakarta : Prenadamedia group.

Kristiana, Ira. (2012). Pengaruh Ukuran Perusahaan, Profitabilitas, Likuiditas, Pertumbuhan perusahaan Terhadap Opini Audit *Going Concern* Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia (BEI). *Jurnal Berkala Ilmiah Mahasiswa Akuntansi, Vol. 1, No. 1, Januari 2012.*

Krissindiastuti, Monica dan Ni Ketut Rasmini. (2016). Faktor-Faktor Yang Mempengaruhi Opini Audit *Going Concern*. *E-Jurnal. Vol. 14. Januari*. ISSN : 2303 – 1018.

Lie, Christian., Rr. Puruwita Wardani, Toto Warsoko Pikir. (2016). Pengaruh Likuiditas, Solvabilitas, Profitabilitas, dan Rencana Manajemen Terhadap Opini Audit *Going Concern* (Studi Empiris Perusahan Manufaktur di BEI). *Jurnal Berkala Akuntansi dan Keuangan Indonesia*, Vol.1, No.2. Surabaya, Universitas Katolik Widya Mandala.

Ross, Stephen A.,Randolph W.Westerfield.,*etc*.(2016). *Pengantar Keuangan Perusahaan*. Jakarta : Salemba Empat.

Susanto, Yulius Kurnia.(2009). Faktor-Faktor Yang Mempengaruhi Penerimaan Opini Audit *Going Concern* Pada Perusahaan Publik Sektor Manufaktur. *Jurnal Bisnis dan Akuntansi*. Vol. 11. No.3. STIE Trisakti.

Sudana, I Made. (2011). *Manajemen Keuangan Perusahaan Teori dan Praktik*. Jakarta : Penerbit Erlangga.

Sartono, R.Agus. (2012). *Manajemen Keuangan Teori dan Aplikasi*. Edisi 4. Yogyakarta : BPFE.

Sjahrial, Dermawan dan Djahotman Purba. (2013). *Analisis Laporan Keuangan*. Jakarta: Mitra Wacana Media.

Setiawan, Feri dan Bambang Suryono.(2015). Pengaruh Pertumbuhan Perusahaan, Profitabilitas, Likuiditas, dan *Leverage* Terhadap Opini Audit *Going Concern*. *Jurnal Ilmu dan Riset Akuntansi*. Vol.4. No.3. Surabaya, Sekolah Tinggi Ilmu Ekonomi Indonesia.

++++++++++++++++++++++++++++++

EFFECT OF WORK EXPERIENCE, COMPETENCE, INDEPEDENCE, ACCOUNTABILITY, COMPLEXITY IN AUDIT QUALITY
(Empirical Study in Public Accountant Office of Medan City)

Dahner Andreinald, Surya Rahmat Prayoga, & Enda Noviyanti Simorangkir

Universitas Prima Indonesia

Abstract

Auditors are professions whose job is to audit financial statements. This study aims to obtain empirical evidence of the influence of Work Experience, Competence, Independence, Accountability, Complexity on Audit Quality. This research was conducted at a public accounting firm spread out in the city of Medan with the primary data collection method using questionnaire data. The number of samples analyzed there were 81 respondents using the sample determination method that is saturated sample. Data is valid and reliable, fulfilling the classic assumption test. The analysis technique used is Multiple Linear Regression with SPSS 25 software. The results of this study indicate that work experience, competence, independence, accountability, and complexity have a significant positive effect simultaneously and partially on audit quality.

Keywords: Work Experience, Competence, Independence, Accountability, Audit Quality.

1. Introduction

Public Accounting Firm is an organization formed to provide professional accounting services. Generally established as private ownership or partnership. One of the benefits of public accounting services is providing accurate and reliable information for retrieval decision. Financial statements that have been audited by a public accountant are reasonable more trustworthy than financial statements that are not or have not been audited. Audit report users expect that the financial statements audited by public accountants are free from material misstatements, can be trusted to be used as a basis for decision making and are in accordance with accounting principles in force in Indonesia. Audit quality is determined by two things, namely competence and independence, competence related to education and adequate experience possessed by public accountants in the field of auditing and accounting, while independence is related to ethical issues of public accountants who are not easily influenced. Competence lies in the interior of every human being and forever exists on the personality of someone who can predict behavior and performance widely in all situations and job tasks or jobs tasks.

The auditor's maturity in carrying out his duties to conduct an audit is determined by the knowledge gained and also the experience gained during conducting an audit audit. There are many factors that affect the ability of auditors, including knowledge and experience. To carry out auditing tasks, auditors need auditing knowledge (general and specific) and experience in the field of auditing, accounting and client industry. Competence can be obtained through education and experience, competencies that can ensure that the quality of audit services provided meets a high level of professionalism. Independence is an attitude that is not easily influenced, and does not side with anyone. Public accountants are not justified in favor of anyone's interests. Public accountants are obliged to be honest not only to the management and owners of the company, but also

273

to creditors and other parties who place their trust in the work of public accountants. The complexity of an audit is based on an individual's perception of the difficulty of an audit task, difficult for one person but easy for others. The complexity of the audit is also important because of the tendency that the task of carrying out audits is a task that often faces complex problems.

2. Literature Review

According to Mubarok (2017), audit quality is the accuracy of information reported by the auditor in accordance with the audit standards used by the auditor including accounting violation information in the client's company financial statements. According to Djatmiko (2016), work experience is a factor that can influence the occurrence of work accidents. Based on research with increasing experience and skills will be accompanied by a decrease in the number of accidents due to work accidents. According to Mathius (2016), competence is someone who has adequate knowledge, training, skills and experience in order to successfully complete his work. According to the state financial audit standard (2007), independence is an attitude and action in carrying out an examination to not take sides with anyone and not be influenced by anyone. According to Ghazali (2016), accountability is the obligation of each individual, group or agency to fulfill the responsibilities that are mandated. According to Publishing (2011), complexity is the specialization of work that is horizontal if the work is carried out vertically or hierarchically.

Hypothesis Development

Theory of Influence of Work Experience on Audit Quality

According to Rachim (2015), research also provides empirical evidence that experience will influence the auditor's ability to identify errors, while training will increase expertise in conducting audits. For that reason, input from other parties or organizational advisors is needed to develop an audit quality.

Theory of Influence of Competence on Audit Quality

According to Rachim (2015), the results of research on competence indicate that the auditor profession began to be unattractive and displaced by other professions. This has an impact on quality prospective auditors from Civil Servants (PNS), they will eventually exodus to other work units.

Theory of the Effect of Independence on Audit Quality

According to Rachim (2015), the results of research on independence show that making decisions, auditors are influenced by the drive to maintain the audit image. The results of the study also provide evidence that the influence of the culture of the community or organization on the auditor's personality will affect his independent attitude.

Theory of Effect of Accountability on Audit Quality

According to Radyati (2014), if individuals in an organization are morally incapable of being accountable for their actions, an organization cannot automatically account for decisions and actions taken from outside parties. Meanwhile, transparency does not mean openness, but the provision of relevant information for relevant parties.

Theory of Effect of Task Complexity on Audit Quality

According to Boyton (2003), with increasing complexity, the risk of misinterpretation and the incidence of unintentional mistakes also increases. Because users find it increasingly difficult, or even impossible to evaluate the quality of financial statements themselves, they produce an independent auditor to assess the quality of information contained in the report.

3. Methods

The data collection method was carried out by means of a questionnaire. Measurement of respondents' answers is done by using a Likert scale used to measure the attitudes, opinions, and perceptions of a person or group of people about social phenomena.

Population and Sample

The population used by researchers is 21 Public Accountant Firms (KAP) in Medan which are registered at www.iapi.or.id. From the results of direct confirmation the KAP's willingness to participate in filling out the questionnaire. From the results of the researchers' confirmation with the Public Accounting Firm there are only 8 Public Accounting Firms who want to participate in filling out the questionnaire, while the sample used in this study there are 81 people from 8 public accounting firms who are willing to participate in filling out the questionnaire.

4. Results and Discussion

Descriptive statistics relate to how data can be described, described, or summarized to get a glimpse of the data so that it is more readable and meaningful.

Classic Assumption Test Results

Data normality test is used to test whether in the regression model, the dependent variable and the independent variables both have normal distribution or not. A good regression model has a normal distribution or at least close to normal. In this study, to test the normality of data used histogram graphs and P-P Plot of Regression Standardized Residual charts and statistical tests (Kolmologorov-Smirnov nonparametric (K-S), the test results can be seen in the following figure:
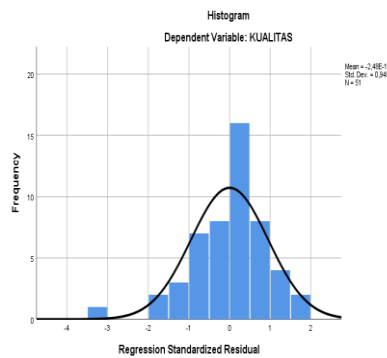

Figure 4.1 Histogram Normality Test

Source: Primary Data Processed, 2019.
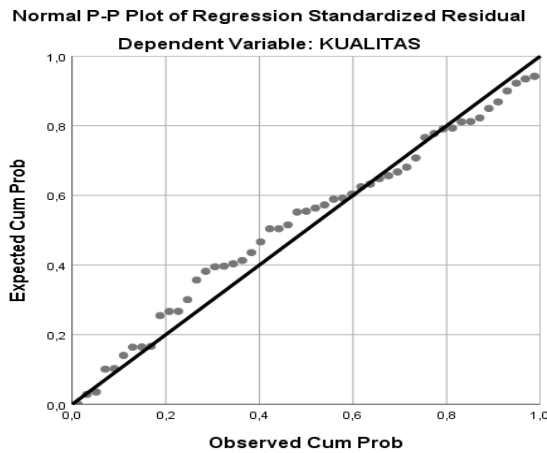
Figure 4.2 P-Plot Normality Test

Source: Primary Data Processed, 2019.

Based on Figure 4.1 and 4.2 it can be seen that the histogram graph display has a curve that tends to be balanced, both on the left and right side and the plot graph display that has points that spread around the diagonal line and its spread in the direction following the diagonal line. Thus the regression model meets the assumption of normality.

Table 4.1 One-Sample Kolmogorov-Smirnov Test

		Standardized Residual
N		51
Normal Parameters[a,b]	Mean	0,0000000
	Std. Deviation	,94868330
Most Extreme Differences	Absolute	0,101
	Positive	0,049
	Negative	-0,101
Test Statistic		0,101
Asymp. Sig. (2-tailed)		,200[c,d]
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

Source: Primary Data Processed, 2019.

Based on the table above, the Kolmologrov-Smirnov value is 0.101 and significant at 0.200 where the significant value is above 0.05 (0.200 > 0.05). Thus, it can be said that the residual value is normally distributed.

Multicollinity test aims to test whether the regression model found a correlation between independent variables (Independent). A good regression model should not occur correlation between independent variables. To test multicollinity it can be seen from the tolerance value of the VIF value. If the tolerance value $\geq$ 0.10 or VIF value $\leq$ 10 means there is no multicollinity. The results of multicollinity testing can be seen in the following table.

Table 4.2 Multicolinierity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Experience	0,889	1,124
	Competency	0,397	2,517
	Independency	0,499	2,003

Accountability	0,267	3,738
Complexity	0,950	1,053

Source: Primary Data Processed, 2019.

The regression results carried out in the table above show the VIF value of the Experience variable is 1.124, the Competency variable is 2.517, the Independence variable is 2.003, the Accountability variable is 3.738 and the Complexity variable is 1.053. All of these values are less than 10. While the Tolerance value for the Experience variable is 0.889, the Competency variable is 0.397, the Independence variable is 0.499, the Accountability variable is 0.267, and the Complexity variable is 0.950. These values are greater than 10%. It can be concluded that this regression model found no correlation between independent variables.

Heteroscedasticity test aims to test whether the regression model occurs variance inequality from the existing data residuals. A good regression model is one that does not experience symptoms of heteroscedasticity. To detect the presence or absence of heteroscedasticity in the regression model can be done by analyzing the distribution of points on the scatterplot and glacial test.
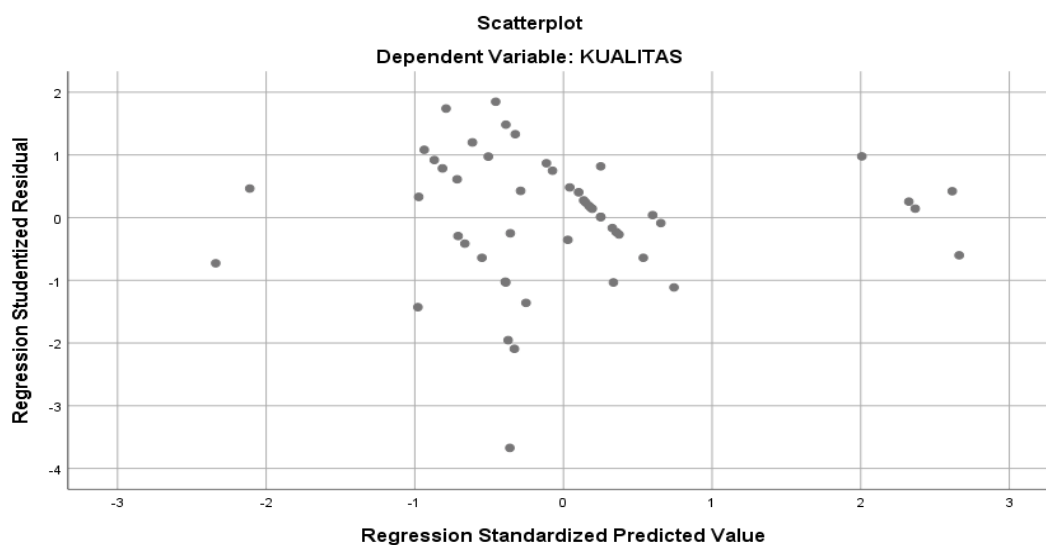
Figure 4.3 Scatterplot

Source: Primary Data Processed, 2019.

Based on the picture above, it can be seen that the points on the scatterplot have no clear pattern spreading above and are answered by the number 0 on the y axis. Thus, the regression model does not occur heteroscedasticity.

Table 4.3 Glejser Tets

		T	Sig.
1	(Constant)	1,928	0,060
	Experience	-1,682	0,099
	Competency	1,540	0,130
	Independency	0,580	0,565
	Accountability	-2,204	0,063
	Complexity	0,079	0,938

Source: Primary Data Processed, 2019.

Based on the table above, the Glejser test results of work experience variables (X1), Competence (X2), Independence (X3), Accountability (X4), Complexity (X5) where the value is significant, the regression model does not occur heteroscedasticity.

Regression Analysis

Table 4.4 Hypothesis Regression Coefficient

Model		Unstandardized Coefficients	
		B	Std. Error
1	(Constant)	5,388	4,742
	Experience	0,202	0,066
	Competency	0,446	0,155
	Independency	0,785	0,172
	Accountability	0,312	0,116
	Complexity	0,187	0,088

Source: Primary Data Processed, 2019.

Based on the above table, then the multiple linear regression equation can be formulated as follows:

$$Y = \alpha + b\_1 x\_1 + b\_2 x\_2 + b\_3 x\_3 + b\_4 x\_4 + b\_5 x\_5 + e$$
$$Y = 5.388 + 0.202x\_1 + 0.446x\_2 + 0.785 x\_3 + 0.312x\_4 + 0.187x\_5$$

1. Constant (α) = 5,388, although the independent variable (X1) is work experience with a value of 0.202, the independent variable (X2) Competence with a value of 0.446, the independent variable (X3) Independence with a value of 0.785, the independent variable (X4) Accountability with a value of 0.312, the independent variable (X5) Complexity with a value of 0.817, the Audit Quality (Y) at the Public Accountant Office in the City of Medan is 5,388.
2. Work Experience Variable has a positive relationship to audit quality where every increase of one-unit variable Work Experience will increase the quality of the Auditor by 0.202 units.
3. Competency variable has a positive relationship to audit quality where each increase in one-unit competency variable will increase the quality of the Auditor by 0.446 units.
4. The Independence variable has a positive relationship with audit quality where each increase in one-unit Independence variable will increase the quality of the Auditor by 0.785 units.
5. The Accountability variable has a positive relationship with audit quality where each increase in one-unit variable Complexity will increase the quality of the Auditor by 0.312 units.
6. The Complexity variable has a positive relationship with audit quality where each one-unit increase in the Complexity variable will increase the Auditor's quality by 0.187 units.

Hypothesis Determination Coefficient

The Hypothesis Determination Coefficient basically measures how far the model's ability to explain the variation of the dependent variable.

Table 4.5 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,919ᵃ	0,844	0,827	1,251

Source: Primary Data Processed, 2019.

Based on the table above, the F_count value is obtained 48,808 where the value of F_count> Ftable (48.808> 2.31) with a significant value of 0,000 is smaller than α = 0.05. The results of this study indicate that H_α is accepted and H_0 is rejected which means Work Experience, Competence, Independence, Accountability and Complexity simultaneously affect audit quality at the Public Accountant Office in Medan.

Table 4.6 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	-7,716	4,742		-1,627	0,111		
	Experience	0,202	0,066	0,191	3,063	0,004	0,889	1,124
	Competency	0,446	0,155	0,268	2,876	0,006	0,397	2,517
	Independency	0,785	0,172	0,379	4,557	0,000	0,499	2,003
	Accountability	0,312	0,116	0,306	2,690	0,010	0,267	3,738
	Complexity	0,187	0,088	0,129	2,132	0,039	0,950	1,053

Source: Primary Data Processed, 2019.

Partial Hypothesis Test Work Experience Variables

Value of t_calculated variable Work experience (X1) is spread in 3.063 where the value of 〖t〗_calculated> ttable is 3.063> 2.68959 with a significant value of 0.004 smaller than 0.05. The results of this study indicate that H_a is accepted and H_0 is rejected, which means that Work Experience has a positive and significant effect on Audit Quality at the Public Accounting Firm in Medan City.

Partial Hypothesis Test Competency Variables

The value of the t_calculate Competency variable (X1) is scattered 2.876 where the value of 〖t〗_count> ttable is 2.876> 2.68959 with a significant value of 0.006 smaller than 0.05. The results of this study indicate that H_a is accepted and H_0 is rejected, which means Competence has a positive and significant effect on Audit Quality at the Public Accounting Firm in Medan.

Partial Hypothesis Test for Independent Variables

The value of t_calculated Independence variable (X1) is spread 4.557 where the value of 〖t〗_calculated> t_table is 4.557> 2.68959 with a significant value of 0.000 less than 0.05. The results of this study indicate that H_a is accepted and H_0 is rejected, which means Independence has a positive and significant effect on Audit Quality at the Public Accountant Office in Medan.

Partial Hypothesis Testing Accountability Accountability

The t-value of the Accountability variable (X1) is scattered at 2.690 where the value of 〖t〗_count> t_table is 2.689> 2.68959 with a significant value of 0.010 less than 0.05. The results of this study indicate that H_a is accepted and H_0 is rejected, which means that Accountability has a positive and significant effect on Audit Quality at Public Accountants in Medan.

Partial Hypothesis Test for Complexity Variables

The value of the complex variable t_calculate (X1) is spread 2.132 where the value of 〖t〗_count> t_table is 2.132> 2.68959 with a significant value of 0.039 less than 0.05. The results of this study indicate that

H_a is accepted and H_0 is rejected, which means complexity has a positive and significant effect on Audit Quality at the Public Accounting Firm in Medan.

Discussion

Effect of Auditor Work Experience on Audit Quality

Value of t_calculated variable Work experience (X1) is spread in 3.063 where the value of 〖t〗_calculated> ttable is 3.063> 2.68959 with a significant value of 0.004 smaller than 0.05. The results of this study indicate that H_a is accepted and H_0 is rejected, which means that Work Experience has a positive and significant effect on Audit Quality at the Public Accounting Firm in Medan City. The results of this study are in line with previous research by Rachim (2015). The study also provides empirical evidence that experience will influence the auditor's ability to identify errors, while training will increase expertise in conducting audits. very necessary to develop an audit quality.

Effect of Auditor Competence on Audit Quality

The value of the t_calculate Competency variable (X1) is scattered 2.876 where the value of 〖t〗_count> ttable is 2.876> 2.68959 with a significant value of 0.006 smaller than 0.05. The results of this study indicate that H_a is accepted and H_0 is rejected, which means Competence has a positive and significant effect on Audit Quality at the Public Accounting Firm in Medan. The results of this study are in line with previous studies by Kompri (2017), in broad outline, competencies explain what people do at work at various levels and specify the standards of each level, identify the characteristics of knowledge and skills needed by individuals that enable them to carry out duties and responsibilities effectively so as to achieve professional quality standards at work.

Effect of Auditor Independence on Audit Quality

The value of t_calculated Independence variable (X1) is spread 4.557 where the value of 〖t〗_calculated> t_table is 4.557> 2.68959 with a significant value of 0.000 less than 0.05. The results of this study indicate that H_a is accepted and H_0 is rejected, which means Independence has a positive and significant effect on Audit Quality at the Public Accountant Office in Medan. The results of this study are in line with previous research by Boyton (2003), research shows that if employees know that an independent audit will be conducted, they will be more careful and try to make as little mistakes as possible in carrying out the accounting function and misusing company assets. Therefore audits can encourage data in the company to be more reliable and can also reduce losses due to embezzlement and so on. In addition, the fact that research will be carried out at the assertion of their financial statements can also reduce the ability of management to commit fraud in financial reporting.

The Effect of Auditor Accountability on Audit Quality

The t-value of the Accountability variable (X1) is scattered at 2.690 where the value of 〖t〗_count> t_table is 2.689> 2.68959 with a significant value of 0.010 less than 0.05. The results of this study indicate that H_a is accepted and H_0 is rejected, which means that Accountability has a positive and significant effect on Audit Quality at Public Accountants in Medan. The results of this study are in line with previous research by Tasmara (2006), accountability is related to the attitude of openness (transparency) in relation to the way we are responsible for something in front of others. So that accountability is an inherent part of credibility. Increasing the accountability and good that we have, the greater the credibility savings as a deposit of people's trust in us. The greater the credibility deposits, the wider the influence we have.

Effect of Auditor Complexity on Audit Quality

The value of the complex variable t_calculate (X1) is spread 2.132 where the value of 〖t〗_count> t_table is 2.132> 2.68959 with a significant value of 0.039 less than 0.05. The results of this study indicate that H_a is accepted and H_0 is rejected, which means complexity has a positive and significant effect on Audit Quality at the Public Accounting Firm in Medan. The results of this study are in line with previous studies by Boyton (2003), with increasing complexity, the risk of misinterpretation and the emergence of unintentional mistakes also increases. Because users find it increasingly difficult, or even impossible, to evaluate the quality

of financial statements themselves, they produce an independent auditor to assess the quality of information contained in the report.

5. Conclusion

F Test results show that the value of F_count is 48.808 where the value of F_count> F_tabel (48.808> 2.31), and the t test shows that the t_count value of Work Experience is greater than the t_table where 〖t〗_count> t_table i.e. (3.063> 2.68959) which means Work Experience has a simultaneous and partial effect on Audit Quality in Medan City Public Accounting Firm. F Test results show that the value of F_count is 48.808 where the value of F_count> F_tabel (48.808> 2.31), and the t test shows that the value of Competency t_count is greater than t_table where 〖t〗_count> ttable i.e. (2,876> 2.68959), which means Competency influence simultaneously and partially on Audit Quality in Medan City Public Accountant Firm. F Test results show that the value of F_count is 48.808 where the value of F_count> F_tabel (48.808> 2.31), and the t test shows that the value of t-count Independence is greater than the t_table where 〖t〗_count> t_table is (4.557> 2.68959), which means Independence influence simultaneously and partially on Audit Quality in Medan City Public Accountant Firm. F Test results show that the value of F_count is 48.808 where the value of F_count> F_tabel (48.808> 2.31), and the t test shows that the value of tcount Accountability is greater than t_table where 〖t〗_count> ttable is (2.690> 2.68959), which means Accountability influence simultaneously and partially on Audit Quality in Medan City Public Accountant Firm. F Test results show that the value of F_count is 48.808 where the value of F_count> F_tabel (48.808> 2.31), and the t test shows that the value of t_count Complexity is greater than t_table where 〖t 〖_count> t_table namely (2.132> 2.68959), which means Complexity influence simultaneously and partially on Audit Quality in Medan City Public Accountant Firm.

The suggestions that can be given by researchers in this study are as follows, in carrying out their duties the auditor must uphold the values of competence, independence, accountability and complexity so that unhealthy actions will not occur during the auditing process. Input for the Public Accounting Firm is to provide an opportunity for auditors in the Public Accounting Firm to develop the auditor's knowledge and provide facilities for the auditor to participate in training, seminars and continuing education. For future researchers to further develop their knowledge by adding the variables studied or considering choosing other variables that can affect audit quality..

References

Agustina, Maria. 2010. *SPSS 17*. Yogyakarta : CV. Andi Offset.

Amien, A. Moppad Jantji. 2005. *Kemandirian Lokal Konsepsi Pembangunan Organisasi dan Pendidikan Dari Perspektif Sains Baru*. Jakarta : PT. Gramedia Pustaka Utama.

Aswasulasikin. 2018. *Filsafat Pendidikan Operasional*. Cetakan Pertama. Yogyakarta : Deepublish

Badan Pemerikasa Keuangan, Peraturan BPK RI No. 01 2007 tentang *Standar Pemeriksaaan Keuangan Negara.*

Burso, Muhammad. 2018. *Teori-Teori Manajemen Sumber Daya Manusia*. Edisi Pertama. Jakarta : Prenada Group 2.

Boyton William C. 2010. *Modern Auditing*. Jakarta : Erlangga

Darmadi. 2018. *Manajemen Sumber Daya Manusia Kekepalasekolahan.* Yogyakarta : Deepublish.

Didi, Pianda. 2018 . *Kinerja Guru*. Cetakan Pertama. Jawa Barat : CV. Jejak

Djatmiko, Riswan Dwi. 2016. *Keselamatan Dan Kesehatan Kerja*. Edisi Pertama. Yogyakarta : Deepublish.

Fachruddin, Andi. 2016. *Manajemen Pertelevisian Modern*. Yogyakarta : CV. Andi Offset

Fahmi, Irham. 2015. *Perilaku Organisasi Teori, Aplikasi, dan Kasus*. Cetakan Ketiga. Bandung : Alfabeta.

Ghozali, Imam. 2016. *Aplikasi Analitis mulotivariete dengan Program IBM SPSS 23*. Edisi 8. Semarang : UniversitasDiponegoro.

Getol, Gunadi. 2010. *Good Leadership VS Bad Leadership*. Jakarta :PT. Alex Media Kompetindo

Hambudi, Teguh. 2015. *#Professionall General Affair : Panduan Bagian Umum Perusahaan Modern* . Jakarta : VisiMedia

Hutapea, Parulian & Nurianna Thoha. 2008. *Kompetensi Plus: Teori, Desain, Kasus, dan Penerapan untuk HR serta Organisasi yang Dinamis.* Jakarta : PT Gramedia Pustaka Utama.

Hamid, Sanusi. 2014. *Manajemen Sumber Daya Manusia Lanjutan.* Yogyakarta: Deepublish.

Hessel Bein Frances dan Marshal Goldsmith. 2008. *The Leader The Future 2 Vision Strategies and Practices For The New Era.* Jakarta : PT. Alex Media Komputindo.

Irwanto, Djon. 2010. *Refactoring Pada Object Oriented.* Cetakan Pertama. Yogyakarta : CV. Andi Offset.

Joyosumarto, Subarjo. 2018. *B.A.N.K.I.R. : Kepemimpinan Lembaga Perbankan Abad Ke-21.* Jakarta: PT. Gramedia.

Kompri. 2017. *Standarisasi Kompetensi Kepala Sekolah. Pendekatan Teori Untuk Praktik Profesional.* Cetakan Pertama. Jakarta : Kencana

Junaidi & Nurdiono. 2017. *Kualitas Audit : Perspektif Opini Going Concern.* Yogyakarta : CV. Andi Offset.

Karsom, Sunaryo. *Sistem Pengendalian Manajemen Dan Perilaku Disfungsional Studi Empiris Terhadap 12 BUMN Industri Strategis di Indonesia.* Cetakan Petama. Bogor : Cargas Publika

Larasati, Sri. 2018. *Manajemen Sumber Daya Manusia.* Cetakan Pertama. Yogyakarta: Deepublish.

Martin, Edgar.2005. *Tujuh Materi Penting Bagi Dunia Pendidikan.* Cetakan Pertama. Yogyakarta: Komisius Yogyakarta.

Mulyadi. 2002. *Auditing.* Edisi Keenam. Jakarta : Salemba Empat.

Mulyadi. (2013). Pengaruh Pengalaman Kerja, Kompetensi, Akuntabilitas, dan Profesionalisme dan Kompleksitas Tugas auditor terhadap Kualitaa Audit (Studi Empiris pada KAP Surakarta dan Jogjakarta). Jurnal.

Nurdin, Ismail. 2017. *Etika Pemerintahan.* Yogyakarta : Lintang Rasi Aksara Books

Publishing, Prasetya Mutia. 2011.*Organisasi Menuju Pencapaian Kinerja Optimum Untuk Mengungkap Hitam Organisasi.* Jakarta: PT. Penebar Swadaya.

Rai, I Gusti Agung. 2008. *Audit Kinerja pada Sektor Publik.* Jakarta : Salemba Empat

Rachim, Adb. 2015. *Barometer Keuangan Negara/Daerah.* Yogyakarta: Penerbit Andi

Rudito, Bambang, *et.al.* 2016*. Aparatur Sipil Negara Pendukunng Reformasi. Birokrasi.* Jakarta : Kencana.

Saripudin, *et.al* (2012). Pengaruh Independensi, Pengalaman, *Due Professional Care,* dan Akuntabilitas terhadap Kualitas Audit (Survei terhadap Auditor KAP di Jambi dan Palembang)*, Vol. 1 No. 1, September 2012.*

Samsudin, Sadili. 2010. *Manajemen Sumber Daya Manusia.* Bandung : Pustaka Setia.

Sudaryo, Yoyo & Yudanegara Aditya. 2017. *Investasi Bank dan Lembaga Keuangan.* Yogyakarta : CV. Andi Offset.

Sugiyono. 2016. *Metode Penelitian Kuantitatif ,Kualitatif, dan R&D.* Bandung : PT. Alfabet.

Sulistiyono, Adi & Isharyanto. 2018. *Sistem Peradilan Indonesia dalam teori dan Praktik.* Depok : PrenadaMedia Group.

Sutrisno, Edi. 2015. *Manajemen Sumber Daya Manusia.* Jakarta: Edisi 4 : Prenada Media Grup.

Sutrisno, Edi. 2009. *Manajemen Sumber Daya Manusia.* Jakarta : Prenada Media Grup.

Supriyono, R.A. 2018. *Akuntansi Keperilakuan.* Yogyakarta : Gadjahmada University Press.

Setiawan, Santy. 2012. *Statistiki Revisi.* Yogyakarta: CV.Andi Offset.

Tandiontang, Mathius. 2015. *Kualitas Audit.* Bandung : Alfabeta.

Tajuddin, Muhammad. 2016. *Kesuksesan Sistem Informasi Perguruan Tinggi dan Good University Governance.* Cetakan Pertama. Malang: UB Press.

Tampubolon, Robert.2005. *Risk And System Based Internal Auditing.* Cetakan Pertama. Jakarta. PT. Alex Media Komputindo.

Tasmara,Toto. 2006. *Spritual Cantered Leadership : Kepemimpinan Berbasis Spiritual.* Depok : Gema Insani.

Torang, Syamsir. 2014. *Organisasi dan Manajemen.* Bandung : Alfabeta.

Wibowo, 2014. *Manajemen Kinerja.* Edisi 4. Jakarta : Rajawali Pers.

Van kooji, Rijnardus & Yamah Tsalaksa A.2007. B*ermain Dengan Api : Relas Antara Gereja-Gereja Mainstream Dan Kalangan Kharismatik Dan Pentakosta.* Cetakan Pertama. Jakarta : PT.BPK Gunung Mulia

Yadiati, Wiwin & Abdullah Mubarok. 2017. *Kualitas Pelaporan Keuangan : Kajian Teoritis dan Empiris,* Cetakan 1. Jakarta : Kencana.

Zamzami, Faiz *et.al. Audit Internal : Konsep Dan Praktik.* Yogyakarta : Gadja Madah University Press.

Zuhrawati. *Panduan Dan Kiat Sukses Menjadi Auditor ISO 9001.* Yogyakarta : Med Press.

+++++++++++++++++++++++++++++

THE IMPACTS OF LEADERSHIP AND CULTURE ON WORK PERFORMANCE IN SERVICE COMPANY AND INNOVATIVE WORK BEHAVIOR AS MEDIATING EFFECTS

Agus Purwanto, Innocentius Bernarto, Masduki Asbari, Laksmi Mayesti Wijayanti, & Choi Chi Hyun

Pelita Harapan University

Abstract

In today's highly competitive service world, many companies face rapid and dynamic changes, especially in the 4.0 industrial revolution. Therefore companies must focus on innovative work behavior (IWB) to gain competitive advantage. This study examines the effect of transformational leadership and company climate on work performance through innovative work behavior as mediation by taking a service company in Indonesia. Data collection methode is simple random sampling via electronic to the population of service employees in Indonesia. The returned and valid questionnaire results were 1199 samples. Data processing using SEM method with SmartPLS 3.0 software. Data collection techniques using a questionnaire with a Likert scale. The result of data analysis is that transformational leadership and corporate culture have positive and significant effects on work performance, both directly and indirectly through mediating innovative work behavior. Innovative work behavior has a very positive and significant effect on work performance. This new research proposes a model for building work performance among employees of transformational leadership companies and corporate culture with corporate learning as mediation.

Keywords: Innovative Work Behavior, Leadership, Organizational Climate, Performance.

1. Introduction

Every company actually needs a track that is in line with its business DNA, so that it can be measured in every rate of growth and development. This is where the cultural urgency or company climate is defined, built and cared for. In the middle of Indonesian culture that has strong patronization, it cannot be denied that the influence of patron, role model, regulator or leader will be a very prominent predictor of company success. Many leadership theories have been put forward to catalyze the process and canalize human resources. At least, transformational leadership theory is one of many leadership theories that are believed to be able to bring a fresh breath of company change. Even more so in the era Industrial Revolution 4.0, every company needs a leader who has sufficient capability to transform towards digitizing company structure and system.

Company culture or climate is one of the opportunities to develop human resources through aspects of changing attitudes and behaviors, which are expected to be able to adjust current and future challenges (Manik & Megawawi, 2019). Company climate is an invisible social force that can move people in an company to carry out work activities. A strong company climate supports the goals of companies or government agencies. Company climate has an important role in managing an company because it is same and complete perception of the essential meaning of life together in companys.

Director General of Science and Technology Resources and Higher Education Kemenristekdikti, Ali Ghufron Mukti said that to survive in the Industrial Revolution 4.0 era, every company needs to apply Formula 4C, namely critical thinking, creativity, communication and collaboration (Directorate General of Science and Technology Resources Dikti, 2018). In this digital era levels of innovation and creativity are needed from every member of the company. Innovation theory often emphasizes that innovation is broader than creativity and includes implementation of created ideas. Therefore, De Jong and Den Hartog developed innovative work behavior (IWB), not only explain the problem of how to generate ideas but also to build behavior needed for implementation of these ideas. The end of the IWB development process is improving individual and company performance (Jong & Hartog, 2008).

2. Literature Review

Relevant Research

Based on a literature review conducted up to 31 October 2019, not many national researchers have discussed the effect of transformational leadership and company culture on work performance through mediation of innovative work behavior as an integrated research model. In Indonesia there are only three studies, namely those conducted by Aditya & Ardana (2016) and Parashakti, Rizki, & Saragih (2016). Their finding is that transformational leadership variables and company culture significantly influence employee innovative behavior. The third study was conducted by Wardhani & Gulo (2017) with conflicting results, namely that company climate and transformational leadership have no influence on innovative work behavior. Beyond that, several national researchers have discussed and concluded that transformational leadership has a significant effect on innovative work behavior (Pestalozi, Erwandi & Putra, 2019; Sunardi, Sunaryo & Laihad, 2019; Khasanah & Himam, 2018; Wijayanti & Suparta, 2019).

Framework Thinking and Hypotheses

The variables in this study consisted two independent variable, namely transformational leadership and company climate, one intervening variable, namely innovative work behavior and dependent variable is work performance. Based on literature review and previous studies, a research model is developed below that illustrates the relationship between these variables.
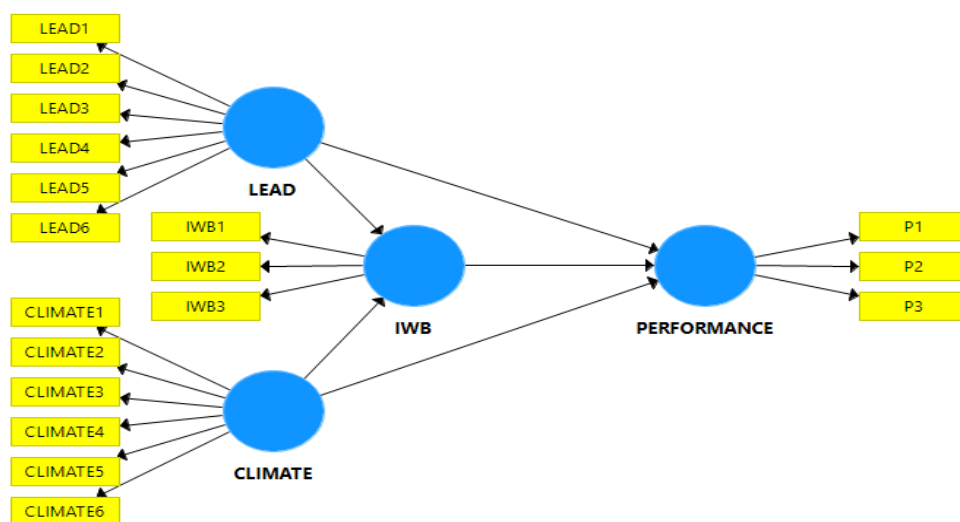

Figure 2.1 Research Model
Source: Output of SmartPLS 3.0 Program Processing (authors, 2019).

Based on the conceptual framework model that has been designed, the formulation of hypothesis proposed in this study is:

- H1: Transformational leadership (LEAD) direct effect on work performance (PERFORMANCE)

284

- H2: Company climate (CLIMATE) direct effect on work performance (PERFORMANCE)
- H3: Transformational leadership (LEAD) direct effect on innovative work behavior (IWB)
- H4: Company climate (CLIMATE) direct effect on innovative work behavior (IWB)
- H5: Innovative work behavior (IWB) direct effect on work performance (PERFORMANCE)
- H6: Transformational leadership (LEAD) indirect effect on work performance (PERFORMANCE) through mediation of innovative work behavior (IWB)
- H7: Company climate (CLIMATE) indirect effect on work performance (PERFORMANCE) through mediation of innovative work behavior (IWB)

Research Purposes

The purpose of this study was to determine the effect of transformational leadership and company climate on work performance through innovative work behavior as mediation in automotive industry. Based on the formulation of problem and research hypothesis, the research objectives in detail are formulated as follows:
1. Knowing the effect of transformational leadership and company climate on work performance.
2. Knowing the effect of innovative work behavior on work performance.
3. Knowing the effect of transformational leadership and company climate on work performance through innovative work behavior as intervening/ mediating.

3. Methods

The method used in this study is a survey method with a correlational research approach. Data collection is done by simple random sampling via electronic questionnaire to the population of service company employees in Indonesia. The returned and valid questionnaire results were 1199 samples. Processing and processing data using SEM method with SmartPLS 3.0 software. Data collection techniques using a questionnaire with a Likert scale. The instrument used to measure transformational leadership is the adaptation of Podsakof et al (1990). The instrument for measuring company climate was adapted from the Corporate Climate Measure (OCM) developed by Patterson et al (2005). Meanwhile, to measure innovative work behavior that was adapted from (Jong & Hartog, 2008) and work performance was adapted from Kazan & Gumus (2013). The questionnaire was designed closed except for questions or statements about the identity of respondents in the form of semi-open questionnaires. Each closed-question question or statement is given five choices of answers, namely: a score of strongly agree 5, a score of agree 4, a score of disagree 3, a score of disagree 2, and a score of strongly disagree 1.

4. Results and Discussion

Sample Description

Table 4.1 Sample Descriptive Information

Criteria		Amount	Percentage
Age	< 30 years old	267	27.22%
	30 – 40 years old	140	14.27%
	> 40 years old	574	58.51%
Tenur	< 5 years old	981	
	5-10 years old	126	12.84%
	> 10 years old	234	23.85%
Education	S2	621	63.30%
	S1	981	
	< S1	47	4.79%

Source: Researcher Data, 2019.

Based on the analysis results in the picture above, it can be seen that several indicators have a loading factor below 0.5 so that it is declared invalid and must be dropped from the model, estimation results of the model after an invalid indicator is dropped from the model are as follows:
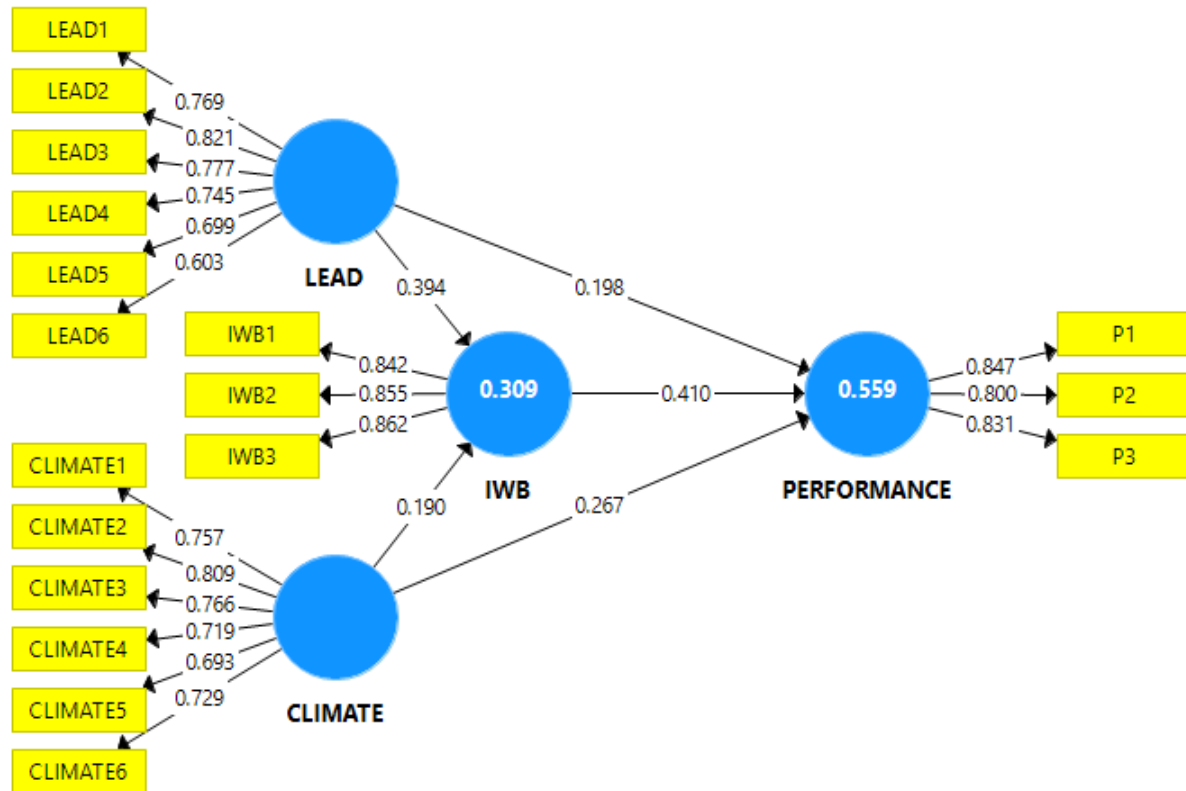
Figure 4.1 Valid Model Estimation
Source: Output of SmartPLS 3.0 Program Processing (authors, 2019).

Based on estimation results of the PLS model in the picture above, all indicators already have a loading factor value above 0.5 so that the model meets convergent validity requirements. In addition to looking at the loading factor value of each indicator, convergent validity is also assessed from the AVE value of each construct, the PLS model is declared to have met convergent validity if the AVE value of each construct is > 0.5 (Ghozali, 2014). The AVE value for each construct can be seen in table 2 below:

Table 4.2 Items Loadings, Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE)

Variables	Items	Loadings	Cronbach's Alpha	Composite Reliability	AVE
Transformational Leadership (LEAD)	LEAD1	0.769	0.831	0.877	0.546
	LEAD2	0.821			
	LEAD3	0.777			
	LEAD4	0.745			
	LEAD5	0.699			
	LEAD6	0.603			
Company Climate (CLIMATE)	CLIMATE1	0.757	0.840	0.883	0.557
	CLIMATE 2	0.809			
	CLIMATE 3	0.766			
	CLIMATE 4	0.719			
	CLIMATE 5	0.793			
	CLIMATE 6	0.729			
Innovative Work Behavior (IWB)	IWB1	0.842	0.812	0.889	0.683
	IWB 2	0.855			

	IWB3	0.862			
Work Performance (PERFORMANCE)	P1	0.847	0.768	0.866	0.683
	P2	0.800			
	P3	0.831			

Source: Output of SmartPLS 3.0 Program Processing (authors, 2019).

Testing Discriminant Validity

Discriminant validity is carried out to ensure that each concept of each latent variable is different from the other variables. The model has good discriminant validity if the AVE squared value of each exogenous construct (the value on the diagonal) > 0.7 or the value exceeds the correlation between construct and the other construct (values below the diagonal) (Ghozali, 2014). The discriminant validity test results are obtained as follows:

Table 4.3 Discriminant Validity

Variables	EK	IC	OL	TK
CLIMATE	**0.746**			
IWB	0.498	**0.853**		
LEAD	0.780	0.543	**0.739**	
PERFORMANCE	0.625	0.651	0.629	**0.826**

Source: Output of SmartPLS 3.0 Program Processing (authors, 2019).

The results of discriminant validity test in the table above show that all constructs have the AVE square root value above 0.7 so that it can be concluded that the model has fulfilled discriminant validity.

Inner Model Testing

Inner model testing includes the test significance of direct and indirect effects and measurement magnitude of the influence exogenous variables on endogenous variables. With boothstrapping technique, R Square values and significance test values are obtained as the table below:

Table 4.4 *R Square Value*

	R Square	R Square Adjusted
IWB	0.309	0.307
PERFORMANCE	0.559	0.557

Source: Output of SmartPLS 3.0 Program Processing (authors, 2019).

Based on table 5 above, the R Square IWB value of 0.309 means that innovative work behavior can be explained by transformational leadership and company climate variable by 30.9%, while remaining 69.1% is explained by other variables not discussed in this study. Meanwhile, R Square PERFORMANCE value of 0.559 which means that work performance can be explained by transformational leadership, company climate and innovative work behavior variable by 55.9%, while remaining 44.1% is explained by other variables not discussed in this research.

Table 4.5 Hypotheses Testing

Hypotheses	Relationship	Beta	SE	T Statistics	V-Values	Decision
H1	**LEAD -> PERFORMANCE**	0.198	0.033	5.972	0.000	Good
H2	**CLIMATE -> PERFORMANCE**	0.267	0.031	8.492	0.000	Good
H3	**LEAD -> IWB**	0.394	0.045	8.839	0.000	Good
H4	**CLIMATE -> IWB**	0.190	0.045	4.257	0.000	Good
H5	**IWB -> PERFORMANCE**	0.410	0.027	15.045	0.000	Good

| H6 | LEAD -> IWB -> PERFORMANCE | 0.162 | 0.020 | 4.000 | 0.000 | Good |
| H7 | CLIMATE -> IWB -> PERFORMANCE | 0.078 | 0.020 | 8.213 | 0.000 | Good |

Source: Output of SmartPLS 3.0 Program Processing (authors, 2019).

From table 5 above, it can be concluded that transformational leadership and company climate have positive and significant effect on work performance, directly and through mediation of innovative work behavior (H1, H2, H6 and H7 accepted) and also on innovative work behavior (H3 and H4 accepted) with a p-value <0.05. As well, the T value Statistics for all lines is above 1.96 and all path coefficients are positive. Innovative work behavior has positive and significant effect on work performance (H5 accepted).

Therefore, it can be concluded that assumption main effect of the independent variable on the dependent variable must be fulfilled significantly, so that mediation effect test can be carried out (Baron and Kenny, 1986). Furthermore, to find out whether this mediation is full mediation (fully mediating) or pseudo (quasi-mediating). From the Table 5 above, the effect of transformational leadership and company climate on work performance is still significant with a p-value of 0,000 (<0.05). Therefore, it can be concluded that the effect of mediation is only quasi-mediating. Full mediation occurs if total effects of transformational leadership and company climate are found to be not significant on work performance (Asbari et al, 2019a; 2019b).

5. Conclusion

Based on the results of the study, it can be concluded that transformational leadership and company climate have a positive and significant influence on work performance. Both, directly and through innovative work behavior as mediating. It means that more positive the boss's leadership practices and company culture are, more conducive innovative work behavior and work performance of the company will be. This finding is in line with previous research namely Asbari et al (2019c), Karmawan et al (2015), Sakti et al (2018), Naguib & Naiem (2018), Zuraik & Kelly (2019). Innovative work behavior has a positive and significant influence on work performance. It means that more positive the employee's innovation practices are, better employee's performance will be. This finding is in line with previous research namely Afsar & Masood (2017), Afsar & Umrani (2019), Farahnak et al (2019), Bednall et al (2018), Suifan, Abdallah & Al Janini (2018), Tse et al (2017)), Setbihe (2018), Sethibe & Steyn (2018). In contrast to the results of research Ma & Jiang (2018) which concluded that transformational leadership has no significant effect on innovation and creativity. Company climate has a positive and significant influence on innovative work behavior. It means that more positive company climate, better innovative work behavior of employees. As the previous findings of Waheed et al (2019). Contrary to his findings Naqshbandi & Tabche (2018), Purwanto et al (2019a; 2019b), Purwanto et al (2020), Santoso (2019).

If you look at the path coefficient effect of transformational leadership on innovative work behavior of employees is valued at 0.394 and is higher than the magnitude of influence company climate on innovative work behavior (0.190). The possibility can be explained by composition of automotive industry employees aged > 40 as many as 66.06% and the number of employees who have > 10 years of service as many as 69.97%. It means that employees are easier to be moved by motivation of superiors who have been with them for enough time and employees need a new atmosphere that is conducive to increasing the spirit of innovation.

Further research is needed in a wider scope of population and sample to encourage readiness of the Indonesian people to meet the era Industrial Revolution 4.0 which requires sufficient reason for creativity and innovation.

References

Abdillah, W. dan Hartono, J. Partial Least Square (PLS). Yogyakarta: Penerbit Andi. 2014.

Aditya, D.N.R. dan Ardana, K. Pengaruh Iklim Organisasi, Kepemimpinan Transformasional, Self Efficacy Terhadap Perilaku Kerja Inovatif. *E-Jurnal Manajemen*, 2016; 5(3): 1801-1830. *Available at*: https://ojs.unud.ac.id/index.php/ Manajemen/article/view/17445.

Afsar, B. and Masood, M. Transformational leadership, creative self-efficacy, trust in supervisor, uncertainty avoidance, and innovative work behavior of nurses. *The Journal of Applied Behavioral Science*. 2017; 54(1) 36-61. https://doi.org/10.1177/0021886317711891

Afsar, B. and Umrani, W. Transformational Leadership and Innovative Work Behavior. *European Journal of Innovation Management*. 2019. https://doi.org/10.1108/EJIM-12-2018-0257

Asbari, M., Santoso, P., & Purwanto, A. (2019a). Pengaruh Iklim Organisasi dan Kepemimpinan Transformasional Terhadap Produktivitas Kerja Inovatif Pada Industri Manufaktur di Pati Jawa Tengah. Jurnal Produktivitas Universitas Muhammadiyah Pontianak, 7(1 2020), 62-69. doi: DOI : 10.29406/jpr.v7i1.1797

Asbari, M., Santoso, P., & Purwanto, A. (2019b). Pengaruh Kepemimpinan dan Budaya Organisasi Terhadap Perilaku Kerja Inovatif Pada Industri 4.0. JIM UPB (Jurnal Ilmiah Manajemen Universitas Putera Batam), 8(1), 7-15. doi: https://doi.org/10.33884/jimupb.v8i1.1562

Asbari, M., Santoso, P., & Purwanto, A. (2019c). Influence of Leadership, Motivation, Competence, Commitment and Culture on ISO 9001:2015 Performance in Packaging Industry, Scholars Journal of Economics, Business and Management, 6(12): 577-582. DOI: http://doi.org/10.36347/sjebm.2019.v06i12.005

Baron, R. M., & Kenny, D. A. The Moderator–Mediator Variable Distinction in Social Psychological Research: Conceptual, Strategic, and Statistical Considerations. *Journal of Personality and Social Psychology*. 1986; *51*(6): 1173-1182. https://doi.org/10.1037/0022-3514.51.6.1173

Bednall, T.C. et al. Innovative Behaviour: How Much Transformational Leadership Do You Need?. *British Journal of Management*. 2018; 29(4): 796-816. https://doi.org/10.1111/1467-8551.12275

Chin, W. W. The Partial Least Squares Approach to Structural Equation Modeling. *Modern Methods for Business Research.* London: Lawrence Erlbaum Associates Publiser. 1998: 295-336. http://www.researchgate.net/publication/232569511

DOI: http://doi.org/10.36347/sjebm.2019.v06i12.005

Farahnak, L.R. et al. The Influence of Transformational Leadership and Leader Attitudes on Subordinate Attitudes and Implementation Success. *Journal of Leadership & Company Studies*. 2019: 1-14. https://doi.org/10.1177/1548051818824529

Ghozali, I. Structural Equation Modeling, Metode Alternatif dengan Partial Least Square (PLS), Edisi 4. Semarang: Badan Penerbit Universitas Diponegoro. 2014.

Ghozali, I. Structural Equation Modelling, Edisi 2. Semarang: Universitas Diponegoro. 2008.

Hair, J. F. et al. Multivariate Data Analysis, 7th Edition. New York: Prentice Hall International, Inc. 2010.

Jong, De & Hartog, Den. Innovative and Work Behavior: Measurement and Validation. Amsterdam: EIM Bussiness. 2008.

Karmawan, I.G.M., Winanti and Hartono, S. (2015). Pnegaruh Iklim Kerja, Kompensasi dan Kompetensi terhadap Produktivitas Kerja pada STMIK Dharma Putra. *ComTech*. 6(1): 64-71. DOI: https://doi.org/10.21512/comtech.v6i1.2287

Kazan, H. and Gumus, S. (2013) Measurement of Employees' Performance: A State Bank Application. *International Review of Management and Business Research.* 2(2): 429-441. Available at SSRN: https://ssrn.com/abstract=2377909

Khasanah, I.F.N. & Himam, F. Kepemimpinan Transformasional, Kepribadian Proaktif, dan Desain Kerja sebagai Prediktor Perilaku Kerja Inovatif. *Gadjah Mada Journal of Psychology (Gamajop).* 2018; *4(2):* 143-157. doi: 10.22146/gamajop.46361

Ma, X. and Jiang, W. Transformational Leadership, Transactional Leadership, and Employee Creativity in Entrepreneurial Firms. *The Journal of Applied Behavioral Science*. 2018; 54(3): 302-324. https://doi.org/10.1177/0021886318764346

Manik S., dan Megawati. Pengaruh Budaya Organisasi Terhadap Semangat Kerja Pegawai Pada Dinas Kesehatan Kabupaten Pelalawan. *Jurnal Niara.* 2019; *11(2)*: 118-124. https://doi.org/10.31849/nia.v11i2.2111

Naguib, H.M. and Naem, A.H.M. The Impact of Transformational Leadership on the Company Innovation. *The International Journal of Social Sciences and Humanities Invention*. 2018; 5(1): 4337-4343. https://doi.org/10.18535/ijsshi/v5i1.15

Naqshbandi, M.M. and Tabche, I. The Interplay of Leadership, Absorptive Capacity, and Company Learning Culture in Open Innovation: Testing a Moderated Mediation Model. *Technological Forecasting and Social Change*. 2018; 133: 156-167. https://doi.org/10.1016/j.techfore.2018.03.017

Parashakti, R. D., Rizki, M., & Saragih, L. Pengaruh Kepemimpinan Transformasional dan Budaya Organisasi terhadap Perilaku Inovatif Karyawan (Studi Kasus di PT. Bank Danamon Indonesia). *Jurnal Manajemen Teori dan Terapan.* 2016; *9(2):* 81-96. http://dx.doi.org/10.20473/jmtt.v9i2.3015

Patterson, M.G. *et al.* Validating the Company Climate Measure: Links to Managerial Practices, Productivity and Innovation. *Journal of Company Behavior.* 2005; *Vol. 26:* 379-408. https://doi.org/10.1002/job.312

Pestalozi, D., Erwandi, R. & Putra, M.R.E. Pengaruh Kepemimpinan Transformasional Terhadap Keinovatifan Guru SMA Negeri Kota Lubuklinggau. *Journal of Administration and Educational Management.* 2019; *2(1):* 30-38. https://doi.org/10.31539/alignment.v2i1.752

Podsakoff, P.M. *et al*. Transformational Leader Behaviors and their Effects on Followers' Trust in Leader, Satisfaction, and Company Citizenship Behaviors. *Leadership Quarterly.* 1990; *1(2)*: 107-142. https://doi.org/10.1016/1048-9843(90)90009-7

Purwanto, A., Asbari, M., & Santoso, P. (2020). Effect of Integrated Management System of ISO 9001:2015 and ISO 22000:2018 Implementation To Packaging Industries Quality Performance at Banten Indonesia. Jurnal Ilmiah MEA (Manajemen, Ekonomi, & Akuntansi), 4(1), 17-31. https://doi.org/10.31955/mea.vol4.iss1.pp17-31

Purwanto, A., Asbari, M., & Santoso, P.(2019a). Does Culture, Motivation, Competence, Leadership,Commitment Influence Quality Performance?. Jurnal Inovasi Bisnis, 6(2), 201-205. DOI: https://doi.org/10.35314/inovbiz.v7i2.1210

Purwanto, A., Asbari, M., & Santoso, P.(2019b). Influence of Transformational and Transactional Leadership Style toward Food Safety Management System ISO 22000:2018 Performance of Food Industry in Pati Central Java. Jurnal Inovasi Bisnis, 6(2), 180-185. DOI: https://doi.org/10.35314/inovbiz.v7i2.1213

Purwanto, A., Asbari, M., & Santoso, P.(2019c).Pengaruh Kompetensi, Motivasi, Kepemimpinan, Komitmen dan Budaya Kerja Sistem Manajemen Integrasi ISO 9001, ISO 14000 dan ISO 45001 Pada Industri Otomotif. Jurnal Produktivitas Universitas Muhammadiyah Pontianak, 6(2),158-166. DOI: http://dx.doi.org/10.29406/jpr.v6i2.1798

Purwanto, A., Wijayanti, L.M., Hyun, C.C., Asbari, M. (2020). The Effect Of Tansformational, Transactional, Authentic And Authoritarian Leadership Style Toward Lecture Performance Of Private University In Tangerang. *Dinasti International Journal of Digital Business Management (DIJDBM),* 1(1), 29-42. **DOI:** https://doi.org/10.31933/dijdbm.v1i1.88

Sakti, A.S. et al. Transformational Leadership, Company Climate and Individual Creativity from a Military Culture Perspective. *Indian Journal of Public Health Research & Development*. 2018; 9(11): 447-451. doi: 10.5958/0976-5506.2018.01496.1

Santoso, P, Purwanto, A., & Asbari, M.(2019). Influence of Implementation Chain of Custody Forest Management System FSC-STD-40-004 V3-0 to Business Performance of Paper Industriesia in Banten Indonesia, International Journal of Management and Humanities (IJMH), 4(4), 32-36. DOI: https://doi.org/10.35940/ijmh.C0442D0482.124419

Scott, S. G., & Bruce, R. A. Determinants of Innovative Behavior: A Path Model of Individual in the Workplace. *Academy of Management Journal.* 1994; *37*(3): 580–607. https://doi.org/10.5465/256701

Sethibe, T. and Steyn, R. The Mediating Effect of Company Climate on the Relationship between Leadership Styles and Their Components on Innovative Behaviour. Journal of Entrepreneurship and Innovation in Emerging Economies. 2018; 4(1): 22–32. https://doi.org/10.1177/2393957517747313

Sethibe, T.G. Towards a Comprehensive Model on the Relationship between Leadership Styles, Organisational Climate, Innovation and Organisational Performance. *International Journal of Innovation Management*. 2018; 22(02): 1850021 1-19. https://doi.org/10.1142/S1363919618500214

Sugiono. Pengaruh Persepsi Guru tentang Kepemimpinan Kepala Sekolah dan Iklim Organisasi terhadap Kreativitas Guru Kelas Sekolah Dasar Se-Kecamatan Pasir Sakti Lampung Timur. *Jurnal Lentera Pendidikan Pusat Penelitian LPPM UM METRO.* 2018; *3(2)*: 182-195. http://dx.doi.org/10.24127/jlpp.v3i2.842

Sugiyono. Metode Penelitian Kuantitatif dan Kualitatif. Bandung: Alfabeta. 2014.

Suifan, T.S., Abdallah, A.B. and Al Janini, M. The Impact of Transformational Leadership on Employees' Creativity: The Mediating Role of Perceived Company Support. *Management Research Review.* 2018; 41(1): 113-132. https://doi.org/10.1108/MRR-02-2017-0032

Sunardi, S., Sunaryo, W. & Laihad, G.H. Peningkatan Keinovatifan Melalui Pengembangan Kepemimpinan Transformasional dan Efikasi Diri. *Jurnal Manajemen Pendidikan.* 2019; *7(1):* 740-747. doi: 10.33751/jmp.v7i1.959

Tse, H.H., To, M.L. and Chiu, W.C. When and Why Does Transformational Leadership Influence Employee Creativity? The Roles of Personal Control and Creative Personality. *Human Resource Management*. 2017: 1-13. https://doi.org/10.1002/hrm.21855

Waheed *et al*. How New HRM Practices, Company Innovation, and Innovative Climate Affect the Innovation Performance in the IT Industry: A Moderated-Mediation Analysis. *Sustainability*. 2019; 11(621). https://doi.org/10.3390/su11030621.

Wardhani, D.T. & Gulo, Y. Pengaruh Iklim Organisasi, Kepemimpinan Transformasional dan Self Efficacy Terhadap Perilaku Kerja Inovatif. *Jurnal Bisnis dan Akuntansi.* 2017; *19-1a(3):* 212-217. https://doi.org/10.34208/jba.v19i1a-3.287

Wijayanti, I.A.D. & Suparta, I.W.G. Pengaruh Kepemimpinan Transformasional terhadap Kreativitas Karyawan Dimediasi Efikasi Diri Kreatif pada PT. Aura Bali Craft. *E-Jurnal Manajemen Unud.* 2019; *8(3):* 1230-1254. https://doi.org/10.24843/EJMUNUD.2019.v08.i03.p03.

Zuraik, A and Kelly, L. The Role of CEO Transformational Leadership and Innovation Climate in Exploration and Exploitation. *European Journal of Innovation Management.* 2019; 22(1): 84-104. https://doi.org/10.1108/EJIM-10-2017-0142

+++++++++++++++++++++++++++++

THE INFLUENCE OF COMPETENCE, DISCIPLINE AND WORK STRESS ON EMPLOYEE PERFORMANCE IN PT ARTHA CENTRA BANGUN PERKASA MEDAN

Hendry, Angelyn, Harsandi, Hunianti Hutanico, Jeffry, & Chandra Delano

Prima Indonesia University

Abstract

The purpose of this study was to analyze the decline in employee performance at PT Artha Centra Bangun Perkasa. HR plays an important role in achieving the goals of the organization or company. Therefore HR is required to be professional, and efficient in facing challenges and opportunities. In this case, the organization or company must pay attention to the competence and discipline of each employee. Competence shows the expertise possessed to carry out the task, and competency coupled with discipline will show a sense of responsibility. Apart from these two things, work stress also affects the decline in a person's performance because it causes physical and psychological disorders. The total population of 35 people and 30 people from companies engaged in the same industry for the validity test. The method used is quantitative with quantitative descriptive research, using interviews, questionnaires and study documentation. Multiple linear regression, coefficient of determination and simultaneous testing to be used in the analysis method. The results of the study have shown that competency, discipline and work stress simultaneously and partially have a positive effect on employee performance.

Keywords: Competence, Discipline, Work Stress, Performance.

1. Introduction

Every Human resources are the main elements in an organization that are planners and executors in every organization's activities. Because it is a vital point in strategic and strategic activities, the source of human funds is more important than the system, technology, procedures or sources of capital. Thus the passage of parts in the organization depends on human resources to manage the organization in order to achieve the goals set. High quality and capacity of human resources certainly produce good performance for the organization. Effective employee performance can be created with competence, discipline and work stress that is appropriate for each. Effective competence for education that is appropriate to the work they do. Not only that the discipline of work in the company can be done by several ways to provide clear penalties for violators and give gifts to companies that adhere to company regulations. In addition, work stress in the company can help with work methods that are appropriate to their abilities.

Through an initial interview with the leadership of PT Artha Centra Bangun Perkasa, the company discussed several issues in work competence, work discipline and work stress on the performance of employees that have been set in each division of the company. This is related to frequent mistakes - mistakes when doing some work and become undisciplined at work as a result many employees who resigned because of the problem. This problem arises because it concerns the company's attention to employee competencies and employee

292

competencies in improving employee performance and productivity. Based on the background of the debate that occurred in the company, the researchers conducted a study entitled "The Influence Of Competence, Discipline And Work Stress On Employee Performance In PT Artha Centra Bangun Perkasa Medan".

2. Literature Review

Work Competency

According to Priansa (2018) work competency is a capacity that exists in a person which is an ability or skill so that employees can be responsible for work. According to Wibowo (2016), explaining there are five types of competency characteristics: (1) Motives are actions that someone wants consistently. (2) Trait is information obtained from the consistency of physical and reaction-specific characteristics. (3) The concept of self is something that describes a person. (4) Knowledge is something that someone knows in a particular field. (5) Skill is an expertise that is owned by someone in carrying out their duties.

Work Discipline

According to Supomo (2018), discipline is a means used by companies to communicate with their employees so that they obey the rules and norms of the organization that have been set. According to Supomo (2018), indicators of discipline are: (1) Objectives and abilities, which can influence the discipline of the clergy. The goals to be achieved must be clear and ideally set and quite challenging for the ability of employees. (2) Exemplary leadership. A leader must be a role model in order to set an example for his employees. (3) Reward services. Repayments (salary and security) also affect employee discipline because they can provide employee satisfaction and loyalty to the organization. (4) Justice. Justice also supports the establishment of discipline. Because ego and human nature always feel important and always want to be treated equally. (5) Waskat. Waskat (inherent supervision) is the most effective direct action in bringing about discipline. (6) Penalty sanctions. Penalty sanctions have an important role in maintaining discipline. Because the heavier the penalties obtained by the employee will be more obedient to applicable regulations so that violations committed by employees will be reduced. (7) Leadership firmness. Leadership assertiveness is an action taken for employees who commit violations in order to realize the company's discipline. (8) Human relations. Discipline is the most important HR function and is a reference to measure / find out whether the other HR roles have been carried out as a whole.

Work Stress

According to Sunyoto (2016), work stress is a dynamic state of an employee which is shown in the conflict between obstacles, requests and opportunities for what he expects and the results have an uncertain and important impression. According to Sopiah (2018), the causes of work stress can be seen in three parts, namely: (1) Physical. The impact of stress on the physical is easily recognized. There are several diseases that can be considered that the person is experiencing stress such as heart disease, high blood pressure, headaches, sleep disorders, and others. (2) Psychic. As a result of stress on the psychological aspects can be known. Among them can be seen from the level of job satisfaction down, depression, fatigue, depressed and not excited. (3) Behavior. The impact of stress can be known through behavior, can be seen from low performance, increased work accident rates, wrong decision making, high work absenteeism and aggression in the workplace.

Employee Performance

According to Kasmir (2016), performance is the result obtained in completing work and given responsibilities within a certain time. According to Wibowo (2014), seven performance indicators include the following: (1) Objectives. Is a better condition to be achieved in the future. (2) Standard. Standards are a scale of whether the objectives expected can be achieved. Without standards, it cannot be known when a goal will be achieved. (3) Feedback. Feedback is a suggestion that can be used to assess performance progress, performance standards and objectives that have been achieved. (4) Tools or facilities. Tools or facilities are resources that can be used to help achieve goals smoothly. (5) Competence. Competence is the main requirement in

293

performance. Competence is a person's ability to carry out the tasks given to him well. (6) Motives. Motives are the basis or driving force for someone to do something. (7) Opportunities. Employees need to get the opportunity to show the work they have. There are two factors that contribute to the lack of opportunities for achievement, namely the availability of time and the ability to meet requirements.

Hypothesis Development

Theory of Effect of Competence on Employee Performance
    According to Sedarmayanti (2015), Competency (competency) is a special characteristic possessed by someone that can affect excellent performance. According to Wibowo (2016), competence is a special characteristic in every person associated with benchmarks that serve as a reference to superior or effective performance in a job or situation. According to Marwansyah (2016), competency-based HR management systems create structure and discipline to generate the best efforts of employees, and ultimately the best performance for organizations. This system also includes a transition from the traditional way of managing HR based on what a person has (qualifications) to what someone can do (performance).

Theories of the Effect of Discipline on the Performance of Riches
    According Sinambela (2016), discipline is a way taken to deal with performance problems that involve the company in solving these problems. According to Hasibuan (2016: 193), discipline is the most important thing to achieve high performance. According to Fahmi (2017), disciplinary action to solve problems carried out with the lowest level of coercion and pressure in accordance with what is needed.

Theory of Effect of Stress on Employee Performance
    According to Sunyoto (2013), stress felt by employees due to the environment they face will affect their performance and job satisfaction. So the management needs to improve the quality of the environment for employees. Thus the stress experienced by employees will decrease. According to Fahmi (2016), one of the effects of stress due to a decrease in work performance in an organization. According to Hamali (2018), workplace stress has been proven to be detrimental to the health and well-being of employees, as well as negatively affecting work performance and profits at work.

Framework Thinking and Hypotheses

Figure 2.1 Research Model
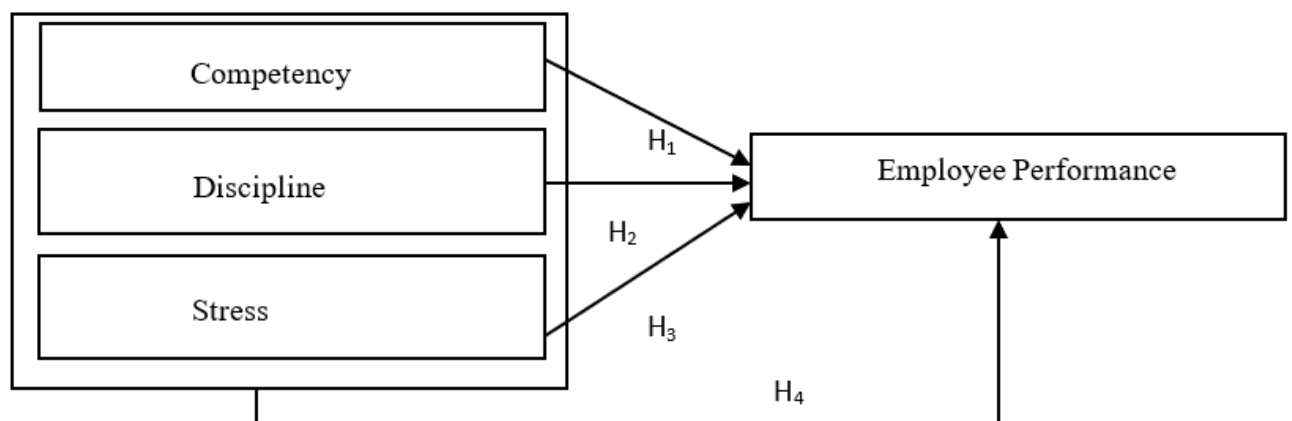*Source: Study Literature (authors, 2019).*

    The hypothesis can be interpreted as a temporary answer to the problem posed, and the answer will still be empirically tested for its truth. Based on the problem formulation that has been explained, the hypothesis is a temporary conclusion on how the influence of two independent variables on one dependent variable. The hypotheses in this study are:

- H1: Competence has a significant influence on employee performance at PT Artha Centra Bangun Perkasa.
- H2: Discipline has a significant influence on employee performance at PT Artha Centra Bangun Perkasa.
- H3: Job stress has a significant effect on employee performance at PT Artha Centra Bangun Perkasa.
- H4: Competence, discipline and work stress have a significant influence on employee performance at PT Artha Centra Bangun Perkasa)

3. Methods

This research was conducted at PT Artha Centra Bangun Perkasa Medan on the road Sumarsono 55 - 56 Komplek Graha Metropolitan. The time of the study began from April 2019 to January 2020. The approach in this research is a quantitative research method. According to Sugiyono (2017), quantitative research methods can be interpreted as research methods based on positivism ideology, used to examine populations or specific samples, sampling techniques are generally carried out randomly, so that data collection can use research tools, data analysis is quantitative / statistics with the aim to test the hypothesis that has been set. Descriptive and quantitative research methods to be used by researchers. According to Sugiyino (2012), "descriptive statistics that serve to provide an overview of the object under study or sample education, without analyzing and making inferences that apply". While quantitative statistics, according to Sugiyono (2012), "constitute data that is framed (scoring)". "Explanatory research is research that aims to examine the causality between variables that describe a particular phenomenon".

According to Sugiyono (2017), "the population is an area of generalization consisting of: objects / subjects that have certain qualities and characteristics determined by researchers to be studied and then conclusions drawn". The population in this study were permanent employees at PT Artha Centra Bangun Perkasa with a total of 35 employees. According to Sugiyono (2017), the sample is part of the number of characteristics possessed by the population. The sampling technique of this study used saturated sampling. According to Sugiyono (2017), "saturation sampling is a sampling technique if all members of the population are used as samples". The number of samples used was 35 permanent employees of PT Artha Centra Bangun Perkasa while 30 respondents were used for validity and reliability tests taken from the PT Teguh Mandiri company located at Jalan Sekip.

To carry out this research, the collection of data related to the problem in question is carried out by: (1) Interview (interview). According to Sugiyono (2017), "the interview is used as a stage in data collection if the researcher wants to conduct a preliminary study in order to find problems that must be examined and also if the researcher wants to know the things of his respondents are few / small. (2) Questionnaire (Questionnaire). According to Sugiyono (2017), "the questionnaire is a data collection technique that is done by giving a number of questions or written statements to respondents to be answered". (3) Documentation. According to Sugiyono (2017), documents are a number of data that have been obtained in various forms of media such as newspapers, photos and other media. According to Algifari (2015), there are many ways that can be used to collect data, for example researchers directly come to an agency that will be examined, through a questionnaire (questionnaire), or from a report issued by an agency. If the data received directly from the agency that will be examined, whether directly coming to the object, or through a questionnaire (questionnaire), then the data is called primary data. While the data obtained from reports from an organization, the data is called secondary data.

Identification and Operational Personnel of Research Variables

Table 3.1 Operationalization Variables

Variable	Definition	Indicators	Scale
Competency (X_1)	According to Marwansyah (2016), competency-based HR management systems create structure and discipline to generate the best efforts of employees, and ultimately the best performance for organizations. This system also includes a transition from the traditional way of managing HR based on	1. Nature 2. Self Concept 3. Knowledge 4. Skills Source: Wibowo (2016)	Likert Scale

	what a person has (qualifications) to what someone can do (performance). Source: Marwansyah (2016)		
Discipline (X₂)	According to Fahmi (2017), disciplinary action to solve problems carried out with the lowest level of coercion and pressure in accordance with what is needed. Source: Fahmi (2017)	1. Tean and Leader 2. Justice 3. Beware 4. Penalty Sanctions Source: Supomo (2018)	Likert Scale
Stress (X₃)	According to Sunyoto (2013), stress felt by employees due to the environment they face will affect their performance and job satisfaction. So the management needs to improve the quality of the environment for employees. Thus the stress experienced by employees will decrease. Source: Sunyoto (2016)	1. Physical 2. Psychic 3. Behavior Source: Sopiah (2018)	Likert Scale
Performance (Y)	According to Kasmir (2016), performance is the result obtained in completing work and responsibilities given within a certain time. Source: Kasmir (2016)	1. Purpose 2. Standards 3. Feedback 4. Tools or Facilities 5. Opportunities Source: Wibowo (2014)	Likert Scale

Source: Researcher Data (2019).

Referring to the objectives and research hypotheses, the research model used is multiple linear regression analysis. According to Siregar (2014), "multiple regression is the development of simple linear regression, which are tools that can be used to predict future demand, based on past data or to understand the effect of one or more independent variables on one variable that is not free (dependent) ". The formula = Y = a + b1X1 + b2X2 - b3X3 + e. Information. Y = Employee Performance, X1 = Work Competence, X2 = Work Discipline, X3 = Job Stress, a = Constant, b1,2,3 = regression coefficient, e = Error (5%).

Coefficient of Determination

According to Algifari (2015), "the coefficient of determination can be used as a guide to find out how far the independent variable can explain the dependent variable. The magnitude of the coefficient of determination is the square of the correlation coefficient. Lack of use of the coefficient of determination is bais for the number of independent variables entered into the model. Each additional one independent variable, the coefficient of determination must increase even though the variable significantly influences the adjusted R2 variable when evaluating which regression model is best, unlike R2, the adjusted R2 value can go up and down if when the independent variable is added to the model.

Simultaneous Hypothesis Testing (F-Test)

According to Sunyoto (2012) "F test is used to determine the effect of the independent variables on the dependent variable together. In this study Fcount was compared with Ftable with a significant (a) = 5%, the F test test criteria ie:
H0 is accepted if Fcount ≤ Ftable, a significant level a = 5%
Ha is accepted if Fcount> Ftable, a significant level of a = 5%

Partial Hypothesis Testing (t-Test)

According to Sunyoto (2012) t test is used to determine the meaningful (significant) relationship or influence between independent variables partially on the dependent variable. In this study the value of tcount will be compared with the value of ttable, with the criteria for decision making is.
H0 is accepted if the table ≤ t count ≤ t table (with a significant level α = 5%).

296

Ha is accepted if tcount <ttable or tcount> ttable (with a significant level α = 5%).

4. Results and Discussion

Company Overview PT Artha Centra Bangun Perkasa

PT Artha Centra Bangun Perkasa is a building material company located in Medan. Bediri since 2005 PT Artha Centra Bangun Perkasa was established and is located at the Captains of Sumarsono 55-56 Graha Metropolitan Complex. PT Artha Centra Bangun Perkasa carries good quality in order to be able to provide consumer expectations according to existing policies. The products that are sold by companies are various types, quality and price. The company's vision is a distributor of building materials with good quality and services so that customer satisfaction can be achieved. The company's goal is to apply good service to satisfy consumers and to pay attention to product quality on a regular basis in order to produce good products.

Characteristics of Respondents

The percentage of employees viewed from age, sex and recent education, which can be seen in the following table:

Table 4.1 Characteristics of Respondents by Gender

Age	Total Employees	Percentage
20-30	17	48.57%
30-40	15	42.86%
> 41	3	8.57%
Total	**35**	**100%**

Source: Researcher Data, 2019.

Table 4.1 respondents who have ages 20-30 years are 17 people (48.57%), respondents who have 30-40 years old are 15 people (42.86%), and respondents who have age over 41 years are 3 people (8.57%). Judging from the results above, the majority of respondents were 20-30 years old. Based on the table the majority of respondents are at the age of 20-30 years, because it is easier when making changes to the office work system and lifting materials to be sold to consumers.

Table 4.2 Characteristics of Respondents Based on Recent Education

Gender	Total Employees	Percentage
Woman	13	37,14%
Man	22	62,86%
Total	**35**	**100%**

Source: Researcher Data, 2019.

Table 4.2 20 people (57.14%) have high school education, 3 people (8.57%) D-3 education level and 12 people (34.29%) S1 education level. Based on the results that the majority of respondents have a high school education level.

Table 4.3 Characteristics of Respondents Based on Recent Education

Length of work	Total Employees	Percentage
<1	12	34,29%
1-3	21	60,00%
>3	2	5,71%
Total	**35**	**100%**

Source: Researcher Data, 2019.

Table 4.3 respondents as many as 12 people (34.29%) who have worked no longer than 1 year, amounting to 21 people (60.00%) who have a service life of 1-3 years and by 2 people (5.71%) who have long years of work above 4 years. The majority of respondents in this study are employees who have 1-3 years of service.

Descriptive Statistics

The following are descriptive statistics of the respondents' minimum, maximum and average answers, namely:

Table 4.4 Descriptive Statistics

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Competency	335	15	37	23.77	5.776
Discipline	335	11	33	20.40	4.394
Stress	335	13	29	17.97	3.706
Performance	335	15	33	24.23	3.964
Valid N (listwise)	**335**				

Source: Output SPSS (2019).

Table 4.4 based on the above table, the competency variable can be sampled by 35 respondents with an average of 23.77, a minimum of 15 while a maximum of 37 and a standard deviation of 5.776. The discipline variable can be sampled 35 respondents with an average of 20.40, a minimum of 11 while a maximum of 33 and a standard deviation of 4.394. The stress variable can be sampled 35 respondents with an average of 17.97, a minimum of 15 \ 3 while a maximum of 29 and a standard deviation of 3.706. Performance variables can be sampled 35 respondents with an average of 24.23, a minimum of 15 while a maximum of 33 and a standard deviation of 3.964.

Normality Test

The normality data is seen in the histogram graph and the normal probability plot. The following are the results of the normality test for the histogram chart and the normal probability plot.
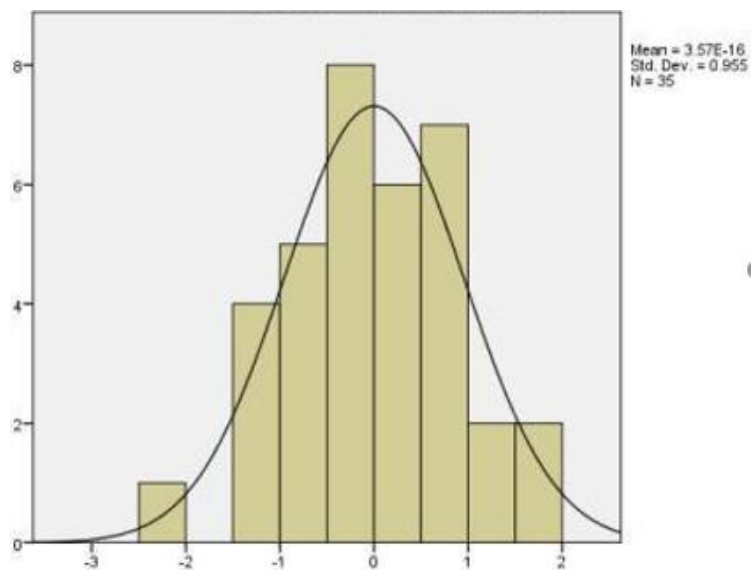
Figure 4.1 Histogram Graph Normality Test

Source: Output SPSS (2019).

Real data in the form of curves tend to be symmetrical (U) and spread, this shows the normal distribution, the regression model meets the assumption of normality.

Table 4.5 One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		35
Normal Parameters[a,b]	Mean	0E-7
	Std. Deviation	2.54201683
Most Extreme Differences	Absolute	.080
	Positive	.053
	Negative	-.080
Kolmogorov-Smirnov Z		.471
Asymp. Sig. (2-tailed)		.979

Source: Output SPSS (2019).

Multicollinearity Test

Table 4.6 Multicollinearity Test

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Competency	.854	1.171
Discipline	.847	1.181
Stress	.936	1.069

Source: Output SPSS (2019).

It can be seen the tolerance value of the independent competency variable is 0.854> 0.10, discipline 0.847> 1.10 and stress 0.936> 0.10. VIF value of competency independent variable 1,171 <10, discipline 1,181 <10 and stress 1,069 <10. Multicollinearity test does not arise correlation between independent variables.

Heteroscedasticity Test

Table 4.7 Glejser Test

Model	Sig
(Constant)	.117
Competency	.153
Discipline	.428
Stress	.516

Source: Output SPSS (2019).

Significant value of competence 0.153> 0.05, discipline 0.428> 0.05 and stress 0.516> 0.05, it was concluded that there was no heteroscedasticity.

Hypothesis Determination Coefficient

The coefficient of determination is intended to find out how much the model's ability to explain the dependent variable by looking at the Adjusted R Square number.

Table 4.8 Determination Coefficient Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,767[a]	,589	,549	2,662

Source: Output SPSS (2019).

The results of the coefficient of determination test can be seen as much as 0.549 which explains 54.9% of the dependent variable variations in employee performance which can be explained by variations in the independent variables of competence, discipline and work stress and the remaining 45.1% (100% -54.9%) explained by Other variables not examined in this study.

Simultaneous Hypothesis Testing (Test F)

The use of the F test is to show whether there is a simultaneous influence between the independent variables on the dependent variable.

Table 4.9 Anova

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	314,469	3	104,823	14,790	,000
	Residual	219,703	31	7,087		
	Total	534,171	34			

Source: Output SPSS (2019).

The value of F table at the significance level of 0.05 is 2.91, thus the SPSS calculation results are Fcount (14.790)> F table (2.91) and the probability of significance is 0.000 <0.05, meaning Ha is accepted and Ho is rejected, that is simultaneously competency, discipline and stress have a significant effect on employee performance at PT Artha Centra Bangun Perkasa.

Partial Hypothesis Testing (t Test)

Table 4.10 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.259	3.831		5.027	.000
	Competency	.223	.086	.326	2.612	.014
	Discipline	.339	.113	.376	3.000	.005
	Stress	-.404	.127	-.377	-3.169	.003

Source: Output SPSS (2019).

The value of the table for probability 0.05 at free degrees (df) = 35-4 = 31 is 2.04. T test results can be explained as follows:
1. Tcount competency test 2,612 | > ttable | 2.04 | and significant 0.014 <0.05
2. Discipline t test | 3,000 | > ttable | 2.04 | and significant 0.005 <0.05
3. Stress test stress | -3,169 | > ttable | -2.04 | and significant 0.003 <0.05
third of the X variables above significantly influence employee performance in the company PT Artha Centra Bangun Perkasa

$$Y = 19{,}259 + 0{,}223X_1 + 0{,}339X_2 - 0{,}404X_3$$

The purpose of the multiple linear regression equation is:

1. A constant of 19.259 explains that if there is no competency or constant, then employee performance is 19.259.
2. Competency regression coefficient of 0.223 and a positive value, meaning that every 1 unit increase in competence will increase employee performance by 0.223 units with the assumption that other variables are fixed.
3. Discipline regression coefficient of 0.339 and positive value, meaning that every 1 unit increase in discipline will cause an increase in employee performance of 0.339 units with the assumption that other variables are fixed.
4. Stress regression coefficient of -0.404 and negative value, this states that every 1 unit increase in stress will cause a decrease in employee performance by -0.404 units with the assumption that other variables remain.

Discussion

Effect of Competence on Employee Performance

Based on the assessment conducted by researchers there is the effect of competence on performance which has a calculated value of tcount> ttable (|2,612|> |2,04|) with a significant value of 0.014 <0.05, then H0 is rejected and Ha is accepted, so it says competence has an effect on performance at PT Artha Centra Bangun Perkasa. According to Sedarmayanti (2015), Competency (competency) is a special characteristic possessed by someone that can affect excellent performance. Competence has an important role on the performance of employees at PT Artha Centra Bangun Perkasa. Inappropriate employee placement causes the employee to be unable to understand the work given, so the employee feels that the work given is too difficult and not easy to complete. This greatly affects the decline in employee performance. Therefore, PT Artha Centra Bangun Perkasa to pay attention to the appropriate work placement to employees in accordance with the capabilities of employees and educational background which also greatly helps a company to see how far the performance of its employees and makes it easier for companies to position or position in accordance with the abilities of each individual.

Effect of Discipline on Employee Performance

This study shows that there is a discipline's influence on performance. In the disciplinary variable has a calculated value> t table (| -3,169 |> | -2.04 |) with a significant value of 0.005 <0.05, H0 is rejected and Ha is accepted, it can be concluded that the discipline variable (X2) influences performance (Y) at PT Artha Centra Bangun Perkasa. According Sinambela (2016), discipline is a way taken to deal with performance problems that involve the company in solving these problems. Work discipline also affects the decline in the performance of the employees of PT Artha Centra Bangun Perkasa. At PT Artha Centra Bangun Perkasa, employees have low discipline in working as well as behaving within the company. This can be seen from the high level of absenteeism, an increase in the number of employees experiencing delays and adjustments to work or tasks owned by employees not completed with the deadline given by the company before. Some of these things cause a lot of employee work that is often delayed so it is too late to be completed.

Effect of Stress on Employee Performance

Based on the results of the study explained that the influence of work stress on performance. In the disciplinary variable has a calculated value> t table (| -3,169 |> | -2.04 |) with a significant value of 0.003 <0.05 then H0 is rejected and Ha is accepted so it can be concluded that stress (X3) affects the performance (Y) on PT Artha Centra Bangun Perkasa. The results of this study agree that according to Sunyoto (2013), the stress felt by employees due to the environment they face will affect their performance and job satisfaction. So the management needs to improve the quality of the environment for employees. Thus the stress experienced by employees will decrease. The solution to solving this problem is not to put heavy pressure on employees so that it does not cause stress. To reduce work stress that occurs in the company employees can share direction to their employees to be able to work faster, adding new employees is needed, the goal is so that employees do not get tired and work too much.

5. **Conclusion**

The conclusions from the results of this study are as follows, the partial calculation results obtained tcount> ttable or 2.612> ttable> 2.04 and 0.014 significant <0.05 means that competency partially has a positive and significant effect on employee performance at PT Artha Centra Bangun Perkasa. The calculation results are partially obtained value of t> t table or | 3,000 | > ttable | 2.04 | and a significance of 0.005 <0.05 means that Ha is accepted and Ho is rejected, that is, partially discipline has a positive and significant effect on employee performance at PT Artha Centra Bangun Perkasa. The calculation results are partially obtained t count> t table or | -3,169 | > ttable | 2.04 | and a significance of 0.003 <0.05 means that Ha is accepted and Ho is rejected, that is, partially, stress has a negative and significant effect on employee performance at PT Artha Centra Bangun Perkasa. The results of the study were simultaneously obtained F count (14.790)> F table (2.91) and a significance probability of 0.000 <0.05, meaning that Ha was accepted and Ho was rejected, that is simultaneously competency and discipline had a positive and significant effect on employee performance, while stress has a negative and significant effect on employee performance at PT Artha Centra Bangun Perkasa. The magnitude of the coefficient of determination can be seen from the Adjusted R Square value of 0.549, this means that 54.9% of the dependent variable variations can be explained by the independent variables of competence, discipline and stress while the remaining 45.1% (100% - 54.9%) explained by other variables not examined in this study.

Suggestions that are useful for this research are as follows, for Prima Indonesia University It is recommended to be able to publish the results of this study so that it can be used as reference material for further research. For PT Artha Centra Bangun Perkasa Companies should improve competencies more so that employees know what tasks they are doing. Companies can improve employee discipline ,, as for employees who violate the rules that have been set there must be strict sanctions for those who violate. Companies can reduce work stress on employees by giving employees time to complete the work they do. For further researchers. Attempted to add other variables in conducting research..

References

Aligrafi, 2015. *Statistika Deskriptif Plus untuk Ekonomi dan Bismis*. Yogyakarta: Sekolah Tinggi Ilmu Manajemen YKPN.

Fahmi, Irham. 2017. *Manajemen Sumber Daya Manusia Teori dan Aplikasi.* Bandung: Penerbit Alfabeta

----------. 2016. *Perilaku Organisasi Teori, Aplikasi, dan Kasus.* Bandung: Penerbit Afabeta

Kasmir, 2016, *Manajmen Sumber Daya Manusia (Teori dan Praktik)*. Jakarta: PT Raja Grofindo Persada.

Panjaitan, Binsar dan Kesyar Panjaitan. 2012. *Operasional Prosedur Penelitian*. Medan: Poda.

Priana, Donni J. 2018. *Perencanaan & Pengembangan SDM*. Bandung: Alfabeta.

Sedarmayanti. 2015. *Manajemen Sumber Daya Manusia Refromasi Birokrasi dan Manajemen Pegawai Negeri Sipil*. Bandung: Refika Aditama.

Sinambela, Lijan Poltak. 2016. *Manajemen Sumber Daya Manusia.* Jakarta: Bumi Aksara.

Siregar, Syofian. 2014. *Statistika Parametik untuk Penelitian Kuantitatif Dilengkapi dengan Perhitungan Manual dan Aplikasi SPSS Versi 17.* Jakarta: Bumi Aksara.

Sopiah, 2018. *Perilaku Organisasional.* Yogyakarta: Andi Offset.

Sugiyono. 2012. *Statistik Untuk Penelitian*. Bandung: Alfabeta.

----------. 2017. *Metode Penelitian Pendidikan (Pendekatan Kuantitatif, Kualitatif dan R&D)*. Bandung: Alfabeta.

Sunyoto, Danang, 2016. *Manajemen Sumber Daya Manusia.* Jakarta: PT. Buku Seru.

Supomo, R. dan Eti Nurhayati. 2018. *Manajemen Sumber Daya Manusia*. Bandung: Yrama Widya.

Surjaweni, Wiratna. 2014. *SPSS Untuk Penelitian*. Yogyakarta: Pustaka Baru Press.

Torang, Syamsir. 2016. *Organisasi dan Manajemen: Perilaku, Struktur, Budaya dan Perubahan Organisasi*. Bandung: Alfabeta.

Wibowo, 2016. *Edisi Keempat Manajemen Kinerja*. Jakarta : PT Raja Grafindo Persada.

---------. 2016. Manajemen Kinerja. Jakarta: PT Rajagrafindo Persada.

Zulganef. 2013. *Metode Penelitian Sosial dan Bisnis*. Yogyakarta: Graha Ilmu.

++++++++++++++++++++++++++++++

EFFECT OF TRANSFORMATIONAL AND TRANSACTIONAL LEADERSHIP STYLE ON PUBLIC HEALTH CENTRE PERFORMANCE

Agus Purwanto, Innocentius Bernarto, Masduki Asbari, Laksmi Mayesti Wijayanti, Choi Chi Hyun

Pelita Harapan University

Abstract

This study aims to analyze the effect of transformational and transactional leadership styles on the performance of Health Center or Puskesmas in Pati, Central Java. The research respondents were employees and staff at the Puskesmas 120people and the method of data collection was by giving an electronic questionnaire to respondents who were distributed randomly in December 2019. This research analysis tool uses SEM (Structural Equation Model) LISREL program version 8.70. Based on the data analysis shows that the transformational leadership style has a positive and strongly significant effect on the performance of puskesmas employees and the transactional leadership style also has a strongly significant and positive effect on puskesmas employee performance. The research suggestion is the leadership style of the Puskesmas head should use transactional and transformational style such as instruction, consultation, participation and delegation with the performance of Puskesmas staff such as attendance, cooperation, quality of work, attitudes, and knowledge about work to solve everyday problems. Puskesmas leaders must adopt a more flexible leadership style in accordance with the existing situation for better performance of Puskesmas staff.

Keywords: Transformational, Transactional, Leadership Style, Work Performance.

1. Introduction

In Pati Central Java in 2017 had a population of 1,239,693 and had 29 Puskesmas and 7 hospitals. development Puskesmas organizations really need to pay attention human resources, organizational development, leadership, and career development an adequate number of Puskesmas in Pati should show quality health service performance. Appearance and quality of health services in accordance with existing standards, but for the region foreign tourism, quality health services. The program needs to be further improved promotion, prevention, treatment and recovery. By Therefore, it is necessary to improve management aspects human resources, referral services, support logistics, and operational costs that determine quality health services provided to the community. This increase is caused by awareness the community goes to the puskesmas for treatment faster and cheaper services. Several previous studies have some topic of the influence of leadership style on performance by Dwiantoro et al. (2018) concluded that the type of transactional leadership style has a significant positive effect on performance, the type of transactional leadership style has a significant influence on the impact of transformational performance. leadership on employee performance, and transactional leadership does not affect employee performance.

According Asbari et al. (2019) conducted a study and concluded that the influence of transformational leadership styles on performance. Transactional leadership style does not affect performance. According to Aqmarina et al (2014) conducted a study and concluded that the type of transformational leadership was

304

negative and did not significantly affect employee transactional leadership performance while there was no significant effect on employee performance.

According to Wahyuniardi et al (2015) the type of transformational leadership has a significant effect on job satisfaction, the type of transformational leadership has no significant effect on employee performance, organizational culture has no significant effect on employee performance, and job satisfaction is not significant. affect employee performance. To improve employee performance can be done by increasing job satisfaction if job satisfaction increases, employee performance will also increase. According to Birasnav et al. (2012) have also examined leadership and research results show that transformational leadership style and transactional styles have a strong and positive effect on organizational performance after controlling the impact of transactional leadership. Some of research conducted by Shih et al (2012), Tsai et al (2015), Qijun et al (2016) concludes that transactional and transformational leadership affect performance.

Health services provided for patients and the community includes health services in Puskesmas and in hospitals. Service health at the Puskesmas includes first-level outpatient care, inpatient care first level, normal delivery at the Puskesmas and its network, services emergency department, and transport services for referral for patients. While Hospital services include advanced outpatient, inpatient care advanced level, medicine and consumable services, medical support services, and action and operations services. Coverage of outpatient health care services in 2018 amounted to 964,957 lives (77.8%), down compared to 2017 by (100%), in 2016 in the amount of 953,296 people (76.9%), in 2015 (98.8%), in 2014 amount 1,121,998 people (92.9%). Outpatient coverage is the coverage of new outpatient visits at public and private health service facilities in one work area at certain times. The scope of this outpatient visit includes outpatient visits at the health center, outpatient visits at the hospital, and outpatient visits in other health service facilities. Scope outpatient visits in Pati Regency in 2018 amounted to 77.8% down compared to 2017 by 100%, in 2016 by 76.9%, in 2015 amounted to 98.8%, in 2014 it was 92.9%, in 2013 it was 104.41%. The objective of this research is to analyze the effect of transformational leadership and transactional leadership influence style on work performance of Public Health Center.

2. Literature Review

Transformational Leadership Style

According to Yukl (2010) found that the Transformational leadership style expressed the moral values of followers in their efforts to raise their awareness about ethical issues and to mobilize their energy and resources to reform institutions. According to Bass (1996) that transformational leadership is defined as a leader who has the power to influence his subordinates in a certain way, transformational leadership is defined as a leader who strengthens mutual cooperation and team learning with his subordinates. Meanwhile, according to O'Leary (2001) transformational leadership is the leadership style used by a manager if he wants a group to expand its authority and have performance outside the status quo or achieve an entirely new set of organizational goals. Transformational leaders can successfully change the status quo in their organizations by practicing appropriate behavior at each stage of the transformation process. According to Bass (1985) states that transformational leadership is leadership that goes beyond exchange or appreciation only for the performance shown by followers but is based more on trust and commitment (Jung and Avolio, 1999). Transformational leaders pay attention to the development needs of each follower and problem by helping them see old problems in new ways, and they are able to motivate, nurture, awaken, awaken, and inspire followers to make extra efforts to achieve group goals. This transformational leadership is truly called true leadership because it really works towards the goals that direct the organization to goals that have never been achieved before (Locke 1997) With transformational leadership, subordinates will feel trusted, valued and subordinates will appreciate their leaders more.

According to Bass (1990) explains about the dimensions of transformational leadership, such as Charisma is the ability of leaders to arouse pride, trust and respect for their subordinates and able to effectively communicate the mission and vision of the organization they lead. the extent to which leaders communicate interesting visions, use symbols to focus the efforts of subordinates and express important goals in a simple way '. Intellectual stimulation, is the behavior of leaders who encourage their subordinates to always innovate and be creative in solving the problems they face, offering new ideas to stimulate their subordinates to rethink old ways of getting work done and to influence subordinates to see problems from a new perspective. Individual

consideration, is the behavior of leaders who are always concerned with the development of the abilities of their subordinates, treat subordinates as individuals, to understand the desires of subordinates and function as advisors.

Transactional Leadership Style

The definition of transactional leadership is inseparable from (Burn et al,1978), namely leadership which deals with motivating followers by calling on their personal interests (Yukl et al, 2010). Transactional leadership style can involve values, but those values are relevant to exchange processes such as honesty, responsibility, and reciprocity. According to Bas et al, (1998) suggests that the relationship of transactional leaders with their subordinates is reflected in three things, The leader knows what the subordinates want and will explain what the subordinates will get if the work is in line with expectations. The leader exchanges the efforts made by subordinates in return. Leaders are responsive to the personal interests of subordinates as long as those interests are proportional to the value of the work done by subordinates. Bass et al, (1985) also argues that the characteristics of transactional leadership consist of two aspects, contingent rewards is the leader informs his subordinates about what their subordinates must do if they want to get certain rewards and guarantees that the subordinates will get what they want in lieu of the effort done. Exception management is the leader trying to maintain the achievements and workings of his subordinates, if there is a mistake the leader immediately acts to improve it.

Work Performance

Basri et al. (2016) the definition of performance is the result or level of success of a person or overall during a certain period in carrying out his duties compared with various possibilities, such as work results, targets or targets or criteria that have been determined in advance and agreed upon. Fahmi et al (2012) states that performance is the result obtained by organizations both those organizations that are profit oriented and nonprofit oriented that are generated during a particular period. Sedarmayanti et al (2018) suggests the following performance indicators, Work quality (quality of work) is the quality of work achieved based on the conditions of suitability and high readiness which in turn will give birth to appreciation and progress and organizational development through systematic improvement of knowledge and skills in accordance with the demands of rapidly developing science and technology, Timing (promptness), which is related to the suitability of work completion or not with the planned target time. Initiative (initiative) that is having self-awareness to do something in carrying out tasks and responsibilities. Subordinates or employees can carry out tasks without having to rely continuously on superiors. Capability (capability) that is among several factors that affect a person's performance, it turns out that which can be intervened or treated through education and training is an ability factor that can be developed Communication (communication), is the interaction carried out by the limitation to subordinates to express suggestions and opinions in solving problems encountered. Communication will lead to better cooperation and relationships that will be more harmonious between employees and superiors, which can also lead to a sense of unity in harmony

3. **Methods**

Research Design and Hypothesis

Based on the results of previous research studies the conceptual framework of this research model is as follows:
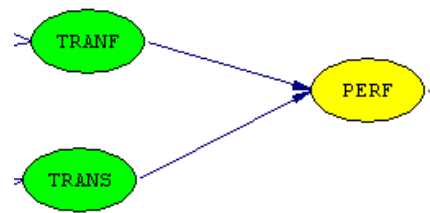
Figure 3.1 Conceptual Framework of Research

Source: Internal data that has been processed

Based on the conceptual framework of the research model above, the following hypothesis is determined:
H1: There is a positive and significant influence between transformational leadership style (X1) on the performance of Puskesmas employees (Y). H2: There is a positive and significant influence between the transactional leadership style (X2) on the performance of Puskesmas employees. (Y) For hypothesis 1, the independent variable is a type of transformational leadership style (X1), while the dependent variable (the dependent variable) is the work performance of Pusksmas (Y). For hypothesis 2, the independent variable is the transactional leadership style (X2) and the dependent variable is the work performance of the Puskesmas.

Method of Collecting Data

The data to be processed in this study are primary data from respondents. The primary data collection method uses a questionnaire with a Likert scale with a random system. The answer to each statement made five alternative answers and assessment for each answer given weight a). Never score: 1, b). Uncommon Score 2, c). Sometimes a score of 3, d). Often a score of 4 and e). Always 5.

The transformational leadership variable (X1) has the Charisma, Inspiration, Intellectual stimulation, and consideration indicators with five Individual statement items. Transactional leadership variables, including contingent reward factors, management of exclusion factors (management with exceptions (active and passive) and Laissez-Faire. Indicators of work performance variables include factors such as number of jobs, quality of work, efficiency, business employees, professional standards, accuracy and creativity with statement item 5. Respondents in this study were 120 Puskesmas staff.

Table 3.1 Profile of Respondents

Old	Qty People
20 - 29 Years	30
30 - 39 Years	55
40 - 49 Years	35
Gender	
1. Male	90
2. Female	30
Education	
1. DIII	27
2. S1	90
3. S2	3
Employee Status	
1. PNS	80
2. Honorer	40

Tenur (Month)	
≤ 5 Years	96
> 5 Years	24

Source: Internal data that has been processed

Technical Analysis Data

Analysis of the data in this study uses a linear Structural Equation Modeling (LISREL) software that can be tested with the relationship between latent variables and their indicators. The value of construct validity and reliability of each indicator in this study can be done by using the Confirmatory Factor Analysis (CFA) value. Validity and reliability testing will be performed using confirmatory factor value analysis to obtain valid and reliable data. Analysis in this way is the second order confirmatory factor (2nd Order CFA) is a measurement model consisting of two levels.

4. Results and Discussion

According to Williams and Gavin (2012) have done research using LISREL 8.71 software and the initial stage of analysis that we made is the usual research model or referred to as a path diagram, then connecting between independent and dependent variables. Furthermore, the data obtained from the questionnaire collection is added to the file or Excel or SPSS LISREL. The method for data analysis can be done using Structural Equation Model (SEM) is a Linear Structural Model (LISREL) software version 8.71 from Joreskog and Sorbom (2008) through CFA Order 2 criteria for loading factor values (> 0.5) and for values of t (> 1.96) are shown as shown below:
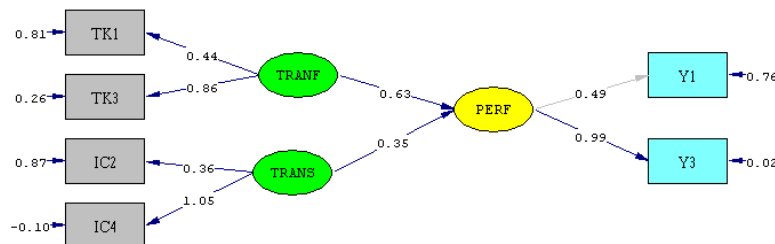

Figure 4.1 Value loading factor of CFA order

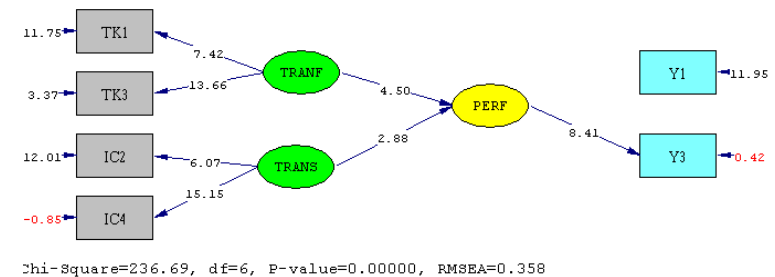*Source: Internal data that has been processed*

Figure 4.2 Value t of order CFA

Source: Internal data that has been processed

Based on Figure 4.1 and Figure 4.2 it can be concluded that there are some positive error variance values because there are no negative error variance values. If there is a negative error variance, then the variables observed in the equation will be removed from the model. The initial step of the analysis is carried out on the latent construct aspects of the indicator. Based on the above analysis shows that the value of all loading factors is above 0.5 (> 0.5) and all t-values required to test the significance of the value of the loading factor are greater than 1.96 (> 1.96). This means that the whole item is valid and significant. A summary of the results of the analysis above can be seen in the following table:

Table 4.1 Analysis of the 2nd Order CFA Construct Validity (Aspect-Indicator)

Variable	Item	Loading factor	*T-Value*	Information
Transformational Leadership (X1)	X11	0.44	7.42	Sig
	X12	0.86	3.66	Sig
Transactional leadership (X2)	X21	0.36	6.07	Sig
	X22	1.05	15.15	Sig
Work Performance (Y)	Y1	0.49		
	Y2	0.99	8.41	Sig

Source: Internal data that has been processed

The second level of analysis is then carried out on latent construction to build its aspects. Based on the test results and analysis above shows that the value of loading factor obtained is entirely above 0.5 (> 0.5) and all values of t needed to test the significance level of the value received by loading factor is greater than 1.96 (> 1,96). A summary of the results of the analysis mentioned above can be shown in Table 4.2.

Table 4.2 Analysis of 2nd Order To Construct Validity CFA OCB (Latent Aspect)

Variable	Item	Loading factor	T-Value	Information
Transformational leadership	X1	0.63	4.50	Sig
Transactional leadership	X2	0.35	2.80	Sig

Source: Internal data that has been processed

The results of this analysis can be concluded that the two variables consist of transformational leadership and the transactional leadership style the results are concluded valid and significant. The results of this validity are also strengthened by the Chi-Square (r) value which produces a value of 236.69. Based on the CR construct reliability calculation formula, the value is 0.78 and the value is 0.69 and it can be concluded VE that the variable has good reliability. According to Hair (2010) states that the construct value has good reliability if the value of Construct Reliability (CR) ≥ 0.07 and the variance extracted value (VE) ≥ 0.40.

Table 4.3 Results of 2nd Order Analysis Reliability

Variable	Item	Loading Factor	*Error*	CR	VE
Transformational leadership (X1)	X11	0.44	0.19		
	X12	0.86	0.09		
Transactional leadership (X2)	X21	0.36	0.21	0.78	0.69
	X22	1.05	0.16		
Work Performance (Y)	Y1	0.49	0.21		
	Y2	0.99	0.12		

Source: Internal data that has been processed

Based on the results of the analysis of the calculation of reliability and validity it can be concluded that the reliability of the measurement model is good. Testing the measurement model, it has been proven that the research meets the validity and reliability requirements of all stages of testing.

Goodness of Fit (GOF) Analysis

Based on result of testing the suitability of the model as a whole or overall model fit on the analysis of GOF statistical values generated by the Lisrel program is shown in Figure 2. For the suitability of the model (model fit) is quite good and for the model to meet the criteria of validity and reliability, as shown in table 4.4.

Table 4.4 Criteria Model Fit

Fit Index	Value	Value Standard	Information
Chi-Square	296.47	>0.5	Good
Index of Normed Fit (NFI)	0.92	>0.90	Good
Index of Non-Normed Fit (NNFI)	0.94	>0.90	Good
Index of Comparative Fit (CFI)	0.92	>0.90	Good
Index of Incremental Fit (IFI)	0.91	>0.90	Good
Index of Relative Fit (RFI)	0.92	>0.90	Good

Source: Internal data that has been processed

Based on the results of the above analysis, it can be seen that indexes fit to state that the model is fit. These results indicate that the variable is declared valid and reliable so that it can be concluded that the overall model is still a good match.

```
PERF = 0.35*TRANS + 0.63*TRANF, Errorvar.= 0.18  , R² = 0.82
       (0.12)        (0.14)                (0.071)
        2.88          4.50                  2.56
```

Based on the test results and data analysis above, it can be concluded that the transformational leadership style has a positive and significant effect on work performance with the statistical value of t obtained at 4.50> 1.96 with a non-standard coefficient of 0.63. For transactional leadership style is also a positive and significant effect on the performance of puskesmas employees with a statistical value of t obtained 2.88> 1.96 with non-standard coefficient at 0.35. The goodness of fit model produced is quite good with a chi-square value of 296.4. For the criteria for goodness of fit, the others have also fulfilled good requirements as needed.

Hypothesis Testing

H1: There are significant influence of transformational leadership style (X1) on the work performance of the Puskesmas (Y).

Based on the results of the above analysis it can be seen that the transformational leadership style is a positive and significant effect on work performance of with the value of t statistics obtained amounted to 4.50> 1.96 with its unstandardized coefficient at 0.63 .Some previous studies related to the influence of leadership style on performance namely Dwiantoro et al. (2017) examined that the transformational leadership style had a significant positive effect on performance, the transactional leadership style had a significant negative effect on performance. Iswatiningsih et al (2018) examined that there was no significant effect between transformational leadership on employee performance, there is a significant influence between transactional leadership on employee performance. Furthermore Ratnamiasih et al (2014) concluded that to improve the performance of transactional leadership employees had more roles than transformational leadership.

Research results from Rahim, Lengkong et al (2018) concluded that transformational leadership influences employee performance and transactional leadership does not affect employee performance. Hidayati (2014) examined that transformational leadership influences employee performance while transactional leadership has no effect on employee performance. Rosnani (2012) transactional leadership does not have a significant positive effect on performance Transformational leadership has a significant positive effect on job satisfaction. Eng Sun et al. (2018) concluded that transformational leadership style influences performance. Transactional leadership style has no effect on performance. Hamidah et al (2016) transformational leadership has a negative and not significant effect on employee performance and transactional leadership has no significant effect on employee performance. Purwanto et al (2019) state that transformational leadership affected work performance positive and significant. Asbari et al (2019) state that transformational leadership affected work performance positive and significant.

H2: There are significant influence of transactional leadership style (X1) on the work performance of the Puskesmas (Y).

For transactional leadership style is also a positive and significant effect on the work performance of the Puskesmas with the value of t statistics obtained for 2.88 > 1.96 with a coefficient unstandardized at 0.35. Prasad et al. (2016) transactional and transformational leadership behaviors influence significant and positively organizational innovation and organizations benefit more from transformational leadership. idealized leadership and transactional leadership in transformational leadership very important for organizational learning facilitating (Megheirkouni,2017). Megheirkouni et al. (2014) there are significant relationships between leadership styles and the skills approach, conceptual skills. Leadership styles also very important even though the effect between these styles and the skills approach, technical, human and conceptual skills, varied in the three levels of management. Baškarada (2017) identify four organizational factors (time orientation, performance, human capital, and risk appetite) and two environmental factors that are considered to have an effect on leader's choice of transformational and transactional styles. Ivey et al (2010) transformational leadership behaviors increased with rank and expected contingent reward and not for active management by exception leadership behaviors.

Masa'deh (2016) find that both transactional and transformational leadership styles have positive and significant impact on job performance and transactional leadership impacted knowledge sharing, transformational leadership did not impacted knowledge sharing. Crawford et al. (2005) transformational leadership predicted Knowledge management behaviors significantly for 19.5 percent of the variance. Organizational position was a significant predict of knowledge management with transformational leadership for 21.1 percent of the variance of knowledge management. Rao et al (2005) suggest that transformational leadership has significant positive impact on team performance and transactional leadership has significant negative effect on team performance. Erkutlu (2008), There are significant relations between leadership behaviors and both leadership and organizational effectiveness. Transformational leadership behaviors stimulate organizational commitment and job satisfaction in the hospitality industry. Hu et al. (2010) find there is positive and significant relationship between managers transformational leadership and job satisfaction. Taylor (2014) visionary leadership have significant and positive correlation to perceived organizational effectiveness and significant correlations between high leadership behaviors and perceived organizational effectiveness. Purwanto et al. (2019) state that transactional leadership affected work performance positive and significant. Asbari et al. (2019) state that transactional leadership affected work performance positive and significant.

5. Conclusion

Based on the results of the research analysis, it can be concluded that the transformational leadership style variable (X1) has a positive and significant influence on the performance of Puskesmas employees (Y) and the transactional leadership style variable (X2) also has a positive and significant influence on the Puskesmas work performance variable (Y). For this reason, Puskesmas leadership management must use transformational and transactional leadership styles because together they have a positive effect on the performance of Puskesmas employees. both. For this reason, leaders must pay attention to the leadership style

that will be used for subordinates because leadership style is the most influential factor in improving work performance. For further research, it will examine the influence of leadership style on the performance of puskesmas employees to add a number of other variables that are thought to influence performance, such as motivation, ability or competence of individuals and work culture. This study may have some limitations, the sample does not represent the target population, the number of samples used is inadequate. the object of this study is only at the health center. The software used for data analysis is Lisrel and many people are not familiar with this software. Data analysis in this study uses Structural Equation Model (SEM) and the results will be more valid if they also use Key Performance from work performance. The study study was only Puskesmas in Pati and the results of the questionnaire might not be the same when applied to other places. These suggestions should be a link between the leadership style of the Puskesmas head such as instruction, management, consultation, participation, training and development and delegation with the performance of the Puskesmas staff such as attendance, cooperation, quality of work, attitude, and knowledge and competence about work to solve daily problems. day. Puskesmas leaders must adopt a more flexible leadership style in accordance with the existing situation for better performance of Puskesmas staff.

References

Alavi,Seyyed Babak and Gill, Carol, (2016). Leading Change Authentically: How Authentic Leaders Influence Follower Responses to Complex Change. ournal of Leadership & Organizational Studies, Issue DOI: 10.1177/1548051816664681, pp. 1- 15.

Alonderiene, R. and Majauskaite, M. (2016), "Leadership style and job satisfaction in higher education institutions", International Journal of Educational Management, Vol. 30 No. 1, pp. 140-164. https://doi.org/10.1108/IJEM-08-2014-0106

Al-Musadieq, Muhammad, Nurjannah, Raharjo, Kusdi,Solimun and Fernandes, Adji Achmad Rinaldo, (2018). "The mediating effect of work motivation on the influence of job design and organizational. Journal of Management Development, 10(Emerald Publishing Limited). Anon., n.d. Beverly Alimo-Metcalfe and Robert J. Alban-Metcalfe, 2001. The development of a new Transformational Leadership Questionnaire. Journal of Occupational and Organizational Psychology, 74(The British Psychological Society), pp. 1- 27.

Asbari, M., Santoso, P., & Purwanto, A. (2019). Pengaruh Kepemimpinan dan Budaya Organisasi Terhadap Perilaku Kerja Inovatif Pada Industri 4.0. JIM UPB (Jurnal Ilmiah Manajemen Universitas Putera Batam), 8(1), 7-15. doi: https://doi.org/10.33884/jimupb.v8i1.1562

Asbari, M., Santoso, P., & Purwanto, A. (2019). Pengaruh Iklim Organisasi dan Kepemimpinan Transformasional Terhadap Produktivitas Kerja Inovatif Pada Industri Manufaktur di Pati Jawa Tengah. Jurnal Produktivitas Universitas Muhammadiyah Pontianak, 7(1 2020), 62-69. doi: DOI : 10.29406/jpr.v7i1.1797

Bosch, D., (2013). The Impact of Transformational Leadership on Leader-Follower Work Value Congruence. International Journal of Business and Social Research (IJBSR),, Volume vol. 3 no 8, pp. 18-31.

Chukwusa, J., (2019). Autocratic Leadership Style: Obstacle to Success in Academic Libraries. Library Philosophy and Practice e-Journal, Issue DigitalCommons@University of Nebraska - Lincoln. Chu, L.-C., 2013. The moderating role of authoritarian leadership on the relationship between the internalization of emotional regulation and the well-being of employees. Leadership, Issue DOI: 10.1177/1742715013498403, p. 1–18.

Corbin, B., (2000). Entrepreneurial Leadership: Fundamentals. Carmel: Corbin Group Publishing. Erkutlu, H., 2008. The impact of transformational leadership on organizational and leadership effectiveness. Journal of Management Development, Vol. 27 (No. 7), pp. 708-726.

C. E.María, L.S. Vijande, "Reasons and constraints to implementing an ISO 22000 food safety management system: Evidence from Spain". Food Control Journal, 2014;40: 50-57, https://doi.org/10.1016/j.foodcont.2013.11.032

E.S.Ong, H. Ariwibowo, Isnawati, "Pengaruh Kepemimpinan Transformasional, Kepemimpinan Transaksional Dan Kebijakan Perusahaan Tentang Upah Pekerja Terhadap Produktivitas Kerja (Studi Pada PT "X" Di Surabaya)". Jurnal Jeksekutif, 2018;5: 334-335, https://jurnal.ibmt.ac.id/index.php/jeksekutif/article/view/200/168

Fachreza, Said Musnadi, M. Shabri Abd Majid, (2018). Pegaruh Motivasi kerja,Lingkungan Kerja,Dan Budaya Organisasi Terhadap Kinerja Karyawan Dan Dampaknya Pada Kinerja Bank. jurnal Magister Manajemen ISSN 2302-0199.

Fadhil, Achmar dan Mayowan, Yuniadi, (2018). Pengaruh Motovasi Kerja dan Kepuasan Kerja Terhadap Kinerja Karyawan AJB Bumiputra. Jurnal (JAB) , vol 54 (no 1).

L. Macheka, F. A. Manditsera, R.T. Ngadze, J. Mubaiwa, L. K. Nyanga, "Barriers, benefits and motivation factors for the implementation of food safety management system in the food sector in Harare Province, Zimbabwe". Food Control Journal, 2013;34: 126-131, https://doi.org/10.1016/j.foodcont.2013.04.019

N.S. Aqmarina, H.N. Utami, A. Prasetya," Pengaruh Kepemimpinan Transformasional Dan Kepemimpinan Transaksional Terhadap Kepuasan Kerja Dan Kinerja Karyawan (Studi Kasus Pada Karyawan Hotel Gajah Mada Malang)". Jurnal Administrasi Bisnis,2016;35:164-173, http://administrasibisnis.studentjournal.ub.ac.id/index.php/jab/article/view/1382

Firdaus, R.A.,Purnamasari, D., Akuba, S.F.(2019) The influence of motivation, leadership and perceived workload as intervening on teacher commitment. Journal of Education and Science Technology, 5(3) . DOI : https://doi.org/10.26858/est.v5i3.10847

F.I.Dwiantoro, "Pengaruh Gaya Kepemimpinan Tranformasional dan Tansaksional Tehadap Kinerja Organisasi Melalui Praktik TQM Pada PT. Pelayaran". Jurnal Ilmu Manajemen, 2017; 05:1-14, https://jurnalmahasiswa.unesa.ac.id/index.php/jim/article/download/19175/17509+&cd=4&hl=jv&ct=clnk&gl=id

Flumerfelt, S. and Banachowski, M. (2011), "Understanding leadership paradigms for improvement in higher education", Quality Assurance in Education, Vol. 19 No. 3, pp. 224-247. https://doi.org/10.1108/09684881111158045

F.Rahim, V. P.K. Lengkong, L. O.H. Dotulong, "Pengaruh Kepemimpinan Transformational Dan Kepemimpinan Transaksional Terhadap Kinerja Karyawan Pada PT. PLN Wilayah Sulutenggo". Jurnal EMBA, 2018;4: 3503 –3512, https://ejournal.unsrat.ac.id/index.php/emba/article/viewFile/21623/21326

Garger, J. (2008), "Developing authentic leadership in organizations: some insights and observations", Development and Learning in Organizations, Vol. 22 No. 1, pp. 14-16. https://doi.org/10.1108/14777280810840058

Kotzé, Martina and Nel, Petrus, (2017). Personal factor effects on authentic leadership. Journal of Psychology in Africa, Vol. 27, No. 1(Africa Scholarship Development Enterprize), p. 47–53.

Lee, C. S., (2018). Authentic Leadership and Organizational Effectiveness: The Roles of Hope, Grit, and Growth Mindset. International Journal of Pure and Applied Mathematic, Volume 118 no 19(Special), pp. 383-401.

Liu, Y., Fuller, B., Hester, K., Bennett, R. and Dickerson, M. (2018), "Linking authentic leadership to subordinate behaviors", Leadership & Organization Development Journal, Vol. 39 No. 2, pp. 218-233. https://doi.org/10.1108/LODJ-12-2016-0327

Mboya,Millicent Atieno , Were,Susan and Otieno,Romanus Odhiambo , Month: October 2017 - March 2018. EFFECT OF AUTOCRATIC LEADERSHIP STYLE ON QUALITY ASSURANCE IN INSTITUTIONS OF HIGHER LEARNING IN KENYA. International Journal of Management and Commerce Innovations , Volume Vol. 5, Issue 2, pp. 1214-1225.

Mirayani, R., S.Williana Kusumaningsih, & Anggaripeni Mustikasiwi. (2019). TRANSFORMATIONAL, AUTHENTIC, AND AUTHORITARIAN TYPES OF LEADERSHIP: WHICH ONE IS THE MOST INFLUENTIAL IN STAFFS' PERFORMANCE (A Study On Performance In A Religious School Setting). Dinasti International Journal of Education Management And Social Science, 1(2), 172-182. https://doi.org/10.31933/dijemss.v1i2.68

Martin, J. and Marion, R. (2005), "Higher education leadership roles in knowledge processing", The Learning Organization, Vol. 12 No. 2, pp. 140-151. https://doi.org/10.1108/09696470510583520

M.Birasnav, "Knowledge management and organizational performance in the service industry: The role of transformational leadership beyond the effects of transactional leadership", Journal of Business Research, 2014;67:1622-1629, https://doi.org/10.1016/j.jbusres.2013.09.006

Purwanto, A., Asbari, M., & Santoso, P.(2019). Does Culture, Motivation, Competence, Leadership,Commitment Influence Quality Performance?. Jurnal Inovasi Bisnis, 6(2), 201-205. DOI: https://doi.org/10.35314/inovbiz.v7i2.1210

Purwanto, A., Asbari, M., & Santoso, P.(2019).Influence of Transformational and Transactional Leadership Style toward Food Safety Management System ISO 22000:2018 Performance of Food Industry in Pati Central Java. Jurnal Inovasi Bisnis, 6(2), 180-185. DOI: https://doi.org/10.35314/inovbiz.v7i2.1213

Purwanto, A., Asbari, M., & Santoso, P.(2019).Pengaruh Kompetensi, Motivasi, Kepemimpinan, Komitmen dan Budaya Kerja Sistem Manajemen Integrasi ISO 9001, ISO 14000 dan ISO 45001 Pada Industri Otomotif. Jurnal Produktivitas Universitas Muhammadiyah Pontianak, 6(2),158-166. DOI: http://dx.doi.org/10.29406/jpr.v6i2.1798

Santoso, P, Purwanto, A., & Asbari, M.(2019). Influence of Implementation Chain of Custody Forest Management System FSC-STD-40-004 V3-0 to Business Performance of Paper Industriesia in Banten Indonesia, International Journal of Management and Humanities (IJMH), 4(4), 32-36. DOI: https://doi.org/10.35940/ijmh.C0442D0482.124419

Siti Salbiyah, Fitri Nuraini, Asyidatur Rosmaniar (2019). Motivation And Its Effect On Women's Lecturer Performance In University of Muhammadiyah Surabaya, SSRG International Journal of Economics and Management Studies (SSRG-IJEMS),6(9), 48-55

I. F.Segovia, B. Peidro, A.Fuentes, "Implementation of a foodsafety management system according to ISO22000 in the food supplement industry: A case study", Food Control Journal,2014; 43: 28-34, https://doi.org/10.1016/j.foodcont.2014.02.042

R. Wahyuniardi, H.R. Nababan,"Pengaruh Kepemimpinan Transformasional Dan Budaya Organisasi Terhadap Kepuasan Kerja Serta Dampaknya Pada Kinerja Karyawan", Jurnal Teknik Industri, 2018;19:118-226, https://doi.org/10.22219/JTIUMM.Vol19.No2.118-126

Williams, Gavin, "Structural Equation Modeling Methodes In Strategy Research: Application and Issue" Research Methodology in Strategy and Management (Research Methodology in Strategy and Management, Vol. 1), Emerald Group Publishing Limited, Bingley, 2004; pp. 303-346. https://doi.org/10.1016/S1479-8387(04)01111-7

William Stoten, D. (2014), "Authentic leadership in English education: what do college teachers tell us?", International Journal of Educational Management, Vol. 28 No. 5, pp. 510-522. https://doi.org/10.1108/IJEM-04-2013-0049

++++++++++++++++++++++++++++++
EFFECT OF JOB SATISFACTION ON TURNOVER INTENTION
(Case Study on Adira Quantum Mataram)

I Gede Bayu Wijaya

Gde Pudja Mataram Hindu School

Abstract

Employees who are satisfied with their work will appear in employees' emotions. Employee satisfaction will make employees love their work. Job satisfaction is enjoyed at work, outside of work, and a combination of inside and outside work, thus employees who are satisfied with their work, and enjoy their work will survive in the company despite many offers from other companies that promise better welfare. Vice versa, an employee who is less satisfied with his work, will feel uncomfortable working, does not show good performance and achievement is lacking and various problems occur. This study aims to determine the effect of job satisfaction on employee desires at PT. Adira Quantum Mataram Branch. The population in the study were all employees with a total of 155 people and obtained a sample of 21 people. The results of multiple linear regression analysis show that job satisfaction factors consisting of fairness of compensation, salary satisfaction and organizational climate show a simultaneous flow towards the desires of employees. The job satisfaction variable contained in the justice compensation variable, salary satisfaction, organizational climate has a significant negative effect on employee desires (Y), this can be seen in the regression coefficient has the highest significant level value that is t> 0.046, meaning that if more high dissatisfaction of employees will increase the desire to leave employees, so also if the higher the sense of satisfaction felt by employees will reduce the level of desire to leave employees to find another job), where in this research the calculation results obtained for job satisfaction amounted to 0.783.

Keywords: Job Satisfaction, Fairness of Compensation, Salary Satisfaction, Organizational Climate, Turnover Intention.

1. Introduction

The success of a company in achieving its goals is inseparable from the resources owned by the company itself. One of the resources that play a role in the success of a company is human resources, where human resources as a driving force for the running of all activities in the company. To get skilled and skilled human resources in their fields, companies conduct a strict recruitment system and incur significant costs in the recruitment process. Various trainings are also given to improve the performance, achievement, knowledge and expertise of the employee. Retaining employees is very important for a company, given the large costs incurred in the recruitment and training process, besides that employees who have good performance good achievements are very difficult to obtain and are also being sought after by competing companies. Therefore every company needs to maintain a good work climate so that the level of employee job satisfaction becomes high. Job satisfaction According to Luthan (in Kaswan, 2012), job satisfaction is the result of employee perceptions about

315

how well their work provides what is considered important. Hasibuan (in Wibowo et al, 2014), defines job satisfaction as a form of emotional attitude that is both pleasant and unpleasant.

Employees who are satisfied with their work will appear in employees' emotions. Employee satisfaction will make employees love their work. Job satisfaction is enjoyed at work, outside of work, and a combination of inside and outside work, thus employees who are satisfied with their work, and enjoy their work will survive in the company despite many offers from other companies that promise better welfare. Vice versa, an employee who is less satisfied with his work, will feel uncomfortable working, does not show good performance and achievement is lacking and various problems occur.

One form of employee dissatisfaction is the emergence of a desire to leave the company (turn over intentions). The desire to leave can be interpreted that is the movement of workers out of the organization, can be in the form of resignation, the movement out of organizational units, dismissal / layoffs. A high turnover rate will have a negative impact on a company, this is like creating instability and uncertainty in labor conditions and increasing human resource costs in the form of training costs that have been invested in employees to the costs of recruitment and retraining (Toly, 2001).

Yuyetta (2002) and Tett & Meyer (1993) define the higher the level of job satisfaction, the lower the intensity of leaving work. Employees with low job satisfaction will easily leave the company and look for opportunities in other companies. Another study conducted by Igbaria and Greenhaus (in Candra Wijayanti 2007) indicates that job satisfaction and organizational commitment have the most influence on turnover intention. One way for companies to retain their employees is by increasing employee job satisfaction in the form of rewards / salaries, giving awards and so on, which aims to make employees feel valued and not just used. Companies must be competitive with several types of compensation to employ, maintain and reward each individual's performance. Motowildo in Harif (2001) uses salary satisfaction in predicting the desire to move and the reality of moving work, concluding that salary has an impact on employee employment.

The study was conducted at the finance company PT. Adira Quantum, Mataram Branch. PT Adira Quantum is a company that provides services to household consumers in the financing of household goods. PT Adira Quantum has been present in Mataram since 2007 with a total of 17 first employees and has grown to 155 in 2018. Consideration of the study was carried out because at PT. Adira Quantum Mataram Branch, leadership changes, and the placement of employees who are external and partnerships who are employees of other companies (outsourcing) as a provider of employees who are placed in PT Adira Quantum Mataram Branch, a high turnover rate at PT. Adira Quantum Mataram Branch as shown in the following table:

Table 1. Data on Employee Turnover Rate of PT. Adira Quantum Mataram in 2016/2018

Information	Year		
	2016	**2017**	**2018**
In	20	45	40
Out	5	15	22
Total Employee	49	77	155

Source: Operation, Marketing, and Collection Division of PT. Adira Quantum Mataram

From table 1.1 above shows the turnover rate is quite high during the last three years from 2016 to 2018. This indicates the factors that cause why the employee left. To explore more information about the reasons for leaving employees at PT. Adira Quantum Mataram Branch, researchers conducted initial interviews with several employees of PT. Adira Quantum Mataram Branch. This study aims to determine the significance of the simultaneous influence of job satisfaction contained therein is a factor of fairness of compensation, salary satisfaction, organizational climate on the desire to leave at PT. Adira Quantum Mataram Branch.

2. Literature Review

Job satisfaction

Steve M. Jex (2002: 131) defines job satisfaction as "the level of a employee's positive affection for work and work situations." For Jex, job satisfaction is only related to workers' attitudes towards their work. These attitudes take place in cognitive and behavioral aspects. The cognitive aspect of job satisfaction is workers' beliefs about work and work situations: That workers believe that their work is interesting, stimulating, boring

or demanding. The aspect of work behavior is the tendency of the worker's behavior towards his work which is shown through work done, continues to stay in his position, or works regularly and in a disciplined manner. Barbara A. Fritzsche and Tiffany J. Parrish (2005: 180) defines job satisfaction as "... affective variables that result from one's work experience." Fritsche and Parrish also quoted Locke (1976) which states that job satisfaction is "... a positive and pleasant emotional state that results from appreciation for one's work or work experience." In short, job satisfaction can tell the extent to which someone likes his job. Handoko (2001: 193) The definition of job satisfaction is a pleasant or unpleasant emotional state with employees who see them. Job satisfaction reflects one's feelings about their work. Robbins and Judge (2008: 107) the notion of job satisfaction according to Robbins and Judge is a positive feeling about one's work that is the result of an evaluation of its characteristics.

Turnover Intention

Turnover becomes a serious problem for many companies, according to Harnoto (2002: 2) turnover intention is the level or intensity of the desire to leave the company, many reasons that cause this turnover intention include the desire to get a better job. According to Gecko and Fly (2010), indications of a desire to change work include increased absenteeism, reluctance to work, increased courage to violate work rules, courage to oppose or protest to superiors, as well as seriousness to resolve all employee responsibilities that are different from usual. Mobley, 1977; Abelson, 1987: Yuyetta 2002, outgoing intentions measured by three items that dig up information about the respondents' desire to find another job, the measurement items consist of:
1. The tendency of individuals to think of leaving the organization where they work now
2. It is likely that individuals will find work in other organizations
3. The possibility of leaving the organization.

Negative Effects of Turnover on the Company. Mobley (1986) says turnover has negative consequences for organizations, namely:
1. Costs, as a result of an employee turnover to the organization will most often be examined is the monetary costs. There is a change of employees so expenses are not avoided.
2. Achievement, if the employee who goes is a member who is compact and influential enough it will cause a negative effect on other group members.
3. Communication and social patterns, in an organization there are formal and informal communication and social patterns that are characteristic of every organization
4. Declining morale, the departure of an employee can affect the morale of other employees. Employees who are left will start looking for other jobs and can then base other employees to leave as well.

Positive Turnover Effect for the Company. Mobley (1986) also said that besides causing negative turnover effects, it could also have positive consequences for companies, namely:
1. Mutations for employees who lack achievement
2. Updates, flexibility, and new capabilities
3. Reduction in other resignation behaviors, employees who make a turnover can affect other employees, it is better to get out than to harm both parties
4. Reducing conflict, leaving employees can be useful in reducing personal conflicts that occur in the company.

Factors that cause Turnover Intention. Mertz and Campion (in Samad, 2006) the process of identifying the factors that influence turnover becomes an important thing to consider and becomes an effective way to reduce turnover rates. Researchers have explored various factors that affect turnover intention, including: Cotton, et al (in Moynihan and Pandey, 2007) suggest that the most frequently used indicator of desire to leave is job satisfaction, with employees who express high job satisfaction will persist, it is impossible to leave the company. Igbaria and Greenhaus (1992) indicate that job satisfaction and organizational commitment have the greatest influence on turnover intention.

Hypothesis Development

The Influence of Job Satisfaction on the Desire of Employees
Absenteeism is more spontaneous and does not reflect work dissatisfaction, in contrast to quitting or leaving work. Steersdan Rhodes (in Abdul Hamed, 2014) developed an influence model of attendance. There

317

are two factors in present behavior, namely motivation to attend and ability to attend. They believe that motivation to be present is influenced by job satisfaction. The model of leaving work from Mobley, Horner, and Hollingworth (in Andini, 2006), shows that after labor becomes dissatisfied several stages occur (eg thinking of leaving work) before the decision to leave work is taken. According to Robbins (1998 in Ashar Sunyoto M, 2001: 365 - 366) job dissatisfaction with employees can be expressed through various means for example in addition to leaving work, employees can complain, disobey, steal organizational property, avoid responsibility (Ashar Sunyoto M, 2001 : 365 - 366). Lum et al., (1998); Johnson (1987); Yuyetta (2002) defines the higher the level of job satisfaction, the lower the intensity of leaving work.

Job Satisfaction Variables that Have the Most Impact on the Desire of Employees (Turnover Intention)
    1. *Fairness Compensation*

      According to Hasibuan (2000, p. 120) the objectives of giving fair compensation to employees are. Collaborative ties, fair compensation is given so that formal cooperation is established between the entrepreneur and his employees. Employees must do their duties properly, while employers must pay compensation according to the agreement. Job satisfaction, employees who receive compensation will be able to meet their physical, social and egoistic needs, so as to obtain job satisfaction from their position. Effective procurement, if a fair compensation program is set large enough, the procurement of qualified employees for the company will be easier. Motivation, if the compensation given is large enough, managers will be easier to motivate their employees.

    2. *Salary Satisfaction*

      Salary is a gift to employees with financial payments as compensation for work carried out and as a motivator for the implementation of activities in the future (Handoko, 1993) Several studies have identified aspects of satisfaction that are found to be related to individual desires to leave the organization including satisfaction with wages and promotion (Lum et al., (1998; Tett & Meyer (1993); Mobley et.al. (1978) in Kelvin and Indrianto (1999)

    3. *Organizational Climate*

George Litwin and Robert Stringer in Alavi and Jahandari (2005) define organizational climate is the perception of people in the organization where he works and his views or feelings about dimensions such as freedom, organizational structure, wages and salaries, caution and sincerity heart and support for the organization. According to Schwepker (2001); Mulki et.al (2006) in Ridyan Budi (2011) states that a good organizational climate will reduce the desire of employees to quit their jobs. According to Ajzen (2001) in Ridyan Budi (2011) there are two statements that connect the organizational climate and the desire to leave employees, first the objective theoretical evaluation of each individual can change the attitude of employees to the desire to leave employees from the company where they work. Second, the leader can do a rolling system in the company so that the organizational climate can run well.

Research Framework

Figure 2.1 Research Framework
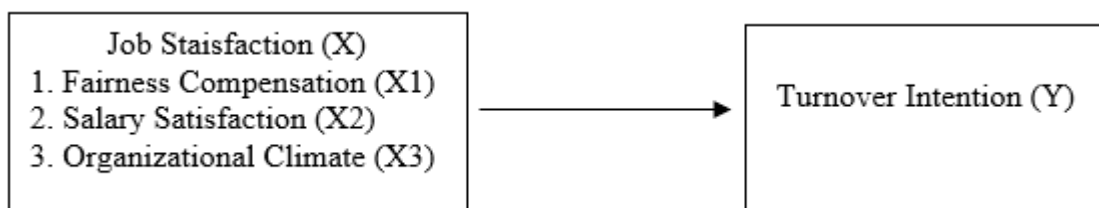*Source: Researcher Data (2019).*

Fairness Compensation (X1)

      Mathis and Jakson (2002), giving compensation must be based on the principle of fair and proper. Hasibuan (2000, p. 117) the principle of fairness, namely the amount of compensation to be paid according to work performance, type of work, years of service, job risk, responsibilities, and position of the worker. Based

on the opinion of the experts, it is important for each company to consider the fairness of compensation to employees who work based on the level of work.

Salary Satisfaction (X2)

According to Andini (2006) salary satisfaction is a multidimensional construct of satisfaction consisting of four subdimensions: salary level, pay raise, benefits, and pay structure and administration structure (pay structure and administration).

Organizational Climate (X3)

Organizational climate has a very strong relationship with job satisfaction (Rongga et.al: 2001, p79). Batlis (1980) in Suhanto (2009) which states that one dimension of the organizational climate is performance reward dependence has a significant relationship with job satisfaction.

Hypothesis

Suspected Job Satisfaction factors contained therein are factors of fairness compensation, Salary Satisfaction, Organizational climate simultaneously influence the desire of employees.

3. **Methods**

Population

According to Sugiyono (2007) population is a generalization area consisting of objects or subjects, which have certain qualities or characteristics determined by researchers to be studied and then to be studied and then drawn conclusions. The population in this study were all employees of PT. Adira Quantum Mataram, which numbered 155 people.

Table 3.1 The population of the employees of PT.Adira Quantum Mataram branch is based on employee status

No	Employee Status	Population
1	Permanent	10
2	Contract	33
3	Outsourcing	21
4	*Sahabat Adira*	50
5	Work partners	41
	Total	155

Source: Operation, Marketing, and Collection Division of PT. Adira Quantum Mataram

Sample

According to Sugiyono (2011: 62) the sample is part of the total characteristics possessed by the population. The sampling technique used in this study is Probability sampling, so in this study the sample was taken using proportional stratified random sampling. Using this method, researchers first determine the strata or sub-strata used as a basis before making a random selection. The reason to use this technique is because every division in PT. Adira Quantum Mataram Branch has different characteristics. In accordance with the calculation of the Slovin formula above, a sample of 61 people was obtained.

Data collection

Data is collected by using a prepared questionnaire, the questionnaire used in this study contains two main parts. The first part is about the social profile and identification of respondents, containing data on respondents related to the respondent's identity and social conditions such as: age, position, last education, and years of service. Whereas the second part is based on the theoretical concepts proposed earlier, concerning factors that influence desirability such as: fairness of compensation, salary satisfaction, organizational climate.

Hypothesis testing

Based on the results of calculations using the SPSS program, hypothesis testing will then be performed using statistical tests. According to Kuncoro (2001: 97), the accuracy of the regression model in estimating can be seen from the statistical value of t, the statistical value of F and the coefficient of determination (R2). F statistical test is used to determine whether all independent variables jointly (simultaneously) affect the dependent variable (Kuncoro, 2001: 98) or in other words, whether all dimensions of job satisfaction contained therein namely, Justice compensation, Satisfaction salary, Climate The organization, which is included in the model, has a joint influence on the variable out of Interest.

4. Results and Discussion

Data Analysis

Test the Validity and Reliability of Research Instruments

Validity is intended to state the extent to which the data contained in a questionnaire will measure the variables to be measured in the form of construct validity. In this case the researcher will measure the variables of fairness compensation, salary satisfaction, job satisfaction, organizational commitment, work stress, organizational climate, and the desire to leave employees at PT. Adira Quantum Mataram branch. The validity of an instrument item can be determined by comparing the Pearson product moment correlation index with a significant level of five percent (Arikunto, 2002). If the correlation variable is less than 0.05 (five percent) then it is declared valid and vice versa is invalid. Furthermore Sugiyono (2006) states that the minimum requirement to be considered eligible is if $r \geq 0.3$ or it can also be compared with r tables. If r arithmetic> r table then valid. So if the correlation between items with a total score of less than 0.3 then the items in the instrument are declared invalid.

Table 4.1 Summary of Turnover Intention Validity Test Results (Y)

Item	Coefficient Correlation/ r Value	R Table/r Critical	Information
Y1	0.801	0.256	Valid
Y2	0.791	0.256	Valid
Y3	0.792	0.256	Valid
Y4	0.878	0.256	Valid
Y5	0.833	0.256	Valid
Y6	0.854	0.256	Valid
Y7	0.877	0.256	Valid
Y8	0.822	0.256	Valid
Y9	0.612	0.256	Valid

Source: Primary data processed (2019).

Based on the validity test of the research instrument, the desire to exit shows all the items of questions related to the desire to be tested are valid. Likewise, the compensation justice instrument, salary satisfaction, organizational climate, based on the validity test, all items asked in the questionnaire have been tested as valid, can be seen in accordance with the following table:

Table 4.2 Summary of Test Results of Fairness Compensation Validity (X1.1)

Item	Coefficient Correlation/ r Value	R Table/r Critical	Information
X1.1.1	0.488	0.256	Valid
X1.1.2	0.766	0.256	Valid
X1.1.3	0.801	0.256	Valid
X1.1.4	0.715	0.256	Valid
X1.1.5	0.882	0.256	Valid
X1.1.6	0.824	0.256	Valid
X1.1.7	0.792	0.256	Valid
X1.1.8	0.786	0.256	Valid
X1.1.9	0.869	0.256	Valid
X1.1.10	0.840	0.256	Valid
X1.1.11	0.646	0.256	Valid
X1.1.12	0.802	0.256	Valid
X1.1.13	0.850	0.256	Valid
X1.1.14	0.853	0.256	Valid
X1.1.15	0.891	0.256	Valid
X1.1.16	0.785	0.256	Valid
X1.1.17	0.866	0.256	Valid
X1.1.18	0.904	0.256	Valid
X1.1.19	0.864	0.256	Valid
X1.1.20	0.885	0.256	Valid
X1.1.21	0.841	0.256	Valid

Source: Primary data processed (2019).

Table 4.3 Summary of Test Results of Salary Satisfaction Validity (X1.2)

Item	Coefficient Correlation/ r Value	R Table/r Critical	Information
X1.3.1	0.297	0.256	Valid
X1.3.2	0.406	0.256	Valid
X1.3.3	0.484	0.256	Valid
X1.3.4	0.613	0.256	Valid
X1.3.5	0.434	0.256	Valid
X1.3.6	0.781	0.256	Valid
X1.3.7	0.782	0.256	Valid
X1.3.8	0.522	0.256	Valid
X1.3.9	0.726	0.256	Valid
X1.3.10	0.660	0.256	Valid
X1.3.11	0.432	0.256	Valid
X1.3.12	0.558	0.256	Valid
X1.3.13	0.671	0.256	Valid
X1.3.14	0.600	0.256	Valid
X1.3.15	0.618	0.256	Valid
X1.3.16	0.739	0.256	Valid
X1.3.17	0.625	0.256	Valid
X1.3.18	0.527	0.256	Valid
X1.3.19	0.650	0.256	Valid
X.1.20	0.633	0.256	Valid

Source: Primary data processed (2019).

Table 4.4 Summary of Test Results of Organizational Climate Validity (X1.3)

Item	Coefficient Correlation/ r Value	R Table/r Critical	Information
X1.3.1	0.297	0.256	Valid
X1.3.2	0.406	0.256	Valid
X1.3.3	0.484	0.256	Valid
X1.3.4	0.613	0.256	Valid
X1.3.5	0.434	0.256	Valid
X1.3.6	0.781	0.256	Valid
X1.3.7	0.782	0.256	Valid
X1.3.8	0.522	0.256	Valid
X1.3.9	0.726	0.256	Valid
X1.3.10	0.660	0.256	Valid
X1.3.11	0.432	0.256	Valid
X1.3.12	0.558	0.256	Valid
X1.3.13	0.671	0.256	Valid
X1.3.14	0.600	0.256	Valid
X1.3.15	0.618	0.256	Valid
X1.3.16	0.739	0.256	Valid
X1.3.17	0.625	0.256	Valid
X1.3.18	0.527	0.256	Valid
X1.3.19	0.650	0.256	Valid
X.1.20	0.633	0.256	Valid

Source: Primary data processed (2019).

Multiple Determination Coefficient (R^2)

The coefficient of multiple determination is used to clarify the variation of the influence of the independent variable (compensation justice variable, salary satisfaction, organizational climate) on the development of the dependent variable (variable desire to leave) on the employees of PT. Adira Quantum Mataram branch.

Table 4.5 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.745[a]	.555	.531	.24220

Source: Output SPSS (2019).

Based on Table 4.5 above that the relationship between the variables of job satisfaction contained in the compensation justice variable, salary satisfaction, organizational climate, with the variable desire to leave employees (Y) is strong and positive, this is evidenced by R of 0.745. Then the coefficient of multiple determination or R ² is 0.555 which gives the meaning that the influence of the job satisfaction variable contained in compensation justice, salary satisfaction, organizational climate, together or simultaneously on the desire to leave employees (Y) at PT. Adira Quantum Mataram branch is large, namely 55.50 percent, while the remaining 44.50 percent of the variation in employees' desire to leave at PT. Adira Quantum Mataram branch is explained or influenced by other variables not included in this study (disturbance variable / error term).

Hypothesis 1 Test (F Test or Simultaneous Test)

Table 4.6 ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.164	3	1.388	23.660	.000[a]
	Residual	3.344	57	.059		
	Total	7.507	60			

Source: Output SPSS (2019).

Based on Table 4.5.1. above it is known that the calculated F value of 8,714 with a significance level of 0,000, while the F table value is determined based on the F table value with a significant level of 5 percent, so that the F table value = 2.77 is obtained. Because the value of F arithmetic> F table (23,660> 2.77), then Ho is rejected and Ha is accepted, which means job satisfaction (X) contained in compensation justice, salary satisfaction, organizational climate, simultaneously influences (has a significant effect) on desires out (Y) employees at PT. Adira Quantum Mataram branch.

5. Conclusion

Based on the results of data analysis the influence of fairness of compensation, salary satisfaction, organizational climate satisfaction on the desire to leave employees at PT. Adira Quantum Mataram Branch can be concluded as follows, the results of multiple regression analysis shows that the variable job satisfaction (X) also contained in the variable compensation compensation, salary satisfaction, organizational climate, simultaneously influence the desire to leave employees at PT. Adira Quantum Mataram Branch. The results of this analysis support the hypothesis of one F test (simultaneous test) which means that the factor of job satisfaction (X), simultaneously simultaneous (together) with the desire to leave employees at PT. Adira Quantum Mataram Branch. Respondents 'responses to employees' desire to leave show that in general the level of job satisfaction, fairness of organizational climate compensation is not as expected by the employee who became the respondent. This means that the higher the level of dissatisfaction and the higher the level of unfairness felt by employees as well as the organizational climate that is perceived as not in accordance with what is expected to have an impact on increasing the desire to leave employees to look for other jobs and to leave the company where employees work now.

Based on the conclusions mentioned above, further suggestions are given for the benefit of practitioners and further research interests are as follows, in an effort to reduce the level of desire to leave employees at PT. Adira Quantum Mataram Branch, it is suggested to the leadership of Adira Quantum Mataram Branch to always pay attention to the potential factors that can increase the desires of employees including compensation justice, job satisfaction and organizational climate by redesigning the strategy in providing compensation with the support of resources existing human, appropriate management systems to enhance a sense of fairness in compensation that can affect employee desires. It is also recommended to the leadership of PT. Adira Quantum Mataram Branch to pay more attention to circumstances or situations that occur during employees carrying out work activities in progress. Matters relating to interactions between fellow employees, the interaction of these employees with their work. This is useful to find out whether the employee has established a positive relationship between employees, to find out whether the job is in accordance with the expectations of these employees. If the employee feels in accordance with his expectations, both in terms of fairness, job satisfaction and organizational climate, this is useful to reduce the unpleasant atmosphere so that the desire to leave the employee can decrease. Work relationships among employees need to be improved, the flow of work relationships that show the interrelationships between units or sub-units and occupational groups can be mapped, so that interdependence among employees will appear, thus social interaction will be more intensive and ultimately can improve harmony, relationships both in terms of work and in person. It is recommended to further researchers to be able to further study and expand the scope of their research, both in terms of variables, respondents, methods and research locations about the desires of employees.

References

Abdul Hameed, Muhammad Ramzan, Hafiz M. Kashif Zubair, Ghazanfar Ali, Muhammad Arslan, 2014, *Impact of Compensation on Employee Performance (Empirical Evidence from Banking Sector of Pakistan),* International Journal of Business and Social Science, Vol 5, No.2 Bulan Februari

Abelson, M. A. (1987), "*Examination of Avoidable and Unavoidable Turnover", Journal of Applied Psychology*, 72, Page 382-386.

Achmad, Kuncoro, 2001, *Cara Menggunakan dan Memaknai Analisis Asumsi Klasik*, Cetakan Pertama. Bandung: ALFABETA

Andini, Rita, 2006. *"Analisis Pengaruh Kepuasan Gaji, Kepuasan Kerja, Komitmen Organisasi Terhadap Turnover Intention (Studi Kasus Pada Rumah Sakit Roemani Muhamadiyah Semarang)"*. Univesitas Diponegoro, Semarang.

Ahmad *Siswoko Wibowo, 2014, Pengaruh Budaya Organisasi, Kepuasan Kerja dan Gaya Kepemipinan terhadap Kinerja Karyawan*. Skripsi (Tidak Dipublikasikan)

Alavi dan Jahandari. 2005. *The Organizational Climate of Kerman Shahid Bahonar University.* Public Personnel Management

Anis K, Indah, M. Noor Ardiansah & Sutapa, 2003, *Pengaruh Kepuasan Kerjadan Komitmen Organisasional Terhadap Keinginan Berpindah Kerja Auditor (Studi Kasus pada KAP di Jawa Tengah),* Jurnal Ekonomi dan Bisnis, Vol.4 No. 2, Juli, pp. 141-152.

Ajzen, I. 1991, *Attitude, Personality, And Behavior*. Buchingham. Open University Press

Arianto, Agus Toly. 2001,"*Analisis faktor-Faktor yang Mempengaruhi TurnoverIntention pada Staff Kantor Akuntan Publik", Jurnal Akuntansi dan Keuangan,* Page 102-125

Arikunto, S. (2002). *Prosedur Penelitian Suatu Pendekatan Praktek*. Jakarta: Asdi Mahasatya.

Ashar Sunyoto Munandar, 2001, *Psikologi Industri dan Organisasi*, Universitas Indonesia (UI-Press), Jakarta.

Barbara A. Fritzsche and Tiffany J. Parrish, "*Theories and Research on Job Satisfaction*" dalam Steven Douglas Brown and Robert William Lent, eds., Career Development and Counseling: *Putting Theory and Research to Work (New Jersey:* John Wiley & Sons, Inc., 2005.

Budi, Kurniawan, Ridyan, 2011. "*Analisis Pengaruh Iklim Organisasi Terhadap Keinginan Keluar Karyawan PT Bank Ina Cabang Surabaya*". Universitas airlangga. Surabaya

Cotton, John L. dan Jeffrey M. Tuttle, 1986, "Employee Turnover: A Meta-Analysis and Review with Implications for Research", *Academy of Management Review*, Vol.11, No.1, 55-70

Feny Candra Wijayanti, 2007,Komitmen Organisasional Terhadap Keinginan Untuk Keluar (Intensi Keluar**)** *Dari Suatu Organisasi Pada Perawat Di RSI Hidayatullah"* Yogyakarta.

Gecko & Fly. Turnover Intentions: *Definisi, indikasi, dampak turnover bagi perusahaan dan perhitungan turnover. On – line*. http://jurnalsdm.blogspot.com/search/label/manajemenoperasional. diakses pada tanggal 19 juli 2010

Gibson, James L et al, 1988, *Organisasi dan Manajemen: Perilaku, Struktur, Proses*, Edisi Keempat, Terjemahan, Erlangga, Jakarta

Handoko, Hani. 1998. *Manajemen Personalia dan Sumber Daya Manusia. BPFE*. Yogyakarta.

Hasibuan, Malayu S.P. 2000. *Manajemen Sumber Daya Manusia*. PT. Bumi Aksara. Jakarta.

Igbaria M. & Greenhaus, J. H. (1992). *Determinants of MIS employees turnover intentions: a structural equation model*. Communications of the ACM, 35, pp. 34-51

Jex, Steve M. 2002. O*rganizational Psychology: A Scientist Practitioner Approach*. New York: John Wiley & Sons

Mathis Robert, Jackson John. 2002. *Manajemen Sumber Daya Manusia*. Jakarta : Salemba empat

Mobley W.H., Griffeth R.W., Hand H. H and Meglino B. M., 1977, *Review and Conceptual Analysis of Employee Turnover Process, Psychological Bulletin*

Mobley, William. H. 1986. *Pergantian Karyawan: Sebab-Sebab Dan Pengendaliannya.* Penerjemah : Nurul Iman. Jakarta : Pustaka Binaman Pressindo

Moynihan, D.P & Pandey,S.K. (2007). *The Ties That Bind: Social Network, PersonOrganisation Value Fit, And Turnover Intention.* Journal Of Public Administration Research And Theory. Madison :University Of Wisconsin

Kaswan. 2012. *Manajemen Sumber Daya Manusia untuk Keunggulan Bersaing Organisasi.* Graha Ilmu, Yogyakarta

Rivai, Harif Amali 2001. *Pengaruh Kepuasan Gaji, Kepuasan Kerja, dan Komitmen Organisasional tarhadap Intensitas Keluar.* Jurnal Bisnis dan Akuntans**i.** Vol. 1 No1, April 2001

Robbins, Stephen P.; Judge, Timothy A. (2008). *Perilaku Organisasi Buku 1,* Jakarta: Salemba Empat.

Rongga, K.L, Schmidt, D.B, Shull, C. and Schmitt, N., 2001, "*Human Resources Practices, Organizational Climate, and Customer Satisfaction*", Journal of Management, July, pp.70-89

Samad, Sarminah, 2006, "*Predicting Turnover Intentions: The Case of Malaysian Government Doctors*", The Journal of American Academy of Business, Cambridge, Vol.8, No.2, March

Sugiyono. 2007. *Metode Penelitian Administasi*. Bandung : Alvabeta

Suhanto, Edi, 2009**,** *Pengaruh Stres Kerja Dan Iklim Organisasi Terhadap Turnover Intention Dengan Kepuasan Kerja Sebagai Variable Intervening (Studi di Bank Internasional Indonesia)* Universitas Diponegoro Semarang

Suwandi dan Nur Indriantoro, 1999, *Pengujian Model Turnover Pasework dan Strawser: Studi Empiris pada Lingkungan Akuntansi Publik*, Journal Riset Akuntansi Indonesia, Vol. 2/2

Suwandi dan Kawan – kawan dari Universitas Gajahmada dengan judul " *Pengujian Model Turnover Pasework dan Strawser : studi empiris pada Lingkungan Akuntansi Publik* **".** (Journal Riset Akuntansi Publik, Vol.2 No.2, Juli 1999, hal. 173 – 195).

Suhartini, 2005. *Keadilan dalam Pemberian Kompensasi, Jurnal Siasat Bisnis,* edisi No 4 Volume 2. Jakarta

Steers dan Rhodes,1978, Haman *Developineni Resource*. New York

Tett, R.P. and Meyer, J.P. (1993) *Job Satisfaction, Organizational Commitment, Turnover Intention, and Turnover: Path Analyses Based on Meta-Analytic Findings*. Personnel Psychology, 46, 259-293

Wirawan. 2007. *Budaya Dan Iklim Organisasi: Teori Aplikasi dan Penelitian*, Jakarta: Penerbit Erlangga

Witasari, Lia. 2009. *Analisis Pengaruh Kepuasan Kerja Dan Komitmen Organisasional Terhadap Turnover Intentions* (Studi Empiris pada Novotel Semarang). Tesis. Universitas Diponegoro .Semarang

Yuyetta, Etna Nur Afri 2002, "*Pengaruh Tindakan Supervisi dan Persepsi Kewajaran Upah serta Promosi terhadap Keinginan Berpindah.* Akuntan Publik Yunior di Indonesia", Jurnal Media Ekonomi dan Bisnis. Page 92-104

+++++++++++++++++++++++++++++

THE IMPACT OF MERGER AND ACQUISITION ON FINANCIAL PERFORMANCE IN INDONESIA

Saefudin Zuhri[1], Mochammad Fahlevi[2], Muhammad Nur Abdi[3], Dasih Irma[1], & Sari Maemunah[1]

[1]Kusuma Negara Business School
[2]Bina Nusantara University
[3]Muhammadiyah Makassar University

Abstract

Merger and Acquisition are two forms of business combination, where companies that take assets and liabilities or controls are called acquiring companies or bidders, while companies that are taken over are called target companies. The results of the statistical analysis of Wilcoxon signed rank test found that there was no significant difference in Return on Equity and Debt to Equity Ratio financial ratios before and after Merger and Acquisition. We can even see that the median and average of pre- Merger and Acquisition Return on Equity is greater than the post- Merger and Acquisition Return on Equity, the same thing is also obtained from the results of this test that we can even see the median and average before the occurrence of Merger and Acquisition had a smaller ratio and was considered better.

Keywords: Merger and Acquisition, Return on Equity, Debt to Equity, Financial Performance.

1. Introduction

Merger and Acquisition is not a new phenomenon in the business world. This Merger and Acquisition ac-tivity began to flourish in multinational companies in America and Europe since the 1960s while Merger and Acquisition in Indonesia have been known sectoral especially in the banking sector before the en-actment of Law No. 1 of 1995 concerning Limited Liability Companies. The term Merger and Acquisition in Indonesia became increasingly popular after the merger of 4 large government-owned banks that merged due to a crisis that eventually resulted in Bank Mandiri in 1998. In terms of quantity, Merger, and Acquisition activities in Indonesia experienced a significant increase along with the increasingly popular term of Merger and Acquisition among business actors. The Merger and Acquisition is a process of com-pany restructuring that is believed to bring prosperity and profits in a short time.

In Indonesia, the issue Merger and Acquisition is discussed by several groups, such as econom-ic observers, scientists, and business practitioners. The reason for company carried out Merger and Acquisition was explained by Hanafi (2013: 668). He stated that one of the reasons for Merger and Acquisition is to increase and protect market share, and as an effort to survive the company. According to Hanafi (2013), the reason for this consolidation is the need to have competed effectively in the global market.

According to Annisa and Prasetiono (2010), a business combination is a form of merging one company with another company to gain control over assets and operations. The form of a business com-bination that is often carried out in the last two decades is Merger and Acquisition where this strategy is seen as one way to achieve several objectives that are more economic and long-term.

Merger and Acquisition are two forms of business combination, where companies that take assets and liabilities or controls are called acquiring companies or bidders, while companies that are taken over are called

target companies. The target company will get a replacement from acquiring a company which can be in the form of cash (cash) or company stock or even a combination of both.

In Merger and Acquisition, there are two main things that must be considered, namely the value generated from Merger and Acquisition and who are the parties who most benefit from these activities. With the existence of Merger and Acquisition, it is expected that it increases the synergies within the group or new entity so that the company's value will increase. However, regarding the party who gets the benefits, prior studies presented mixed results. Some argue, the shareholders of the target company always benefit, and the shareholders of the acquiring company are always harmed.

Merger and Acquisition are carried out by the company in the expectation of bringing several benefits. Mutual benefit conditions will occur if the Merger and Acquisition activities get a synergy. Ac-cording to Brigham and Houston (2001) states that synergy is a situation where two companies, namely each company A and company B join into one company C, and in this merger, the value of firm C be-comes higher than the value of company A and company B when standing by themselves, this is called synergy. The effect of the synergy will arise in four sources: The first is operating savings resulting from economies of scale of management, marketing, production, or distribution — the second financial savings, which include lower transaction costs and better evaluation by securities analysis. The third is the difference in efficiency, which means that management of one company is more efficient and weaker company assets will be more productive after the merger because with one management it will be more efficient in managing, and the fourth is increased market share due to reduced competition.

Financial performance analysis aims to assess the implementation of the company's strategy in terms of Merger and Acquisition. A profitability ratio is considered as a reference to see the success of a company in making a profit, so the company tries to achieve this by trying to increase the ratio. Return on Equity (ROE) is one of the important indicators that investors use to assess the level of profitability of a company. In Return on Equity, three main things can be found, namely the ability of the company to generate profits, the efficiency of the company in managing assets and the debt used in carrying out the business.

Laiman and Hatane (2017) found the results of the analysis showed that there were no differences in financial performance before and after the merger. Likewise with the financial performance variables that are proxied by the ratio of debt to equity ratio, return on assets, and return on equity, all of them are obtained. Namely, there is no difference in financial performance before and after the merger. However, for asset turnover variables, price-earnings ratio, and firm size, the results show that there are differences in financial performance before and after the merger.

Bhabra and Huang (2013) found that Return on Equity generated by companies after Merger and Acquisition did not experience significant changes. This is contrary to what was stated by Gunawan and Sukartha (2013), who found that Return on Equity experienced a significant increase after mergers and acquisition. Contrary to Gunawan and Sukartha (2013), Payamta and Setiawan (2004) and Dyaksa Widyaputra (2006) found that ROE decreased significantly after Merger and Acquisition.

Debt to Equity Ratio (DER) is the ratio between the company's debt and the amount of capi-tal it has. This ratio measures the ability of the company owner with the equity he has to pay the debt to the creditor. The higher this ratio, the more creditor money used as working capital is expected to increase company profits. Kurniawan and Widyarti (2011) in their research on analyzing company performance before and after acquisition with a sample of manufacturing companies listed on the IDX in 2003-2007 found that Debt to Equity did not experience significant changes but based on descriptive data showed a slight increase. Whereas Ardiagarini and Arfianto (2011) who examined the effects of Merger and Acquisition on target companies acquired in 1997-2009) found significant differences only in one year before and one year after.

There have been mixed results of the financial performance (profitability & solvability) of Indonesian firms after Merger and Acquisition. Using different dataset and other dimensions of financial performance, this study evaluates the impact of Merger and Acquisition on company financial performance.

2. Literature Review

Merger

Mergers come from the Latin "mergerer" which means to join, together, unite, combine or cause loss of identity because something is absorbed or ingested. Mergers are a combination of two or more companies to

form a new company (Whitaker, 2012). Mergers are commonly used in companies as a process of merging a business. Mergers can be done both internally and externally. Internal mergers occur when the target company is in the same group ownership, while external mergers occur when the target company is in a different ownership group.

In general, mergers can be divided into four groups (Sartono, 2001):

1. Horizontal mergers occur when a company merges with a company that is in the same type of business. For example, a telecommunications company merged with another Telecommunica-tions Company, which is currently being discussed is a merger between XL companies and Axis where both companies have businesses in the same field, namely telecommunications service providers.
2. Vertical mergers occur when a company merges with a company that still has a relationship with its business. This is intended to save operating costs because the company has direct access to upstream and downstream businesses. An example is when a steel casting company merges business with its suppliers. Or it could be a mining product processing company merging with its distributor and marketing company.
3. Kongeneric Merger is a merger of two similar businesses but has different products. For example, a computer company merges with a software company, two companies have the same business sector, namely in the field of technology, but they produce different goods.
4. Merger Conglomerate, namely business merger from two or more industries which is unrelated. Example of a mining company buying a real estate company.

Whereas according to the process, the merger is divided into two, namely:

1. Friendly Merger is a merger approved by both parties, where both parties agree to merge and be-lieve that this merger will bring benefits to both parties.
2. Hostile Merger is when both parties do not reach an agreement in a business combination where the target company feels the price offered is too low and is also possible with the fear of managers losing their positions when a business merger occurs. If this happens, the buyer can approach the target company's shareholders and buy it directly from them so that no approval from the target company's managers is needed.

Acquisition

The other way of combining business is by acquisition. Through this acquisition, the company can make the target company as its subsidiary, so in other words, the company, either the acquirer or the target company, still stands tall (Agus Sartono, 2001). In the acquisition process, most shareholders of the target company will get many benefits compared to the shareholders of the acquiring company. This can hap-pen if in a takeover tender, many companies participate so that the company's stock offer becomes higher.

According to Van Horne and Wachowicz (2005), Acquisitions are divided into two, namely:

1. Strategic Acquisition Strategic acquisition occurs when a company acquires another company as part of the overall strategy of the company. The result of this type of acquisition is a cost ad-vantage. An example of this type of acquisition is when a soft drink company acquires another soft drink company that has excess production capacity or can even increase its dominance in the market to provide increased revenue for the company.
2. Financial Acquisition Financial Acquisition is an act of acquisition of one or several specific companies that are carried out to achieve financial profit. The trend is an attempt to buy the tar-get company at the cheapest price possible, to sell back at a higher selling price. However, if the transaction is carried out between companies that are in the same business group or ownership, the purchase price can be higher or cheaper, depending on the interests and benefits that will be obtained by the majority owner of the company concerned. The main motive for this type of acquisition is to get the maximum profit. Often companies targeted by acquisition are compa-nies that are experiencing a downturn and in relatively weak conditions. The indication is that there are a relatively large debt burden, marketing, and distribution bottlenecks, weakening stock prices in the stock exchange, unemployed production

capacity, and vice versa. However, the ac-quisition of a target company does not always reflect such indications, because in practice the target companies are those that have a fairly liquid financial position and relatively high profit and have good prospects.

Motives of Merger and Acquisition

Achieving economic scale of operation. The economies of scale here are the scale of operations with the lowest average cost. By doing Merger and Acquisition, duplication of operating facilities can be eliminated and can provide more efficient marketing, a better accounting system. With Merger and Acquisition there can be a synergy where the overall value is greater than the sum of the values of each part. Economies of scale occur not only in terms of the production process but in the fields of marketing, personnel, finance, and administration. Broadly the scope of the economic scale to be achieved is in all the use of existing resources. The economic scale can face increasingly fierce competition. With Merger and Acquisition the company can retain employees who truly bring benefits to the company so that shareholders' prosperity can be improved in ad-dition to improving efficiency and employee productivity. There are many examples where companies achieve prosperity when they carry out a business combination such as the merger of four state banks namely Bapindo, Bank Bumi Daya, National Dagang Bank and Exim Bank to Bank Mandiri. Where Bank Mandiri is now one of the largest banks in Indonesia, it is evident that a merger will bring the company to prosperity.

Tax saving. The companies decide to combine business with other companies that to make a profit; with this, the tax that must be paid by the company becomes smaller. In terms of com-panies that are experiencing growth, this has a double benefit, in addition to tax savings as well as utilizing unemployed funds because companies that are experiencing growth generally have a large cash surplus which of course will provide a large tax burden for the company. If the large cash is distributed to shareholders, it will also burden the shareholders because the tax they have to pay is greater.

Diversification. The Merger and Acquisition ease companies to add their business portfolios without having to start new business lines. With the diversification of the company can also min-imize the influence of the company's profit cycle. With diversification, the risks faced by stock can be compensated by other shares. Thus the overall risk becomes smaller. This can occur with the assumption that investors are risk-averse, and investors can diversify efficiently.

It is increasing business growth. This is possible with the broader mastery of marketing networks, better and more efficient management — for example, the purchase of shares of PT. Semen Gresik by Cemex from Mexico can increase production capacity and growth of the company. In other words, this alternative can make it easier for companies to penetrate wider markets, espe-cially foreign markets.

Stages of Merger and Acquisition

In the implementation of Merger and Acquisition, the company usually goes through several processes. In general, the Merger and Acquisition stages are as follows; the first large company will determine the target company they will buy. Then proceed with a negotiation in which if the negotiation goes smoothly it will be followed by the purchase of the target company with the desired value together. Very rarely makes a company offer to be taken over by another company, except in cases when the company has financial problems/difficulties. According to Sartono (2001), the first stage in Merger and Acquisition is that com-panies that will take over will identify the target company. Then proceed with determining the purchase price that is willing to be paid. In the next stage, the management of the takeover company will contact the management of the target company for a negotiation. If the two companies agree, the management of the target company will approach the shareholders to convince them that the merger of this company will bring benefits to both companies, after the shareholders agree that the merger can be carried out ei-ther in the form of cash or in the form of payment with company shares. Whereas according to Estanol and Jo (2005) in the merger there are three stages.

Pre-Merger This stage is a condition before the merger where at this stage, the task of the entire board of directors and second or more management companies is to gather competent and sig-nificant information for the benefit of the merger process of these companies so that synergies from the merger will occur.

Merger When a company decides to merge, the first thing to do at this stage is self-adjustment and mutual integration with its partners so that synergies can occur.

Post – Merger At this stage, there are several steps that must be taken by the company. The first step (1) that will be carried out by the company is by restructuring, wherein a merger, there is of-ten a dualism of leadership that will have a bad influence on the organization. The second step (2) is to build a new culture where the new culture or culture can be a combination of the ad-vantages of the two corporate cultures or can be a culture that is entirely new to the company. The third step (3) is taken by launching a transition, where what must be done in this case is to establish collaboration, can be a joint team or cooperation.

Financial Performance

Financial performance is defined as management achievement, in this case, financial management in achieving company goals, namely to generate profits and increase the value of the company. Financial performance analysis in this study aims to assess the implementation of the company's strategy in terms of Merger and Acquisition.

Ratio analysis is a past event. Therefore factors that may exist in the future period may affect the financial position or results of operations in the future. For this reason, an analysis is required to be able to provide good and accurate results of analysis and interpretation, because the results of this analy-sis will be useful in determining management's policy for future collection. The financial condition of a company can be known by a benchmark that is usually used, namely: financial ratios, but using financial ratios will only know the magnitude of the ratio numbers. Therefore, interpretation of the ratio numbers that have been obtained is needed and choosing the types of ratios that are suitable for the analysis.

Payamta (2001) states that to evaluate the financial performance of companies that carry out mergers or acquisitions can be analyzed using the ratio of financial ratios. Some financial ratios that can be used as indicators of a company's financial performance are Profitability (Return on Equity) and Solvability (Debt to Equity)

Return on Equity

The ratio of net income after tax to ordinary equity shares measures the rate of return on equi-ty (ROE), which can be calculated by the following formula:

$$\text{Return on equity} = \frac{\text{Net income}}{\text{Shareholders' equity}}$$

Debt to Equity

Debt to Equity is a solvency ratio that measures the ability of a company with its equity to pay debts to creditors. In calculating DER the following formula is used:

$$\text{Total debt to assets ratio} = \frac{\text{Total debt}}{\text{Total assets}}$$

Merger and Acquisition Activities and Firm Performance

Profitability

Harjeet and Jiayin (2013) conducted a study of companies that carry out Merger and Acquisition in China where Return on Equity before and after Merger and Acquisition did not experience significant changes similar things were also conveyed by Annisa and Prasetiono (2010) where Return on Equity after Merger and Acquisition did not experience significant changes compared to before Merger and Acquisition, while Sisbintari (2011) examined differences in Merger and Acquisition in CIMB Niaga bank. The results showed that Return on Equity increased significantly after Merger and Acquisition. The similar result was also conveyed by Kumara and Satyanaraya (2013) in India companies that carried out Merger and Acquisition. They also found that Indian Merger and Acquisition companies experienced a significant increase in Return on Equity. However, different to the results found in India by Sharma (2013). The results showed a significant decline Return on Equity after Merger and Acquisition.

Widyaputra (2006) found that company performance after Merger and Acquisition did not experience significant changes while partially some ratios experienced significant differences. However, Annisa and Prasetiono (2010) state that there are significant differences in company performance where total asset turnover (TATO) has increased after Merger and Acquisition compared to before Merger and Acquisition, while Net Profit Margin and Return on Equity have decreased after Merger and Acquisition. Harjeet and Jiayin (2013) stated that there were positive changes in companies that were acquired where most of the acquisitions and mergers were carried out by state-owned companies in China.

Solvability

Debt to Equity Ratio (DER) is the ratio between the company's debt and the amount of capi-tal it has. The higher this ratio, the more creditor money used as working capital is expected to increase company profits. Kurniawan and Widyarti (2011) examined a sample of manufacturing companies listed on the Stock Exchange in 2003-2007 found that Debt to Equity did not experience significant changes but based on descriptive data showed a slight increase whereas Ardiagarini and Arfianto (2011) who ex-amined the effects of Merger and Acquisition on the target companies acquired in 1997-2009 found sig-nificant differences only in the period of one year before and one year after.

Sonia Sharma (2013) who researched the metal industry in the Indian market with a sample of 9 companies listed on Indian exchanges that carried out Merger and Acquisition activities in the 2009-2010 period. Research looks at company performance through profitability ratios, liquidity, and leverage where the results show an increase, although not significant to liquidity and leverage ratios and a signifi-cant decrease in profitability ratios. Likewise, Kumara and Satyanarayana (2013) who studied Indian companies with years of research starting in 2010-2012 found that there was no significant increase in company performance after Merger and Acquisition

Hypothesis Development

According to the explanation above, the purpose of Merger and Acquisition is to make the company more effective and efficient in a business competition so that joint management is needed from the pre-vious two different companies. Merger and Acquisition is expected to be able to make the company bet-ter in the market. The achievement of Merger and Acquisition will be measured through several ratios to determine the achievement of the company whether it has progressed or not, we can see the profitability ratio to find out how much profit growth from the company the greater the profit percentage, the better the company and this provides information that the company experiences growth. While the solvency ratio is needed to determine the ability of the company to pay off or repay all loans through the amount of assets owned that affect the type of financial report is expected after the Merger and Acquisition ratio is better than before because one of the objectives of Merger and Acquisition is to strengthen the compa-ny's ability to pay its debt.

Both ratios are expected to be better after the Merger and Acquisition because the company's ability is stronger in facing competition globally Reflecting from the previous research studies that have been conducted, the author recapitulates the hypothesis of this study as follows:

H1: Merger and Acquisitions have a significant positive impact on company profitability
H2: Merger and Acquisitions have a significant positive impact on company solvability.

3. Methods

The purpose of conducting this research is descriptive to examine the impact of Merger and Acquisition on companies listed on the Indonesia stock exchange in 2015 to the company's profitability and solvability. The author believes that by conducting this research it will be beneficial for the reader to gain more understanding about merger and acquisition factors that have influences on financial performance and also to be beneficial by some relevant parties.

The sampling approach of this study will be using non-probability purposive sampling. It is selected for this study to examine the samples of firms listed in Indonesia Stock Exchange (IDX). This study uses secondary data, namely company financial statements listed on the Indonesia Stock Exchange and has carried out Merger and Acquisition during the period pre and post 2015. The list of companies that carried out Merger & Acquisition in 2015 based on the KPPU campaign (Business Competition Supervisory Commission).

The method of data collection used in this research study is secondary data collection method. The data will be taken from the Indonesia Stock Exchange (IDX) website and *Komisi Pengawas Persaingan Usaha* (KPPU). The time horizon of this study is cross-sectional from the period of pre and post 2015. The data used to calculate pre and post-Merger and Acquisition profitability and solvability is collected from the respective company's financial statements. The sampling criteria in this study are as follows:

1. The company conducted Merger and Acquisition in 2015
2. The Merger and Acquisition process is registered with KPPU and OJK
3. The company is an IPO company and registered on IDX
4. Have financial reports that can be accessed by the public
5. Have published financial statements in Rupiah

This study aims to find the effect of merger and acquisition that affects financial performance. The selection of this variable aims to measure the influence of merger and acquisition factors on financial performance before and after Merger and Acquisition. Hence, this research study will be using numeric data and is decided to be quantitative analysis. Thus, after gathering the data, all data will be assembled to Microsoft Excel to be more accessible for interpreting the data.

The data gathered in this research are attained from the annual financial statement of the companies. IBM SPSS 25 will be used to process the data that were inputted to simplify the statistical analysis of the sample. The Wilcoxon signed-rank test is a non-parametric statistical hypothesis test used to compare two related samples, matched samples, or repeated measurements on a single sample to assess whether their population means ranks differ (i.e. it is a paired difference test). A Wilcoxon signed-rank test is a nonparametric test that can be used to determine whether two dependent samples were selected from populations having the same distribution.

Initial data inspection. The researcher used Microsoft Excel 2018 software and SPSS 25 statistical tool. The process of data processing starts from the identification and tabulation of data, then verifies by examining all data. This process is carried out to ensure data accuracy.

Handling of outlier data. Before the data is processed, the researcher conducts a second examination to see whether there is an outlier (extreme observation). All data are checked for maxi-mum values, minimum values, mean, and standard deviation. Test the Wilcoxon Signed Rank Test to find out the differences before and after Merger and Acquisition. Handling of outlier data. Before the data is processed, the researcher conducts a second examination to see whether there is an outlier (extreme observation). All data are checked for maximum values, minimum values, mean, and standard deviation. Test the Wilcoxon Signed Rank Test to find out the differences before and after Merger and Acquisition.

4. Results and Discussion

Sample Selection Results

Following the sample selection criteria specified in the previous chapter, the sample selection procedure is summarized in table 4.1.

Table 4.1 Sample Selection Procedure

No	Data	2015
1	Number of Merger & Acquisition Companies	51
2	Number of companies according to criteria	20

Source: Researcher Data (2019).

From all the companies listed on the Indonesia Stock Exchange in 2015, some of them did not have data following the author's criteria in the form of an annual report which was still incomplete on certain accounts, so that the group of companies was excluded from the sample. The author only chooses companies that make Merger and Acquisition to be used as samples in this study. Overall, the study sample consisted of 20 company observations and covered four years observation period, namely two years before the Merger and Acquisition

process and two years after the merger and acquisition process for companies listed on the Indonesia Stock Exchange for the period pre and post-2015 and two financial ratios. The total observation is 120 data.

Descriptive statistics

Based on the sampling process described, table 4.2 presents the results of descriptive statistics on the data sample.

Table 4.2 Descriptive Statistics

	ROE_PRE	DER_PRE	ROE_POST	DER_POST
N	40	40	40	40
Mean	9,1548	1,4193	7,5778	1,7210
Median	7,6600	1,0800	8,4150	1,4600
Std. Deviation	14,7959	1,1187	12,7112	1,1429
Minimum	-17,88	,00	-24,02	,01
Maximum	84,60	5,11	41,29	4,13

Source: Output SPSS 25 (2019).

Where:
ROE_Pre   = Return on Equity average before Merger and Acquisition 2013 & 2014
DER_Pre   = Debt to Equity average before Merger and Acquisition 2013 & 2014
ROE_Post   = Return on Equity average after Merger and Acquisition 2016 & 2017
DER_Post   = Debt to Equity average after Merger and Acquisition 2016 & 2017

Return on Equity before Merger and Acquisition has a minimum value of -17.88 and a maximum of 84.60 as well as an average of 9.15 and median 7.66 this gives us information that Return on Equity before Merger and Acquisition is better than after Merger and Acquisition occurs, because on Return on Equity after the process occurs The Return on Equity value has decreased with a minimum value of -24.02 and a maximum of 41.29 and an average value of 7.57 and median 8.41.
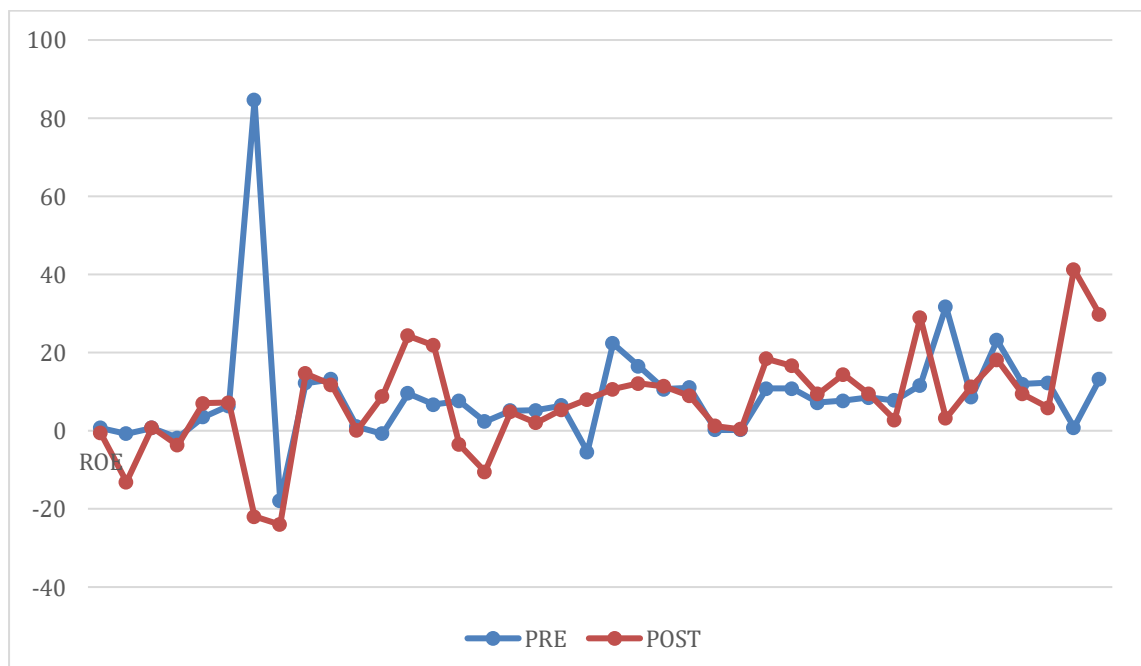

Figure 4.1 Pre and Post Return on Equity

The management of PT Link Net Tbk (LINK) has taken over 6,124 shares of PT First Media Television owned by PT First Media Tbk (KBLV) worth Rp9.4 billion. As of September 2015, First Media recorded a loss of Rp.476.41 billion. In fact, in the same period in 2014, KBLV still posted a profit of Rp27 billion. As is known, the company's loss occurred, after Link Net (LINK) no longer consolidated its financial statements to First Media since November 1, 2014.

Besides, the company's losses were also caused by revenue, which fell 58.94% to Rp739.44 billion as of September 2015, from Rp1.8 trillion as of September 2014. At the same time, KBLV's cost of goods sold jumped by 93.5 % to Rp925.03 billion, from the previous Rp477.99 billion as of September 2014. This caused First Media to suffer a gross loss of Rp185.59 billion as of September 2015. In the same period in 2014, the company still booked a gross profit of Rp1.32 trillion. The operating loss of the media company under the Lippo group reached Rp1.33 trillion as of September 2014, from an operating profit of Rp459 billion. The loss suffered by the company also negatively affected the KBLV share price on the Indonesia Stock Exchange (IDX). From January 2, 2015 to November 23, 2015, KBLV shares had decreased by 12.6%, from Rp2,380 per unit to Rp2,080 per unit. In trading on the IDX.

DER before Merger and Acquisition has a minimum value of 0 and a maximum value of 5.11 as well as an average of 1.41 and median 1.08, this gives us information that DER before Merger and Acquisition occurs more than after Merger and Acquisition even though we find that after Merger and Acquisition occurs decreased in maximum value, after the Merger and Acquisition we can see DER has a value of 0.1 and a maximum value of 4.13 and an average value of 1.72 and median 1.46.
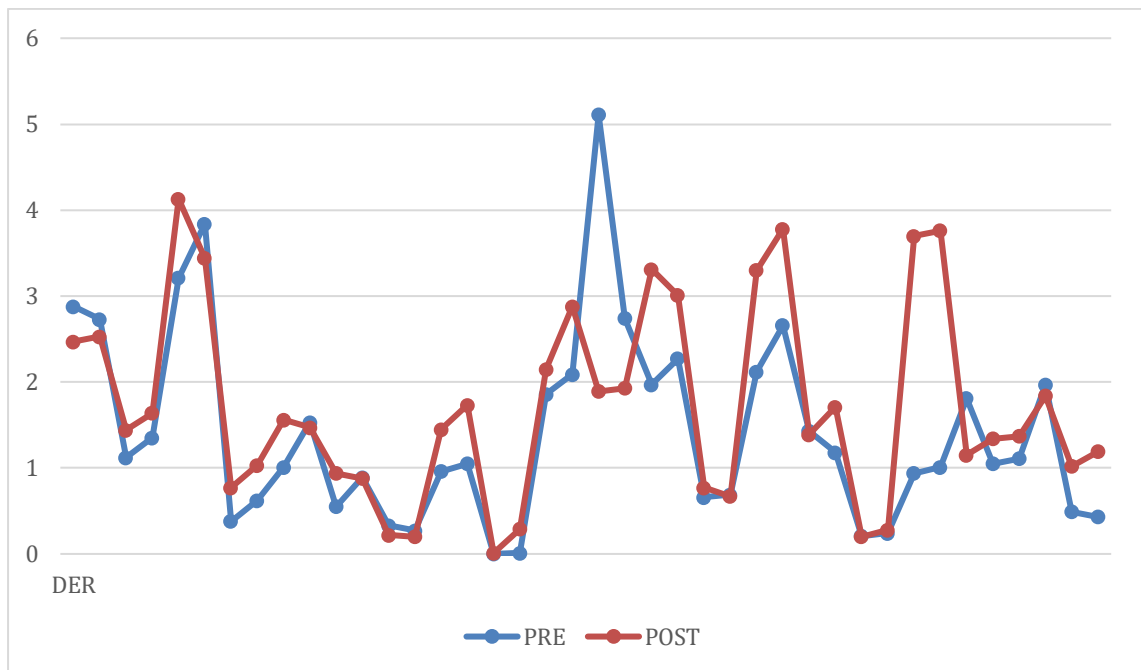
Figure 4.2 Debt to Equity chart

PT Indonesian Rating Agency (Pefindo) downgraded the Medium Term Note (MTN) and bonds issued in 2016, owned by PT PP Properti Tbk (PPRO). The company is considered to be too aggressive in improving the company's capital structure through significant additional debt. Pefindo downgraded PT PP Properti Tbk, MTN in 2016 and bonds in 2016 to BBB, from previously BBB +.

PPRO has revised its capital expenditure projection for 2017 to IDR 2.4 trillion from the previous IDR 1.6 trillion. The majority of this additional expenditure will be allocated to acquire land in several locations, which will be conducted with external funding. This condition, he continued, increased the projected ratio of debt to EBITDA by an average of three years from 2017 to 2019, to be above 8x. Meanwhile, the ratio of internal funds from operations to debt is below 5%.

Meanwhile, the company's outlook is stable because the downgrade has included a debt plan that is higher than projected in PPRO's financial profile. For the record, as of 30 June 2017, PPRO has total cash of Rp.1.1

trillion including rights issue funds that have not been used. In general, based on descriptive statistical data that we get and we compare that the data before the occurrence of Merger and Acquisition gives us information that the company's financial performance is better in general.

Wilcoxon Signed-Rank Test Return on Equity

Table 4.3 Descriptive statistics of Return on Equity

	Mean	Std. Deviation	Minimum	Maximum
ROE_PRE	9,1548	14,79590	-17,88	84,60
ROE_POST	7,5778	12,71129	-24,02	41,29

Source: Output SPSS 25 (2019).

The descriptive statistics table above shows the mean, standard deviation, minimum, and maximum values of each data group (pretest and posttest). It appears that the mean or the average posttest value of 7.5778 is smaller than the pretest value of 9.1548. What is the magnitude of this difference is it statistically significant? That will be answered later by the Wilcoxon Signed Rank Test.

Table 4.4 Ranks of Return on Equity

		N	Mean Rank	Sum of Ranks
ROE_POST - ROE_PRE	Negative Ranks	20[a]	20,60	412,00
	Positive Ranks	20[b]	20,40	408,00
	Ties	0[c]		
	Total	40		
a. ROE_POST < ROE_PRE				
b. ROE_POST > ROE_PRE				
c. ROE_POST = ROE_PRE				

Source: Output SPSS 25 (2019).

Based on the calculation method performed in the Wilcoxon Signed rank Test formula, the values obtained are: mean rank and sum of ranks from negative ranks, positive ranks, and ties. Negative ranks mean the sample with the value of the second group (posttest) is lower than the value of the first group (pretest). Positive ranks are samples with the value of the second group (posttest) higher than the value of the first group (pretest). While ties are the value of the second group (posttest) equal to the value of the first group (pretest). The N symbol indicates the amount, Mean Rank is the average rating, and the sum of ranks is the sum of the rank.

Wilcoxon Test Result

Table 4.5 Wilcoxon Signed Rank

	ROE_POST - ROE_PRE
Z	-,027[b]
Asymp. Sig. (2-tailed)	,979
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

Source: Output SPSS 25 (2019).

Based on the results of the calculation of the Wilcoxon Signed Rank Test, the value of Z obtained is -0.027 with p-value (Asymp. Sig 2 tailed) of 0.979 which is more than the critical research limit of 0.05 so the hypothesis decision cannot reject H_0 implying there are no significant differences between the pre-test and posttest groups.

Wilcoxon Signed-Rank Test Debt to Equity

Table 4.6 Descriptive Statistics of Debt to Equity

	Mean	Std. Deviation	Minimum	Maximum
DER_PRE	1,4193	1,11879	,00	5,11
DER_POST	1,7210	1,14294	,01	4,13

Source: Output SPSS 25 (2019).

The descriptive statistics table above shows the mean, standard deviation, minimum, and maximum values of each data group (pretest and posttest). It appears that the mean or the average posttest value of 1.7210 is greater than the pretest value of 1.4193. What is the magnitude of this difference is it statistically significant? That will be answered later by the Wilcoxon Signed Rank Test.

Table 4.7 Ranks of Debt to Equity

		N	Mean Rank	Sum of Ranks
DER_POST - DER_PRE	Negative Ranks	14[a]	14,68	205,50
	Positive Ranks	26[b]	23,63	614,50
	Ties	0[c]		
	Total	40		
a. DER_POST < DER_PRE				
b. DER_POST > DER_PRE				
c. DER_POST = DER_PRE				

Source: Output SPSS 25 (2019).

Based on the calculation method performed in the Wilcoxon Signed rank Test formula, the values obtained are: mean rank and sum of ranks from negative ranks, positive ranks, and ties. Negative ranks mean the sample with the value of the second group (posttest) is lower than the value of the first group (pretest). Positive ranks are samples with the value of the second group (posttest) higher than the value of the first group (pretest). While ties are the value of the second group (posttest) equal to the value of the first group (pretest). The N symbol indicates the amount, Mean Rank is the average rating, and the sum of ranks is the sum of the rank.

Table 4.8 Wilcoxon Test

	DER_POST - DER_PRE
Z	-2,749[b]
Asymp. Sig. (2-tailed)	,006
a. Wilcoxon Signed Ranks Test	
b. Based on negative ranks.	

Source: Output SPSS 25 (2019).

Based on the results of the calculation of the Wilcoxon Signed Rank Test, the value of Z obtained is -2.749 with p-value (Asymp. Sig 2 tailed) of 0.006 which is less than the critical research limit of 0.05 so the hypothesis test decision is to reject H_0 implying that there are significant differences between the pre-test and posttest groups.

Discussion

The results of the statistical analysis of Wilcoxon signed-rank test found that there was no significant difference in Return on Equity financial ratios before and after Merger and Acquisition. We can even see that the median of pre- Merger and Acquisition Return on Equity is greater than the post- Merger and Acquisition Return on Equity. So that in this study, H_0 cannot be rejected. The test shows insignificant difference. The result is consistent with the research conducted by Harjeet and Jiayin (2013), Payamta and Setiawan (2004) and Widyaputra (2006) who found the same thing, namely there were no significant differences of financial performance between before and after Merger and Acquisition on the ROE financial ratio. It can be concluded

that Merger and Acquisition taken place in Indonesia in particular year 2015 cannot increase the firms' profitability.

The result of the Wilcoxon signed-rank test find a significant differences in the financial ratios of Debt to Equity before and after Merger and Acquisition, and we can even see the median before the occurrence of Merger and Acquisition had a smaller ratio and was considered better. So that in this study H_0 is rejected, and H_1 is accepted because it is proved there was a significant difference. This result is following the research conducted by Widyarti (2011) and the research conducted by Esterlina, and Firdausi (2017) found the same thing. Namely, there were significant differences of Debt to Equity of companies between before and after Merger and Acquisition on the Debt to Equity financial ratio.

The Merger and Acquisition process requires time to adapt especially structurally in the formation of a new structural and business base that requires time to create a better financial ratio because basically when Merger and Acquisition occurs the business scale changes to become bigger and not the same as before.

5. Conclusion

The results of this study found that generally the Merger and Acquisition A process does not have a significant influence on a company's financial performance, especially at 1 and 2 years after the Merger and Acquisition process, we can see it in the Return on Equity ratio does not have many changes and even tends to have smaller numbers than before The Merger and Acquisition process. However, the Debt to Equity ratio has a significant change after the Merger and Acquisition process of Debt to Equity financial ratios has increased, and this means it worsens. In summary, Merger and Acquisition could not deliver all positive gains in the financial performance in the short-run and long-run period of performance as evident in this paper.

This research is very limited because using several companies as samples in research, and short research time is also a limitation of this study. It is expected that in future studies can be used longer research time and Merger and Acquisition data for more than one year so that more credible conclusions can be taken. The limitations of this study are also because researchers are in Germany, and the object of research is in Indonesia, so researchers can only be a sample of companies that go public that publish financial reports online..

References

Annisa dan Prasetiono. (2010). Analisis manajemen laba dan kinerja keuangan perusahaan pengakuisisi sebelum dan sesudah merger dan akuisisi yang terdaftar di Bursa Efek Indonesia tahun 2008-2009. Jurnal Manajemen dan Bisnis Undip 1 (1): 1-12.

Aprlianti, Anis, 2014, Analisis Kinerja Keuangan Perusahaan Sebelum dan Sesudah Melakukan Transaksi Akuisisi (Studi Kasus pada Akuisisi PT. Indofood Sukses Makmur,Tbk terhadap PT. Indolakto). *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*. Vol. 3, No.1, hal.1-19.

Ardiagarini, S., & Arfianto, E. D. (2011). Analisis Dampak Merger dan Akuisisi terhadap Kinerja Keuangan Perusahaan Target. *Fakultas Ekonomi Universitas Diponegoro Semarang*.

Bhabra, H. S., & Huang, J. (2013). An empirical investigation of M&A by Chinese listed companies, 1997–2007. *Journal of Multinational Financial Management*, *23*(3), 186-207.

Brigham, E. F., & Joel, F. (2008). Houston. 2001. *Manajemen keuangan*, *1*.

Widyaputra, D. (2006). *Analisis perbandingan kinerja perusahaan & abnormal return saham sebelum & sesudah merger dan akuisisi (Di bursa efek Jakarta periode 1998-2004)* (Doctoral dissertation, program Pascasarjana Universitas Diponegoro).

Esterlina, P., & Firdausi, N. N. (2017). Analisis Kinerja Keuangan Perusahaan Sebelum dan Sesudah Merger dan Akuisisi. *Jurnal Administrasi Bisnis*, *47*(2), 39-48.

Gunawan, Barbara, 2005, Pengaruh Pengumuman Merger dan Akuisisi terhadap Abnormal Return Saham Perusahaan Akuisitor dan Non Akuisitor dalam Sektor Industri yang Sama di BEJ Perioda Tahun 1998-2001. *Jurnal Akuntansi dan Investasi*. Vol.6, No.1, hal.1-20.

Gunawan, K. H., & Sukartha, I. M. (2013). Kinerja pasar dan kinerja keuangan sesudah merger dan akuisisi di Bursa Efek Indonesia. *E-Jurnal Akuntansi*, 271-290.

Hanafi, Mamduh. 2013. Analisis Laporan Keuangan. Yogyakarta: Penerbit UPP AMK

Heykal, Mohamad dan Monica Hennisia Wijayanti, 2015, Analisis Hubungan antara Merger dan Akuisisi Terhadap Kinerja Keuangan dan Return Saham pada Perbankan yang Terdaftar Di BEI. *Jurnal Akuntansi, Keuangan, dan Perbankan*. Vol. 1, No. 3, hal.178-186.

Kurniawan, T. A., & WIDYARTI, E. T. (2011). *Analisis Perbandingan Kinerja Keuangan Perusahaan Sebelum dan Setelah Merger dan Akuisisi (Pada Perusahaan Manufaktur di BEI Tahun 2003-2007)* (Doctoral dissertation, Universitas Diponegoro).

Kurniawati, Rina, 2011, Pengaruh Pengumuman Merger dan Akuisisi terhadap Return Saham Perusahaan Akuisitor yang Terdaftar di Bursa Efek Indonesia Periode 2005-2008. *Jurnal Manajemen Bisnis (Fokus)*. Vol. 1, No. 1, hal.1-16.

Laiman, L., & Hatane, S. E. (2017). Analisis Dampak Merger dan Akuisisi Terhadap Kinerja Keuangan pada Perusahaan Non Keuangan Yang Terdaftar di Bursa Efek Indonesia Periode Tahun 2007–2014. *Business Accounting Review*, *5*(2), 517-528.

Mai, Muhamad Umar, 2016, Analisis Penentual Model Merger-Akuisisi yang Sinergis di BEI. *Jurnal Keuangan & Perbankan*. Vol.20, No.3, hal.382-394.

Maria, Hartono Angeline dan Faliani L Jade, 2012, Pengaruh Merger Atau Akuisisi Terhadap Kinerja Perusahaan dan Harga Saham Perusahaan Publik. *Jurnal Telaah Manajemen*. Vol. 7, No. 1, hal.43-45.

Moin, Abdul, 2003, *Merger, Akuisisi dan Divestasi*. Jilid 1, Ekonisia : Yogyakarta.

Novaliza, Putri dan Atik Djajanti, 2013, Analisis Pengaruh Merger dan Akuisisi Terhadap Kinerja Keuangan Perusahaan Publik Di Indonesia (Periode 2004 - 2011). *Jurnal Akuntansi dan Bisnis*. Vol. 1, No. 1, hal.1-16.

Pratiwi, P.R dan I B Panji Sedana, 2017, Analisis Kinerja Keuangan Perusahaan Multinasional Sebelum dan Sesudah Akuisisi (Studi Perusahaan Multinasional Pengakuisisi di BEI). *E-Jurnal Manajemen Unud*. Vol. 6, No. 1, hal.235-263.

Putri, Vonny, 2013, Analysis of Merger, Acquisition's Impact on Its Financial Performance (Case Study on Listed Companies in Indonesia Stock Exchange). *Jurnal Ilmiah Mahasiswa FEB*. Vol.1, No.2, pp.1-14.

Reeves, T. C., McKinney, A. P., & Azam, L. (2012). Muslim women's workplace experiences: implications for strategic diversity initiatives. *Equality, Diversity and Inclusion: An International Journal*, *32*(1), 49-67.

Sartono, Agus. 2001. Manajemen Keuangan, Teori dan Aplikasi. Edisi Keempat. Yogyakarta : BPFE.

Sinha, Neena, 2010, Measuring Post Merger and Acquisition Performance: An Investigation of Select Financial Sector Organizations in India. *International Journal of Economics and Finance*. Vol.2, No.4, pp.190-200.

Sutrisno, 2009, *Manajemen Keuangan teori, Konsep, dan Aplikasi*. Ekonisia: Yogyakarta. Usadha, I Putu A dan Yasa, Gerianta W, 2009, Analisis Manajemen Laba dan Kinerja

Keuangan Perusahaan Pengakuisisi Sebelum dan Sesudah Merger dan Akuisisi di BEI. *Jurnal Fakultas Ekonomi Universitas Udayana*. Vol.4, No.2, hal.1-23.

Payamta, P., & Setiawan, D. (2004). Analsisis Pengaruh Merger dan Akuisisi Terhadap Kinerja Perusahaan Publik di Indonesia. *The Indonesian Journal of Accounting Research*, *7*(3).

www.idx.com

www.sahamok.com

+++++++++++++++++++++++++++++

MACROECONOMIC INDICATORS AND HUMAN DEVELOPMENT INDEX IN TEN LOWEST MEDIUM IN INDONESIA: AN ISLAMIC PERSPECTIVE

Rifadli D. Kadir & Juniaty Ismail

IAIN Sultan Amai Gorontalo

Abstract

The human development index is an important issue because many developing countries have succeeded in achieving high economic growth but failed to reduce the gap in human development. The phenomenon is happening right now, there is a significant difference between one region and another indicates that there has not been equitable development in Indonesia. According to the Indonesian HDI Ranking Data source, there are 10 provinces which are at the bottom of the HDI ranking. This study aims to examine the reasons why the 10 Provinces are at the bottom of the HDI ranking using panel data and the Fixed Effect Model (FEM) regression model. The results showed that the variable economic growth and poverty had no significant effect on Human Development represented by HDI, the GRDP variable per capita had a negative and significant effect on HDI and the minimum wage variable had a positive and significant effect on HDI.

Keywords: Human Development Index, Economic Growth, GRDP, Minimum Wage, Poverty.

1. Introduction

Development discussion is not just about per capita income growth. Multi-dimensional development includes various aspects that exist in society, such as economic, social, political, legal and security. Therefore, in measuring the development progress, it is not enough to just look at GDP or GDP growth per capita. Need to look at other aspects such as changes in social structure, institutional systems, changes in attitudes and behavior of the people who are important elements in economic development. Human development is one of the main considerations of developing a country (Sarkar, et. Al, 2012).

In 1990 the United Nations Development Program (UNDP) introduced the "Human Development Index (HDI). According to Drepper (1990) in his introduction to the 1990 Human Development Report, the emergence of HDI does not mean to rule out the role of GDP, but how to translate that GDP into human development.

The Human Development Index is an important issue for two reasons. First, many developing countries have managed to achieve high economic growth, but failed to reduce the gap in human development. Second, human resources as input in the process of economic growth if human development is successful, the quality of the resources will be better so that it can encourage the acceleration of economic growth (Ginting S, Lubis, & Mahalli, 2008).

Indonesia has embraced the concept of Human Development which is measured using the Human Development Index (HDI) contained in the National Medium-Term Development Plan (RPJMN). This is in accordance with Law No. 25 of 2004 regulates the National Development Planning System. With the enactment of Law no. 32 of 2004 concerning Regional Government gives full authority to each region, both at the Provincial level, and at the regency or city level to regulate and manage the regional households with little intervention from the central government. This policy is known as regional autonomy. With decentralization,

339

development is expected to be more successful and can provide and improve one of the development indicators, the Human Development Index (HDI).

One important aspect of decentralization is the issue of fiscal decentralization, where fiscal decentralization requires that each authority granted by the regional government must be accompanied by funding in the amount that is in accordance with the burden of the respective regional authorities. With decentralization, regional growth and development is expected to be evenly distributed in all regions in Indonesia. However, the phenomenon that occurs at this time is the occurrence of significant differences between one region and another. This indicates that there has not been equitable development in Indonesia. As can be seen in the Development Index ranking data below.

Table 1.1 Human Development Index Ranking (HDI), 2018

PROVINCE	HDI RATINGS	PROVINCE	HDI RATINGS
DKI Jakarta	1	Bengkulu	18
DI Yogyakarta	2	Southeast Sulawesi	19
East Kalimantan	3	North Kalimantan	20
Bangka Belitung Islands	4	Central Kalimantan	21
Bali	5	South Borneo	22
Riau	6	South Sumatra	23
North Sulawesi	7	Lampung	24
Banten	8	Central Sulawesi	25
West Sumatra	9	Maluku	26
West Java	10	North Maluku	27
Aceh	11	Gorontalo	28
North Sumatra	12	West Nusa Tenggara	29
Central Java	13	West Kalimantan	30
South Sulawesi	14	West Sulawesi	31
East Java	15	East Nusa Tenggara	32
Bangka Belitung Islands	16	West Papua	33
Jambi	17	Papua	34

Source: Indonesia HDI Ranking Data, BPS, 2018

This HDI rating shows that there are still gaps in provincial development in Indonesia. It can be seen above that there are Provinces ranked at the top and some at the bottom. There are ten Provinces that are ranked below the Human Development Index, namely Central Sulawesi, Maluku, North Maluku, Gorontalo, West Nusa Tenggara, West Kalimantan, West Sulawesi, East Nusa Tenggara, West Papua and Papua. Based on this, this study will further examine why the ten Provinces are ranked lowest.

2. Literature Review

Human Development Index

Human Development is defined as the process of expanding population choices (a process of engulfing the choices of people). The main objective of development is to create an environment that allows people to enjoy longevity, health, and lead productive lives (UNDP, 2004).

The Human Development Index (HDI) measures human development achievements based on a number of basic components of quality of life. As a measure of quality of life, HDI is built through a basic three-dimensional approach. According to BPS (2014) the dimensions include long and healthy life, knowledge, and a decent life. These three dimensions have a very broad understanding because they are related to many factors. To measure the health dimension, life expectancy at birth is used. Next to measure the dimensions of knowledge used a combination of indicators of the average length of school and long school expectations. As for measuring the dimensions of decent living, an indicator of people's purchasing power is used for a number of basic food

and non-food needs, as seen from the average per capita expenditure as an income approach that represents development achievements for decent living.

The formula used in calculating the HDI is as follows (BPS, 2012):

HDI = 1/3 (Index X1 + Index X2 + Index X3)

Where:

X1: the length of life

X2: education level

X3: a decent standard of living that uses purchasing power indicators

Based on a theoretical study to measure the success of human development in this study using the Human Development Index (HDI) which is an indicator used to achieve human development. The average HDI in the ten provinces ranked lowest is as follows:

Table 2.1 HDI The Ten Lower Provinces in Indonesia

Province	HDI Ratings	Mean HDI
Central Sulawesi	25	68.88
Maluku	26	68.87
North Maluku	27	67.76
Gorontalo	28	67.71
West Nusa Tenggara	29	67.3
West Kalimantan	30	66.98
West Sulawesi	31	65.1
East Nusa Tenggara	32	64.39
West Papua	33	63.74
Papua	34	60.06

Source: BPS, 2018

Islamic Economic Paradigm in Development

Islamic economics is defined by Muslim economists as a social science that studies the socioeconomic problems of society inspired by Islamic values (M.A Manan & Kursyid Ahmad); in order to achieve falah (happiness in the world and the hereafter) by organizing resources for cooperation and participation (Huda, 2008). The goal of Islamic economics is simply to achieve consumer satisfaction and maximize producer profits, but can provide maximum benefits and minimize harm.

One term that represents the purpose of life in an economic context, namely falah comes from the verb in Arabic aflaha-yuflihu (P3EI, 2012). Of course the success of life to be achieved is success in the world and the hereafter as a form of faith of a Muslim. Akram Khan (1994) formulates various aspects (micro and macro) in terms and elements (survival; freedom of desire; strength and self-esteem).

Table 2.2 Micro Aspects and Macro Aspects in Falah

Falah Element	Micro Aspects	Macro Aspects
Life sustainability	Biological Survivor: Health, freedom of heredity and the like	Ecological and environmental balance
	Survival of life: ownership of factors of production	Management of natural resources and providing business opportunities for all residents
	Social Survival: brotherhood and harmony of social relations	Social togetherness, the absence of conflict between groups
	Political survival: freedom in political participation	Identity and independence
Freedom of Desire	Free from poverty	Provision of resources for the entire population
	Life independence	Provision of resources for future generations
Strength and self-esteem	Pride	Economic strength and freedom from debt

	Independence, protection of life and honor	Military force

Source: Researcher Data, 2019.

Human Development Growth and Index

According to Todaro (2006), economic growth is defined as a process whereby the production capacity of an economy increases over time to produce a greater level of income. Economic growth according to Arsyad (2004) is defined as an increase in Gross Domestic Product / Gross National Product regardless of whether the increase is greater or smaller than the rate of population growth, or whether changes in economic structure occur or not. According to Prasetyo (2009) the term economic growth is one of the macroeconomic indicators most often used by a country, especially developing countries. To find out the economic conditions of a country, economic growth indicators are considered to meet the conditions needed to be used even though they have not been able to explain properly.

Calculation of Regional Economic Growth is measured by Gross Regional Domestic Product (GRDP). According to the Central Statistics Agency (BPS), GRDP is the total value of goods and services produced by all business units in a particular area. GRDP is also defined as the sum of the value of final goods and services (net) produced by all economic units. Economic growth illustrates the development of a region's economic activity. The higher economic growth in a region shows the growing economic activity.

Economic growth and human development are interrelated and contribute to one another. Anggriani (2012) revealed that the quality of human development can increase if it is supported by high economic growth and balanced with income distribution so that economic growth is very effective in improving human development. The contribution of economic growth to human development by increasing government revenues can then be invested in human development. Yuliani's results (2014) concluded that economic growth had a significant positive effect on human development (HDI).

Human Development Income and Index

The economy of a region has an indicator that is used to assess the economy going well or poorly. Indicators in assessing the economy must be used to find out the total income earned by all people in the economy. Indicators that are appropriate and appropriate in making these measurements are GRDP. GRDP there are some things that are not included such as the value of all activities that occur outside the market, environmental quality and income distribution. Therefore, per capita GRDP is a good tool that can tell the standard of living of the nation's state (Momongan, 2013).

An area that has a high per capita GRDP generally has a high standard of living. Differences in income reflect differences in quality of life: rich countries (reflected by high per capita income) have better quality of life (reflected by, inter alia, life expectancy, health levels, and education levels) compared to poor countries (Oktavia, 2008). In addition, the increase in per capita income is a reflection of the emergence of improvements in community economic welfare (Purba, 2011).

Per capita income also describes the level of prosperity (wealth), purchasing power (purchasing power parity), and the development progress of a country (Barro, 2003). Per capita income figures are obtained through the division of national income of a country by the country's population (Barro, 2003). The greater the GRDP per capita of a country, the more prosperous the people are. Therefore, per capita GRDP is also often used to compare economic growth between countries.

An indicator of the welfare of an area's population is the GRDP per capita (Pratiwi and Sutrisna, 2014). Norton (2002) states that if per capita GRDP growth is high, it means that there is better employment and higher income levels. Macroeconomically, per capita GRDP can affect the human development index. An increase in per capita GRDP will increase the standard of living of the people so that purchasing power also increases. Increased purchasing power has an impact on increasing the human development index. Per capita GRDP according to Zamharir research (2016) has positive and significant effect on the Human Development Index (HDI).

Minimum Wages and Human Development Index

Labor problems are inseparable from the regional minimum wage (UMR). This minimum wage is one of the considerations for investors who want to invest their capital in an area, especially investors who want to establish factories or industries that absorb a lot of labor. The higher regional minimum wage of a region shows the higher level of its economy (Bappeda, 2010) in Chalid and Yusuf (2015).

The Minimum Wage Policy has become an important issue in employment issues in several developed and developing countries. The goal of this minimum wage policy is to cover the minimum living needs of workers and their families. Objectives and benefits Minimum wage policies are applied or made to (1) guarantee workers' income so that they are not lower than a certain level, (2) increase worker productivity, (3) develop and improve company quality by means of more efficient production (Sumarsono, 2003).

Local governments set minimum wages based on the necessities of decent living and pay attention to productivity and economic growth. The proposal for setting district / city minimum wages was formulated by the district / city wage council which was the result of discussions with the Government, Trade Unions (SP) and the Indonesian Employers' Association (Apindo) (Fajarwati, 2011).

The establishment of the UMR is authorized by the regional government because the regional government has the task of becoming an intermediary between the union and employers. The minimum wage policy also affects the demand for female workers. An increase in regional minimum wages will increase the need for decent living, so that the standard of living is also increasing which will affect the welfare of the community. The minimum wage must be able to meet the minimum living needs of workers, namely the need for clothing, food and household needs. As a result of the increase in the minimum wage received, people's purchasing power has increased so that it has a positive impact on the Human Development Index. Chalid and Yusuf (2014) and Zamharir (2016) concluded that minimum wages had a positive effect on HDI.

Poverty and Human Development Index

According to the World Bank (2006), poverty is defined as the loss of people's welfare, while the core problem in poverty is the limits on welfare itself. If the definition of poverty is related to the level of welfare, poverty can be interpreted as an inability to meet welfare or lack of access to resources to meet their daily needs. Lack of access here is interpreted as a lack of income.

Poverty can be interpreted as a condition of inability to meet basic needs. Poverty is multidimensional which means that human needs are diverse so that poverty has various aspects. In general, every country, including Indonesia, has its own definition of a person or society that is categorized as poor. This is because a condition called poor is relative to each country, for example economic conditions, welfare standards, and social conditions.

The National Planning and Development Agency (Bappenas, 2010) defines poverty as a condition in which a person or group of people, consisting of rights understood by the poor as their right to enjoy a life of dignity and the rights recognized in the legislation.

Poverty is a problem in development that can affect the Human Development Index. Poverty can also have quite serious effects on human development because the problem of poverty is a complex problem that actually starts from the purchasing power of people who are unable to meet basic needs so that other needs such as education and health are neglected (Mirza, 2012). This makes the human development gap between the two become large and in the end HDI achievement targets set by the government are not realized properly.

3. **Methods**

This study uses panel data, which is a combination of Province data that has an average HDI rank of ten carried with time series data from 2010 to 2018. The research data were obtained from the Central Statistics Agency (BPS) of each Province. The dependent variable used in this study is the Human Development Index (HDI) and the independent variables, namely economic growth (growth), GRDP per capita, minimum wages and poverty.

According to Widarjono (2000) that the residuals in the panel data regression model have three possibilities namely residual time series, cross section and a combination of both. There are several methods that can be used to estimate the panel data regression model, namely pooled least square (PLS), Fixed Effect

343

Model (FEM), and Random Effect Model (REM). To determine which model will be selected as a model, it uses the chow test to test the PLS and FEM models, and the Hausman test to test FEM and REM. Furthermore, the model chosen to see the R2 Test, t Test, and F Test.

4. Results and Discussion

The selection of panel data regression models uses the chow test to select PLS and FEM, the hypothesis (H0) is PLS and the alternative hypothesis (H1) is FEM. The Hausman test for choosing REM and FEM, the proposed hypothesis (H0) is REM and the alternative hypothesis (H1) is FEM. The results of the chow test and the Hausman test can be seen in the following table:

Table 4.1 Chow Test and Hausman Test Results

Test	Prob.	Selected Model
Chow Test (PLS or FEM)	0.0000	FEM
Hausman Test (FEM or REM)	0.0000	FEM

Source: Processed Data, 2019.

Based on the results of the chow and hausman tests, the best model is the FEM model. Regression results based on FEM models can be seen in the following table:

Table 4.2 FEM Model Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	40.15022	12.07015	3.326406	0.0013
GROWTH	0.186957	0.111699	1.673762	0.0979
PDRB	-3.959430	0.734648	-5.389559	0.0000
MINWAGE	4.491358	1.019636	4.404862	0.0000
POVERTY	-0.313366	0.265689	-1.179447	0.2415

R-squared	0.280348	Mean dependent var		63.47333
Adjusted R-squared	0.246482	S.D. dependent var		3.193842
S.E. of regression	2.772427	Akaike info criterion		4.931276
Sum squared resid	653.3398	Schwarz criterion		5.070154
Log likelihood	-216.9074	Hannan-Quinn criter.		4.987280
F-statistic	8.278172	Durbin-Watson stat		0.089035
Prob(F-statistic)	0.000011			

Source: Processed Data, 2019.

The results of this study indicate that the F-statistic Probability value for FEM models is 0.0000. This figure shows that the F-statistical probability is less than the significance level α (5%). This means that simultaneously economic growth (growth), GRDP per capita, minimum wage and the amount of poverty affect HDI. The t test based on the results of the study above shows that the regression coefficient of economic growth (growth) variables on the human developmen index (HDI) is 0.187 with a probability value of 0.09 greater than α (5%). This shows that economic growth has no significant effect on HDI. Thus it can be said that provinces with an HDI level in the bottom ten of economic growth do not have a significant impact on human development (HDI).

Gross Regional Domestic Product (GRDP) per capita has a regression coefficient of (-3,959) with a probability value of 0,000, thus it can be said per capita GRDP has a negative effect on HDI. This means that if there is an increase in GDP 1% then it will reduce the HDI level by -3,959 assuming the other variables are considered constant. The minimum wage variable (minwage) has a coefficient of 4,491 and a probability of 0,000 is smaller than α (5%). This means that if there is an increase in wages of 1% it will increase the value of

HDI by 4,491. The number of poor people (poverty) has a coefficient of (-0.313) and a probability of 0.241 is greater than α (5%) or not significant.

Based on the above results, only the GRDP variable per capita and minimum wage have a significant effect, although the GRDP variable per capita is not in accordance with the hypothesis that the GRDP per capita has a positive influence. This shows that the increase in GDP per capita is not always accompanied by the growth of the Human Development Index (HDI) in Indonesia. In other words it can be said that the GRDP per capita is often inversely proportional to the increase in HDI in the ten provinces where HDI ranks in the top ten carry. The minimum wage has a significant effect on the probability value of 4,491. This shows that an increase in the minimum wage in a province ranked in the bottom ten will increase the need for decent living so that the standard of living is also increasing. Wage (wage) is one of the facilities used by workers to improve their welfare. The government has been involved in dealing with wage issues through various policies as outlined in the legislation. In Law No. 13 of 2003 concerning Manpower Article 88 paragraph 1, states that every worker / laborer has the right to earn an income that fulfills a decent living for humanity. One reason for setting minimum wages is as a social safety net to ensure that wages do not decline further and narrow economic inequality. The minimum wage must be able to meet the minimum living needs of workers, namely the need for clothing, food and household needs. As a result of the increase in the minimum wage received, people's purchasing power has increased so that it has a positive impact on the human development index in the Province which is ranked in the bottom ten.

How does Islam see this phenomenon?

In the study of Islamic economics, the issue of economic growth has come to the attention of experts in the discourse of classical economic thought. This discussion includes departing from the word of Allah Almighty. Surah Hud verse 61: "He who has made you from the land and made you prosperous". That is, that Allah. make us as representatives to prosper the earth. The term 'prosperity of the earth' contains an understanding of economic growth, as Ali ibn Abi Talib said to his governor in Egypt: "You should pay attention to the prosperity of the earth with greater attention than the orientation of tax collection, because taxes themselves can only be optimized with prosperity earth. Whoever collects taxes without regard to the prosperity of the earth, the country will be destroyed (Al-Tariqi, 2004).

Islam defines economic growth as the continuous development of the factors of production that are able to contribute to human well-being (Sadeq, 1991). Thus, economic growth according to Islam is full of values. An increase experienced by the factor of production is not considered economic growth if the production for example includes goods that are proven to have adverse effects and are harmful to humans. Islam does not neglect economic growth because it is one of the objectives in Islamic economics. But in this point there is a big question, namely, whether the priority in economic growth is equity (growth with equity) or growth itself (growth) and sich. The answer to that question is that Islam needs both aspects. Both growth (growth) and equity (equity), are needed simultaneously.

Islam will not sacrifice economic growth, because growth is really needed. On the other hand, Islam also continues to see the importance of equity, because economic growth does not reflect overall welfare, especially if income and production factors are concentrated in a small group of people. Determining the success of economic development through indicators of Gross Domestic GDP and per capita alone, is not appropriate. In the Islamic economic paradigm growth must be in line with equity and income distribution. Per capita calculations are aggregate calculations which do not necessarily reflect real conditions. The average figure is obtained based on the distribution of Gross Domestic Product by population. So that the population as a dividing factor increases, of course the results obtained per capita are getting smaller, and vice versa. The Jabotabek area for example, its per capita income figure will definitely be very large, because economic growth is more concentrated in the region. But if the majority of the population living in the village is included as a dividing factor, then the national per capita is reduced. So in conclusion, GDP and per capita cannot describe real conditions.

Therefore, high GDP is not enough to adequately describe the improvement of the people's economy. This is because there are still many Indonesians who do not have a steady income, and instead are below the poverty line, for example, the Indonesian population in the eastern region and other areas, for example in the Cartenz mountainous region, the operational area of PT. Freeport Indonesia, the area that looks prosperous, is just the Copper Pura. Outside the area, many residents have not had the opportunity to earn a steady income.

But in the calculation of GDP per capita, those who are fuqara 'and masakin are included in the dividing factor, so as if they are earning a steady income of Rp. 6.3 million per year (around Rp. 525,000) per month. They also seemed to enjoy the cake of development. Yet in fact, they live below the poverty line.

This condition also makes a clear picture, how the gap between the rich and poor in this country has been so great. The reality of this economic disparity is not only in Indonesia and other developing countries, but also in developed countries that have become warriors of capitalism. The reality of the income gap also occurred in Indonesia during the New Order. So even though Indonesia's economic growth is relatively high and received praise from foreign and international financial institutions, poverty is still widespread and inequality is still wide open. Learning from the failure of Indonesia's lame development, the Indonesian people (especially the Government), must re-orient the development of a centralized system to spread. This needs to be taken to prevent a repeat of the failure of national development so far.

Then. The application of the regional economic system is actually intended to bridge the quite lame national economic conditions. With regional autonomy, it is hoped that more growth centers will be created, at least at the provincial level. During this time with a centralized government, the growth that has been created tends to be centralized. Not surprisingly, the central government acts like a vacuum cleaner, absorbing all assets in the area, including even poor areas. Based on the condition of international inequality and volatile markets, the Islamic state, organizations and other Islamic institutions actively participate in achieving the specific economic development goals, namely growth with equity (Agustianto, 2015).

5. Conclusion

Based on the results of the research above, it can be concluded that the variables of economic growth and poverty have no significant effect on Human Development, which is represented by the Human Development Index (HDI). The variable GRDP per capita has a negative and significant effect on the Human Development Index (HDI) and the minimum wage variable has a positive and significant effect on the Human Development Index. This indicates that economic growth and GRDP per capita are not always positively correlated to human development (HDI). Need for equal distribution (growth in equtiy) in the process of economic development in Indonesia, not only relies on economic growth or GRDP alone.

References

Agustianto, Pertumbuhan dan Pembangunan Ekonomi dalam Perspektif Ekonomi Islam, diakses di *https://www.iqtishadconsulting.com/content/read/blog/pertumbuhan-dan-pembangunan-ekonomi-dalam-perspektif-ekonomi-islam* pada 20/12/2019

Al-Tariqi, Abdullah Abdul Husain. *Ekonomi Islam: Prinsip, Dasar dan Tujuan*. Yogyakarta: Magistra Insania Press, 2004.

Anggraini, Rinda Ayun. 2012. Pola Hubungan Pertumbuhan Ekonomi Dan Pembangunan Manusia Di Provinsi Jawa Timur Tahun 2007-2011. Jurnal Ilmiah Universitas Diponegoro.

Arsyad, Lincolin. 2004. Ekonomi Pembangunan. Yogyakarta: STIE YKPN Yogyakarta

Bappenas. 2010. Rencana Pembangunan Jangka Menengah Nasional (RPJMN) Tahun 2010 – 2014. Buku II. Jakarta: Bappenas.

Chalid, Nursiah, dan Yusuf Yusbar. 2014. Pengaruh Tingkat Kemiskinan, Tingkat Pengangguran, Upah Minimum Kabupaten/Kota Dan Laju Pertumbuhan Ekonomi Terhadap Indeks Pembangunan Manusia Di Provinsi Riau. Jurnal Ekonomi. Volume 22, Nomor 2 TESIS

Fajarwati, Diana. 2011. Evaluasi Pelaksanaan Kebijakan Perumusan Upah Minimum Kota Bekasi Tahun 2010. JRAK. Vol.2. No.1.

Ginting S, C. K., Lubis, I., & Mahalli, K. (2008). Pembangunan Manusia di Indonesia dan Faktor-faktor yang Mempengaruhinya. *Wahana Hijau: Jurnal Perencanaan & Pengembangan Wilayah*, *Vol. 4*, *No*, 17–24.

Mirza, Denni Sulistio. 2012. Pengaruh Kemiskinan, Pertumbuhan Ekonomi, Dan Belanja Modal Terhadap Indeks Pembangunan Manusia Di Jawa Tengah Tahun 2006-2009. Economics Development Analysis Journal. Vol 1 (1).

Momongan, Junaidi. E. 2013. Investasi PMA dan PMDN Pengaruhnya Terhadap Perkembangan PDRB Dan Penyerapan Tenaga Kerja Serta Penaggulangan Kemiskinan di Sulawesi Utara. Jurnal Emba. Vol.1 No.3. Hal. 530-539

Nurul Huda, dkk., *Ekonomi Makro Islam: Pendekatan Teoritis*.

Oktavia, Nadia Maharani. 2008. Analisis Penawaran Tenaga Kerja Wanita Menikah Dan Faktor yang Mempengaruhinya Di Kabupaten Brebes. Fakultas Ekonomika Dan Bisnis Universitas Diponegoro Semarang.

P3EI, *Ekonomi Islam*, (Jakarta: Rajagrafindo Persada, 2012), hlm. 2-3.

Prasetyo, P.Eko. 2009. Fundamental Makro Ekonomi. Yogyakarta: Beta Offset

Pratiwi, Purba, Muhamad Asa'at. 2011. Analisis Pengaruh Pendapatan Perkapita, Impor, Penanaman Modal Asing, Penanamanmodal Dalam Negeri Dan Jumlah Uang Beredar Terhadap Laju Inflasi Di Indonesia Priode Tahun 1979- 2009. Jurnal Ilmiah Universitas Tidar Magelang.

Sadeq, Abul Hasan Muhammad. *Economic Development in Islam*. Malaysia: Pelanduk Publication, 1991.

Sarkar, S. K., Sadeka, S., & Sikdar, M. H. (2012). Human Development Scenario of Malaysia : ASEAN and Global Perspective. *Asian Journal of Applied Science and Engineering*, *1*(1), 23–34.

Sumarsono, Edi. 2003. Kebijakan Upah Minimum Untuk Perekonomian Yang Berkeadilan: Tinjauan Uud 1945. Journal of Indonesian Applied Economics. Vol. 5 No. 2. Page: 269-285.

Todaro, M.P. dan Smith S.C. 2006. Pembangunan Ekonomi. Jakarta: Erlangga

Widarjono, Agus (2013), Ekonometrika Pengantar dan Aplikasinya. UPP STIM YKPN, Yogyakarta

Yuliani, T., & Saragih, N. (2014). Determinan Pembangunan Manusia Di Kabupaten/Kota Provinsi Jawa Tengah. *JEJAK: Jurnal Ekonomi Dan Kebijakan*, *7*(1), 60–72. https://doi.org/10.15294/jejak.v7i1.3843

Zamharir, A. (2016). Pengaruh Pertumbuhan Ekonomi, Kemiskinan, PDRB Perkapita, dan Upah Minimum terhadap Human Development Index: Studi Kasus 12 Provinsi dengan Kategori Lower Medium di Indonesia (Universitas Airlangga). https://doi.org/10.1109/ciced.2018.8592188

+++++++++++++++++++++++++++++

THE EFFECT OF FINANCIAL RATIOS ON SHARE PRICE CONSUMER GOODS SECTOR COMPANIES LISTED IN INDONESIA STOCK EXCHANGE

Siska Wulandari

Department of Management, Pelita Bangsa University, siska_tita@pelitabangsa.ac.id

Abstract

Increased consumption is a positive driving force for manufacturing companies especially those engaged in the field of consumer goods. No exception on stock trading, Consumer Goods index posted the highest growth compared with the other sectoral indices. In the investment decision, shareholders using financial ratios as a reference in selecting companies to invest. The ratio used in this study is the Net Profit Margin (NPM), Earning Per Share (EPS) and Dividend Per Share (DPS). This research is a quantitative research methods and panel data regression analysis using software Eviews 10. The data used is data secondary form of annual data obtained from the Indonesia Stock Exchange, Indonesian Central Securities Depository and the company's official website, with technical documentation. The sampling technique was conducted using purposive sampling and got 44 data during the period from 2015 to 2018 in 11 companies manufacturing consumer goods sector listed on the Stock Exchange Indonesia. Result testing using the t test to the conclusion that the variable Net Profit Margin and Earning Per Share has no effect on stock prices, whereas only Per Share Dividend variables that have a positive and significant effect on stock prices of companies manufacturing consumer goods sector listed in Indonesia stock Exchange during the study period.

Keywords: Net Profit Margin, Earnings Per Share, Dividend Per Share, Price Stocks, Consumer Goods.

1. Introduction

All companies have the opportunity to become a public company (Go Public) by listing its shares on the Indonesia Stock Exchange (BEI). Go Public own means offering shares or bonds for sale to the public with the aim to obtain additional capital in running the company. The first time an IPO company called the IPO or Initial Public Offering (www.idx.co.id). IPO is done through the capital market with trade facilitator Indonesia Stock Exchange (IDX), which is supervised by the Financial Services Authority (FSA).

Public enterprises to be listed on the Indonesia Stock Exchange (BEI) are classified into nine industry sectors based on the qualifications set by BEI called JASICA (Jakarta Stock Exchange Industrial Classification). This categorization facilitate capital market investors in making investment decisions. The decision is what will lead to buy and sell securities that will have an impact on stock prices will overreact when trading frequency are also at high volume (Frank Zhang, 2010). One sector is based on the qualifications JASICA Manufacturing Sector consisting of industrial companies whose activities are managed the raw materials and or take advantage of industry resources,

Cash magazine on January 6, 2019 release of the article on the consumer goods sector stocks recorded into the sectors most brilliant in stock trading in the first week of January 2019. As the data is based on the Indonesia Stock Exchange (IDX) consumer goods industry successfully greening of 2.98% year to date (ytd). Quoting Senior Analyst CSA Research Institute, Reza Priyambada, a sentiment that drives the consumer goods sector is on the performance of listed companies as well as the assumption the improving level of consumption. Similarly in 2017 throughout the week for the period 2017-8 December 4 December 2017, the index of consumer goods and manufacturing recorded the highest growth compared to other sectors in which the consumer goods sector index reached 2663.71 or the highest point of the week, grew 4,

Kashmir (2012) states that in order to measure the financial performance of companies which will have an impact on the company's stock price fluctuations, can be done with some financial ratios one of them comprising Growth Ratio of sales growth, net income, earnings per share and dividend per share. While the factors that affect stock price movements by Collins (1957) in the International Journal of Research in Management & Technology / IJRMT (2013), among others, dividends, net income, operating income and book value. But the results of these studies show the opposite result where the variable Dividend Per Share (DPS) did not significantly affect the stock price movement (and Kamini Malhotra Nidhi Tandon, 2013). Similarly, research Khairani Imelda (2016) in which the simultaneous and partial results of research there is no influence between independent variables and the dependent variable, in other words Dividend Per Share (DPS) has no effect on stock prices. Theoretically, a high dividend value offered by the company will affect the interest of investors to invest in the company's shares, according to the results of research by Christian V. Datu and Djeini Maredesa (2017) showed similar results, namely variable Dividend Per Share (DPS) effect are positive and significant impact on stock prices.

Indicators of success of a company is also seen from the variable Earning Per Share (EPS) is one in which if a company has a value Earning Per Share (EPS) is high, investors will get an idea of the amount of benefits to be gained when implanting stake in the company. Research Ventje physical defect together with Gerald EY Egam and Sonny Pangerapan (2017), where the results of multiple linear regression analysis showed that the Earning Per Share (EPS) has a positive effect on stock prices although in previous years researchers Imelda Khairania (2016) state variable Earning Per Share (EPS) had no effect on stock prices.

Other variables were also taken into consideration investors in investing is the Net Profit Margin (NPM), where the value of the Net Profit Margin (NPM), which indicates how high the percentage is left to pay dividends to shareholders or to reinvest in the company. A researcher named Ventje physical defect did two studies for the variable Net Profit Margin (NPM) and show different results to the stock price. The research result Ventje physical defect along Rosdian Widiawati Watung (2016) shows that the Net Profit Margin (NPM) have a significant effect on stock prices, while in the following year Ventje physical defect together with Gerald EY Egam and Sonny Pangarepan (2017) the results of multiple linear regression analysis showed that Net Profit margin (NPM) negatively affect the stock price.

Based on research with results varying, this study will examine the effect of the Net Profit Margin (NPM), Earnings Per Share (EPS) and Dividend Per Share (DPS) on stock prices where the object under study is a manufacturing company Sector Consumer Goods which listed on the Indonesia Stock Exchange year period 2015-2018.

2. Literature Review

Stock Price

Stock can be defined as a form of equity participation in a company where when an investor owns shares of a company can be said that the investor has the company of a certain percentage according to the number of shares owned (Joko Salim, 2012). Shares are divided into two types: Top stocks (Prefered Stock) and common shares (Common Stock) which is a type of stock that is traded on an exchange.

When the transactions in the stock exchanges, will not be separated from the component prices, which rise and fall of the stock price is expected to be profitable for the investors (Joko Salim, 2012). Darmadji & Fakhrudin (2012) defines the share price is the price that occurred in the stock at a certain time that can be turned up or down in a matter so quickly, it can change in a matter of minutes even be changed in seconds. This

is possible because it depends on supply and demand among stock buyers with sellers of shares. Share price development will not be released from the performance of companies. Sri Elvani, Ramadona S and Sri Puspa Dewi (2019) stated that the share price is one indicator that shows the achievements of the company in which the high share price will benefit in the form of capital gains and a better image for the company making it easier for management to receive funds from outside the company. Theoretically if the performance of the company has increased the stock price will reflect the increase in stock prices, on the contrary decreased performance of the issuer, the greater the possibility of falling prices of shares issued and traded.

The share price is the price at real market prices and most easily determined because it is the price of a share on the ongoing market or if the market is closed (Musdalifah Azis: 2015). Based on the above understanding the stock price indicators in this study were drawn from the value of closing stock price (close price).

Net Profit Margin

Net Profit Margin Is a profitability ratio that is used to measure the percentage of net income on net sales of a company. Net Profit Margin (NPM) shows selling proposition remains after deducting all related expenses. Mamduh M. Hanafi (2009) in the journal True Muliadi and Irham Fahmi (2016) states that the Net Profit Margin (NPM) is a ratio that calculates the extent to which the company's ability generate net income in any particular sales levels. The higher the value of the Net Profit Margin (NPM) then it shows the better so that the high profit margins with preferred because it shows that the company got a good result that exceeds the cost of sales.

By examining the profit margin of a company and the industry norm in previous years, to assess the operating efficiency and pricing strategies as well as corporate competition with other companies in the industry (Irham Fahmi, 2014). In other words, Net Profit Margin (NPM) is used to measure up How efficient management manages the company and predict the future profitability of the company by forecasting sales made by its management.

According to Kashmir (2012) Net Profit Margin (NPM) is a measure of profit by comparing the profit after interest and taxes compared to sales, so the Net Profit Margin (NPM) can be calculated using the formula:

NPM =(Profit After Tax or Net Income) / (Net Sales)

The purpose of the calculation of the Net Profit Margin (NPM) is to set the overall success rate of a company. Where the Net Profit Margin (NPM) is high indicates a company in pricing its products correctly and successfully control costs well. Value ratio of Net Profit Margin (NPM) is high also shows that the performance is good because it can generate high profits through sales activities and higher net income will attract investors to invest so that the stock price will rise as well (Sri Elvani et al, 2019).

Earning Per Share

Irham Fahmi (2014) states that the Earning Per Share (EPS), or earnings per share is the form of the advantage given to the shareholders of each share owned. Earning Per Share (EPS) illustrates the company's profitability is reflected on each share so that the higher the value of Earning Per Share (EPS) of course encouraging shareholders because the greater the profit provided to shareholders and the possibility of increasing the amount of dividends received by shareholders.

Profit is the measuring tool to the success of a company, because that investors often focus on the magnitude of Earning Per Share (EPS) to analyze stocks. The higher the value Earning Per Share (EPS) of course encouraging shareholders for greater profits available for shareholders (Eduardus Tandelilin: 2011) .Rasio earnings show the combined impact of liquidity and management of assets and liabilities to the company's ability to generate profits.

Ratio Earning Per Share (EPS) shows how much capability the company earned a net profit per share represented a fundamental indicator. Earning Per Share (EPS) further illustrate the value of the shares should be owned by a company which calculates the ratio between the revenue generated by the company to the number of outstanding shares on the stock market, so the formula in calculating earnings per share (EPS) is:

EPS = (Profit after tax or net income) / (Number of shares outstanding)

In principle, Earning Per Share (EPS) is the company's internal information released so that parties outside the company who need information on this can be mengetahuinya. Instead affect decisions in the distribution of dividends, Earning Per Share (EPS) will be able to demonstrate the level of prosperity of the company. That is higher Earning Per Share (EPS), which is distributed to the investors, further signifying the company was able to improve the welfare of shareholders with a high return rate anyway, even conversely the lower the Earning Per Share (EPS) distributed shows that management has not managed to satisfy shareholders (Kashmir, 2012).

Dividend Per Share

Dividends are the distribution of company profits to shareholders based on the number of shares held (Parluhutan and Jauhari, 2010). Dividend payout is generally decided by the board of directors and require approval of shareholders. But keep in mind that companies are not required to pay dividends to its shareholders. So in other words, the dividend will be received by the shareholders only if the enterprise earn enough to divide the dividend and if the Board considers appropriate for companies declare dividends (Bagyo et al, 2016).Robbert Ang (1997) in the journal Christian V. Datu and Djeini Maredesa (2017) states that the Dividend Per Share (DPS) is the total of all dividends declared in the previous fiscal year, both internal dividend, total dividends or stock dividends. Thus it can be said that the dividend is income received by shareholders in accordance with the number of holdings is derived from the company's profits for the business in a period. To calculate the dividend per share can use the following formula:

DPS = (Cash Dividend Amount / Number of Share)

Brigham and Houston (2006) in the journal Asmiranto (2015) states that companies Dividend Per Share (DPS) is higher compared to its peers will be more attractive to investors, because investors will gain certainty embedded capital, which results in the form of dividends. However, according to Halim (2005) in the journal Imelda Khariani (2016) states that dividends declined to be information that is not good for the company because the dividend is a sign of the availability of corporate profits and the amount paid as information rate of profit growth today and in the future , With these assumptions, the stock price to be down because of the large shareholders will sell their shares back.

Research Hypothesis

Hypothesis 1: Net Profit Margin (NPM) effect on stock price Sector Consumer Goods Manufacturing Company listed in Indonesia Stock Exchange during the period from 2015 to 2018

Hypothesis 2: Earning Per Share (EPS) impact on stock price Sector Consumer Goods Manufacturing Company listed in Indonesia Stock Exchange during the period from 2015 to 2018

Hypothesis 3: Dividend Per Share (DPS) effect on stock price Sector Consumer Goods Manufacturing Company listed in Indonesia Stock Exchange during the period from 2015 to 2018.
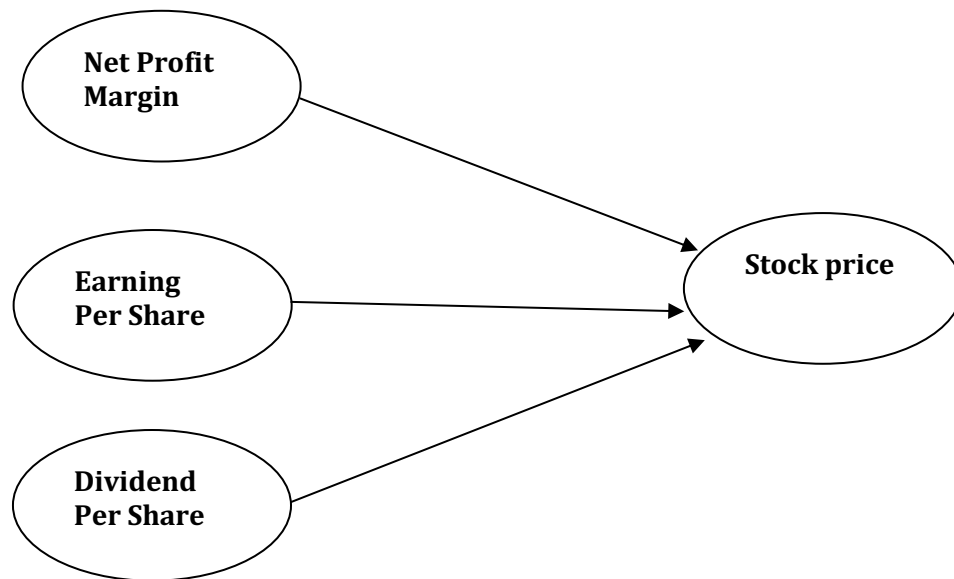
Figure 1. Framework

Source: Researcher data, 2019.

3. Methods

This research aims to study and determine the effect of the Net Profit Margin (NPM), Earning Per Share (EPS) and Dividend Per Share (DPS) on stock price Sector Consumer Goods Manufacturing Company listed on the Indonesia Stock Exchange year period 2015-2018.

The method in this study using panel data regression analysis where the observations made on some of the subjects analyzed from time to time.

The population in this study are all Consumer Goods sector manufacturing companies listed on the Indonesia Stock Exchange as many as 53 companies. Sampling was done by purposive sampling method according Arikunto (2007) in the journal Imelda Khairani (2016) is a sampling technique that takes into account specific criteria. The criteria - the criteria used by the other researchers consider:

1. Manufacturing companies listed in Indonesia Stock Exchange and is included in the Consumer Goods Sector.
2. Companies that submit data or complete financial reports in accordance with the period of this study.
3. Companies that pay dividends on a regular basis once every year (net profit of the financial year end of the year period instead of quarter) in accordance with the period of this study.

There are 11 companies that meet the criteria for purposive sampling method to be sampled in this study are as follows:

Table 1. Sample Research Table

No.	Company code	Company name
1	CINT	Chitose International Tbk
2	DLTA	Delta Djakarta Tbk
3	GGRM	Gudang Garam Tbk
4	HMSP	HM Sampoerna Tbk
5	KAEF	Kimia Farma (Persero) Tbk
6	KINO	Kino Indonesia Tbk
7	KLBF	Kalbe Farma Tbk

8	MYOR	Mayora Indah Tbk
9	BREAD	Nippon Indosari Corpindo Tbk
10	SKLT	Sekar Laut Tbk
11	TCID	Mandom Indonesia Tbk

Source: Researcher data, 2019.

4. Results and Discussion

Table 2. Descriptive Statistics

	NPM	EPS	DPS	HS
mean	0104	533 643	372 219	12510.57
median	0080	71 825	26,500	2660.000
maximum	0378	4050.270	2600.000	94000.00
Minimum	0024	13 550	3,300	284 000
Std. Dev.	0084	1115.366	793 203	24254.88
skewness	2,001	2385	2,323	2,377
kurtosis	6,405	7,124	6658	7,306
Jarque-Bera	50 631	72 922	64 121	75 465
probability	0000	0000	0000	0000
Sum	4,581	23480.30	16377.67	550465.0
Sum Sq.Dev.	0308	5349378	2705436	2.53E + 10
Observations	44	44	44	44

Source: Output Eviews, 2019.

Descriptive Statistics Analysis aiming to explain, describe or depict the data from each of the variables that will be included in the research model. 44 research object amount of data that consists of a cross-section of 11 companies manufacturing consumer goods sector and the time series data as much as 4 years.

Selection of Panel Data Regression Model

Table 3. Test Results Chow

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.454616	(10,30)	0.0001
Cross-section Chi-square	45.588410	10	0.0000

Source: Output Eviews, 2019.

In the Chow test results table above shows the probability value 0.00 <0.05, which means that Ho is rejected or the fixed effect model is more appropriate than the common effect models. Then perform the Hausman test to determine whether the fixed effect model or random effect most appropriate for processing the data in this study. The following results can be seen Hausman Test results are as follows:

Table 4. Results of the Hausman Test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	37.201695	3	0.0000

Source: Output Eviews, 2019.

From the results above Hausman test shows the probability value of 0.00 <0.05, which means that Ho is rejected or the fixed effect model is more precise than the random effect models.

Equation Regression Analysis

Panel data regression equation using a fixed effect model can be seen as follows:

Table 5. Results of Fixed Effect Regression Model

Dependent Variable: HS
Method: Panel Least Squares

| Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1705.408	2833.488	0.601876	0.5518
NPM	-130421.2	36117.53	-3.611022	0.0011
EPS	16.00154	3.988201	4.012219	0.0004
DPS	42.57443	2.457250	17.32605	0.0000

Source: Output Eviews, 2019.

Seen from the table above, it may be written regression analysis model as follows:

HS = 1705.408 - 130421.2 * NPM + EPS + 42.57443 16.00154 * * DPS

Equation Regression Analysis

Normality Test

Table 6. Normality Test Results
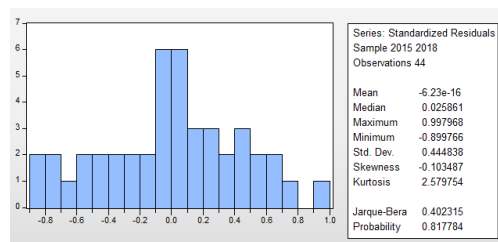
Source: Output Eviews, 2019.

The test results of normality with variable data that has been transformed Log JB count values obtained of 0.81> 0.05, which means that Ho is accepted, so that it can be concluded that the residuals have a normal distribution value.

Test Multicollinearity

Table 7. Test Results Multicollinearity

	NPM	EPS	DPS
	Correlation		
NPM	1.000000	0.072457	0.394368
EPS	0.072457	1.000000	0.734685
DPS	0.394368	0.734685	1.000000

Source: Output Eviews, 2019.

Based on the test results multikolinearitas with pairwise correlations and transformation methods Logs above, indicates that the correlation of each variable <0,85 which means that Ho is accepted or not there is a problem multicollinearity in the data of this study.

Test Heteroskidastity

Table 8. Test Results Heteroskidastity

Heteroskedasticity Test: ARCH

F-statistic	2.138407	Prob. F(1,41)	0.1513
Obs*R-squared	2.131546	Prob. Chi-Square(1)	0.1443

Source: Output Eviews, 2019.

Based on test results obtained above heteroskidastity chi squares probability value of 0.1443. Chi squares probability value is greater than the significance level (0.1443> 0.05), which means that Ho is accepted or not there is a problem of heteroscedasticity in the data of this study.

Autocorrelation Test

Table 9. Test Results autocorrelation

Breusch-Godfrey Serial Correlation LM Test:

F-statistic	2.793882	Prob. F(2,38)	0.0738
Obs*R-squared	5.640610	Prob. Chi-Square(2)	0.0596

Source: Output Eviews, 2019.

Based on the above test results obtained autocorrelation probabability chi squares value of 0.0596. The results are greater dati significance level (0.0596> 0.05), which means that Ho is accepted or not there is a problem of autocorrelation in the data of this study.

Feasibility Model

Partial t test

Table 10. Partial Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.556306	0.305383	24.74372	0.0000
NPM	-0.017885	0.038926	-0.459450	0.6492
EPS	0.000254	0.000430	0.591139	0.5589
DPS	0.001597	0.000265	6.029594	0.0000

Source: Output Eviews, 2019.

Based on partial t test results table above shows:

1. On the Net Profit Margin variables obtained t calculate equal to -0.459 <t table of 2.021 with a significance level of 0.649> 0.05, which means not reject Ho. T negative value indicates that the variable Net Profit Margin has a relationship opposite to the stock price variable. The t test results concluded that the net profit margin has no influence on stock prices of companies manufacturing consumer goods sector.
2. Earning Per Share on variables obtained t count of 0.591 <t table of 2.021 with a significance level of 0.558> 0.05, which means not reject Ho. The t test results concluded that the Earning Per Share has no impact on stock prices of companies manufacturing consumer goods sector.
3. Dividend Per Share on variables obtained t calculate equal to 6.029> t table of 2.021 with a significance level of 0.00 <0.05, which means that Ho is rejected and Ha accepted. The t test results concluded that the Earning Per Share has a positive and significant impact on stock prices of companies manufacturing consumer goods sector.

Coefficient of Determination

Table 11. Results of calculation coefficient of determination

R-squared	0.931928
Adjusted R-squared	0.902431

Source: Output Eviews, 2019.

Based on the above results, the coefficient of determination (Adjusted R-Squared) of 0.902, which means 90.2% dependent variable is the stock price may be affected by the independent variable is the Net Profit Margin, Earnings Per Share and Dividend Per Share.

Discussion

1. Net Profit Margin influence on stock price

From the results of the partial test (t test) note that the Net Profit Margin have t calculate equal to -0.459 and probability value of 0.649. T value is smaller than t table (-0.459 <2.021) and a probability value is greater than the significance level (0.649> 0.05), which means not refuse or reject Ho Ha where variable Net Profit Margin has no influence on the company's stock price consumer goods manufacturing sectors listed in Indonesia Stock Exchange 2015-2018 period. The conclusion of this study in accordance with the results of the research Thio Lie Sha (2015) which concluded that the Net Profit Margin no effect on stock prices of companies listed on the Indonesia Stock Exchange. Likewise with Sri Elvani research results,

In other words, companies with information Net Profit Margin greater value are less significant information. Net profit margin is a ratio that gives an overview of the profit to the shareholders as a percentage of sales. Net Profit Margin variables in this study did not significantly affect stock prices so as to provide an

indication that the rate of return on investment will be received by investors is low, so investors are not interested in buying the shares, and this tends to cause the price of the stock market tends to fall.

2. Earning Per Share influence on stock price

The results of the partial test (t test) Earning Per Share variables obtained t count of 0.591 and a probability value of 0.58. T value is smaller than t table (0.591 <2.021) and a probability value is greater than the significance level (0.558> 0.05), which means rejecting Ho Ha or received. The t test results concluded that the Earning Per Share has no impact on stock prices of companies manufacturing consumer goods sector listed in Indonesia Stock Exchange 2015-2018 period. This conclusion is consistent with the results of the research of Fachrun Nisa and Elly Suryani (2018) which states that the Earning Per Share has no effect on stock prices of companies manufacturing food and beverage sub-sectors listed in Indonesia Stock Exchange.

The results of this study also showed that the ratio Earning per Share or earnings per share may not always be the benchmark investors in investing stocks and causing stock prices rise and fall of a company. Although the Earning Per Share describe the company's profitability is reflected in each share, the higher the value of Earning Per Share is not always a concern for shareholders in the profit earned when investing in shares.

3. Dividend Per Share influence on stock price

The results of the partial test (t test) Dividend Per Share variables that have t calculate equal to 6.029 and a probability value of 0.00. Value t is greater than t table (6.029> 2.021) and the probability value is less than the level of significance (0.00 <0.05), which means Ha Ho accepted or rejected. The t test results concluded that the Dividend Per Share have an impact on stock prices of companies manufacturing consumer goods sector listed in Indonesia Stock Exchange 2015-2018 period. Probability value smaller than the significance level shows a positive influence between variables, these conclusions are based on the receiving Ha1 Bagyo research Tri A, Rina Arifati and Abrar (2016) which states that the variable Dividend Per Share positive and significant impact on stock prices of companies listed on the Indonesia Stock Exchange. This result is also the same as the results of research and Djeini Christian V. Datu Maredesa (2017) and Yuyun Yuliani and Yoyon Supriya (2014) with the object of the same research that companies go public in Indonesia Stock Exchange were equally stated that the positive effect Dividend Per Share and significant impact on stock prices.

Dividend Per Share is a ratio showing how much the result of a company that will be distributed each annual period to the shareholders. The results of this study conclude that the greater the dividends distributed by a company to the investor even greater investor interest in investing their shares to the company that ultimately occurs more buying and selling of stock and also affect the rise and fall of the company's stock price.

5. Conclusion

Based on the analysis, the classical assumption, hypothesis testing and discussion that has been described on the influence of the Net Profit Margin, Earnings Per Share and Dividend Per Share for shares of companies manufacturing consumer goods sector listed in Indonesia Stock Exchange year period 2015-2018, the obtained conclusion that the variable Net Profit Margin has -0.459 t value is smaller than t table and a probability value 0.649> 0.05, which means that the variable Net Profit Margin has no effect on stock prices or hypothesis 1 (H1) who stated "Net Profit Margin have an influence on stock prices of companies manufacturing consumer goods sector listed in Indonesia stock Exchange 2015-2018 period "was rejected. Variables Earning Per Share has a value of t 0.

References

Aminah, N., Arifati, R., & Supriyanto, A. (2016). Effect of Dividend Per Share, Return on Equity, Net Profit Margin, Return on Investment and Return on Assets Share Price By Real Estate and Property Company Listed in Indonesia Stock Exchange period 2011-2013. Journal of Accounting, 2 (2).

Asmirantho, E., & Yuliawati, E. (2015). Effect of Dividend Per Share (DPS), Dividend Payout Ratio (DPR), Price To Book Value (PBV), Debt To Equity Ratio (DER), Net Profit Margin (NPM) and Return on Assets (ROA) Share Price On Manufacturing Company sub Sector Food and Beverage Packaging Listed on the Stock Exchange. JIAFE (Scientific Journal of Accounting Faculty of Economics), 1 (2), 95-117.

Asmirantho, E., & Yuliawati, E. (2015). Effect of Dividend Per Share (DPS), Dividend Payout Ratio (DPR), Price To Book Value (PBV), Debt To Equity Ratio (DER), Net Profit Margin (NPM) and Return on Assets (ROA) Share Price On Manufacturing Company sub Sector Food and Beverage Packaging Listed on the Stock Exchange. JIAFE (Scientific Journal of Accounting Faculty of Economics), 1 (2), 95-117.

Datu, CV, & Maredesa, D. (2017). Devidend EFFECT AND EARNINGS PER SHARE PRICE PER SHARE SAHAMPADA COMPANIES GO PUBLIC IN INDONESIA STOCK EXCHANGE. Going Concern Journal of Accounting Research, 12 (2).

Egam, GE, physical defect, V., & Pangerapan, S. (2017). Influence Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), and Earning Per Share (EPS) on Stock Price Company Incorporated in LQ45 Index in Indonesia Stock Exchange Period 2013-2015. EMBA Journal: Journal of Economic Research, Management, Business and Accounting, 5 (1).

Elviani, S., Simbolon, R., & Goddess, SP (2019). Factors That Affect Stock Price Telecommunication Company. JRAM (Journal of Accounting Research Multiparadigma), 6 (1).

Fahmi, I. (2014). Financial Statement Analysis. Bandung: Alfabeta.

Gustmainar, J., & Mariani, M. (2018). Influence Analysis of Current Ratio, Debt To Equity Ratio, Gross Profit Margin, Return On Investment, And Earning Per Share Share Price At 45 Lq Company Listed on the Indonesia Stock Exchange Year 2010 to 2016. Bilancia: Scientific Journal of Accounting, 2 (4), 465-476.

Hatta, AJ, & Dwiyanto, BS (2012). The company fundamental factors and systematic risk in increasing the stock price. Journal of Economics, Business, and Accountancy Ventura, 15 (2), 245-256.,

Joko Salim, S. (2012). Do Trying Main Stocks Before Read Books Ini.Jakarta: Visimedia.

Kasmir. (2015) Analysis of Financial Statements Edition 1-8. Jakarta: Rajawali Pers.

Khairani, I. (2016). Influence Earning Per Share (EPS) and dividend per share on stock price Mining Company Listed in Indonesia Stock Exchange (IDX) Year 2011-2013. Journal of Management and Finance, 5 (2), 566-572.

Kusuma, PA, & Priantinah, D. (2012). Effect of Return On Investment (ROI), Earning Per Share (EPS), and Dividend Per Share (DPS) Against Mining Company Stock Price Listed on the Indonesia Stock Exchange (BEI) in the period 2008-2010. Nominal, Barometer and Management Accounting Research, 1 (2).

Masum, A. (2014). Dividend policy and its impact on the stock price-A study on commercial banks listed in the Dhaka stock exchange. Global Disclosure of Economics and Business, 3 (1).

Muliadi, H., & Fahmi, I. (2016). Effect of Dividend Per Share, Return On Net Profit Margin Equaty And Share Price Manufacturing Company in Indonesia Stock Exchange. Student Science Journal of Economics and Management, 1 (2), 71-80.

Nisa, F., & Suryani, E. (2018). Influence Earning Per Share, Dividend, Earnings and Sales Growth Of Stock Price Change (Study On Manufacturing Company Sub Sector Food And Drink Listed on the Indonesia Stock Exchange Period 2014-2016). eProceedings of Management, 5 (3).

Primary, A., & Erawati, T. (2014). Effect of Current Ratio, Debt To Equity Ratio, Return on Equity, Net Profit Margin and Earnings Per Share On The Stock Market (Case Study On Manufacturing Company Listed on the Indonesia Stock Exchange Period 2008-2011). Accounting journal, 2 (1), 1-10. Sakti, Indra, (2018). Panel Data Analysis Using Eviews. Jakarta: Esa Unggul University.

Setyawan, MD. (2017). Effect of Company Size, Net Profit Margin (NPM), And Return On Equity (Roe) Share Price. Profita Journal, 5 (6).

P. Situmorang, Mahardika, J., & Listiyarini, T. (2010). Moves Investing in Stocks For Beginners. Jakarta: TransMedia Reader.

Tandon, K., & Malhotra, N. (2013). Determinants of stock prices: Empirical evidence from NSE 100 companies. International Journal of Research in Management & Technology (IJRMT), ISSN, 2249, 9563.,

Watung, RW, & physical defect, V. (2016). Influence Return On Asset (Roa), Net Profit Margin (NPM), and Earning Per Share (Eps) Share Price Of The Banking Companies in Indonesia Stock Exchange Period

2011-2015. EMBA Journal: Journal of Economic Research, Management, Business and Accounting, 4 (2).

Yuliani, Y., & Supriya, Y. (2014). Influence Earning Per Share and Per Share Dvidend Share Price Companies Go Public. Unity Management Science Journal, 2 (2), 111-118.https://www.researchgate.net/profile/Yoyon_Supriadi/publication/326071117, Zhang, Frank. December 2010. High-Frequency Trading, Stock Volatility, and Price Discovery. Social Science Research Network (SSRN).

Zuliarni, S. (2012). The influence of the financial performance of the stock price on mining and mining service companies in Indonesia Stock Exchange (BEI). Journal of Business Applications, 3 (1), 36-48.

+++++++++++++++++++++++++++++

PERFORMANCE OF EMPLOYEES : INDIVIDUAL CHARACTERISTICS AND WORK ENVIRONMENT IN PT KAWAI NIP

Raniasari Bimanti Esthi

Department of Management, Pelita Bangsa University, raniasari@pelitabangsa.ac.id

Abstract

Every employee has its own personality and distinctive characteristics, so that individual characters are formed for each employee. This individual characteristic if directed properly will improve employee performance. The work environment can also affect employee performance. This study aims to determine the effect of individual characteristics and work environment on employee performance. The sample is 60 employees of PT. Kawai Nip. The sampling technique uses random sampling. Data analysis using Structural Equation Model (SEM) with SmartPLS. The results show that individual characteristics influence employee performance. This is indicated by the T-statistic value of 20.258 and the path coefficient value is 0.770. While the value of T-statistics on the influence of the work environment on performance is obtained at 1.438 and the path coefficient value is 0.091. This means that the work environment does not affect employee performance.

Keywords: Individual Characteristics, Work Environment, Employee Performance.

1. Introduction

Human Resources (HR) has an important role in the survival of the company. HR as an asset is a "glue" that holds all other assets, such as finance and other physical assets together and guides their use for better results (Mathis & Jackson, 2010). HR as a very valuable asset must improve its quality in each period so that employees are able to carry out their activities optimally (Hidayat & Cavorina, 2017).

The existence of HR is the most special thing, each employee has his own personality and characteristics that are different so that the individual characteristics of each employee are formed. These individual characteristics can affect company activities if they are not well directed (Hidayat & Cavorina, 2017). One of the characteristics of professionals is having the means to express that they have the knowledge and competencies needed in the profession (Mathis & Jackson, 2010). That is why, companies through the human resources division need to carry out one important activity, namely getting or recruiting the right professional workforce, which can be seen from individual characteristics.

HR has several external functions namely paying attention to the law, economics, technology, global, work environment, culture/geography, politics, and social (Mathis & Jackson, 2010). All external functions need to be considered, especially the work environment because it can affect employee performance. Companies must be able to create a sense of security, comfort, and satisfaction at work. A safe, comfortable and clean work environment can foster a sense of work morale and is able to have a positive influence on each of its employees (Nuryasin, Al Musadieq, and Ruhana, 2016). In addition, companies should conduct open education with employees within the limits of their respective authority and responsibilities.

360

Companies must pay close attention to individual characteristics and the work environment of their employees in order to create optimal employee performance. PT Kawai Nip is a company engaged in the field of nickel plating and most of its workers are men with different characteristics between individuals. Based on observations, it was found that employee performance expected by the company was not appropriate. This results in not achieving the targets set by the company. An example is an employee who is not timely in completing a given task, so the employee is considered less responsible. This results in productivity targets not being reached. Employees are also considered to be unaware of carrying out their duties and responsibilities that are not in accordance with the Standard Operational Procedure (SOP). In addition, it was found that the work environment in PT. Kawai Nip has an inadequate lighting system, humid air due to lack of ventilation, lack of concern about safety in the work environment, and poor and smooth interpersonal communication.

2. Literature Review

Individual Characteristics

According to Rival referred to Lumbanraja, et al. (2018), individual characteristics are special characters, psychological, moral or character characteristics of a person that distinguishes others. Individual characteristics are influenced by several factors, including age, sex, marital status, number of dependents, and years of service, which can be objectively and easily obtained from a person's track record (Robbins, 2017). According to Mathis and Jackson (2010), there are four individual characteristics that can generally influence a person in choosing his career, namely: interests, self-image, personality, and social background. This study uses five indicators of individual characteristics from Robbins (2017), namely ability, personality, problem-solving, integration of internal factors, the need to achieve achievement, and the need for group acceptance.

Work Environment

The work environment is very important to note. According to Robbins (2017), the environment is an institution or outside force that has the potential to influence organizational performance, the environment is formulated into two namely general and specific environments. Nitisemito Adapted Nuraini (2013) states that the work environment can affect work morale and results in a job completed quickly. The work environment is divided into two, namely the physical and non-physical work environment (Sedarmayanti, 2009). The work environment is a physical environment where employee work affects the performance, safety, and quality of their work-life (Barry & Jayheizer in Muchtar, 2016). The work environment indicators in this study are based on Nderi and Kirai (2017), namely occupational health and safety, interpersonal communication, reward management, and workplace conditions.

Employee Performance

It is important to study the relationship between performance, human and situation factors. This is done to better understand work effectiveness. Performance is a very big factor affecting the profits of several organizations (Bevan, 2012). Bernadin and Russell (1998) set limits on performance as "a record of outcomes that result in the specification of functions or work activities over a certain period of time". Employee performance indicators are taken according to Robbins (2017), namely satisfaction with salary, satisfaction with leaders, the number of results, quality of results, work knowledge and initiative.

3. Methods

Research Subjects

This study uses a quantitative approach. The population in this study were employees of PT. Kawai Nip, with a total sample of 60 respondents. The sampling method uses random sampling.

Methods and Procedures for Data Collection and Processing

Data collection techniques with questionnaires and interviews. Measurement of variables using a Likert scale. The analytical method used is Structural Equation Modeling (SEM), with SmartPLS.

Operational Definition

Individual characteristics. This study uses five indicators of individual characteristics from Robbins (2017), namely ability, personality, problem-solving, integration of internal factors, the need to achieve achievement, and the need for group acceptance. Ability is the capacity of individuals to carry out various tasks in a job. Personality is the way individuals react and interact (including their overall attitudes, expressions, feelings, temperament, characteristics, and behavior) with others. Problem-solving is a high-level cognitive process that requires more control than routine or basic creativity processes.

Problem-solving can be done face to face with the aim of identifying the problem and solving it through open discussion. The integration of internal factors is that individuals believe that they can have full control over what happens to themselves. Integration of internal factors such as self-respect, autonomy, and respect. The need to achieve achievement is the drive to excel and achieve success. Accepted needs can be interpreted as needs for love, ownership, acceptance, and friendship.

Work environment. The work environment indicators in this study are based on Nderi and Kirai (2017), namely occupational health and safety, interpersonal communication, reward management, and workplace conditions. Occupational health and safety is an effort to protect employees and people who are in the workplace so that they are always healthy and safe, and that all production resources can be used safely and efficiently (Kepmenaker No. 463 / MEN / 1993). Occupational health and safety sub-indicators include medical benefits, insurance, and modern equipment. According to Echols (1997), the meaning of reward management is giving rewards, gifts, or rewards. Management reward includes financial, non-financial, and recognition.

Interpersonal communication is communication made between individuals with the aim of exchanging ideas or thoughts. Sub indicators of interpersonal communication include employee attitudes, friendliness, and emotions. Finally, what is meant by workplace conditions according to Stewart and Stewart (1983) is a set of conditions or work environment conditions of a company that is a place of work for employees who work in that environment. Sub indicators of workplace conditions include active affirmation, accommodation, and teamwork.

Employee performance. Employee performance indicators are taken according to Robbins (2017), namely satisfaction with salary, satisfaction with leaders, the number of results, quality of results, work knowledge and initiative. The meaning of the satisfaction indicator with a salary is a condition where employees are satisfied with the salary they get. According to Andini (2006), salary satisfaction is a multidimensional construct of satisfaction and consists of four sub-dimensions, namely salary levels, salary increases, benefits, and payroll structure and administration. Satisfaction with leaders is employees who are satisfied with the performance of their leaders. Leaders have a large role in the performance of their employees. One of the leaders' roles is to influence employees to understand and carry out tasks effectively and efficiently in order to achieve company goals. The yield quantity is the amount of output produced by an employee in a certain period of time.

Quality results are the output produced by an employee according to predetermined standards. The quality of these results can be measured by the level of efficiency and effectiveness of an employee in work supported by other resources. The work knowledge is anything that is obtained by employees both from the results of education in the classroom or work experience in the field, which is useful for the continuity of the implementation of employee duties. The initiative is a person's attitude towards a condition that requires rapid response without waiting for other people's orders/leaders. Employees who have high initiative usually have the ability to make decisions with the right consideration without having to be told by others.

Framework

HR is an important element for a company. High employee performance leads to high company performance, so that company goals are achieved. That is why companies need to make various efforts so that

employees produce maximum and optimal performance. One way is to ensure that the company has employees with good individual characteristics.

On the other hand, the work environment is another factor that can affect employee performance. A good and adequate work environment can improve employee performance. The conceptual framework of this study can be seen in Figure 1.
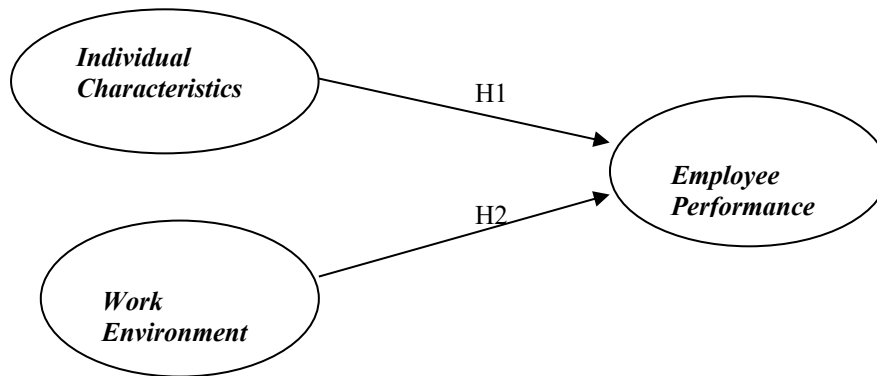

Figure 1. Theoretical Framework

Source: Researcher data, 2019.

H1: there is a significant influence between individual characteristics and employee performance
H2: there is a significant influence between the work environment and employee performance

4. Results and Discussion

Outer Model Analysis

The outer model can be analyzed using five criteria, namely loading factor, composite reliability, average variance extracted (AVE), AVE square root, and cross-loading. Outer models in this study can be seen in Table 1, while the final research model image of direct influence can be seen in Figure 2.

Table 1. Results of Assessment Criteria and Standard Values on the Outer Model

|	Criteria	Research Result
1	*Loading factor*	All indicators have a loading factor ≥ 0.7
2	*Composite reability*	Individual characteristics = 0.832
		Work environment = 0.871
		Employee performance = 1.000
3	*Average variance extracted* (AVE)	Individual characteristics = 0.714
		Work environment = 0.629
		Employee performance = 1.000
4	Square root AVE	All AVE square root values of latent variables are greater than the correlation of other latent variables
5	*Cross loading*	All indicators have a greater correlation on latency alone than correlation to other latencies
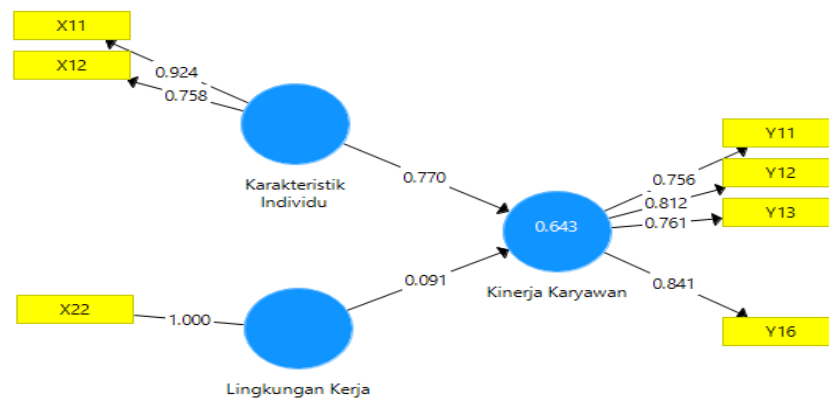
Figure 2. Outer Model Results

Source: Output Smartpls, 2019.

Based on Figure 2, it can be seen that the latent variable of individual characteristics is strongly influenced by two indicators, namely ability (X11) and personality (X12). This is consistent with the statement of Robbins (2017) who said that individual characteristics are influenced by abilities (physical and intellectual) and personality (heredity, environment, situation, and personality traits). In addition, the results of this study corroborate the results of the research of Lumbanraja, et al. (2007) that individual characteristics can be influenced by physical factors (body shape, physical health level, and ability) and psychological factors (intelligence, talent, personality, and education level). The results of this study illustrate that increasing the ability and improving the personality of employees of PT. Kawai Nip is expected to improve individual characteristics, so that employee performance can be achieved optimally.

In the latent variable of the work environment, there is only one indicator that greatly influences the work environment, namely interpersonal communication (X22). White (2001) states that organizations must ensure a physical layout that covers all employee needs, such as communication and privacy, formality and informality, functionality and cross-discipline. According to Nitisemito (2000), a company must be able to reflect the conditions that allow cooperation between superiors, subordinates, and colleagues at the same level. The condition is that the company must create a family atmosphere, good communication, and self-control. The work environment supports a new way of working and a flexible workplace that displays ease of communication and interpersonal access, in contrast to a fully private office, and this change is to openwork plans that have encouraged employee productivity in parallel with closing office space (Becker, 2002). The results of this study support the research conducted by Al-Omari and Okasheh (2017) who found that a flexible and well-planned workplace was conducted to facilitate communication between employees. The results of this study illustrate that employees who work by maintaining good communication between employees, both with superiors, subordinates, or fellow colleagues, will be able to influence the conditions of the work environment to be better, comfortable, and serene, so as to achieve optimal performance in PT. Kawai Nip.

The results of this study also found that the latent variable of employee performance was influenced by four indicators, namely satisfaction with salary (Y11), satisfaction with the leader (Y12), outcome quantity (Y13), and initiative (Y16). This is consistent with the results of Nagaraju and Pooja's (2017) research that salaries are very influential on employee performance. The results of other studies conducted by Samson, Waiganjo, and Koima (2015) can be concluded that the ability of leaders in allocating time to make complete notes in clarifying the role of their main function, can increase satisfaction with their leaders. Frese and Fay (2001) produce research that the future workplace will require more people to show initiative, and the concept of performance and organizational behavior today is more reactive than desired. This means that initiatives can improve the active performance of employees so that organizational performance will increase as well.

Inner Model Analysis

The inner model analysis will answer one provisional estimate that it is suspected that employee

364

performance is directly affected by individual characteristics and work environment. In this direct influence model, there is one endogenous variable, namely employee performance. The results of the research criteria and standard values in the inner model can be seen in Table II.

Table 2. Results of Assessment Criteria and Standard Value on the Inner Model

	Criteria	Research Result
1	R^2 for endogenous latent variables	R^2 for employee performance = 0.643
2	Estimated path coefficient	T-statistic value: Individual characteristics -> employee performance = 20.258 Work environment -> employee performance = 1.438 Coefficient Value: Individual characteristics -> employee performance = 0.770 Work environment -> employee performance = 0.091

Source: Output Smartpls, 2019.

In Table 2 it is known that the influence of individual characteristics and work environment on employee performance gives an R2 of 0.643. the value of R2 can be interpreted that the latent variability of employee performance can be explained by the latent variability of individual characteristics and work environment by 64.3%, while 35.7 percent is explained by other variables outside the variables studied.

The bootstrapping technique is used to answer the hypotheses raised in this study. Figure analysis data with bootstrapping can be seen in Figure III.
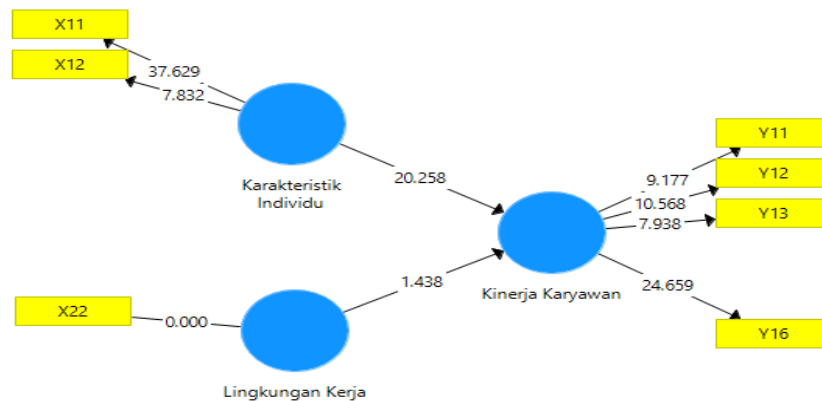

Figure 3. Inner Model Results with Bootstrapping Technique
Source: Output Smartpls, 2019.

In Table 2 can be seen as the T-statistic value of 20,258 (greater than the T-table) and the path coefficient value of 0.770 with a confidence level of 95% ($\alpha = 0.05$). Based on the results of the study it can be concluded that hypothesis 1 (H1) is accepted, which means that individual characteristics affect employee performance. While the value of T-statistics on the influence of the work environment on employee performance was 1,438 (smaller than the T-table) and the path coefficient value was 0.091 with a 95% confidence level ($\alpha = 0.05$). This means that hypothesis 2 (H2) is rejected which shows the work environment does not affect employee performance.

H1: There are Effects of Individual Characteristics on Employee Performance

Based on Table III it can be concluded that there is an influence between individual characteristics and employee performance. This is consistent with the results of research conducted by Jalil, Achan, Mojolou, and Rozaimie (2015) that employee characteristics can affect performance, the difference is that this study makes

the younger generation (Generation Y) as the object of research. This study is also supported by the results of Lumbanraja, Lubis, and Siahaan (2018) research that there are significant results that influence the characteristics of individuals on employee performance. The results of this analysis mean that the improvement of individual employee characteristics, especially in terms of increasing ability and improving employee personality will affect performance improvement. The hypothesis about the influence of individual characteristics on employee performance becomes evident. PT employees. Kawai Nip who has good individual characteristics are those who have good ability and good personality.

H2: There is an Effect of the Work Environment on Employee Performance

Based on the results of the analysis using bootstrapping techniques, it can be concluded that the work environment has no effect on employee performance. This result is supported by the results of the research of Hatani, et al. (2018). In this study, good communication between employees (as part of support to the work environment) cannot improve employee performance.

5. Conclusion

There is a significant influence between individual characteristics and employee performance. This means that if the individual characteristics at PT. Kawai Nip is considered by management, will improve employee performance. This can be done by way of organizing pieces of training that can improve individual characteristics.

The work environment does not affect employee performance. This means that the good/bad work environment at PT. Kawai Nip will not affect employee performance. In fact, employee complaints about poorly lit lighting systems, humid air due to lack of ventilation, lack of concern about safety in the work environment, and poor and smooth interpersonal communication did not affect their performance. This happens because the majority of employees think that PT. Kawai Nip is a Japanese company that when building its factory must prioritize the health and safety of its employees. Then regarding interpersonal communication, employees feel they can work professionally, even though there are personal problems with coworkers, as well as they will not affect their performance.

Individual characteristics at PT. Kawai Nip is very much influenced by ability and personality. This means that if the management of PT. Kawai Nip enhances the ability and personality of employees so that it can improve individual characteristics which will ultimately improve employee performance. This can be done by conducting training as needed so that the ability of employees can increase. In addition, management can also conduct motivational themed training that can change the way employees view their work.

Indicators that greatly affect the work environment are interpersonal communication. This means that good/bad interpersonal communication cannot affect the work environment at PT. Kawai Nip This is because of employees at PT. Kawai Nip works professionally. If they experience personal problems between individuals, so that communication deteriorates, this will not worsen the working environment, and will not affect their performance.

Performance of employees of PT. Kawai Nip is influenced by four indicators, namely satisfaction with salary, satisfaction with leaders, the number of results, and initiative. Therefore, management needs to pay attention to whether the salaries that employees earn are in accordance with their workload, in accordance with similar companies in the vicinity, and other considerations. Management also needs to train and supervise the performance of leaders, so employees are satisfied with their leaders, both in terms of attention/appreciation, how to train their employees and others. Management needs to pay attention to the quantity of work of employees of PT. Kawai Nip, because with the quantity target achieved, certain employees expect to get more bonuses/incentives, so management needs to provide training on how to get employees to reach their quantity targets. Finally, management needs to pay attention to the level of employee initiative. Employees need to be given training or examples/examples in taking initiatives, which decisions can be taken alone (initiatives) without the need for leader approval, and which decisions require leader approval.

References

Al-Omari, K., Okasheh, H. (2017). The Influence of Work Environment on Job Performance: A Case Study of Engineering Japan in Jordan. *International Journal of Applied Engineering Research*. 12. 15544-15550. Accessed from http://www.ripublication.com

Becker, F. (2002). Improving Organisational Performance by Exploiting Workplace Flexibility. *Journal of Faculty Management*. 1. 154-162. Accessed from https://www.emeraldinsight.com/

Bernadin, H. J., Russell J. A. (1998). Human Resource Management: An Experiential Approach (Second edition). Boston: Mc. Graw Hill.

Bevan, S. (2012). Good Work, High Performance and Productivity. Accessed 27 Mei 2018, from https://european-hrd-circle.org/stephen-bevan-good-work-high-performance-and-productivity/

Frese, M., Fay, D. (2001). Personal Initiative: An Active Performance Concept for Work in the 21st Century. Research in Organizational Behavior. 23. 133-187. Accessed from http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.318.443&rep=rep1&type=pdf

Hatani, L., Bulang, M. H., Madjid, R., Kamaluddin, M. (2018). Work Environment and Organizational Learning Towards Employee Performance: The Mediating Role of Organizational Commitment. Research Journal of Applied Sciences. 13. 258-274. Accessed from http://docsdrive.com/pdfs/medwelljournals/rjasci/2018/258-274.pdf

Hidayah, A. K. (2018). The Influence of Individual Characteristics, and Leadership, through Work Motivation and Job Satisfaction on Employee Performance of East Kalimantan Forestry Agency Office. *International Journal of Accounting, Finance, and Economics.* 1. 1-14. Accessed from http://journal.stkipsingkawang.ac.id/index.php/IJAFE/article/view/599/654

Hidayat, R., Cavorina, A. (2017). Pengaruh Karakteristik Individu dan Lingkungan Kerja terhadap Kinerja Karyawan PT Cladtek BI Metal Manufacturing. *Journal of Applied Business Administration*. 1. 337-347. Accessed from https://jurnal.polibatam.ac.id/index.php/JABA/article/view/617/429

Marbawi, Lumbanraja, P., Lubis, A. N., Siahaan, E. (2018). The Influence of Organizational Culture, Individual Characteristics, and Transformational Leadership Style on the Job Satisfaction and Performance of Employee in Indonesia. *Quality Access to Success: Journal of Management Systems*. 19. 85-93. Accessed from http://repository.usu.ac.id/bitstream/handle/123456789/69273/fulltext.pdf?sequence=1&isAllowed=y

Mathis, R. L., Jackson, J. H. (2010). Human Resource Management (Thirteenth Edition). Mason: South-Western Cengage Learning. Accessed from http://booksdescr.org/item/index.php?md5=91FC4EA9991C3DA29301D603A832D04E

Muchtar. (2016). The Influence of Motivation and Work Environment of the Performance of Employees. 6. 27-40. Accessed from https://ejournal.unitomo.ac.id/index.php/feb/article/view/80/38

Musriha. (2013). The Impact of Individual Charateristics and Organization Culture on Performance and Career Development of Employees Case Studies Five Star Hotel in Surabaya Indonesia. *IOSR Journal of Business and Management (IOSR-JBM)*. 14. 21-27. Accessed from www.iosrjournals.org

Nagaraju, B., Pooja, J. (2017). Impact of Salary on Employee Performance Emperical Evidence From Public and Private Sector Banks of Karnataka. *International Journal of Marketing and Human Resource Management (IJMHRM)*. 8. 43-51. Accessed from http://www.iaeme.com/IJMHRM/issues.asp?JType=IJMHRM&VType=8&IType=4

Nderi, F. W., Kirai, M. (2017). Influence Of Work Environment On Employee Performance In The Security Sector In Kenya: A Case Of Kenya Police Service Nairobi City County. *The Strategic Journal of Business & Change Management*. 4. 1010 – 1036. Accessed from https://pdfs.semanticscholar.org/ff1e/f98f5f050090aa3f44acc606aa5c24cfd3d8.pdf

Nitisemito. (2000). Manajemen Personalia: Manajemen Sumber Daya Manusia (Edisi 3). Jakarta: Ghalia Indonesia.

Nuraini. (2013). Manajemen Sumber Daya Manusia. Yogyakarta: Yayasan Ainisyam.

Nuryasin, I., Musadieq, M. A., Ruhana, I. (2016). Pengaruh Lingkungan Kerja dan Motivasi Kerja terhadap Kinerja Karyawan (Studi pada Karyawan Perusahaan Daerah Air Minum (PDAM) Kota Malang). *Jurnal Administrasi Bisnis*. 4. 16-24. Accessed from http://administrasibisnis.studentjournal.ub.ac.id

Jalil, S. W., Achan, P., Mojolou, D. N., Rozaimie, A. (2015). Individual Characteristics and Job Performance: Generation Y at SMEs in Malaysia. *Procedia – Social and Behavioral Sciences*. 170. 137-145. Accessed from www.sciencedirect.com

Robbins, S. P., Judge, T. A. (2017). *Organizational Behavior*. Harlow: Pearson Education Limited. Accessed from http://booksdescr.org/item/index.php?md5=0E4A897199E0518C4C65CE2A776A7D65

Samson, G. N., Waiganjo, M., Koima, J. (2015). Effect of Workplace Environment on the Performance of Commercial Banks Employees in Nakuru Town. *International Journal of Managerial Studies and Research (IJMSR)*. 3. 76-89. Accessed from www.arcjournals.org

Sedarmayanti. (2009). *Sumber Daya Manusia dan Produktivitas Kerja*. Bandung: Mandar Maju.

Sulastiningsih, Endarwati, S., Winoto, T. J. (2014). Analisis Pengaruh Karakteristik Individu dan Lingkungan Kerja terhadap Kinerja Pegawai Negeri Sipil di Dinas Pendidikan dan Kebudayaan Kabupaten Purworejo. *Jurnal Kajian Bisnis*. 22. 69-78. Accessed from http://jurnal.stieww.ac.id/index.php/jkb/article/view/199/189

Sumatri, Brahmasari, Mujanah. (2017). The Effect of Individual Characteristics, Competence and Quality of Work Life on Work Motivation, Intention to Leave and Employee Performance Outsourcing Manufacturing Company in East Java Province. *Archives of Business Research*. 5. 115-125. DOI: 10.14738/abr.55.3014

Syaifuddin. (2017). Analysis of the Effect of Individual Characteristics, Employees' Competency and Organizational Climate on Job Satisfaction and Employees' Performance at a State-Owned Trading Company in Indonesia. *Expert Journal of Business and Management*. 5. 83-90. http://business.expertjournals.com

White, R.E. (2001). Generic Business Strategies, Organizational Context, and Performance: An Empirical Investigation. *Strategic Management Journal*. 7. 217-31. Accessed from https://www.researchgate.net/publication/227661454_Generic_Business_Strategies_Organizational_Context_and_Performance_An_Empirical_Investigation

+++++++++++++++++++++++++++++

EFFECT OF DEBT TO EQUITY RATIO AND INCOME SMOOTHING OF EARNINGS MANAGEMENT IN BAKRIE LAND DEVELOPMENT TBK

Muhamad Syahwildan

Department of Management, Pelita Bangsa University, muhamad.syahwildan@pelitabangsa.ac.id

Abstract

To perform earnings management, the company need some analysis and ratio in the financial statements. Financial ratios can be used to Determine in earnings calculations. In this research, we use the Debt to Equity Ratio and Income Smoothing to know how big influence of the ratio to earnings management at PT. Bakrieland Development. Tbk. Data collection techniques is to use a secondary Data Obtained from the financial statements of PT. Bakrieland Develpoment, Tbk in the period 2009 - 2016, the data is taken from the website www.idx.go.id. Debt to Equity Ratio and Income Smoothing are Independent Variables (X) while Profit Management is Dependent Variable (Y). Linear Regression is used to analyze research data.

Keywords: Earning Management, Debt to Equity Ratio, Income Smoothing.

1. Introduction

Each company expects its business to grow and would need the support of the company's management capabilities in doing some discretion to the financial plan. The problem that usually arises is how companies acquire funds and use the funds in accordance with their needs. Coupled with the economic growth that leads to a free-market economic system, in which every company must compete and find ways to win this competition.

Management as a company official has an interest to make efforts to improve the quality of earnings. Wiryandari and Yulianti (2009) stated that the quality of profit to reflect the continuation of earnings (sustainable earnings) in the future, where it is determined by the accrual and cash component which can reflect the real company's financial performance. The more quality corporate profits, the more interested investors to be one part of the owner of the company. To do profit planning, companies can take some wisdom in accounting.

Companies can use ratios in the financial statements, such as by using the ratio between debt and equity (Debt to Equity Ratio) and smoothing of income (Income Smoothing). Companies can connect to various estimates contained in the financial statements so that operations can be interpreted. Based on the results of research by Heikal, Gaddafi and the Ummah (2014), states that the Debt to Equity Ratio (DER) has a negative effect significant profit growth automotive companies listed on the Jakarta Stock Exchange. While on the other research conducted by Gunawan and Wahyu (2013), states that the Debt to Equity Ratio (DER) effect on earnings growth trading company in Indonesia. Based on this, the research was conducted to discuss the proceedings with the title Effect of Debt to Equity Ratio and Income Smoothing Against Profit Management at PT. Bakrieland Development Tbk.

2. Literature Review

Debt to Equity Ratio

Debt Equity Ratioa ratio that compares the amount of debt to equity, this ratio is used by the analysts and investors to see how much debt compared with equity company owned by the company or its shareholders. The company has many needs to run its operations, particularly with regard to funding for the company to run properly. The funds are always needed to cover all or part of the costs involved. Funds are also needed for expansion or business expansion and new investments, which means that within the company should always be available funds in a certain amount that is available when needed.

Debt to equity ratio (DER)at each company would vary, depending on the characteristics of the business and the diversity of its cash flow. Company with a stable cash flow typically has a higher ratio of the ratio of cash that is less stable. This ratio shows the relationship between the number of long-term loans granted to the creditors with the amount of equity capital provided by the owners of the company. It is commonly used to measure a company's financial leverage.

By doing calculations DER, It can be seen how much the company assets financed by debt or how debt affects the asset management company. The higher this ratio the debt funding with more and more, it is increasingly difficult for companies to obtain additional loans because the company feared not being able to cover its debts with its assets. Conversely the lower this ratio, the smaller the company is financed from debt. The standard measurement for assessing whether or not the ratio of the company used the average ratio of similar companies.

From the measurement results, when the ratio is high, it means funding with more and more debt. Thus, it is increasingly difficult for companies to obtain additional loans because the company feared not being able to cover its debts with its assets.

According to Gunawan and Wahyu (2013), Debt to Equity Financial Leverage Ratio is considered as a financial variable because theoretically indicates the ratio of a company so the impact on stock price volatility. Debt to Equity Ratio is high have a negative effect on the performance of the company due to debt levels higher mean interest expense will be greater which means reduced profits, by contrast, the level of Debt to Equity Ratio is low indicates better performance, because it causes the rate of return the higher it is. According to Marietta (2013), Debt to Equity Ratio (DER) is a company's ability to meet all of its obligations, which are addressed by how big a part of their own capital is used to pay the debt. The greater the proportion of debt used for capital structure of a company, the greater the amount of its liabilities. The increase in debt will ultimately affect the size of net profit to shareholders including dividends to be received.

Debt to Equity Ratioprovides an overview of the structure of the capital owned by the company, so it can be seen the level of risk of non-collection of a debt by investors. The greater the value of Debt to Equity Ratio, means the greater the amount of assets financed by the owner of the company and the smaller the value Debt to Equity Ratio, means the smaller the amount of assets financed by the owner of the company.

The amount of the ratio of Debt to Equity Ratio (DER) will affect the level of achievement of the company's profit. The higher the Debt to Equity Ratio indicates the greater the burden on companies to outsiders, it is impossible to reduce the company's performance, because the level of dependence on outside parties is increasing.

Long-term debt is a solution to increase the capital of the company. However, if not managed properly will have an impact on the company's ability to generate profits, due to increased interest expenses raised by long-term debt. The increase in long-term debt will certainly have an impact on the increase in the total debt of the company, so the higher the company's assets dibelanjai by debt. Obviously this will have a negative impact on the sustainability of the company in the future.

To determine the value of fairness Debt to Equity Ratio (DER) in a company, it can refer kepadaPeraturan Minister of Finance 169 / PMK.010 / 2015 of which states:
- Article 1, paragraph 1:
For the purposes of the Income Tax calculation determined the size of the ratio between debt and capital for corporate taxpayer who is established or domiciled in Indonesia whose capital is divided into shares.
- Article 2, paragraph 1:

The magnitude of the ratio between debt and capital referred to in Article 1 (1) shall be a maximum of four compared to one (4: 1).

Based on the Regulation of the Minister of Finance, the determination of the value of Debt to Equity Ratio (DER) is 4: 1. Where if DER larger than such provision, the interest costs on the debt can not be recognized as an expense in the income tax that will lead to the growing of a company's taxable income. Likewise, if the DER is smaller than such provision, the interest costs can be recognized so far taxable profit.

Income Smoothing

In a business profit is the most important thing for both internal and external parties. Profit is often used as a reference forward mundurya a company. At present the company has a substantial profit can be said that the good performance of the company and vice versa. Ratings profit on enterprise is not only done in the first period alone, but several periods. Therefore, the movement of profits from period to the next should be increased. But the increase in income that is too high or too low is not good that the action will be taken on the profits of the company. Actions taken are income smoothing.

According Alfatooni & Nikbakht (2010), by Income Smoothing company more attractive to investors than companies that have a higher profit fluctuations. This will attract investors to their shares to the company, because they thought that the company is very stable finances.

According to Black, Pierce, and Thomas (2017), Income Smoothing can be done with the approach accrual rather than cash flow because it will get different results than other commonly used sizes. In this case, a calculated Income Smoothing can be performed using several factors on the balance sheet of financial statements, in which the calculation of Income Smoothing usually obtained by using some of the factors contained in the computation of earnings (loss) of the company.

Many factors cause the company's income smoothing. In his research Peranasari & Dharmadiaksa (2014), states that the factors that led to the company income smoothing is as follows:

1. Profitability. Profitability as a reference for investors to invest in a stable so that profitability will make the appeal for investors to invest in the company. Management therefore be encouraged to undertake income smoothing so that the company's profitability remained stable and rated well by investors.
2. Financial Risk. The higher the financial risk to the company, the higher the likelihood of companies in smoothing laba.Perataan company profits could be used to avoid a debt contract.
3. Operating leverage, Operating leverage at companies that will either benefit the company in financial terms so that the Management should report favorable operating leverage, then why do smoothing earnings of the company.
4. The value of the company, Income smoothing will cause a decrease in earnings variability. Earnings were up and down will cause the investors are not interested to invest that income smoothing will help the company in lowering earnings variability. Stable profit will make stock prices tend to be stable.
5. Ownership structure. Managerial ownership in the ownership structure, causing tend Management income smoothing.
6. Company size. The size of the company can affect the size of the company in doing income smoothing. The bigger the company the meal will tend income smoothing because large companies have an interest to external parties so that the smoothing of income necessary to maintain confidence.

According to Hanafi & Hastuti (2012), states that the factors that led to the company practice of income smoothing is financial risk and public ownership. Financial risks will indicate how likely the company can recover its debts. Therefore the company income smoothing can be rated as good and will fulfill its obligations. In addition more and more shares held by the public, the greater the likelihood that the company will carry out smoothing earnings.

Utomo & Siregar (2008), revealed that income smoothing is divided into two, namely:

371

1. Naturally Income Smoothing ie naturally yangterjadi income smoothing is a process carried out by the Management directly without any manipulation.
2. Intentionally Income Smoothingie income smoothing deliberate and occurs because of interference on the part of management. This income smoothing can occur in the form of real income smoothing and artificial profits.
3. Rill income smoothing, a management action to control economic events that directly affect the company's profit in the future.
4. Artificial income smoothing, a management effort to flatten labadengan manipulation.

Profit Management

According Sulistyanto (2008) there is a difference on the practice when reporting profits, managers will tend to delay profit recognition. Therefore, the financial statements are often used as an indicator of performance evaluation, the possible earnings management behavior can occur because the Management has more information and more accurate than on the principal while the usual pattern of earnings management are:

1. Taking a bath is performed manager by shifting the cost of dicretionary accruals coming period to the current period or shift income dicretionary accruals current period to the next period, the pattern is done by managers to maximize compensation or bonuses to be received in the next year due to face the fact that bonuses this year was not acceptable.
2. Income minimization is intended for the purposes of the tax considerations that minimize the tax liability of the company.

According Nastiti & Gumanti (2011) Profit Management is a way for management to make a determination of interference in the company's profit. Earnings management is usually done for private purposes of management.

According Narfiah (2013) Management earnings (earnings management) in the narrow sense is only concerned with the selection of accounting methods. And can be defined as behavior management to "play" with the discretionary component of accruals in determining the amount of earnings. Meanwhile, in the broad sense, earnings management is an action manager to increase or decrease in reported earnings at this time on a unit where the manager who will be responsible, without resulting in an increase or decrease in the probability of the unit's long-term economy.

According to the order and Herawaty (2010), earnings management is any management actions that may affect the numbers of reported earnings where earnings management can be measured by using Proxi Discretonary acrual (DA). Thus, the measurement of earnings management allows managers to intervene in the process of preparing the financial statements, so that the earnings reported in the financial statements do not reflect the value or condition of the real company.

Based on the description above can be concluded that the earnings management is a management intervention on the financial statements in the form of choices made by the Management of the accounting policies that allowed the external financial reporting process to achieve the objectives / specific purpose, so as to reduce the credibility of the financial statements.

Motivation and opportunities that are owned by the manager, made the earnings management practice manager at the company's financial statements. But in practice earnings management, the manager must do it carefully so as not easily known by others. Setiowati (2007) states that there are three earnings management techniques that may be made by management, among others:
1. Leveraging Opportunity To Make Accounting Estimates
2. Earnings management ways to affect the judgment against estmasi earnings through accounting among others estimate the level of bad debts, estimated period of depreciation of fixed assets or intangible asset amortization, the estimated cost of the warranty, and others.
3. Change the Accounting Method. Management has the opportunity to change the company's accounting methods in accordance with the conditions of the company during the period. Changes in accounting

methods should be disclosed clearly and the reasons are rational in the notes to financial reporting. Example: to change the depreciation of fixed assets from depreciation methods digit year straight line depreciation method.
4. Shifting the Cost or Income Period. In the IFRSs requires the company to use the accrual basis for recording the financial statements (except for the statements of cash flows), thus providing an opportunity for management to manipulate the company's financial statements. An example is accelerating or delaying spending on research and development to the next accounting period, accelerating or delaying the promotional expenditures until the next period.

3. Methods

Types of Research

This type of research is quantitative data, in the form of secondary data from the financial statements of companies listed on the Jakarta Stock Exchange (JSX). In this case it was calculated by using the values in the financial statements of the company.

Place and Time Research

The research was done by downloading the financial statements. Bakrieland Development Tbk., On the website www.idx.co.id. The financial statements which will be the object of our study is the financial statements in the year 2009-2016.

Conceptual Framework

Research Design

We did this study to analyze a significant influence over the DER and Income Smoothing in determining profit Management. For the variables associated with this study include:
1. The independent variable (independent variable), are variables that affect the dependent variable / bonded. In this study, the independent variables are Debt to Equity Ratio and Income Smoothing.
<center>**DER = Total Lialibilities / total Equity**</center>
<center>**EARN = (EBT EBT t- t-1) / total Assets**</center>
2. The dependent variable (dependent variable), are variables that affect the independent variable. In this study, the dependent variable is Profit Management.
<center>**EM =   (N1-Nt-1) / Market Value of Equity t-1**</center>
EM   : Profit management
N1   : Changes in corporate profits in t
Nt-1   : Changes in corporate profits in year t-1
Market Value of Equity: The market price of shares of the company at the end of the year t-1
If EM ≥ 0.01 Earnings management company is deemed to be rated 1,
If EM ≤ 0:01 Company considered earning management rated 0

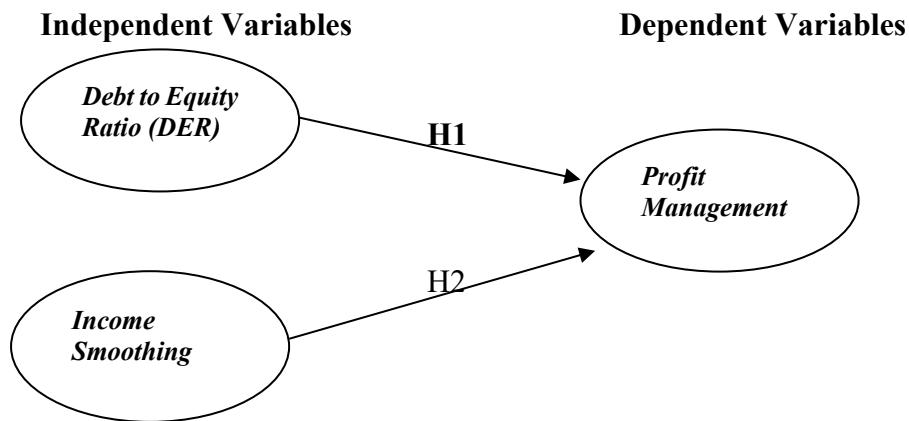Thus the design of our study are as follows:

Figure 1 Theoretical Framework

Source: Researcher data, 2019.

Operational Description of Study Variables

Operational Description of an explanation of the variables that determine the outcome operationally, in practice, obviously within the scope of the research object. Here is a table for a description of instrument operation and on the variables that we do.

Table 1 Operational Description of Study Variables

Variables	Operational Description
Profit management	Management interventions to the financial statements, which form the selections made by the Management of the accounting policies, which are permitted under the external financial reporting process to achieve the objectives / specific intent, so as to reduce the credibility of the financial statements

Source: Literature Review, 2019.

Table 2. Instrument Research Variables

Variable Element	Concept	Indicator	Scale
Debt to Equity Ratio	*Debt to equity ratio* a ratio that compares the amount of debt to equity, this ratio is used by analysts and investors to see how much debt the company when compared to equity held by the company or its shareholders	*DER*	ratios
Income Smoothing	*income Smoothing* a company policy to smooth profits in the period.	Profit	ratios

Source: Literature Review, 2019.

Population and Sample

The population that will become the object of this study are all companies that have listed on the Jakarta Stock Exchange (JSX) in 2009-2016. As for sampling which will be the object of research is PT. Bakrieland Development Tbk and has published all financial reports in the Jakarta Stock Exchange (JSX) and has been reported in the KPP obligations.

Selection of the sample in this study using purposive sampling method with the following criteria:

1. The company is listed on the Jakarta Stock Exchange (JSX) during the years 2009 to 2016 and not in delisting during the observation period.
2. The company owns Debt, Equity and earnings in financial statements during the period of observation.
3. The Company publishes annual financial statements (annualy report).
   Determination of the year under consideration recent data obtained in the study in 2009-2016.

4. Results and Discussion

Data Analysis Research

Data collected ie the ratio of the financial statements at. Bakrieland Development Tbk., The Debt, Assets, Equity, Earnings before tax (EBT) and net profit (EAT). Data is taken from quarterly financial statements from the period 2009-2016, so that we get the number of samples is 96 samples, data collection can be seen in the attachment.

Data Interpretation

Descriptive statistics

Table 3 shows the results of descriptive statistics of each variable, namely DER, EARN and EM.

Table 3. Descriptive Statistics

	N	Minimum	maximum	mean	Std. deviation
DER	32	.5496368	1.4874444	.855501931	.2473145025
EARN	32	-.0819148	.0659304	-.002720056	.0281681295
EM	32	-.1375582	.1485347	-.004839346	.0559696991
Valid N (listwise)	32				

Source: Output SPSS, 2019.

Based on table 5.1, the number of data observations is as much as 32 quarterly. DER value has an average 0.855501931. EARN has an average -.002720056 and EM as -.004839346.

Classical Assumption Test

The results of non-parametric statistical test Kolmogorov-Smirnov, EM significance level as the dependent variable is 0.912 (greater than 0.05) so that the relationship between independent and dependent variables is fairly normal.

Table 4. One-Sample Kolmogorov-Smirnov Test

		Residual unstandardized
N		32
Normal Parametersa, b	mean	.0000000
	Std. deviation	.01053621
Most Extreme Differences	Absolute	.129
	positive	.119
	negative	-.129
Test Statistic		.129
Asymp. Sig. (2-tailed)		.192c

Test Multicolinearity

All independent variable tolerance value greater than 0.10 and VIF is less than 10. It can be concluded that the regression model are non-existence of multicollinearity.

Table 5. Coefficients

Model	Coefficients unstandardized		standardized Coefficients			collinearity Statistics	
	B	Std. Error	beta	t	Sig.	tolerance	VIF
(Constant)	.004	.007		.523	.605		
DER	-.004	.008	-.017	-.474	.639	.998	1,002
EARN	1,950	.070	.981	28 040	.000	.998	1,002

a. Dependent Variable: EM
Source: Output SPSS, 2019.

Autocorrelation Test

Autocorrelation test results for EM as the dependent variable showed durbin-watson value 2.421. This value is greater than the du = 1.8261 and (4-du) = 2.1739 so that it can be concluded that there is a problem in the regression model autocorrelation.

Table 6. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.982a	.965	.962	.0108934731	2,421

a. Predictors: (Constant), EARN, DER
b. Dependent Variable: EM
Source: Output SPSS, 2019.

Test Hesteroskidasitas

From these test results find that the dots spread randomly. So no matter hesteroskidasitas in the regression model.
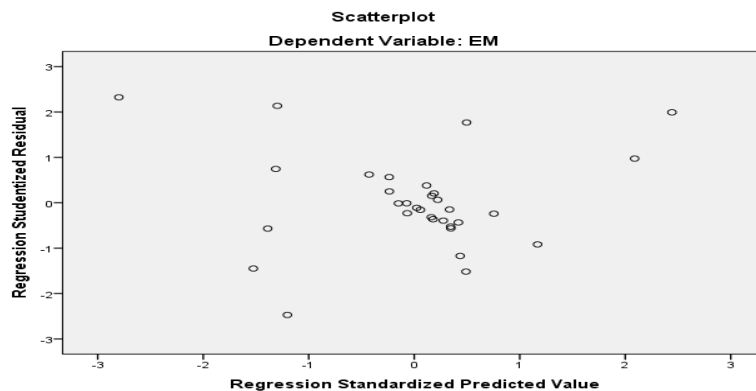

Figure 2. Scatterplot

From the above data explains that there is influence between the Debt to Equity Ratio and Income Smoothing on Earnings Management.

Test Partial

Table 7. Coefficientsa

Model		Coefficients unstandardized		standardized Coefficients	T	Sig.
		B	Std. Error	beta		
1	(Constant)	.004	.007		.523	.605
	DER	-.004	.008	-.017	-.474	.639
	EARN	1,950	.070	.981	28 040	.000

Dependent Variable: EM
Source: Output SPSS, 2019.

If seen from Table 7, can be summed up as follows:
1. DER influence on the EM (earnings management). DER thinking about t value of -0.474 and sig of 0.639 which means greater than 0.05. Thus, the DER has no significant influence on earnings management.
2. Influence of Income Smoothing against EM (Gain Management). EARN has a t value of 28.040 and sig of 0.000 which is smaller than 0.05. Thus, Income Smoothing significant influence on earnings management.

Table 8. ANOVA

Model		Sum of Squares	Df	mean Square	F	Sig.
1	Regression	.094	2	.047	394 671	.000b
	residual	.003	29	.000		
	Total	.097	31			

a. Dependent Variable: EM
b. Predictors: (Constant), EARN, DER
Source: Output SPSS, 2019.

From Table 8 we can conclude that a significant difference between the independent variable (DER and Income smoothing) with dependent variable (earnings management) where it has been on the acquisition value of sig 0.00 (less than 0.05).

Table 9. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.982a	.965	.962	.0108934731

Source: Output SPSS, 2019.

Table 9 we can see that the value of R Square of 0965, which means 96.5% of independent variables influence to dependent variable, and the remaining 3.5% is influenced by other variables that are not included in this study. This is evidenced by the results of which can be seen from Table 8, where the sig value less than 0.05, which means a significant difference between the independent variable on the dependent variable.

5. Conclusion

Based on the purpose of research and discussion that has been described, it can be concluded that, Debt to Equity Ratio (DER) no significant effect on earnings management. This happens because the PT. Bakrieland Development Tbk., Suffered losses in the last 4 years, income smoothing significant influence on earnings management. This shows that PT. Bakrieland Development Tbk., Seeks to protect its financial condition so it is considered necessary to conduct Income Smoothing, Debt to Equity Ratio (DER) and Income smoothing significantly affect earnings management. This shows that PT. Bakrieland Development Tbk., It is necessary to analyze its financial statements for each period.

References

Alfatooni A., & Nikbakht Z. (2010). Income Smoothing, Real Earnings Management And Long-Run Stock Returns. Business Intelligence Journal, January 2010 Vol. 3 No. 1.

Black D., Pierce S., & Thomas W., (2017). A New Measure of Managers International Income Smoothing. Tuck School of Business at Dartmouth College, Florida State University, University of Oklahoma, August 2017.

Ghozali, I. (2011). Multivariate Analysis With SPSS Program. Fifth Edition ,. Publisher Agency Dipenogoro University, Semarang.

Gunawan A., and Wahyuni SF, (2013). Effect of Financial Ratios Earnings To Growth In Trading company in Indonesia. Faculty of Economics, University of North Sumatra Muhammadiyah.

To WI, & Herawaty A., (2010). Influence Mechanism of Good Corporate Governance, Auditor Independence, kulaitas Audit and Other Factors Against Profit Management. Journal of Business & Accounting Vol. 12 No. 1 April 2010 Page. 53-68. STIE Trisakti.

Hanafi, R., & Hastuti, T., (2012). Factors Analysis of Income Determination Smothing on Foreign Companies and Non Foreign. Journal of Accounting Indonesia, Vol. 1 No. January 1st, 2012.

Heikal, M., Gaddafi, M., and Ummah, A., (2014). Influence Analysis Of Return On Assets (ROA), Return on Equity (ROE), Net Profit Margin (NFM), Debt To Equity (DER), and Current Ratio (CR), Against Corporate Profit Growth in Automotive In Indonesia Stock Exchange. Faculty of Economics, University of Malikussaleh Lhokseumawe. Aceh, Indonesia.

Marietta U., (2013). Analysis of Effect of Cash Ratio, Return on Assets, Growth, Firm Size, Debt to Equity Ratio Of Dividend Payout Ratio (Study at Manufacturing Companies listed on the Indonesia Stock Exchange Year 2008 to 2011), Faculty of Economics and Business, University of Diponegoro, Semarang.

Martikarini N., (2014). Influence Profitability, Debt Policy and Dividend Against Value Manufacturing Companies Listed in Indonesia Stock Exchange Period 2009-2011, Faculty of Economics, Department of Accounting, University Gunadarma.

Narimawati, U. (2008), Financing to Deposit Ratio and third party financing for mudharabah.

Nastiti, AS & T. A Gumanti. (2011). Audit Quality and Earnings Management Of Initial Public Offerings (IPO) in Indonesia. National Symposium on Accounting (SNA) 14. University of Syah Kuala, Banda Aceh.

Narfiah, Z. (2013), Earnings Management From the point of view of practitioners and academics. STIE Semarang Journal, Vol 5, No 2, Edition of June, 2013.

Peranasari, IAAI & Dharmadiaksa, IB, (2014). Income Smoothing Behavior and Factors Affecting. Udayana University Faculty of Economics and Business.

Setiowati, AR (2007). Analysis Relationship Management Against Deferred Tax Expense Profit On Non Manufacturing Company Listed on the Jakarta Stock Exchange. Universitas Atma JayaYogyakarta.

Sulistyanto S., (2008), Profit Management Theory and Empirical Model, Jakarta; Grasindo.

Utomo, S. & Siregar B., (2008), Effects of Company Size, Profitability and Gain Flattening Against Ownership Control on Manufacturing Companies listed in the Indonesia Stock Exchange, Journal of Management Accounting Vol. 19, No. 2, August 2008, p. 113-125.

Widhianningrum P., (2012). Gain Flattening and Variables Affecting. Accounting Education Teachers' Training College PGRI Madiun.

M. Wijaya, & Martini D., (2011), Practice Management Company Earnings in menganggapi reduction in tax rates in accordance with Law no. 36 in 2008.

Wiryandari SA, (2013), Relationship Differences in Income Tax Accounting and Profit With Profit Management Behavior and Persistence of Profit, University of Indonesia.

Q. Shu, & Thomas WB, (2015). Managerial Equity Holdings and Income Smoothing Incentives, Michael F. Price College of Business University of Oklahoma.

Accounting Standard (IAS) 46, the Income Tax. Indonesia Institute of Accountants (IAI).

Regulation of the Minister of Finance of the Republic of Indonesia no. 169 / PMK.010 / 2015. The determination of the ratio between debt and capital companies for the purposes of income tax.

+++++++++++++++++++++++++++++

THE EFFECT OF JOB SATISFACTION, CAREER DEVELOPMENT AND COMMITMENT TO TURNOVER INTENTION IN CAKRAWALA MITRA BERSAMA

Nining Yuningsih

Department of Management, Pelita Bangsa University, nining.rasha2002@gmail.com

Abstract

Job performance will improve if the company can meet the needs and job satisfaction of its employees and is supported by companies that enhance the career development of their employees. employees assume the performance done in the company as he expected and the company has a good future for these employees, this can increase the organizational commitment of employees in the company, so that company goal will be achieved. The problem in this study is whether the lack of job satisfaction affects the high level of turnover intention, whether the lack of career development affects the high level of turnover intention and whether the organizational commitment of employees influences the level of turnover intention in PT Cakrawala Mitra Bersama. This research was conducted by simple random sampling and carried out on the employees of PT. Cakrawala Mitra Bersama. Based on hypothesis testing using the t-test (partial) that the Satisfaction variable influences Turnover Intention, while the Career Development variable has no effect on Turnover Intention and the Organizational Commitment variable does not affect the decline of Turnover Intention.

Keywords: Job Satisfaction, Career Development, Organizational Commitment, Turnover Intention.

1. Introduction

Each The rapid development of the business world in companies causes intense competition in it. Companies will compete with one another for profit, one of the ways companies can compete by using effective and efficient human resources to compete in the global era. Effective and efficient human resources will succeed, if done optimally and professionally, meaning using employees from planning, implementation to supervision.

Events that often occur in a company system and management of human resources in several companies where employees themselves are behaving. One form of behavior is turnover intention that refers to and leads to the employee's decision to leave his job. Turnover intention is a situation where employees no longer feel comfortable working in the company, in this situation employees have the intention or tend to go out and look for other jobs. Turnover Intention at a high company will have a financial impact on the company, where the company will re-recruit employees and the cost of retraining. The company will experience difficulties and losses when it has recruited qualified employees, but these employees choose to leave the company for various reasons and prefer to work at other companies. (Ristia Pawesti et al. 2016).

Factors causing turnover intention include job satisfaction, career development and organizational commitment, job satisfaction is a very important part of the company. Employees will be satisfied if the work

they do is valued and given appreciation by the company. Employees will provide good performance for the company, while the company pays in return for the good performance that employees have given to the company, employees will show their commitment to remain loyal and responsible to the company if their job satisfaction is fulfilled. Job satisfaction is one of the important things that must be owned by every employee in working at the company. The results of research conducted by Nita Ratna Sari and Heru Susilo in the Journal of Business Administration, Volume 27, Number 1 October 2015, in the Title Effect of Job Satisfaction Against Turnover Intention states that job satisfaction is one very important factor related to the reasons for the occurrence turnover intention. High level of job dissatisfaction experienced by employees will affect employees in completing their work. A low level of employee job dissatisfaction within the company will reduce the high turnover rate. Employee dissatisfaction with their work is shown in various ways, one of which is undisciplined and does not follow the rules applied by the company.

Another factor that influences turnover intention is career development within the company. Career development in the company will affect the mindset of employees in working where the employee will assume the company where he works will have good potential for his future. The results of the study, career development is one of the most important factors related to the reasons for turnover intention. The better the employee's opportunity to develop his career in the company, the fewer employees will make a turnover intention. Employees will consider where he works, if the company has good potential and sufficient future to support his future needs. Based on previous research conducted by Emma Rukmini and Susi Hendriani entitled The Effect of Compensation, Work Environment and Career Development on Job Satisfaction and Turnover Intention. In the Journal of Business Management, Volume IX, Number 1 January 2017 states that career development has a significant effect on turnover intention. If the career path can be carried out clearly it will be able to reduce the high level of employee turnover intention.

In addition to job satisfaction and career development that affect turnover intention, organizational commitment factors can also affect turnover intention in an organization where an employee who has organizational commitment means that the employee has loyalty to his work. Employees who are committed in the organization will be loyal to the work that they do and can influence the mindset of employees so that they can overcome the intention or desire of employees to switch organizations. In this case organizational commitment has a relationship that is opposite to turnover intention where the higher organizational commitment that employees have, the lower the occurrence of turnover intention. The results of research conducted by Gishella Paat et al, entitled the effect of organizational commitment, job satisfaction, work stress on employee turnover intention PT. Bank Sulutgo Manado. In the Emba Journal, Volume 5, Number 3, September 2017 states that organizational commitment partially influences turnover intention shows a negative and significant variable on the variable of organizational commitment to employee turnover intention at PT. Bank Sulutgo Manado. Where if someone employee has or maintains organizational commitment therein, the employee will be loyal to his work so that turnover intention decreases or it can be said the intention to switch organizations decreases.

2. Literature Review

Turnover Intention

The definition of turnover raised by (Robert L. Mathis and John H, Jackson 2004 in Elmi Farida 2018) states that turnover is related to job satisfaction and organizational commitment. Turnover is the process by which employees leave the organization and must be replaced immediately. this is one of the biggest losses experienced by the company when many of its employees leave the company, especially employees who leave are potential employees. Based on the turnover theory proposed by (Zeffane 2003 in Elmi Farida 2018). States There are several factors that affect turnover intention, including external factors, namely the labor market, institutional factors, namely the condition of the attitude space, the past, gender, interests, age, and length of work.

Job Satisfaction

The notion of job satisfaction was put forward by (Roe and Byars 2008 in Priansya Juni Donni 2018). Expressing high job satisfaction will drive the realization of organizational goals effectively. While low levels of job satisfaction are threats that bring destruction or setback to the organization, quickly or slowly. Based on the opinions of experts put forward by (As'ad 2009 in Priansya Juni Donni 2018: 301) states the factors that influence job satisfaction are psychological factors, social factors, physical factors, financial factors

Career Development

Based on the theory of career development proposed by (Rivai and Sagala, 2009 in Hafis Jauhari et al 2016) career development is the process of increasing individual work ability achieved in order to achieve an elevated career. Some of the factors that influence career development according to experts put forward by (Gouzali Saaydam 2000 in the 2015 Defri egota) are company policy, educational background, training, work development, loyalty to the organization

Organizational Commitment

The definition of organizational commitment expressed by (Ivancevich, Konovaske and Matteson, 2008 in Priansa Juni Donni 2018) states that organizational commitment is a sense of a sense of identification, involvement and loyalty expressed by employees towards their organization. The definition of organizational commitment raised by (Colquitt, Lepine and Wesson, 2009 in Priansa Juni Donni 2018) states that organizational commitment influences whether an employee will remain a member of the organization or leave the organization to look for another job. The organizational commitment factors raised by (Mcshane and Glinow, 2000 in Priansa Juni Donni 2018) namely justice and job satisfaction, job security, organizational understanding, employee involvement, organizational trust.
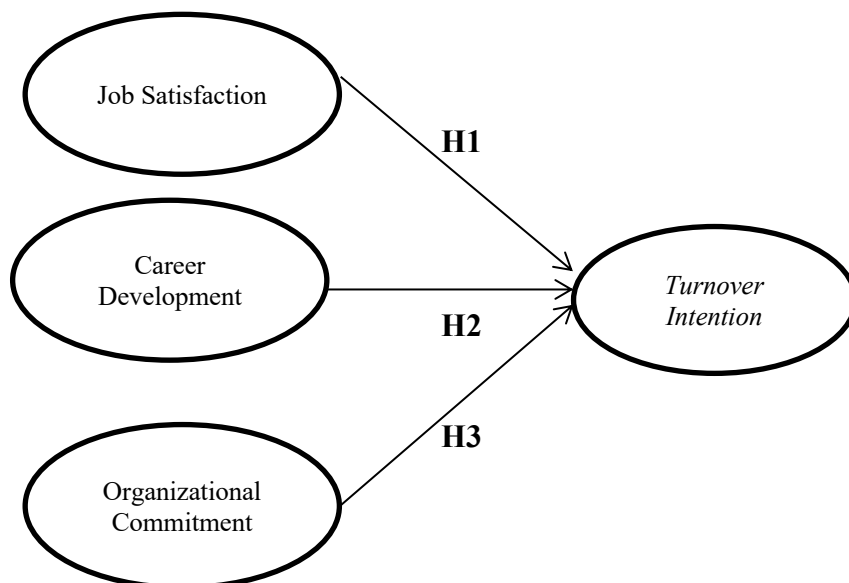
Framework

Figure 1. Framework

Source: Reseracher data, 2019.

Hypothesis:

H1: Job satisfaction affects turnover intention
H2: Career Development affects turnover intention
H3: Organizational commitment affects turnover intention

3. Methods

The population used in this study were all employees of PT. Cakrawala Mitra Bersama, totaling 86 people with sampling techniques in this study using simple random sampling techniques. The required data is taken using a questionnaire technique. Using a simple linear regression method, to test the effect of independent variables on the dependent variable. Testing data used in this study include validity, reliability, classic assumption tests (normality test, multicollinierity test, Heterokedaticity test, simple linear regression analysis.

4. Results and Discussion

Validity Test

Validity test is used to test whether a questionnaire is valid or not. A questionnaire is declared valid if the question on the questionnaire is able to reveal something that will be measured by the questionnaire an indicator or statement items are said to be valid if the significance test is carried out comparing the r count value with rtable for dgree of fredoom (df) = n-2, in this case n is the number of samples (df) = 84 and α = 0.05, then rtable = 0.212 with the following provisions:
a. r count> (0.212) = valid
b. r count <(0,212) = invalid
Data processing in this study uses SPSS version 22 where each variable item bias can be seen in the correlation table

Table 1. Job Satisfaction Variable Test Results

No	r value	r table	Information
X1.1	0,348	0,212	Valid
X1.2	0,483	0,212	Valid
X1.3	0,367	0,212	Valid
X1.4	0,516	0,212	Valid
X1.5	0,603	0,212	Valid
X1.6	0,494	0,212	Valid
X1.7	0,560	0,212	Valid
X1.8	0,599	0,212	Valid
X1.9	0,685	0,212	Valid
X1.10	0,330	0,212	Valid

Source: Ouput SPSS 22 (2019).

Based on the results of these calculations show that r count> r table that is for df = 84 with a significant level of 5% is 0.212. Thus it can be said that the Job Satisfaction variable (X1) used in this study are all valid and can be used in data collection.

Table 2. Career Development Variable Test Results

No	r value	r table	Information
X1.1	0,613	0,212	Valid
X1.2	0,708	0,212	Valid
X1.3	0,538	0,212	Valid
X1.4	0,418	0,212	Valid
X1.5	0,616	0,212	Valid

X1.6	0,671	0,212	Valid
X1.7	0,366	0,212	Valid
X1.8	0,497	0,212	Valid
X1.9	0,562	0,212	Valid
X1.10	0,420	0,212	Valid
X.11	0,233	0,212	Valid
X.12	0,254	0,212	Valid

Source: Ouput SPSS 22 (2019).

Based on the results of these calculations show that r count> r table that is for df = 84 with a significant level of 5% is 0.212. Thus it can be said that the Career Development (X2) variables used in this study are all valid and can be used in data collection.

Table 3. Organizational Commitment Variable Test Results

No	r value	r table	Information
X1.1	0,728	0,212	Valid
X1.2	0,537	0,212	Valid
X1.3	0,662	0,212	Valid
X1.4	0,305	0,212	Valid
X1.5	0,650	0,212	Valid
X1.6	0,572	0,212	Valid
X1.7	0,429	0,212	Valid
X1.8	0,377	0,212	Valid
X1.9	0,501	0,212	Valid
X1.10	0,492	0,212	Valid

Source: Ouput SPSS 22 (2019).

Based on the results of these calculations show that r count> r table for df = 84 with a significant level of 5% is 0.212. Thus it can be said that the employee performance variables (Y) used in this study are all valid and can be used in data collection.

Table 4. Turnover Intention Variable Test Results

No	r value	r table	Information
Y.1	0,672	0,212	Valid
Y.2	0,683	0,212	Valid
Y.3	0,553	0,212	Valid
Y.4	0,276	0,212	Valid
Y.5	0,614	0,212	Valid
Y.6	0,680	0,212	Valid
Y.7	0,469	0,212	Valid
Y.8	0,500	0,212	Valid
Y.9	0,553	0,212	Valid
Y.10	0,406	0,212	Valid

Source: Ouput SPSS 22 (2019).

Based on the results of these calculations show that r count> r table that is for df = 84 with a significant level of 5% is 0.212. Thus it can be said that the Turnover Intention (Y) variables used in this study are all valid and can be used in data collection.

Reliability Test

Reliability is actually to measure a questionnaire which is an indicator of a variable or construct. A questionnaire is declared reliable or reliable if one's answer to a statement is consistent or stable over time. According to Priyatno (2014), the reliability test is used to determine the consistency of the measuring instrument which usually uses the questionnaire method used in reliability testing is to use the Cronbach Alpha method in which one variable is considered reliable if Cronbach Alpha> 0.60.

Table 5. Reliability Test

No	Variable	Cronbach's Alpha	Limit Cronbach's Alpha	Information
1	Job Satisfaction	0,664	0,60	Reliable
2	Career Development	0,713	0,60	Reliable
3	Organizational Commitment	0,703	0,60	Reliable
4	Turnover Intention	0,726	0,60	Reliable

Source: Ouput SPSS 22 (2019).

From the trials that have been carried out it can be seen that the results of each Cronbach's alpha variable are more than the required Cronbach's alpha limit of 0.60. Then the variables of job satisfaction, career development and organizational commitment are declared reliable.

Classic Assumption Test

Normality Test

The statistical test used to test normality using residuals is the non-parametric statistic Kolmogorov-Smirnov. The normal test method is done by looking at the significance value greater than 5%, then it shows the normal distribution. The normality table in this study is as follows:

Table 6. One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		86
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	3.97490049
Most Extreme Differences	Absolute	.079
	Positive	.069
	Negative	-.079
Test Statistic		.079
Asymp. Sig. (2-tailed)		.200[c,d]

Source: Ouput SPSS 22 (2019).

The results of the data analysis show the results of testing table 5.5 One-Sample Kolmogorov-Smirnov Test produces Asymptotic Significance (2-tailed) of 0.200. As required in the Normality test the significance level must be above 0.05.

Multicollinearity Test

Multicollinearity test aims to test whether the regression model found a correlation between independent variables. A good regression model should not occur correlation between independent variables. To know the existence of multicollinearity can be seen from the value of tolerance and its opponents or Variance Inflation

385

Factor (VIF). If the VIF is less than 10.00 and the tolerance value is more than 0.10 then the regression is free from multicollinearity. The multicollinearity table in this study is as follows:

Table 7. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	36,540	7.052		5.181	,000		
	Job Satisfaction	.088	.115	085	.765	.446	.985	1.015
	Career Development	-004	-004	-005	-004	.965	.913	1.096
	Organizational Commitment	.013	.117	.013	.113	.911	.925	1.081

Source: Ouput SPSS 22 (2019).

Based on table 7 above it is known that, the tolerance value of job satisfaction variable is 0.985, career development is 0.913 and organizational commitment is 0.925 in accordance with the requirement that tolerance value must be greater than 0.10. Meanwhile, the variable VIF value to job satisfaction is 1.015, career development is 1.096 and organizational commitment is 1.081 in accordance with the requirements that VIF must be less than 10.00 So it can be concluded in this study that there is no multicollinearity.

Heteroscedasticity Test

The heteroscedasticity test aims to test whether in the regression model there is an unequal variance from the residuals of one observation to another. Testing of heteroscedasticity can be done through observing the scatterplot patterns generated through SPSS. If the scatterplot pattern forms a certain pattern, then the regression model has symptoms of heteroscedasticity. The appearance of heteroscedasticity shows that the estimator in the regression model is inefficient in both large and small samples. If there is no clear pattern and the points spread above and below zero on the Y axis, then it can be concluded free of heteroscedasticity. Scatterplot images in this study are as follows:
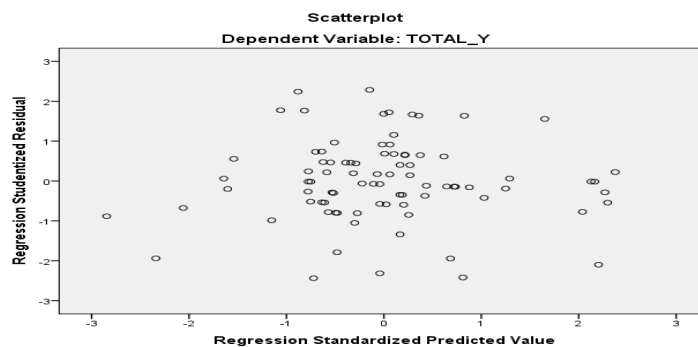

Figure 2. Heteroscedasticity Test Results

Source: Ouput SPSS 22 (2019).

Heteroscedasticity test results show that the points do not form a particular pattern or there is no clear pattern and the points spread above and below the number 0 (zero) on the Y axis, then there is no heteroscedasticity.

Thus, the assumptions of normality, multicollinearity and heteroscedasticity in the regression model can be met from this model.

Simple Linear Regression Analysis

Simple linear regression analysis is used in this study with the aim to determine whether there is influence of independent variables on the dependent variable. The statistical calculation in the simple linear regression analysis used in this study is to use the computer program SPSS for Windows version 22. Summary of data processing results with using the SPSS program is as follows:

Table 8. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	36.877	4.452		8.284	.000
	TOTAL_X1	.088	.113	.085	.778	.439

Source: Ouput SPSS 22 (2019).

Table 9. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	39.953	4.641		8.609	.000
	TOTAL_X2	.008	.097	.009	.081	.936

Source: Ouput SPSS 22 (2019).

Table 10. Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	39.727	4.616		8.606	.000
	TOTAL_X3	.015	.112	.014	.130	.897

Source: Ouput SPSS 22 (2019).

Based on the SPSS output above, the following equation is obtained:
$$Y = 0.088X1, 0.008 X2, 0.015 X3$$
The model shows the meaning that:

1. Constant = 36,877 X1 39,953 X239,727 X3, Negative constant values indicate the negative influence of independent variables (Job Satisfaction, Career Development and Organizational Commitment to Turnover Intention).

2. The coefficient of the variable Job Satisfaction (X1) = 0.88. Is a regression coefficient value of job satisfaction variable (X1) to turnover intention variable (Y) meaning that if job satisfaction (X1) is not fulfilled, then turnover intention (Y) will experience an increase of 0.88 or 0.88%, meaning that job satisfaction factors influence big enough for turnover intention.
3. Career coefficient variable coefficient (X2) = 0.08. Is a regression coefficient value of career development variables (X2) to turnover intention variables (Y) meaning that if career development (X2) in the company does not exist, then turnover intention (Y) will increase by 0.08 or 0.08% meaning the development factor career doesn't have a big effect on turnover intention.
4. The coefficient of organizational commitment variable (X3) = 0.15. Is the regression coefficient value of organizational commitment (X2) to turnover intention (Y) means that if organizational commitment (X3) is still carried out by employees in the organization, then turnover intention (Y) will experience a settlement of 0.15 or 0.15%, meaning that the factor Organizational commitment made by employees has little effect on turnover intention.

Hypothesis Test

Partial Influence Analysis with T Test

This test is to determine the effect of Job Satisfaction (X1), Career Development (X2) and Organizational Commitment (X3) partially on the variable Turnover Intention (Y) at PT. Cakrawala Mitra Bersama with t test. From the analysis using an error rate (α) 5% = 0.05 and degrees of freedom (df) = n-k-2.
Information:
1. Number of respondents (n) = 86 people
2. The number of independent variables (k) = 3
3. Significance level α = 5%
4. Degree of freedom (df) = n-k-1 = 86-3-1 = 82. It is known that the t table value of 0.214 from the calculation results obtained the t-value as shown in the following table.

Table 11. Hypothesis Testing Results with Partial Test (t Test)

Variable	T_{value}	Sign	T_{table}
Job Satisfaction (X1)	0,778	0,439	0,214
Career Development (X2)	0,081	0,936	0,214
Organizational Commitment (X3)	0,130	0,897	0,214

Source: Research Data Processed (2019)

Job Satisfaction

Based on the partial test results for the Job Satisfaction variable obtained tcount = 0.778 with a significance value of 0.936 with a significant probability far greater than 0.05 and a tcount greater than ttable then Ha1 is accepted. This shows that partially Ha1 which states that the influence of Job Satisfaction variable on Turnover Intention is accepted.

Career Development

Based on the partial test results for the Career Development variable obtained tcount = 0.081 with a significant value of 0.936 with a significant probability far greater than 0.05 and a tcount smaller than ttable then Ha2 is rejected. This shows that partially Ha2 which states that there is no influence of the Career Development variable on Turnover Intention is accepted.

Organizational Commitment

Based on the partial test results for the Organizational Commitment variable obtained tcount = 0.130 with a significant value of 0.897 with a significant probability far greater than 0.05 and a t-value smaller than ttable then Ha3 is rejected. This shows that partially Ha3 stated that there was no influence of the Organizational Commitment variable on Turnover Intention was accepted.

Coefficient of Determination

The coefficient of determination (Adjusted R^2) essentially measures how far the model's ability to explain variations in the dependent variable. The coefficient of determination (Adjusted R^2) can be seen in table 5.13 below:

Table 12. Model Summary[b]

R	R Square	Adjusted R Square	Std. Error of the Estimate
.086[a]	.007	-.029	4.047

Source: Ouput SPSS 22 (2019).

The results of calculations using the SPSS version 22 can be seen that the coefficient of determination (Adjusted R square) obtained 0.029% This means that 29% of job satisfaction, career development and organizational commitment affect turnover intention while the remaining 71% turnover intention influences other variables which was not examined in this study.

5. **Conclusion**

Based on the results of the analysis conducted, the conclusion that can be put forward in this study is an analysis of the factors that influence turnover intention shows that job satisfaction factors affect turnover intention. This shows that the factor of job satisfaction has a significant influence on turnover intention. Analysis of the factors that influence turnover intention shows that career development factors have no influence on turnover intention. This shows that career development factors do not affect turnover intention. Analysis of the factors that influence turnover intention shows that organizational commitment factors have no influence on turnover intention. This shows that organizational commitment factors have no significant effect on turnover intention.

References

Andini, P. O., Sunuharyo, S. B., & Utami, N. H. (2018). Pengaruh KepuasanKerja TerhadapStres Kerja dan *Turnover Intention* PT. IndolaktoFactory Pandaan Malang. *Jurnal Administrasi Bisnis Volume 54 No. 1*.

As'ad. (2009). Dalam D. J. Priansa, *Perencanaan dan Pengembangan SDM* (hal. 301). Bandung: Alfabeta.

Allen, M. (1997) Dalam D. J. Priansa, *Perencanaan dan Pengembangan SDM* (hal. 234). Bandung: Alfabeta.

Colquitt, L, W. (2009). Dalam D. J. Priansa, *Perencanaan dan Pengembangan SDM* (hal. 233). Bandung: Alfabeta.

Elmi, Farida. (2018).*Manajemen Sumber Daya Manusia.* Jakarta: Mitra Wacana Media.

Egota, D. (2015). Analisis Faktor-Faktor yang mempengaruhi Perkembangan Karir Karyawan PT. Bank Negara Indonesia (Persero) TBK Cabang Pekan Baru. *Jurnal Jom FISIP Vol 2 No. 1*.

Ivancevich, K, M. (2008). Dalam D. J. Priansa, *Perencanaan dan Pengembangan SDM* (hal. 233). Bandung: Alfabeta.

Indrayanti, P. D.,&Riana, G. I. (2016). Pengaruh Kepuasan Kerja terhadap *Turnover Intention* melalui mediasi Komitmen Organisasional PT Ciomas Adisatwa Denpasar. *Jurnal Jom Fisip Volume 5 No. 5.*

George, J. (2007). Dalam D. J. Priansa, *Perencanaan dan Pengembangan SDM* (hal. 291). Bandung: Alfabeta.

Hafiz, J., Parizade, B., & Hanafi, A. (2016). Pengaruh Pengembangan Karir terhadap *Turnover Intention* PT. BIF Finance Cabang Palembang. *Jurnal Ilmiah Manajemen Bisnis dan Terapan Volume XIII No. 2.*

Muhammad, Rizwan, (2014). *The relationship of Turnover intention with job satisfaction, job performance, Leader member exchange, Emotional intelligence and organizational commitmen*t. *jurnal International Journal of Learning dan Development Volume4Nomor 2.*

Rukmini,E& Hendriani, S.(2017).Pengaruh Kompensasi, Lingkungan Kerja Dan Pengembangan Karir Terhadap Kepuasan Kerja Dan *Turnover Intention* MNC Bank wilaya Sumatra. *jurnal Tepak Manajemen Bisnis* Volume IX, Nomor 1.

Roe, B. (2008). Dalam D. J. Priansa, *Perencanaan dan Pengembangan SDM* (hal. 291). Bandung: Alfabeta.

Rasyid, A. A., & Indarti. S. (2017). Pengaruh Komitmen Organisasional dan Kompensasi terhadap *Turnover Intention* dengan Kepuasan Kerja sebagai variabel Intervening PT. Persada Lines Pekan Baru. *Jurnal Tepak Manajemen Bisnis Vol IX No. 3.*

Robert, L, M. & John, H, J. (2004). Dalam Farida. E, *Manajemen Sumber Daya Manusia*(hal. 125). Jakarta. Mitra Wacana Media.

Robert L, Mathis. & John, H, J.(2004). Dalam Farida. E, *Manajemen Sumber Daya Manusia*(hal. 125-126). Jakarta. Mitra Wacana Media.

Rismayanti, D. R., Musaidieq, A. M. & Aini, K. E. (2018). Pengaruh Kepuasan KerjaTerhadap *Turnover Intention* Serta Dampaknya Pada Kinerja KaryawanPT. Kebon Agung Malang *jurnal Administrasi Bisnis Volume 61, Nomor 2.*

Saklit, I. W. (2017). Pengaruh Gaya Kepemimpinan Dan Pengembangan Karir Terhadap Intensi *Turnover*, Kepuasan Kerja Sebagai Mediator PT. Takanaka Indonesia. *Jurnal Manajemen Volume XXI Nomor. 03.*

Sari,R. S., Hakam, S. M. & Susilo, H.(2015). Pengaruh Kepuasan Kerja Terhadap *Turnover Intention* AJP Bumipura 1912 Malang*Jurnal Administrasi BisnisVolume 27, Nomor 1.*

Sopiah. (2008). Dalam D. J. Priansa, *Perencanaan dan Pengembangan SDM*(hal. 236). Bandung: Alfabeta.

Sugiyono. (2015). *Statistika untuk Penelitian.* Bandung: ALFABETA.

Priansa, J.D. (2018).*Manajemen Perencanaan dan Pengembangan Sdm*. Bandung: ALFABETA.

Pawesti, R.,&Wikansari, R. (2016). Pengaruh Kepuasan kerja terhadap *Turnover Intention*Karyawan di Indonesia. *Jurnal Ecopsi Volume 3 No 2*.

Paa, G., Tewal, B. & Jan, B. H. A (2017). Pengaruh Komitmen Organisasi, Kepuasan Kerja, Stres Kerja Terhadap *Turnover Intention* PT. Salatugo Manado. *Jurnal EMBA Volume 5, Nomor 3.*

Paripurna, D. I. G., Suprta, I. W. G. & Subudi, M. (2017). Pengaruh Kepemimpinan Dan Kepuasan Kerja Terhadap *Tunover Intention* Serta Dampaknya Terhadap Kinerja Karyawan PT. Agung Auto Mall Kuta J*urnal Ekonomi Bisnis Volume 6, Nomor 6.*

Zeffane. (2003). Dalam Farida. E, *Manajemen Sumber Daya Manusia* (hal. 196). Jakarta. Mitra Wacana Media.

++++++++++++++++++++++++++++++

EFFECT OF PRODUCT QUALITY, PRICES AND PLACES ON PURCHASE DECISIONS
Case Study of Consumers Ikhtiar Meatballs Tofu Cikarang Region

Nur' Aeni

Department of Management, Pelita Bangsa University, nur.aeni@pelitabangsa.ac.id

Abstract

The purpose of this study was to determine the effect of product quality, price, and place on the purchase decision of Meatballs Ikhtiar. The research method used was quantitative research in the form of a survey. The research sample of 100 consumers Meatballs Tofu Ikhtiar. The data collection method uses a questionnaire. Data analysis techniques using multiple linear regression tests, partial hypothesis testing using t-test and simultaneous test using the F test. The results of this study are that there is a significant influence on product quality on purchasing decisions. There is a significant effect on price decisions. There is a significant influence of place influence on purchasing decisions. There is a significant influence on product quality, price and place simultaneously on the decision. The magnitude of the effect of product quality, price and place simultaneously on purchasing decisions. The conclusion of the study is that there is a significant influence on product quality, price, and place on the purchasing decision of Ikhtiar Meatballs Tofu.

Keywords: Product Quality, Price, Place, Purchase Decision.

1. Introduction

Each Consumer needs that continue to increase from time to time will become a very profitable business opportunity. This has become the rationale for business actors to meet the needs, desires, and expectations of consumers so that they do not turn to competitors despite changes. Many companies are trying to win the competition by utilizing existing business opportunities and trying to apply the right corporate strategy in order to dominate the market. One of the company's goals is to maintain the existence of its performance to reach a certain level. The company will try to dominate the market share with a variety of marketing strategies and services. With the ultimate goal of getting maximum profit with an optimal level of performance efficiency. The tight competition will position marketers to always develop and win market share. So only companies with the best quality products will grow rapidly, and in the long run the company will be more successful than other companies. One of the Small and Medium Enterprises engaged in food in Cikarang is Tofu Ikhtiar Meatballs. Knowing meatballs is a typical food Ungaran city and has been very attached to the tongue of the community. All people really like this food both parents, teenagers, children, grandparents and again this food does not know the time, can be morning, afternoon, evening or night. This food also does not care about hot or cold weather, always suitable for eating. Meatball tofu products generally use the raw material of tofu and the filling is beef or chicken. Meatball tofu is usually served as a snack food as a friend to drink tea. Many factors are considered by consumers before deciding to buy a product.

Therefore entrepreneurs must be observant in seeing what factors must be considered to attract consumers. A very important factor that can influence purchasing decisions is the first factor of product quality. Quality is a combination of properties and characteristics that determine the extent to which outputs can meet customer requirements. The second, very important factor that can influence purchasing decisions is the price factor. Pricing strategy (pricing) is very significant in giving value to consumers and influencing product image, as well as consumer decisions to buy. The third factor that also influences purchasing decisions is place. In marketing which includes four marketing components one of which is the element of place or in several books many are mentioned as distribution aspects. Hurriyati explained that place manufacturing products are defined as distribution channels, whereas for the production of place services are defined as service places. Location / place is the position of a place, object, event or symptom on the surface of the earth in relation to places, objects, symptoms of other events. (Maryani; 2009). Based on this phenomenon, the authors are interested in conducting research with the title Effect Of Product Quality, Prices And Places on Purchase Decisions Case Study of Consumers Ikhtiar Meatballs Tofu Cikarang Region.

2. Literature Review

Product Quality

According to the American Society for Quality Control cited by Dewi and Hidayat (2015), quality is the overall characteristics and characteristics of a product or service, in terms of its ability to meet predetermined or latent needs. According to Prawirosentono in Sigit (2017) that product quality is the physical reliability, function and nature of the product concerned that can satisfy the tastes and needs of consumers satisfactorily according to the value of money spent. According to Prawirosentono in Sigit Winardi (2014) states that consumer purchasing decisions are a point of purchase from the evaluation process. Peter and Olson (2014) state that purchasing decisions are an integrated integration process to evaluate two or more alternative behaviors and choose one of them. Schiffman and Kanuk (2014) define a decision as the choice of an action from two or more alternative choices. A consumer who wants to vote must have alternative choices. Kotler and Keler (2016: 192) explain "in the evaluation stage, the consumer forms preferences among the brands in the choice and also the form in intention to buy the most preferred brands." Purchasing decisions are consumer decisions regarding preferences for brands in a collection of choices (2017) that product quality is the physical reliability, function and nature of the product concerned that can satisfy the tastes and needs of consumers satisfactorily according to the value of money spent.

Price

Sukirno (2015) states that price is one of the important attributes evaluated by consumers so that company managers need to really understand the role in influencing consumer attitudes. Well-designed and marketed products can be sold at high prices and generate high profits. big. Price as an attribute can be interpreted that price is a concept of diversity that has different meanings for each consumer, depending on the characteristics of consumers, the situation and the product. According to Kottler and Armstrong (2015) what is meant by price is "The amount of money changed for a product or service, the value of the values that customers exchange for the benefits of having or using the product or service." The amount of money changes for products and services, the amount of value exchanged for the customers owning or using the product or service. According to (Kotler and Armstrong, 2016) price is the amount of money charged for a product or service or the amount of value exchanged by consumers for the benefits of owning or using the product or service.

Place

Place is the position of a place, object, event or symptom on the surface of the earth in relation to a place, object, symptom of another event. (Maryani; 2009). The location component consists of direction and distance. Direction indicates the position of a place compared to other places, while distance is the size of the distance or proximity of the two objects / symptoms. The direction of a place is relative, so is the relative distance. The

392

direction and distance determine the intensity of the relationship between the two places. According to Heizer and Render (2006) the goal of a location strategy is to maximize location profit for the company.

Purchase Decision

Winardi (2014) states that consumer purchasing decisions are the point of a purchase from the evaluation process. Peter and Olson (2014) state that purchasing decisions are a process of integration combined to evaluate two or more alternative behaviors and choose one of them. Schiffman and Kanuk (2014) define a decision as the choice of an action from two or more alternative choices. A consumer who wants to choose must have an alternative choice. Kotler and Keler (2016) explain "in the evaluation stage, the consumer forms preferences for the brands in the choice and also the form in intention to buy the most preferred brands." Purchasing decisions are consumer decisions regarding preferences for brands in a collection of choices.
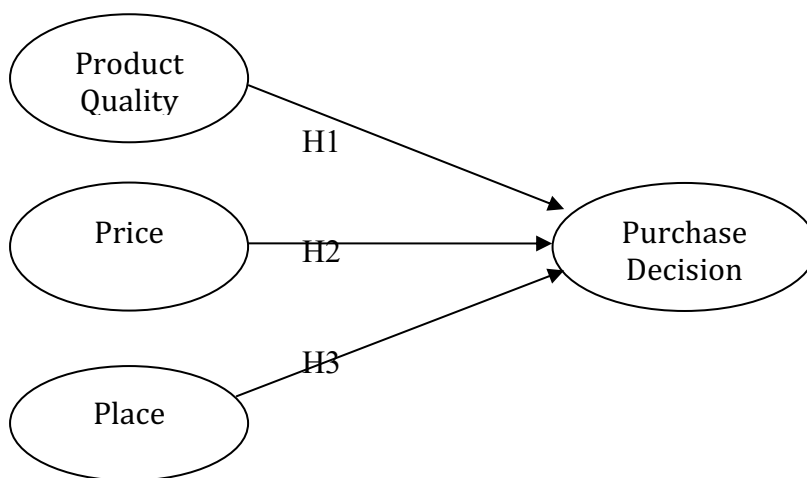
Framework

Figure 1. Framework

Source: Reseracher data, 2019.

Hypothesis:
1. First Hypothesis. Product quality will influence the purchasing decision of Tofu Meatballs Ikhtiar.
2. Second Hypothesis. Price will influence the purchase decision of Meatball Ikhtiar
3. Third Hypothesis. It is determined that the more appropriate the place will affect the purchase decision of Meatball Ikhtiar

3. Methods

This type of research is quantitative research, a method that emphasizes aspects of measurement objectively to social phenomena (Sugiyono, 2014). Quantitative is to do statistical testing specifically to measure how much the relationship or strength of influence between the variables studied. The population of this research is the consumers of Tofu Meatballs Ikhtiar in the Cikarang region in the period of July 2019. The sampling technique uses non-probability sampling that is incidental sampling technique. Incidental sampling technique is a technique of determining samples based on coincidence, ie anyone who incidentally meets the researcher can be used as a sample, if it is deemed that the person met by chance is suitable as a source of data. This technique was considered suitable in this study because the respondents were the buyers of Tofu Meatballs Ikhtiar, chosen because of the limitations and ease in the process of collecting data. The sample of this research was taken as many as 100 buyers in July 2019.

4. **Results and Discussion**

Table 1. Test Results of the Questionnaire Validity of Product Quality Variables

No. Item	r value	r table	Information
1	0,638	0,195	Valid
2	0,679	0,195	Valid
3	0,619	0,195	Valid
4	0,440	0,195	Valid
5	0,405	0,195	Valid
6	0,472	0,195	Valid
7	0,422	0,195	Valid
8	0,521	0,195	Valid

Source: Output SPSS (2019).

Based on the results of the analysis of the product quality validity, it is known from the 8 statements that all of them obtained r value > 0.195 (n = 100) so that it can be concluded that the product quality variable instruments are all valid.

Table 2. Test Results of Price Variable Questionnaire Validity Tests

No. Item	r value	r table	Information
1	0,473	0,195	Valid
2	0,492	0,195	Valid
3	0,450	0,195	Valid
4	0,367	0,195	Valid
5	0,303	0,195	Valid
6	0,370	0,195	Valid
7	0,332	0,195	Valid
8	0,482	0,195	Valid

Source: Output SPSS (2019).

Based on the results of the analysis of the validity of the price variable (X2) it is known that from the 8 items of all statements obtained r value> 0.195 (N = 100) so that it can be concluded that the variable price instruments are all valid.

Table 3. Test Results Validity Questionnaire Place Variables

No. Item	r value	r table	Information
1	0,622	0,195	Valid
2	0,657	0,195	Valid
3	0,651	0,195	Valid
4	0,800	0,195	Valid
5	0,724	0,195	Valid
6	0,640	0,195	Valid
7	0,705	0,195	Valid
8	0,602	0,195	Valid
9	0,654	0,195	Valid
10	0,726	0,195	Valid

Source: Output SPSS (2019).

Based on the results of the analysis of the validity of promotional variables (X3), it is known that from the 10 statement items all obtained r table > 0.195 (n = 100) so that it can be concluded that the promotional variable instruments are all valid.

Table 4. Test Results of Variable Questionnaire Validity of Purchase Decision

No. Item	r value	r table	Information
1	0,573	0,195	Valid
2	0,631	0,195	Valid
3	0,630	0,195	Valid
4	0,649	0,195	Valid
5	0,665	0,195	Valid
6	0,504	0,195	Valid
7	0,597	0,195	Valid
8	0,486	0,195	Valid
9	0,657	0,195	Valid
10	0,616	0,195	Valid

Source: Output SPSS (2019).

Based on the results of the analysis of the validity of the purchase decision variables, it is known that of the 10 items all obtained r value > 0.195 (n = 100) so that it can be concluded that the purchase decision variable instruments are all valid.

Table 5. Reliability Test Results

Variable	Alpha Cronbach's	Criteria	Information
Product Quality	0,811	Alpha Cronbach > 0,60 then reliable	Reliable
Price	0,719		Reliable
Place	0,912		Reliable
Purchase Decision	0,877		Reliable

Source: Output SPSS (2019).

The results of the calculation of the reliability test of the product quality instrument obtained a reliability coefficient of 0.811, which means the product quality instrument is included in the high category. The results of the calculation of the reliability test of the price instrument obtained the reliability coefficient of 0.719, which means that the price instrument was included in the high category. The results of the calculation of the instrument reliability test obtained a reliability coefficient of 0.912, which means the instrument was included in the very high category. The results of the calculation of the reliability test of the purchase decision instrument obtained a reliability coefficient of 0.877, which means the purchase decision is in the very high category.

Test Results F

Table 6. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	813,298	3	271,099	31,103	,000[b]
	Residual	836,742	96	8,716		
	Total	1650,040	99			

Source: Output SPSS (2019).

F test results obtained by the value of Sig. = 0,000 and F count = 31.103, while F table = 3.99. Because the value of Sig. <0.05 and F value > F table, then there is a significant influence of product quality, price, and place variables simultaneously on purchasing decisions.

DISCUSSION

Effect of Product Quality on Purchasing Decisions

Hypothesis testing obtained that the value of Sig. = 0,000 and t value = 6,278 while t table = 1.66. Because the value of Sig. <0.05 and t arithmetic> t table then Ha1 is accepted which means there is a significant positive effect of independent variable X1 (product quality) on the dependent variable Y (purchasing decision). So the research hypothesis of product quality has a positive effect on purchasing decisions, proved. The results of the coefficient of determination obtained R Square value of 0.287, which shows that the magnitude of the coefficient of determination of 28.7%. This means that the magnitude of the influence of product quality on purchasing decisions can be percentage ed at 28.7%. The results of this study reinforce the results of research conducted by Sunarto (2015) research with the title: "Effect of Product Quality on Purchasing Decisions at the Kartika Magetan Leather Craft Shop", published in the Journal of Empibrium, Vol. 3, No.2, July 2015. The research results obtained data F test results obtained F value 21.735> F table 4.41, meaning that there is an overall effect on product quality with purchasing decisions. T test results obtained t value 6.927> t table 1.725, meaning that there are differences in the effect of product quality on purchasing decisions. The conclusion of the study is that there is a significant overall effect between product quality on purchasing decisions. Research by Denny Kristian (2016), research with the title: "The Effect of Product Quality and Price on Purchasing Decisions of Honda Motorcycles in Campus Students of Krida Wacana Christian University", published in the Scientific Journal of Business Management, Vol.16, No.1, January-June2016. The research concludes that there is an effect of product quality on purchasing decisions, there is an effect of prices on purchasing decisions.

Effect of Prices on Purchase Decisions

Hypothesis testing is obtained that the value of Sig. = 0,000 and t value = 5.588 while t table = 1.66. Because the value of Sig. <0.05 and t value > t table then Ha2 is accepted which means there is a significant positive influence of the independent variable X2 (price) on the dependent variable Y (purchase decision). So the price research hypothesis has a positive effect on purchasing decisions, it is proven, the results of the coefficient of determination test obtained R Square value of 0.242, which shows that the magnitude of the coefficient of determination of 24.2%. This means that the price contribution to purchasing decisions is 24.2%. The results of this study reinforce the results of research conducted by Santri Zulaicha (2016), research with the title: "The Effect of Products and Prices on Consumer Purchasing Decisions in Morning Bakery Batam", published in Journal of Innovation and Business, Vol.4 No.2, December 2016. Research concludes that product variables have a coefficient of regression of 0.617 (positive sign) with a significance value of 0,000 (<0.05), which indicates that the product has a positive and significant effect on purchasing decisions The price variable has a regression coefficient of 0.379 (positive sign) with a significance value of 0,000 (<0.05), which indicates that the price has a positive and significant effect on purchasing decisions. Products and prices have a large influence, seen from the regression coefficient for products amounting to 61.7% and prices 37.9%, which indicates that product variables have a greater influence than price on purchasing decisions at Morning Bakery Batam. Carunia Mulya Firdausy's research (2017) entitled: "Effects of Service Quality, Price and Promotion of Customers' Purchase Decision of Travel Online Airline Tickets in Jakarta, Indonesia," published in Journal of Management Science and Business Administration, Vol. 3 Issue 2, Period January 2017. The study concluded that service quality and ticket prices have positive and significant effects on purchase decisions, promotion of variables has non-significant effects on purchase decision.

Effect of Place on Purchase Decisions

Hypothesis testing obtained that the value of Sig. = 0,000 and t value = 6,052 while t table = 1.66. Because the value of Sig. <0.05 and t value > t table then Ha2 is accepted, which means there is a significant influence of the independent variable (place) on the dependent variable, namely the purchase decision. So the research hypothesis places a significant effect on purchasing decisions. The determination coefficient test results obtained R Square value of 0.272, which shows that the magnitude of the coefficient of determination of 27.2%. This means that place contributions to purchasing decisions amount to 27.2%. This study corroborates the results of research conducted by Deny Indra Permana (2017), research with the title: "The influence of place on the Purchasing Decision of PT. Piji Wood and Door Flooring Products in Central Java", published in the Journal of Business Management and Strat-Up, Vol.2, No.1, April 2017. Research concludes that there is a place effect on purchasing decisions, where the place variable has a dominant effect of 5.88 and based on the results of a simple linear regression analysis shows that the place has a positive impact on increasing purchasing decisions. concluded that the place variable has a significant influence on consumer purchasing decision variables. Mega Setiawati Research (2017), research entitled: "Effect of Place and Packaging on Purchasing Decisions of Chicato Products Mediated by Brand Awareness", published in the Journal of Business Management, Vol.12, No.1, January-June 2017. The study concluded the place significant positive effect on brand awareness, and promotion significantly positive effect on purchasing decisions. The positive effect of place and packaging on the purchasing decision of Chitato products will be more positive when brand awareness in the minds of customers is increasing.

Effect of Product Quality, Price and Simultaneous Place on Purchasing Decisions

F test results obtained by the value of Sig. = 0,000 and F value = 31.103, while F table = 3.99. Because the value of Sig. <0.05 and F value > Mean table can have a significant influence on product quality, price and place variables simultaneously on purchasing decisions. The results of the calculation of the coefficient of determination obtained R Square value of 0.493, which shows that the magnitude of the coefficient of determination is 49.3%. This means that the contribution of product quality, price and place simultaneously to the decision.

5. Conclusion

Based on the results of data analysis described in the previous chapter, it can be concluded that there is a significant influence on the quality of the product on the purchase decision of Ikhtiar Meatballs Tofu, meaning that the higher the quality of the product, the higher the purchase decision and vice versa the lower the quality of the product, the lower the purchasing decision of Meatballs Ikhtiar. The magnitude of the influence of product quality on purchasing decisions can be percentage of 28.7%. There is a significant price effect on the decision to buy Tofu Meatballs, meaning that the more precise the price policy, the higher the purchase decision and vice versa, the more inaccurate the pricing policy, the lower the buying decision Tofu Meatballs Ikhtiar. The magnitude of the effect of prices on purchasing decisions can be percentage of 24.2%. There is a significant influence of place on the buying decision of Ikhtiar Meatball Tofu, meaning that the more a place strategy, the higher the purchase decision and vice versa the less strategic place, the lower the decision to purchase Tofu Meatballs. The magnitude of the influence of the place on purchasing decisions can be assessed by 27.2%. There is a simultaneous influence between product quality, price and place on purchasing decisions. Tofu Meatballs Ikhtiar, meaning that the higher the quality, the more appropriate the pricing policy and the more strategic place, the higher the purchase decision. The magnitude of the effect of product quality, price and place simultaneously on purchasing decisions can be prosthetic by 49.3%.

References

Achidah, Nur. 2016. *Pengaruh Promosi, Harga, dan Desain terhadap Keputusan Pembelian Sepeda Motor Mio GT.Journal of Management*,Vol.2, No.2, Maret 2016.

Alma, Buchari. 2014. *ManajemenPemasaran danPemasaran Jasa*.Bandung: Alfabeta.

Anwari, Irfan Rasyid. 2018.Pengaruh Kualitas Produkdan Harga terhadapKepuasan Konsumen Produk Kangen Water (Studi Pada CV KangenTirta Jaya Abadi di BandarLampung). *Jurnal Manajemen Bisnis*, Vol.4No.3, 2018.

Bhatti, Anam. 2018. *SalesPromotion and PriceDiscount Effect onConsumer Purchase Intention with theModerating Role of SocialMedia in Pakistan.International Journal Business Management, Vol. 3 No.4, 2018.*

Firdausy, Carunia Mulya. 2017.*Effect of Service Quality,Price and Promotion onCustomers' PurchaseDecision of TravelolaOnline Airline Tickets inJakarta, Indonesia.International Journal ofManagement Science andBusiness Administration*,Vol. 3 Issue 2, PeriodeJanuary 2017.

Ghozali, Imam. 2014. *AplikasiAnalisis Multivariatedengan Program SPSS*.Semarang: Badan PenerbitUniversitas Diponegoro.

Ginting, N. 2015.*Manajeme Pemasaran*. Bandung:Yrama WidyaKotler, Philip. Keller, Kevin Lane.2016. *ManajemenPemasaran*. Jakarta:Erlangga.

Kotler, Phillip. Armstrong, Gary.2015. *Prinsip-prinsipPemasaran*. Jakarta:Erlangga.

Kristian, Denny.2016. *Pengaruh Kualitas Produk dan Harga terhadap Keputusan Pembelian Sepeda Motor Honda pada Mahasiswa Kampus Universitas Kristen Krida Wacana.Jurnal Ilmiah ManajemenBisnis*, Vol.16, No.1, Januari-Juni 2016.

Lamarto, Yohanes. 2013. *PrinsipPemasaran*. Jakarta:Erlangga

Lupiyoadi, Rambat. 2015.*Manajemen PemasaranJasa. Jakarta: SalembaEmpat.*

Mulyanto, Heru dan Anna Wulandari. 2014. *Penelitian Metode danAnalisis.*Semarang: CV.Agung.

Permana, Deny Indra. 2017.*Pengaruh Promositerhadap KeputusanPembelian Produk Lantai Kayu dan Pintu PT. Piji diJawa Tengah.JurnalManajemen dan Strat-UpBisnis*, Vol.2, No.1, April2017

Sangadji, Etta Mamang dan Sopiah.2015. *Perilaku Konsumen*.Yogyakarta: Andi Offiset

Schiffman, Leon and Leslie LazarKanuk. 2014. *PerilakuKonsumen.* Edisi Ketujuh.New Jersey: Prentice Hall

Setiawati, Mega. 2017. *Pengaruh Promosi dan Kemasan terhadap Keputusan Pembelian Produk Chicato yang Dimediasi oleh Brand Awareness.JurnalManajemen Bisnis*, Vol.12, No.1, Januari-Juni2017.

Sugiyono. 2014. *Metode PenelitianAdministrasi*. Bandung:Alfabeta

Sukirno, Sadono. 2015.*Mikroekonomi TeoriPengantar*. Jakarta:Salemba Empat.

Tjiptono, Fandy dan GregoriusChandra. 2015.*Pemasaran Strategik*.Yogyakarta: CV. Andi Offset.

Winardi, J. 2014. *Teori Organisasidan Pengorganisasian*.Jakarta: Rajawali Press

Zulaicha, Santri. 2016. *Pengaruh Produk dan Harga terhadap Keputusan Pembelian Konsumen di Morning Bakery Batam.Jurnal Inovasi dan Bisnis*, Vol.4 No.2, Desember2016.

+++++++++++++++++++++++++++++

SUSTAINABILITY OF INVESTMENT OBJECTIVES OF VILLAGE TOURISM ON ORIGINAL INCOME OF VILLAGE (PAD) IN INDONESIA

Subekti[1] & Mirza Anindya Pangestika[2]

[1]*Department of Accounting, Pancasakti University, usubekti8@gmail.com*
[2]*Department of Accounting, Syariah Putra Bangsa Business School, Mirzaanindya17@gmail.com*

Abstract

Village funds are a new hope for village communities to develop their potential. However, forced planning does not in detail see what exactly is needed by the community makes the village funds do not function optimally. Most of it is only for infrastructure development and only a small portion for sustainable productive activities. Village funds were poured into Village-Owned Enterprises (VOE) by opening village tourism destinations. The ignorance of the village government and the VOE management manage the potential tourism destinations of each region resulting in village tourism destinations being built almost the same in all villages in Indonesia without looking at the backward relations and future relationships of the concept of tourist destinations. This research method uses extraction from the United Nations Conference on Trade and Development (UNCTAD), SWOT Analysis with the Travel and Tourism Competitive Index as a measure of the sustainability of investments, how big is the effect on the original income of the village. The results show that investments made by the village government through VOE are inversely proportional to the village's original income. This study found the concept of novelty to balance investment with genuine village income called Competitiveness Financial Services.

Keywords: Village Funds, VOE, Tourism Destinations, SWOT Analysis.

1. Introduction

The high village funds in each village have an impact on increasing economic activity. However, the utilization of village funds is still greater for the construction of village infrastructure such as roads, irrigation channels, making family toilets. Utilization of village funds has not led to productive economic activities, exploring the potential of the village so that the village becomes more developed and able to support itself without being dependent again with village funds, an indicator of the village being able to sustain itself is that the more independent the village eats the less village funds are received (Keuangan, 2017).

One of the efforts to prosper the community is by investing in Village-Owned Enterprises (VOE) by opening village tourism destinations. The concept that is not yet well understood by most village communities in Indonesia regarding the purpose and objectives of mushrooming village tourism opened throughout Indonesia, each village competing to open a village tourism destination, including an investment agenda opening tourist destinations in the village's medium-term work plan and always updated in village government work plans (Kessa, 2015). The failure of a feasibility study to open a tourist destination has an impact on the threat of investments made by the village government that it will not return.

Tourism is an industry that is interrelated with other industries where its existence cannot stand alone. The reason the central government suggested to the village government to open a village tourism destination is that tourism is a business that can be renewed and can improve the welfare of rural communities, tourism is proven to be a strong source of income even during the economic crisis, but does not mean that tourism does not have a risk to the survival of the community which became a tourist destination (UNCTAD, 2013). The impact clearly occurs on changes in culture and lifestyle of the community, investment in village government to develop tourism destinations without going through feasibility studies will create more severe seasonal unemployment going forward (Kreag, 1988). Avoiding the impact of seasonal unemployment created by tourist destinations is done by understanding the main features of tourism. A key feature of tourism is its potential to create strong and diverse backward and forward linkages (UNCTAD, 2013). Research conducted by Rutty, Gossling, Scott, & Hall, (2015) states that Indonesia has very strong links (both back and forward) for the tourism sector with other sectors, tourism as a sector capable of stimulating broad-based economic activities and being able creating employment opportunities and reducing poverty at the village level. The backward linkages of tourism features consist of the construction and operation of hotels, restaurants and the development of basic infrastructure services, such as energy, telecommunications, and environmental services; agriculture and manufacturing. While the linkage of tourism features in the future consists of sectors that supply services consumed by tourists such as financial services, telecommunications, retail, recreation, culture, personal, hospitality, security and health (UNCTAD, 2013).

The linkage of the main features of tourism requires investment that must be done by the village government in building tourist destinations. Investment is financial expenditure on real assets such as the construction and operation of hotels, restaurants, also includes the provision of socially desirable assets such as education, transportation, communication, and health-related utilities, among others (Moses, C. et, al 2013). Investment at the macroeconomic level is called domestic investment, at the microeconomic level in this study is investment issued by the village administration, namely village domestic investment. Gungor & Ringim, (2017), states that in the long run domestic investment has a negative effect on economic growth. However, in the short term, domestic investment causes economic growth. The results of previous studies confirm that domestic investment has no effect on economic growth (Al-sadiq, 2013).

Differences in research results create gaps, this study focuses on investments made by village governments through village-owned enterprises to develop tourist destination areas by taking into account the main features of tourism (backward linkages and future linkages) with the benefits obtained by surrounding communities. Much macroeconomic research on domestic investment, for example in manufacturing Djulius, Wongyu, Juanim, & Santy, (2019),public policy, Personal & Archive, (2017), Ullah, Shah, & Khan, (2014), Moses, C. et, (2013), but there is no domestic investment research (investment by the village administration to develop tourist destinations), the impact on the economic growth of rural communities that become tourist destinations and the ability of tourist destination areas to return the investment that has been issued.

2. Literature Review

Travel & Tourism Competitiveness Index

The Travel & Tourism Competitiveness Index is an indicator of measuring and comparing tourism competitiveness from 136 countries in the world. Although in reality it is difficult to determine the competitiveness of goals because of the large number of variables involved in determining them, these variables can be quantitative, such as number of visitors, market share, tourist expenditure, employment, added value by the tourism industry, or qualitative measurable variables, such as wealth culture and heritage, the quality of tourism services (Varghese 2017; Nadalipour and Pourjam, 2015). However, the definition of competitiveness that approaches the phenomenon in the field in this study is that put forward by Brent Ritchie and Crouch (2010) who say that competitiveness is if it is able to increase tourism spending and to attract an increase in the number of visitors while giving them a satisfying, memorable and increasing experience public welfare. destination population and preserving destination natural capital for future generations.

International organizations that actively issue reports on tourism competitiveness such as the World Economic Forum (WEF) (World Economic Forum 2019) and OECD (Organization for Economic Cooperation

and Development) involved in the travel and tourism industry, have provided indicators to measure the travel and tourism competitiveness of these countries. The OECD uses this measurement framework consisting of three types of indicators - core, complementary and future development indicators (OECD, 2018). While the framework used by the World Economic Forum (WEF) uses the Travel and Tourism Competitiveness Index (TTCI). This index consists of three main sub-indices as a framework for the 'travel and tourism framework', the environmental environment and business infrastructure ', and' Human and cultural resources, culture, and travel and tourism resources. In Indonesia itself follows the pattern set by the World Economic Forum (WEF) by referring to the Travel & Tourism Competitiveness Index (TTCI)(Http://reports.weforum.org, 2017) . However, this pattern has the disadvantage that indexing is more focused on countries whose tourism has advanced, to strengthen this research is supported by To identify the country's competitive advantage, MDS techniques are used. The positioning map resulting from the MDS analysis shows tightly competing destinations, how competitiveness indicators join together, and the strengths and weaknesses of each country in terms of destination competitiveness focusing on the backward and forward linkages of tourism (Nadalipour and Pourjam, 2015).

SWOT Analysis

Romanowska (2007) explains that the role of SWOT analysis in the formulation of tourism development strategies for destinations consists of Identification of Directions For Development, Strategic Analysis, Analysis Of Strategic Options, Strategic Selection. The tourism industry is the focus of the Indonesian government at this time because tourism is the country's third source of foreign exchange and its existence can be developed and one of the high-income industries and at the same time, safe and clean for each country's economy. The development of this industry shows the political, economic, social, security, cultural and scientific stability of the countries of the world. The high level of village funds disbursed by the central government is utilized by the village government to develop tourist destinations in their respective regions(Khayyati & Nourani, 2003). Rural tourism is also taken into account as a component for the tourism industry which can play an effective role in regional development and as a result, national development and national economic diversification with proper and systematic planning, identification of the advantages and limitations of rural tourism. However, the development of the village tourism destination at this time does not take into account the adverse effects of the surrounding area, has not been attractive for investors to invest in village tourism destinations as a result has not developed monotonous village tourism and only for the people themselves. The need to use SWOT analysis to develop village tourism destinations so that investors have the desire to invest (Mondal, 2017).

3. **Methods**

The research method is a combination method (survey-descriptive and analytic). The statistical population of this study uses the Slovin sampling method Pandey, Sharma, and Dutta (2004) and uses SWOT analysis Romanowska (2007), strategies and procedures to develop tourism in the region. Descriptive methods are used to make systematic, factual, and accurate descriptions of facts and the nature of the population or region created by the tourist destination, the linkages between the main features of the backward and future tourism and the resulting theoretical model concept (novelty).

4. **Results and Discussion**

Indonesia is a country with income dependence from the tourism sector, around 58% of gross domestic income (GDP) is obtained from the tourism sector (WTTC 2019). In accordance with the 2019 State Revenue and Expenditure Budget (APBN), the 2020 Village Fund budget for the Village Fund is Rp 858.8 trillion (cnnindonesia.com, 2019). The Village Fund of Rp. 72 trillion in 2020 will be focused on the development of Village-Owned Enterprises (VOE) and regional tourism (Minister of Villages, Disadvantaged Regions and Transmigration, Eko Putro Sandjojo, 2019). The high expectations of the government towards the tourism sector make all villages include a budget in each of their respective Village RKPs. Indonesia has around 1,734 villages which have the potential to become tourism villages (Katadata.co.id, 2018). However, from a total of 1,734

tourist villages, only ten succeeded in developing it and four were included in the category of successfully penetrating the international market (Kompas.com, 2019).

Rural tourism can make full use of tourism resources in rural areas to adjust and optimize the structure of rural industries, expand agricultural industry chains, develop rural tourism services, promote non-agricultural employment, increase farmers' incomes, and create a better economic base for new ones. However, the main weakness of building village tourism destinations is that they only focus on natural resources that are over-exploited so as to eliminate the original nature of the village, this weakness is due to not doing a previous feasibility study (Zhang 2012). The feasibility study of building a village tourism destination not only focuses on natural resources but needs to be emphasized focusing on the main features of tourism or the backward and forward-looking relationship of tourism.

The population of this study uses 1,734 tourist villages throughout Indonesia with the provisions of the sample using Slovin then obtained:

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

N = 1,734 / 1+ 1,734 x 10%, Then = 1,734 / 1,735, = 1,734 / 18, 34 (rounding 18) so N = 96 tourist villages.

Building a sustainable village tourism destination related to the main features of tourism, backward and forward linkage, so that it rises to the title of the ten best village tourism, Desa & Daerah, (2018).This created a gap, a large amount of funds was poured out by the government through village funds, but the success was only achieved by ten villages that were able to produce tourist destinations of well-known villages, the tourism village was Nagari (adat village) Sungai Nyalo in Pesisir Selatan Regency, West Sumatra, Madobak Village in the Mentawai Islands, West Sumatra, Tamansari Village in Banyuwangi, East Java, Pujon Kidul Village in Malang, East Java, Seigentung Village, Gunung Kidul, Special Region of Yogyakarta, Ubud Village in Gianyar, Bali, Waturaka Village in Ende, East Nusa Tenggara , Ponggok Klaten Village, Central Java, Teluk Meranti Pelalawan Village, Riau, Bontagula Village in Bontang, East Kalimantan (Suara.com, 2019). The main features of tourism destinations are important to be applied to 86 tourist villages that have not yet obtained maximum results. Maximize the main features of tourism using SWOT analysis. A total of 96 samples were divided into one tourism village representing Aceh province, one tourism village representing Riau province, four villages representing West Sumatra Province, three villages representing Jambi Province, two tourism villages representing Bengkulu province, twelve tourism villages representing West Java Province, sixteen tourist villages representing Central Java Province, fifteen representing Special Region of Yogyakarta Province, thirty-three tourism villages representing East Java Province and ten tourist villages representing Bali Province. Sample selection is based on strong ownership of the backward and forward ties of the main features of tourism but the maximum results have yet to be achieved with the existence of a tourist village destination. The 96 village tourism destinations can be described in table 1 as follows:

Table 1. Sample Village Tourism Destinations

No	Province	Number
1	Aceh Province	1
2	Riau Province	1
3	West Sumatra Province	4
4	Jambi Province	3
5	Bengkulu Province	2
6	West Java Province	12
7	Central Java Province	16
8	Daerah Istimewa Yogyakarta Province	15
9	East Java Province	32
10	Bali Province	10

	Total number	96

Source: Processed Data

Table 2. Main Features of Tourism

No	Backwardness	Forward attachments
1	Development and Operation	The service supplier sectors are consumed by tourists
	a. Hotel b. Restaurant	a. Financial Services
2	Development of Basic Infrastructure Services	b. Telecommunication
	a. Telecommunication	c. Retail, Recreation
	b. Environmental Services	d. Culture
	c. Agriculture and Manufacturing	e. Personal
	d. Energy	f. Safety, Health

Source: UNCTAD, (2013).

Table 3. SWOT Analysis

Province No.	Strengths	
1- 10	Backward linkages	Forward attachments
	a. Have enough restaurants b. Good environment c. Good farming	a. Good recreation area b. Supporting culture c. Friendly personal
	weaknesses	
	Backward linkages	Forward attachments
	a. Poor communication b. Lack of security c. The hotel is not evenly distributed, lacking d. Manufacturing is lacking	a. Uneven financial services b. Communication has not been perfect c. Lack of security
	opportunities	
	Backward linkages	Forward attachments
	a. Potential developed of popular village tourism b. Home stay development	a. Many cultures are able to attract tourists b. Personal friendly one of the tourist attraction
	threats	
	Backward linkages	Forward attachments
	a. Hotel construction will be avoided by residents b. The expensive cost of building infrastructure	c. Security is a major obstacle d. Damage to existing natural resources / cultural exploitation e. Islamic financial services will be shifted to conventional

Source: Processed research data, 2019

The results of the SWOT analysis that need to be focused on are weak and treaty to create developments in the development of tourism villages in the future. Weakness (back) the main feature of rural tourism backward linkage is the lack of communication in the tourist destination that was built as in the provinces of Aceh, Riau and Bengkulu. Information and Communication Technology (ICT) is one of the key factors of competitiveness as far as it concerns the tourism market and management strategic tourism (Kribel 2009). Even reduce transaction and operational costs. The implications of the ICT revolution for tourism competitiveness and management are identified in different tourism sectors and their industries that are closely related. Whereas at the international ICT level it has been widely used in industries such as aviation and travel, hospitality, tour operators, travel agents, computer reservations, and management systems for tourism and destinations. But in Indonesia communication is still dominated on the islands of Java and Bali. The focus of developing tourism

403

features in the future needs to be developed online tourism communication and tourist demand and supply responses by building and maintaining competitive advantage using good communication to all remote tourist villages because, about 50% of the population in developed countries use the Internet with the opportunity to choose holidays based on information available on the Internet (Kribel 2009). Some tourists have made the decision to travel and vacation based on information provided at Internet. If the village tourism destination that will be and has been built is able to develop communication, the hope of developing village tourism will be achieved.

Safety is a very important factor for the tourism industry. Security can be avoided or significantly reduced through proper education of people and environmental protection. These activities require the responsibilities of professionals such as tourism workers and tourists themselves (Kribel 2009). Safety risks, especially those related to tourism companies, are related to business risks because they originate from a very labor-intensive business process that empowers villagers around the tourism destination. Tourism products are complex and consist of various service elements. This is consumed on the spot, when it is produced, and requires interaction not only between personnel and nature, the physical environment (facilities, equipment, etc.), but also with tourists who actively participate in creating tourism products. Thus, professional and safety risks are multiplied, which increases the detrimental effects on the business goals and strategies of tourism companies, as well as on employees and tourists themselves (Nations and Programme 2005). Bombings in several parts of Indonesia that attacked tourists also contributed to negative perceptions of Indonesian tourism. Inadequate security protection can be regulated by poverty perceptions associated with tourist destinations, which pose a serious threat to tourists and tourists. fear is connected with purpose. Key factors that determine travelers' exposure to risk (International Labour Organization, 2010) include: purpose, length of visit, purpose of visit, accommodation and cleanliness, tourist behavior.

The competitiveness of tourism destinations is becoming increasingly important, especially for regions that are highly dependent on tourism (Croes 2011). A destination can be considered competitive if it can attract and satisfy potential tourists. Not only does the competitiveness of a destination directly affect tourism revenue in terms of the number of visitors and expenses, but it also indirectly affects businesses related to tourism, such as the hotel and retail industries in the destination. The results of the study of Tsai, Song, and Wong (2009) say that, choice of destination remains one of the first and most important decisions made by tourists, and this decision is in turn, in large part, subject to a number of external factors, such as the availability of lodging / hotel facilities, power pull and safety. Difficult in some rural tourism destination areas in Indonesia there is no hotel for tourists to stay, the need to be made lodging / home stay but the case in some rural tourism areas in Indonesia hotel development is seen negatively by the village community.

Indonesia's vast territory divided into several islands makes it difficult for financial services to reach remote villages. Some areas in remote districts consider promoting rural tourism as the main strategy to achieve economic growth. The village tourism sector with its objectives is mainly organized through micro and small businesses. Lack of access to credit and other finance that reaches the countryside: Large banks do not consider village tourism as a client and government support for village tourism is still weak and is not oriented towards expanding domestic business in tourism. Until now village tourism has only relied on non-governmental organizations and funds through Village-Owned Enterprises to develop tourist destinations. Due to lack of access to credit, domestic micro and small businesses (tourism) in the village are unable to compete with established tourism. As a result, the potential for positive local economic impacts from growth through tourism is not fully utilized in most developing countries (Sterren 2008).

Besides the weakness of village tourism also has a threat that at any time can occur at any time due to lack of careful planning to develop village tourism. The threat of backward and forward linkage in the tourism feature in question is that hotel development will be avoided by citizens, the expensive cost of building infrastructure, security is a major obstacle, the destruction of existing natural resources / cultural exploitation, Islamic financial services will be displaced by conventional.

Development The hotel industry in the rural tourism area is facing various external pressures (from the community, competitive forces and also government regulations) that encourage environmentally friendly practices (Masa'deh et al. 2017). In addition, an increase in tourists who care about the environment reveals future trends that could endanger the industry if environmental problems are not addressed. In addition, commitment to environmentally friendly practices can lead to better organizational performance (Siti–Nabiha

404

et al. 2014). In the context of the hotel industry, environmental management can be seen as management that influences the adoption of sustainable processes in which hotel activities are monitored and appropriate programs and activities are implemented to reduce negative impacts on the environment (Weng, Chen, and Chen 2015). Environmental practices that encourage operations, programs and activities are important components in an environmental management system that seeks to protect, enhance and reduce an organization's impact on the environment (Siti–Nabiha et al. 2014), however, only focusing on insufficient environmental impacts . Tourism must lead to the development of physical, economic and socio-cultural infrastructure which translates into regional development (Lock 1983). Hospitality development is not only disrupted in the physical environment but also in the cultural environment, cultural differences between tourists and indigenous people are experiencing tension (Prayitno 2017).

Telecommunications services are infrastructure services and a key driver of global trade in goods and services, as well as the means to sustain a variety of services supported by information and communication technology (ICT) and business process outsourcing. However, liberalization and privatization of this sector must be managed carefully to prevent anti-competitive behavior, ensure universal coverage, affordable prices and expand access to all types of services (Nations United 2008). Case studies show why the gradual liberalization process in the telecommunications market faces difficulties in attracting private and foreign investment; it also shows how the expected direct negative impact on employment has made reforming this sector very difficult, and how important policies are to promote small and medium enterprises (SMEs), especially in creating new employment opportunities (Nations United 2008).

Weaknesses are turned into opportunities that require solutions so that tourism destinations are able to move forward for the village community, village government and also investors who invest their capital in the village. Competitiveness Financial Services is a concept model for solving problems between rural communities, village governments and investors as investors in tourist destinations. The concept model is integrated from two SWOT Analysis theories Romanowska (2007) ; Goranczewski and Puciato (2011) with the Travel and Tourism Competitive Index, (World Economic Forum 2019) : The Irish Tourist Industry Confederation (2017).

The Travel & Tourism Competitiveness (World Economic Forum 2019), explains that the criteria for tourism destinations are more competitive in competition if there are four indicators that must be met, the four indicators are; Enabling Environment, T&T Policy and Enabling Conditions, Infrastructure and Natural & Cultural Resources. The focus of investors in putting their capital for investment in tourist destinations is the T&T Policy and Enabling Conditions. The T&T Policy and Enabling Conditions have dimensions that must be met so that tourist destinations become the main agenda for tourists to visit, namely Travel & Tourism Priorities, International Openness, Price Competitiveness and Environmental Resilience. Dimensions of Policies and Conditions for Activating Travel & Tourism (T&T), specific policies or strategic aspects that have a direct impact on the T&T industry and cover 4 important parts (World Economic Forum 2019):

First, Travel and Tourism Priorities: The extent to which governments prioritize the T&T sector has an important impact on the competitiveness of T&T. By explaining that this sector is a major concern, the government can channel funds to important development projects and coordinate the actors and resources needed to develop this sector (Tourism & Transport Forum 2008). Indicating the stability of government policy can affect the ability of the sector to attract further private investment. The government can also play an important role in attracting tourists directly through national marketing campaigns. This pillar includes measures of government expenditure, effectiveness of marketing campaigns and state imagery, as well as completeness and timeliness in providing T&T data to international organizations, because this shows the importance of a country assigning the T&T sector.

Second, International Openness: Developing an internationally competitive T&T sector requires a certain degree of openness and facilitation for travel. Limited policies such as complicated visa requirements reduce the desire of tourists to visit a country, and indirectly reduce the availability of key services. Components measured in this pillar include the openness of bilateral air service agreements entered into by the government, which have an impact on the availability of air connections to the country, and the number of regional trade agreements in force, which shows the extent to which it is possible to provide world-class tourism services.

Third, Price Competitiveness: Lower costs associated with traveling in a country increase its attractiveness for many travelers as well as to invest in the T&T sector. Among the price competitiveness aspects

405

taken into account in this pillar are airline ticket taxes and airport fees, which can make flight tickets much more expensive; the relative cost of hotel accommodation; cost of living, proxy with purchasing power parity; and fuel price costs, which directly affect travel costs.

Fourth, Environmental Sustainability: The importance of the natural environment to provide an attractive location for tourism cannot be overstated, so policies and factors that enhance environmental sustainability are important competitive advantages in ensuring the country's future attractiveness as a destination. This pillar consists of policy indicators such as the strictness and enforcement of government environmental regulations and variables assessing the status of water, forest resources and marine life, proxy for the status of fish stocks. Given the environmental impact of tourism itself, we also take into account the extent to which the T&T industry is developed in a sustainable way.

Romanowska (2007)explains that the role of SWOT analysis in the formulation of tourism development strategies for destinations consists of Identification of Directions For Development, Strategic Analysis, Analysis Of Strategic Options, Strategic Selection. After the process of identifying the development of tourism destinations the next stage is a strategic analysis. This opinion is supported by Goranczewski and Puciato (2011), the concept of a strategic planning process begins with strategic analysis, and direction for organizational development is identified in the second stage. The second stage of the strategy formulation process is strategic analysis and its truthfulness determines the quality of the next stage of strategic management. Analytical work on the environment and internal resources is carried out simultaneously. Environmental analysis consists of aspects that are more distant (macro environment) and closer (competitive environment). The most important analytic about the environment is not only to see the strength and weakness, but more important to determine what are the threats and opportunities that the tourist destination has. Investors will see the potential threats in the future so that they can take into account the finances they have for investing in areas of the tourist destination, of course, by considering the financial services available in the region such as easy regulations to invest, the availability of microfinance and access to surrounding communities to obtain financial facilities. In simple terms the integration of the SWOT Analysis theory (Romanowska 2007) with the Travel and Tourism Competitive Index (World Economic Forum, 2019) can be illustrated in the concept model, figure 1.
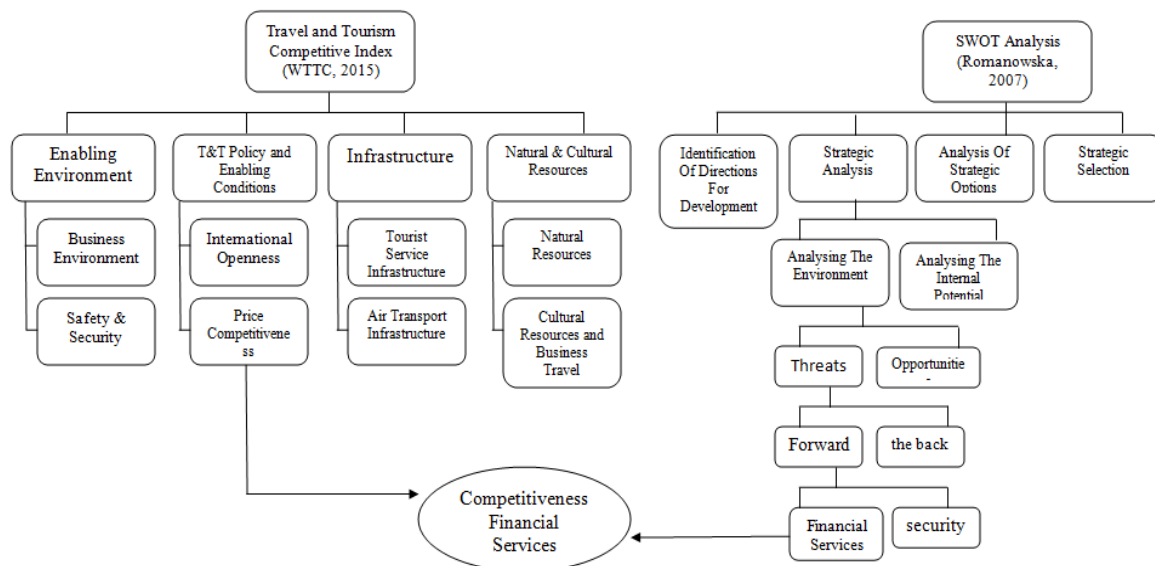

Figure 1. Model Concept

Source: Processed research data, 2019

Competitiveness Financial Services is a competitive financial service for prospective investors to invest in rural tourism destination areas by considering the main features of future tourism links, ease of investing, availability of financial access infrastructure and readiness of the community of tourist destinations. Competitiveness

406

Financial Services aims to get profits for investors and increase local revenue (PAD) for village government. Dimensions of Competitiveness Financial Services can be illustrated in Figure 2.
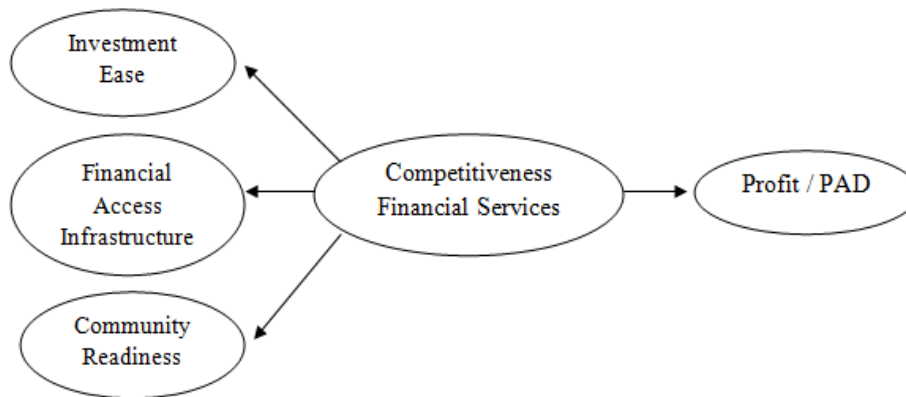

Figure 2. Dimensions of Competitiveness Financial Services
Source: Processed research data, 2019

Competitiveness Financial Services works well when three dimensions are met; Ease of Investing, Financial Access Infrastructure, Community Readiness so that it has an impact on increasing regional income and profits for investors

5. Conclusion

Developing rural tourism destinations does not only have abundant natural capital capital, but it is important to look at the linkages of the main features of the backward and forward linkages of tourism. Having a backward attachment to tourism without having future ties to tourism will not be attractive for investors to invest in developing village tourism destinations. The capital used by the village government to develop village tourism destinations is still limited to budgeting village funds that are invested to invest through village-owned businesses but as a rule applies village-owned business entities have a pattern of regulation such as companies that must profit but must refer to prosperity of the people. Preliminary results of the management of village tourism destinations have not been maximized, the success of the management of village tourism destinations only ten villages throughout Indonesia. To increase the benefits of village funds invested through village-owned enterprises bringing in local revenue and being able to invite investors, a Competitiveness Financial Services model is needed.

Future research requires the application of the concept of models in all regions of Indonesia who want to build village tourism destinations by taking into account the dimensions correctly. Ease of investment is a top priority in terms of legality. Established infrastructure needs to be undertaken independently and community readiness for the development of village tourism destinations is a major success factor.

References

Al-sadiq, Ali J. 2013. "Outward Foreign Direct Investment and Domestic Investment: The Case of Developing Countries." *IMF Working Papers* 13(52):1.

Brent Ritchie, J. R. and G. I. Crouch. 2010. "A Model of Destination Competitiveness/ Sustainability: Brazilian Perspectives | Um Modelo de Competitividade/sustentabilidade de Destinos: Perspectivas Brasileiras." *Revista de Administracao Publica* 44(5):1049–66.

Croes, Robertico. 2011. "Measuring and Explaining Competitiveness in the Context of Small Island Destinations." *Journal of Travel Research* 50(4):431–42.

Desa, Kementerian and Pembangunan Daerah. 2018. "Terbaik."

Djulius, Horas, Choi Wongyu, J. Juanim, and Raeni Dwi Santy. 2019. "Nexus of Foreign Direct Investment, Domestic Investment, and Manufacturing Industry Value Added in Indonesia." *Signifikan: Jurnal Ilmu Ekonomi* 8(1):1–8.

Goranczewski, Bolesław and Daniel Puciato. 2011. "SWOT Analysis in the Formulation of Tourism Development Strategies for Destinations." *Tourism* 20(2).

Gungor, Hasan and Salim Hamza Ringim. 2017. "Linkage between Foreign Direct Investment, Domestic Investment and Economic Growth: Evidence from Nigeria." *International Journal of Economics and Financial Issues* 7(3):97–104.

Http://reports.weforum.org. 2017. "Indonesia: Travel & Tourism Competitiveness Index 2017 Edition." *World Economic Forum* 9–12. Retrieved (http://reports.weforum.org/travel-and-tourism-competitiveness-report-2017/country-profiles/#economy=IDN).

International Labour Organization. 2010. *Developments and Challenges in the Hospitality and Tourism Sector.*

Kessa, Wahyudin. 2015. "Buku 6: Perencanaan Pembangunan Desa." *Kementerian Desa, Pembangunan Daerah Tertinggal, Dan Transmigrasi Republik Indonesia* 67.

Keuangan, Media. 2017. "Mandiri Membangun Desa Sendiri." *Media Keuangan Transparansi Informasi Kebiajakan Fiskal* XII (116):1–30.

Khayyati, Elham and Somayye Nourani. 2003. "Strategic Planning for Tourism Development Using S.W.O. T Model Case Study: Borjlou Tourist Village in Ardebil." 2(6):12–21.

Kreag, By Glenn. 1988. "He I Mpacts of T Ourism."

Kribel, Zvonko. 2009. "Information and Communication Technologies in Tourism 2009." *Information and Communication Technologies in Tourism 2009.*

Lock, D. 1983. *Tourism and Economic Development (UK).*

Masa'deh, Ra'ed, Mohammed Abdullah Nasseef, Mohammd Suliman, and Monther Albawab. 2017. "The Effect of Hotel Development on Sustainable Tourism Development." *International Journal of Business Administration* 8(4):16.

Mondal, Sanaul Haque. 2017. "Swot Analysis and Strategies to Develop Sustainable Tourism in Bangladesh." *UTMS Journal of Economics* 8(2):159–67.

Moses, C. et, al. 2013. "Domestic Investment and Foreign Direct Investment Flows in Nigeria." *IOSR Journal Of Humanities And Social Science* 13(6):01–12.

Nadalipour, Zahra and Afsaneh Pourjam. 2015. "Global Travel and Tourism Competitiveness: An Evaluation of Iran Tourism Industry in the World." (July). Retrieved (https://www.researchgate.net/publication/318788584).

Nations, United and Environment Programme. 2005. "Making Tourism More Sustainable - A Guide for Policy Makers (English Version)." *Making Tourism More Sustainable - A Guide for Policy Makers (English Version).*

Nations United. 2008. "United Nations Conference on Trade and Development Services and Development: Implications for the Telecommunications, Banking and Tourism Services Sectors in Kenya."

OECD. 2018. "OECD Tourism Trends and Policies 2018." 48(1):48-55-48–0055.

Pandey, A. K., K. C. Sharma, and S. Dutta. 2004. *Effect of Marble Slurry on Germination and Seedling Growth of Vigna Radiata.*

Personal, Munich and Repec Archive. 2017. "Munich Personal RePEc Archive The Impact of Domestic Investment on Economic Growth: New Policy Analysis from Algeria The Impact of Domestic Investment on Economic Growth: New." (80053):0–17.

Prayitno, Tabrani. 2017. "Efek Peran Budaya Dalam Proses Pembelajaran Organisasi Di Pantura." 5(1):30–38.

Romanowska, Maria. 2007. "Zarządzanie Strategiczne W Przedsiębiorstwie." 235.

Rutty, Michelle, Stefan Gossling, Daniel Scott, and Michael C. Hall. 2015. "The Global Effects and Impacts of Tourism." *The Routledge Handbook of Tourism and Sustainability* 365–73. Retrieved (hhttp://samples.sainsburysebooks.co.uk/9781135099145_sample_952086.pdf).

Siti–Nabiha, A. K. et al. 2014. "The Development of a Green Practice Index for the Malaysian Hotel Industry." *Issues In Social And Environmental Accounting* 8(1):23.

Sterren, Jos Van Der. 2008. "Financial Markets, Microfinance and Tourism in Developing Countries."

The Irish Tourist Industry Confederation. 2017. "INVESTING IN TOURISM TO REALISE JOBS & GROWTH Mid-Term Government Review of Capital Plan."

Tourism & Transport Forum. 2008. "Tourism Infrastructure Policy & Priorities."

Tsai, Henry, Haiyan Song, and Kevin K. F. Wong. 2009. "Tourism and Hotel Competitiveness Research." *Journal of Travel and Tourism Marketing* 26(5–6):522–46.

Ullah, Irfan, Mahmood Shah, and Farid Ullah Khan. 2014. "Domestic Investment, Foreign Direct Investment, and Economic Growth Nexus: A Case of Pakistan." *Economics Research International* 2014:1–5.

UNCTAD. 2013. "United Nations Conference on Trade and Development Sustainable Tourism : Contribution to Economic Growth and Sustainable Development." (January).

Varghese, Bindi. 2017. "Application of Standardized Quality Policy & Quality Assurance of Tourism Products." (June).

Weng, Hua Hung Robin, Ja Shen Chen, and Pei Ching Chen. 2015. "Effects of Green Innovation on Environmental and Corporate Performance: A Stakeholder Perspective." *Sustainability (Switzerland)* 7(5):4997–5026.

World Economic Forum. 2019. *The Travel & Tourism Competitiveness Report 2019*.

WTTC. 2019. "Domestic Tourism Importance and Economic Impact." *WORLD TRAVEL & TOURISM COUNCIL*.

Zhang, Xue Ming. 2012. "Research on the Development Strategies of Rural Tourism in Suzhou Based on SWOT Analysis." *Energy Procedia* 16(PART B):1295–99. Retrieved (http://dx.doi.org/10.1016/j.egypro.2012.01.207).

+++++++++++++++++++++++++++++
THE EFFECT OF FINANCIAL PERFORMANCE, FIRM SIZE, AND ASSET GROWTH ON CAPITAL STRUCTURE

Desvi Nurdiana Nabila Fitrianingrum[*], **Suhendro, Endang Masitoh**

*Batik Surakarta Islamic University, dhesvidiana3643@gmail.com

Abstract

This study aims to examine and analyze the effect of Financial Performance (Return on Assets and Current Ratio), Company Size, and Asset Growth on the Capital Structure of Property and Real Estate Companies listed on the Indonesia Stock Exchange in 2016-2018. The independent variables in this study are return on assets, current ratio, company size, and asset growth. The dependent variable in this study is the capital structure. The sampling method uses purposive sampling. The sample in this study is 31 property and real estate companies in the 2016-2018 period, according to the criteria that have been determined to total of 93 companies over a three-year period. The analytical method used is multiple regression analysis using SPSS version 17.0. The results of this study Return on Asset, Current Ratio, Company Size, and Asset Growth simultaneously influence the Capital Structure. Partially Return on Assets and Asset Growth do not affect the Capital Structure, while the Current Ratio and Firm Size affect the Capital Structure. The benefit of this research is that it can broaden horizons and simultaneously gain knowledge about the effect of return on assets, current ratio, company size, and asset growth on capital structure.

Keywords: Financial Performance, Firm Size, Growth, Capital Structure.

1. Introduction

One of the methods used by the company to grow its business is by increasing the company's performance. To improve financial performance the manager's task is to make decisions regarding the capital structure used to mark all activities within the company, such as long-term debt, preferred stock, and shareholder capital. If the capital structure in the company is optimal, it can be said that the company's funding system is efficient. According to Husnan (2004), optimal capital structure is the ratio of debt and own capital in a company's financial structure.

The problem of capital structure for companies makes a manager should know what factors affect a company's capital structure. Several factors affect capital structure, namely Return on Assets, Current Ratio, Company Size, and Asset Growth. There are several researchers what factors influence the capital structure. The results of the study (Lina & Amir, 2018) show that Return on Assets and Current Ratio affect the Capital Structure, while the Company Size and Growth have no effect on the Capital Structure. The study is not in accordance with the research (Harahap & Irawan, 2018) states that return on assets does not affect the capital structure and (Abdillah, Ikhsan, & Mutia, 2018) states that company size and asset growth affect the capital structure.

410

In this study the problem can be formulated as follows: (1) Does Financial Performance affect the Capital Structure? (2) Does the size of the company affect the capital structure? (3) Does Asset Growth affect the Capital Structure? And the purpose of this study are: (1) To test and analyze Financial Performance of the Capital Structure. (2) To test and analyze company size against capital structure. (3) To test and analyze Asset Growth on the Capital Structure.

This study is useful for: (1) Academics, as a reference for further research on the effect of return on assets, current ratio, company size, and asset growth on capital structure from a different perspective. (2) For the Government, it is expected that the results of this study can contribute to the company's management in making optimal capital structure policies in order to maximize growth.

2. Literature Review

Agency Theory

This research uses agency theory. Jensen & Meckling (1976) said that an agency relationship is a contract between one or more people (principals), namely investors with parties who receive authority (agents), namely managers, in the form of cooperation contracts.

This theory was put forward by Michael C. Jensen and William H. Meckling in 1976. According to this approach, capital structures are structured in such a way as to reduce conflicts between various interest groups (Mamduh M. Hanafi, 2003). Management is an agent of the shareholders, as the owner of the company. Shareholders expect agents to act on their behalf. To be able to carry out its functions properly, management must be given rewards and supervision. Supervision can be done through ways such as improving agents, checking financial statements, and limiting decisions that management can make. Supervision activities require a fee called agenci. Agenci costs are costs associated with management supervision to ensure that management acts consistently in accordance with the company's contractual agreement with creditors and shareholders Van Horne and Wachowics, 1998.

Capital Structure

Capital structure is the most important part in a company's activities. The source of funds obtained by the capital structure consists of sources of funds within the company and from outside the company. According to Husnan (2004), states that the capital structure is a comparison of debt and own capital in the company's financial structure. Therefore in this study capital structure is measured by Debt To Equity Ratio (DER) which is a ratio to measure the level of debt use to the total own capital of the company. The higher the DER shows the composition of total debt is greater than the total itself, so that the greater the burden of the company's burden on external parties (creditors).

Financial Performance

Performance is a picture of the achievement of a company's activities in realizing goals, objectives, mission. Or the vision of an organization contained in a company's strategic planning. Meanwhile, financial performance is a picture of the achievement of the company's success can be interpreted as the results that have been achieved for various activities that have been carried out. Can be explained that financial performance is a study conducted based on the implementation of financial rules that are good and right (Fahmi I., 2012). Financial performance in this study includes Return On Assets and Current Ratio. Each of these mechanisms is explained as follows:

1) Return On Assets (ROA)
Return On Assets are used to measure the company's ability to generate profits and utilize assets owned to determine the company's performance based on the company's ability to utilize the amount of assets owned, the company's financial performance in generating net income from the assets used will have an impact on the

company's shareholders. Thus, it will increasingly make investors and or potential investors interested in investing their funds into the company (Atmaja, 2008).

2) Current Ratio

Current Ratio shows the company's ability to pay short-term obligations. The higher the current ratio means that it will give a positive signal to the company that it has a good ability to pay its short-term obligations, so that the trust of creditors increases and makes it easier for companies to obtain long-term debt.

Firm Size

Firm size illustrates the size of a company that will affect the capital structure, where the larger a company, the greater the funds needed by the company to do its investment. This is because large companies also need large funds to support their operations and one alternative to fulfillment is with external funding (Septiani & Suaryana, 2018).

Asset Growth

Asset Growth is defined as the average growth of a company's wealth. Assets are all assets owned by the company and provide economic benefits in the future (Kusmuriyanto, 2005). In accordance with agency theory, the desire of shareholders is to make the company become bigger and get the benefits of its investment. Companies that experience high asset growth usually do debt or use external funds. The occurrence of assets that have increased, followed by an increase in operating results can certainly add to the trust of other parties to the company. Increasing assets by using capital from debt means that if assets are added, debt will increase automatically DER will increase, so the higher the asset, the greater the DER.

Previous Research

Research conducted by Harahap & Irawan (2018) examines the Effect of Profitability, Asset Growth and Company Size on Capital Structure (Case Study of Real Estate and Property Companies listed on the Indonesia Stock Exchange in 2013-2015). The independent variable of this research is Profitability (X1), Asset Growth (X2), Company Size (X3) while Dependent Variables are Capital Structure (Y). Data analysis techniques used multiple linear regression analysis. The results of this study indicate that the profitability and firm size variables do not affect the capital structure, while the simultaneous test shows that profitability, asset growth, and company size affect the capital structure.

In addition, research conducted by Abdillah AN, Ikhsan S, and Mutia I (2018) examined the Factors Affecting Capital Structure of Go Public Manufacturing Companies on the Indonesia Stock Exchange. The independent variable of this study is Company Size (X1), Business Risk (X2), Growth Assets (X3), Profitability (X4) while Dependent Variables are Capital Structure (Y). The results of this study indicate that company size, business risk, asset growth, and profitability affect the capital structure.

Research conducted by Lestari & Purnawati (2018) examines the Analysis of the Effects of Financial Performance on Capital Structure in Food and Beverage Companies on the IDX. Data analysis techniques used multiple linear regression analysis. The analysis shows that liquidity, profitability, company size, and company growth influence the capital structure. Research conducted by Lina & Amir (2019) examined the effect of Return on Assets, Current Ratio, Size, and Growth on the Capital Structure of Manufacturing Companies listed on the Indonesia Stock Exchange in the 2013-2015 Period. The independent variable of this study is Return On Assets (X1), Current Ratio (X2), Size (X3), and Growth (X4) while the dependent variable is Capital Structure (Y). Data analysis techniques used multiple linear regression analysis. The results of this study are Return On Assets and Current Ratio affect the Capital Structure, while the Size and Growth does not affect the Capital Structure.

3. Methods

This type of research is quantitative research. According to Sugiyono (2012) quantitative research in looking at the relationship of variables to the object under study is more causal, so in his research there are independent and dependent variables. The data in this study use secondary data from the financial statements of the property and real estate subsector companies in 2015-2017 downloaded from the website www.idx.co.id.

The sample in this study is the property and real estate subsector on the Indonesia Stock Exchange from 2016-2018. The sampling technique in this study uses a purposive sampling technique, which determines sampling based on certain criteria. The criteria set in the sampling are: (1) Property & real estate companies that have been and are still listed on the Indonesia Stock Exchange in 2016-2018. (2) The sample company issues financial reports for 3 consecutive years, namely 2016-2018. (3) Companies whose annual financial statements use the rupiah. (4) Property & real estate companies that make a profit in 2016-2018.

The dependent variable is the variable that is affected or disturbed by other variables. The dependent variable used in this study is the Capital Structure (Y), the capital structure in this determination is proxied by Debt To Equity Ratio (DER) which is a ratio measuring the company's ability to return debt costs through its own capital as measured through debt and total capital (equity). Calculated with the following formulation (Ang, 1997):

$$DER = (Total\ Debt) / (Total\ Equity)$$

The independent variables in this study are Return On Assets, Current Ratio, Company Size, and Asset Growth.

According to Hanafi (2012), ROA is a ratio used to measure a company's ability to generate net income. ROA reflects the company's ability to obtain net profit after tax from the total assets used for the company's operations. To calculate ROA using:

$$ROA = (Net\ Income\ After\ Tax) / (Total\ Assets)$$

According to Hery (2016) Current Ratio is a ratio used to measure a company's ability to meet its short-term obligations that are due soon by using the total available current assets. Current Ratio (CR) can be calculated using the formula:

$$Current\ Ratio = (Current\ Assets) / (Current\ Debt)$$

Firm size is a value that indicates the size of the company. To measure the size of the company, refer to Weston J. Fred and Thomas (2008), the size of the company using the formula:

$$Firm\ Size = Logn\ (Total\ Assets)$$

Asset growth is measured using the quotient between the difference between the value of total assets in the year t and the total assets of the year t-1 with total assets in the year t-1. Asset Growth is formulated as follows:

$$Asset\ Growth = (Total\ Assets\ (t) - Total\ Assets\ (t-1)) / (Total\ Assets\ (t-1))$$

Where :
Total Assets (t)   = Value of total assets for the year
Total Assets (t-1) = Total value in the year before the year concerned

Multiple Linear Regression Analysis Test

$$Y = \alpha + \beta ROA (X_1) + \beta CR (X_2) + \beta UP (X_3) + \beta PA (X_4) + e$$

Information :
Y   = Capital Structure
α = Constant
ROA (X1)   = Return on Asset
CR (X2)   = Current Ratio
UP (X3)   = Firm Size
PA (X4)   = Asset Growth
β_1 β_2 β_3 β_4 = Partial Regression Coefficient
e   = Error

4. Results and Discussion

The sample in this study were 54 property and real estate companies listed on the Indonesia Stock Exchange for the period of 2016-2018. Sampling in this study with a purposive sampling method.

Table 1. Determination of Research Samples

	Purposive Sampling Criteria	Total
1.	1. All Property and Real Estate Companies listed on the Indonesia Stock Exchange for the period of 2016-2018.	48
2.	2. A sample company that has not issued financial reports for three years in a row is 2016-2018.	(8)
3.	3. Companies whose annual financial statements do not use the rupiah.	(0)
4.	4. Property and Real Estate Companies that suffered losses in 2016-2018.	(9)
	Number of Company Samples	31
	Number of Observations in 2016-2018 (31 Companies x 3 years)	93
	Data outsourced	(39)
	Data used in research	54

Source: Researcher data (2019).

Descriptive Statistics Test

Table 2. Descriptive Statistics Test

Variables	N	Minimum	Maximum	Mean	Std. Deviation
ROA	54	0,002	0,118	0,04126	0,031016
Current Ratio	54	0,394	8,268	2,63365	2,170640
Firm Size	54	23,752	31,670	2,947221	1,568885
Asset Growth	54	-0,003	0,245	0,08007	0,055510
Capital Structure	54	0,079	3,094	0,88307	0,552429
Valin N (listwise)	54				

Source: Output SPSS (2019).

Classic Assumption Test

<div align="center">

Table 3: One Sample Kolmogorov-Smirnov

</div>

	Unstandardized Residual	Standard	Information
Kolmogorov- Smirnov Z	0,612		
Asymp. Sig. (2-tailed)	0,849	> 0,05	Normal Distributed Data

Source: Output SPSS (2019).

Based on the Table of Normality Test Results in the table above shows that the significant value of Kolmogorov-Smirnov (K-S) is 0.849, meaning that the value is greater than 0.05, then concluded normal distribution.

Multicollinearity Test

<div align="center">

Table 4. Multicollinearity Test Results

</div>

Variables	Tolerance	Std	VIF	Std	Status
ROA	0,884	> 0,1	1,131	< 10	Good
Current Ratio	0,986	> 0,1	1,014	< 10	Good
Firm Size	0,929	> 0,1	1,077	< 10	Good
Asset Growth	0,955	> 0,1	1,047	< 10	Good

Source: Output SPSS (2019).

From the table it can be understood that there is no multicollinearity problem from this research equation. This shows with a Tolerance value > of 0.1 and VIF Value <of 10.

Autocorrelation Test

<div align="center">

Table 5. Autocorrelation Test Results

</div>

Variable	Sig.	Std	Conclusion
Asymp. Sig. (2-tailed)	0,054	>0,05	No utocorrelation occurred

Source: Output SPSS (2019).

From the table it can be seen that the Asym probability value. Sig. (2-tailed) of 0.054 which means that the value is greater than the standard significance value so that it can be concluded that there is no autocorrelation.

Heteroscedasticity Test

<div align="center">

Table 6. Heteroscedasticity Test Results

</div>

Variables	Unstandardized Residual	Standard	Keterangan
ROA	0,594	>0,05	Good
Current Ratio	0,979	>0,05	Good

Firm Size	0,051	>0,05	Good
Asset Growth	0,547	>0,05	Good

Source: Output SPSS (2019).

Multiple Linear Regression Test

Regression Model

Table 7. Results of Multiple Linear Regression Tests

Variables	B	Sig
Constanta	-1,703	0,203
Return on assets	-3,502	0,127
Current Ratio	-0,106	0,001
Size	0,100	0,027
Company	0,930	0,447

Source: Output SPSS (2019).

Based on the test results in the above table, we get the following linear regression equation:

$$Y = -1{,}703 - 3{,}502\ X1 - 0{,}106\ X2 + 0{,}100\ X3 + 0{,}930\ X4 + e$$

Model Feasibility Test (F Test)

Table 8. F Statistical Test Results

Information	F value	F table	Sig	Standard	Conclusion
F Test	5,351	2,56	0,001	< 0,05	Decent Model

Source: Output SPSS (2019).

Based on the Table shows that F Calculate> F Table and the significance value <0.05 so that the model is said to be feasible to test the effect of independent variables on the dependent variable.

Hypothesis Test (t test)

Table 9. Hypothesis Test Results (t Test)

Hypothesis	T_{value}	T_{table}	Sig	Standard	Status
Return on assets	-1,551	-2,010	0,127	< 0,05	Rejected
Current Ratio	-3,458	-2,010	0,001	< 0,05	Accepted
Firm Size	2,286	2,010	0,027	< 0,05	Accepted
Asset Growth	0,767	2,010	0,447	< 0,05	Rejected

Source: Output SPSS (2019).

Based on the partial test table above, it shows that Return on Assets, Asset Growth has no effect on the Capital Structure. and for Current Ratio and Firm Size influence on the Model Structure.

Determinant Coefficient (R2)

Table 10. Determinant Coefficient Test Results (R2)

Model	R^2	Adjusted R square
1	0,304	0,247

Source: Output SPSS (2019).

Based on the table Adjusted R Square Test results in this study obtained a value of 0.247. This shows that the capital structure (DER) is influenced by return on assets, current ratio, firm size, and asset growth by 24.7%. While the remaining 75.3% is influenced by other factors not examined in this study.

Discussion

Effect of Return on Assets on Capital Structure

The analysis shows that Return on Asset has no effect on capital structure. one of the reasons is because in the last few years property and real estate companies are experiencing a recession where the company faces a problem of decreasing sales results which results in a small amount of profit. Therefore, creditors and investors tend to be oriented towards long-term business with the hope of improving economic conditions. These results are in line with research conducted (Harahap & Irawan, 2018) which states that Return on Assets does not affect the Capital Structure.

Effect of Current Ratio on Capital Structure

The results of this study indicate that the current ratio affects the capital structure, the higher the liquidity of the company will tend not to use debt financing, because companies with high liquidity have large internal funds so the company will prefer to use its internal funds first to finance its operations. These results are in line with research conducted (Noviandini, 2017) states that Current Ratio affects the Capital Structure.

Effect of Firm Size on Capital Structure

The results of this study indicate that company size has an effect on capital structure, indicating that the larger the size of the company, the greater will be external funds, especially debt owned by the company, thus increasing capital structure. This research is in line with research conducted (Lestari, Enas, & Faruk, 2019) which states that company size influences capital structure.

Effect of Asset Growth on Capital Structure

The results of this study indicate that asset growth has no effect on capital structure, this shows that the higher the growth rate of assets, the more likely they are to use their own capital rather than debt. So it can be concluded that the company did not experience significant growth or increase in assets. The results of this study concur with research conducted by (Marfuah & Nurlaela, 2017) which states that asset growth has no effect on capital structure.

5. **Conclusion**

Based on the research results obtained through statistical testing and discussion as described in the previous chapter, it can be concluded that the Retrun On Asset has no effect on the Capital Structure, this is because in recent years the company has faced the problem of a decrease in sales results which resulted in the amount of profit obtained small. Therefore, creditors and investors tend to be oriented towards long-term business with the hope of improving economic conditions. While the Current Ratio affects the Capital Structure, this is due to the higher liquidity the company has, it tends not to use debt financing. The size of the company

affects the capital structure, this shows that the larger the size of the company, the greater will be external funds, especially debt owned by the company. In addition, Asset Growth does not affect the Capital Structure, this shows that the higher the growth rate of assets, the more likely they are to use their own capital rather than debt. So it can be concluded that the company did not experience significant growth or increase in assets. Based on the research results and conclusions above, the Research Limitations contained in this study are: 1. This study only uses four independent variables so that the strength of Return On Assets, Current Ratio, Company Size, and Asset Growth on the Capital Structure in Property and Real Companies Estate that can be seen from the determination coefficient value is only 24.7%. 2. This study only took a period of three years, namely 2016-2018, so the data taken might not reflect the company's condition in the long run.

Based on the limitations of the research, the following suggestions can be given: 1. For the next research, it is expected not only to be limited to property and real estate companies listed on the IDX, so that they can represent all listed companies listed on the IDX. 2. For the next research it is expected that the observation period is longer, so that the data taken can be used to observe the company's condition in the long run. 3. The next researcher is expected to be able to expand the research population and increase the number of research variables, for example tangibility, sales growth, etc. So that in subsequent studies produce more supportive information.

References

Abdillah, A., Ikhsan, S., & Mutia, I. (2018). Factors Affecting Capital Structure of Go Public Manufacturing Companies in BEI (Indonesia Stock Exchange). *Jurnal Internasional Penelitian Akuntansi,* Vol. 6, Edisi 1, 1-4.

Angg, R. (1997). Buku Pintar Pasar Modal Indonesia (The Intelligent Guide to Indonesian Capital Market). Jakarta : Mediasoft Indonesia.

Atmaja, L. (2008). Teori dan Praktik Manajemen Keuangan . *Yogyakarta : Andi*.

Fahmi, I. (2012). Analisis Laporan Keuangan. Cetakan Ke-2. *Bandung : Alfabeta*.

Harahap, A. K., & Irawan, A. E. (2018). Pengaruh Profitabilitas, Pertumbuhan Asset, dan Ukuran Perusahaan terhadap Struktur Modal (Study Kasus Pada Perusahaan Real Estate dan Property yang terdaftar di BEI Tahun 2013-2015. *Jurnal Bisnis Darmajaya,* Vol. 4, No. 1, Januari , 12-25.

Hermeindito. (2003). Prediksi Struktur Modal Berbasis Pecking Order Theory Pada Kondisi Ekonomi Normal dan Ekonomi Krisis. *Kajian Bisnis STIE Widya Wiwaha Yogyakarta,* No. 28 (Januari-April), 51-66.

Herni, & Susanto, Y. K. (2008). Pengaruh Kepemilikan Publik, Praktik Pengelolaan Perusahaan, Jenis Industri, Ukuran Perusahaan, Pofitabilitas dan Risiko Keuangan Terhadap Tindakan Perataan Laba (Studi Empirispada Industri yang Listing Di Bursa Efek Jakarta). *Jurnal Ekonomi dan Bisnis Indonesia*, 302-304.

Husnan, S. (2004). *Dasar-dasar manajemen keuangan*, Yogyakarta: UPPAMP YKPN.

Lestari, L. P., Enas, & Faruk, M. (2019). Pengaruh Kinerja Keuangan dan Ukuran Perusahaan terhadap Struktur Modal. *Jurnal Manajemen,* Vol. 1, No. 3 September, 185-200.

Lestari, N. L., & Purnawati, N. K. (2018). Analisis Pengaruh Kinerja Keuangan Terhadap Struktur Modal Pada Perusahaan Makanan dan Minuman di BEI. *Jurnal Ekonomi Manajemen Unud,* Vol 7, No. 7 , 3564-3593.

Lina, & Amir, A. (2018). Pengaruh Retrun On Asset, Current Ratio, Size dan Growth terhadap Struktur Modal pada Perusahaan Manufaktur yang terdaftar di BEI Periode 2013-2015. *Jurnal Riset Akuntansi Going Concern 13(4)*, 893-902.

Marfuah, S. A., & Nurlaela , S. (2017). Pengaruh Ukuran Perusahaan, Pertumbuhan Asset, Profitabilitas dan Pertumbuhan Penjualan terhadap Struktur Modal Perusahaan Cosmetic and Household di Bursa Efek Indonesia. *Jurnal Akuntansi dan Pajak* Vol.18, No.1.

Noviandini. (2017). Pengaruh Current Ratio, Return On Asset dan Total Asset Turnover terhadap Struktur Modal pada Perusahaan Publik Sub Sektor Makanan dan Minuman Periode 2011-2015. *Jurnal Akuntansi dan Keuangan,*Vol. 6 No. 1 April , 1-19.

Riyanto. (2001). *Dasar-dasar Pembelanjaan Perusahaan. Edisi Keempat. Yogyakarta:* BPFE-UGM.

Septiani, N. P., & Suaryana, I. G. (2018). Pengaruh Profitabilitas, Ukuran Perusahaan, Struktur Aset, Risiko Bisnis dan Likuiditas pada Struktur Modal . *E-Jurnal Akuntansi Universitas Udayana.* Vol.22.3 Maret , 1682-1710.

Sunarwi. (2010). Analisis Faktor-faktor yang Mempengaruhi Struktur Modal Serta Dampak Struktur Modal Terhadap Return Saham Perusahaan Manufaktur Yang Terdaftar di BEI Periode 2006-2008 (Studi Kasus Pada Sektor Food and Beverage). *Jurnal Akuntansi*.

Sunarwi. (2010). Analisis Faktor yang Mempengaruhi Struktur Modal Serta Dampak Struktur Modal terhadap Return Saham Perusahaan ManufakturYang Terdaftar di Bursa Efek Indonesia. Fakultas Ekonomi Universitas Diponegoro.

++++++++++++++++++++++++++++++

High Economic Growth: Will Ensuring Inclusive Growth?

Ahmad Soleh[1]*, Ketut Sukiyono[2], and Ridwan Nurazi[2]

[1]*Dehasen Bengkulu University, Bengkulu, Indonesia, ahmadsolehse81@yahoo.co.id**
[2]*Bengkulu University, Bengkulu, Indonesia*

Abstract

Inclusive growth (IG) measures the benefits of economic growth for people's welfare. Several approaches have been developed in measuring inclusive growth. This study aims to measure inclusive growth using the poverty approach (IGp). This research was conducted in Jambi province and Kepulauan Riau province which is the region with the highest average economic growth on the island of Sumatera in the period 2001-2016. The method of approach used in this study is descriptive analysis. The technique of collecting data uses library research. Poverty-Equivalent Growth Rate (PEGR) was developed in the measurement of inclusive growth. The results of the study show that high economic growth does not guarantee the achievement of inclusive growth. This phenomenon is indicated by the average incremental growth coefficient (IGp) of Jambi province of 0.038 lower than the average coefficient of economic growth (Ĝg) of 0.060. The same condition occurs in the province of Riau Islands, the average inclusive growth coefficient (IGp) is 0.020 lower than the average coefficient of economic growth (Ĝg) of 0.062. This indicates that high economic growth has not been distributed evenly and the benefits of face economic growth are accepted by non-poor people. Some government policies and programs are expected to be directed towards efforts to reduce poverty, so that the benefits of economic growth are truly accepted by the poor.

Keywords: Economic Growth, Inclusive Growth, Poverty-Equivalent Growth Rate (PEGR).

1. Introduction

The concept of inclusive growth (IG) was present and developed in the past decade. The characteristic of the concept of inclusive growth is the active participation and contribution of the community in the development process (Goyal, 2015; Kazi, 2015; Khokhar & Singh, 2016; Soleh, 2019). In addition, inclusive growth creates economic opportunities for all segments of the population and ensures equal access to them (Bakshi, 2015; Chetia, 2015; Prasanna, 2016). Several approaches have been developed in measuring an inclusive growth. Among them is the measurement of inclusive growth using the poverty approach. Habito (2009) of the Asian Development Bank (ADB) defines inclusive growth as GDP growth that can reduce poverty. Various studies have also been developed in various countries in measuring inclusive growth using the poverty approach (Akwu & Kanu, 2014; Alao, 2015; Dash, 2015).

The strategy for inclusive growth in Indonesia is contained in the National Medium-Term Development Plan for 2015-2019 in an effort to accelerate corruption and justice (BAPPENAS, 2014). Indonesia consists of 34 provinces located on five major islands, namely Sumatera, Java, Kalimantan, Sulawesi, Papua and four islands namely Riau Islands, Bangka Belitung Islands, Nusa Tenggara Islands and Maluku Islands. Sumatera Island based on area is the sixth largest island in the world and is one of the largest islands in Indonesia with an

area of around 473,481 km2 located in the western part of the archipelago. Sumatera consists of ten provinces namely Aceh, Sumatera Utara, Sumatera Barat, Jambi, Riau, Sumatera Selatan, Lampung, Bengkulu, Kepulauan Bangka Belitung and Kepulauan Riau. Sumatera has the second largest population in Indonesia after the island of Java. The period of 2001-2016, the average population of Sumatera reached 49,630,448 people (BPS, 2002-2017).

2. Literature Review

Economic activities that are quite rapid on this island are supported by the abundant natural resource potential of the region and its very strategic location. The average economic growth of the island of Sumatera in 2001-2016 was 5.00% per year. This value is below the average of Indonesia's economic growth of 5.31% per year. The provincial economic performance contributed to the achievement of overall economic growth on the island of Sumatera. Jambi Province and Kepulauan Riau Province are two regions with the highest average economic growth on the island of Sumatera. The average economic growth of Jambi province is 6.23% per year while Kepualuan Riau province is 6.43% per year and is the region with the highest average economic growth on the island of Sumatera.

High and sustainable economic growth is a necessity to ensure the continuity of economic development and improvement of community welfare (Tambunan, 2016). But in fact, high economic growth still raises various problems in several developing countries including the problem of poverty (Pal, 2014; Szeles, 2014). An inclusive growth study using the poverty approach in regions with high economic growth is still difficult to find. For this reason, measurement of inclusive growth in Jambi province and Kepulauan Riau province as an area with high economic growth rates and having poverty problems needs to be done. Will high economic growth guarantee inclusive growth? This study aims to measure and analyze inclusive growth using the poverty approach in regions with high economic growth.

3. Methods

We developed the Poverty-Equivalent Growth Rate (PEGR) in measuring the inclusive growth coefficient of the provinces of Jambi and Riau Islands which are the provinces on the island of Sumatra with the highest economic growth. Using the poverty approach, inclusive growth is economic growth that can reduce poverty. Describe i from the PEGR equation (Klasen, 2010) as poverty (p). Next define poverty (p) as a function of the number of poor people (z) and the average income of the population ($\varkappa$). So we get the inclusive growth coefficient formula:

$$IGp = (Epg / Ep) \ \hat{G}g$$

Note:
IGp : coefficient of inclusive growth in reducing poverty
Ep : poverty elasticity of average income
Epg : poverty elasticity towards economic growth
$\hat{G}$g : economic growth

Economic growth is declared inclusive if the IGp value> $\hat{G}$g (Azwar, 2016; Klasen, 2010; Soleh et al. 2019).

4. Results and Discussion

This research measures and analyzes the inclusive growth of Jambi province and Kepulauan Riau province which is the region with the highest average economic growth on the island of Sumatera using a poverty approach (IG_p).

Inclusive Growth (IG$_p$) of the Jambi Province

Jambi Province is geographically located between 00 45 'to 20 45' south latitude and between 1010 10 'to 1040 55' east longitude. The north is bordered by Riau Province and Kepulauan Riau Province, East of the South China Sea, south of Sumatera Selatan Province and west of Sumatera Barat and Bengkulu Provinces. The total area of Jambi Province is 53,435 Km^2 with a land area of 50,160.05 Km^2 and a total area of 3.274,95 Km^2. The largest area in Jambi Province is in Merangin Regency, amounting to 7,679 Km^2 or 15.31 percent of the total area of Jambi Province, followed by Tebo and Sarolangun Districts each amounting to 6,461 Km^2 and 6,184 Km^2 (BPS, 2018). The economic structure of Jambi until 2016 according to the business field is supported by three main business fields, namely the agricultural, forestry and fisheries, the mining and quarrying and the manufacturing. The economic growth of Jambi province in the 2001-2016 period fluctuated but had a tendency to increase. The average economic growth is 6.23% per year. This value is higher than the average economic growth of Sumatera (5.00% per year) and Indonesia (5.31% per year).

The highest economic growth in 2011 reached 7.86%. In that year all businesses experienced positive growth. Even in 2011, Jambi was the province that had the highest economic growth compared to other provinces on the island of Sumatera. The mining and quarrying sector experienced the highest growth reaching 23,10% from the previous year. While the agriculture, forestry and fisheries sector, which is the sector that absorbs the most labor, experienced growth of 6.03% from the previous year. The decline in Jambi's economic growth has occurred since 2012. The mining and quarrying sector, which previously had high growth, is now experiencing the lowest growth of only 2.62%. Furthermore, the lowest economic growth during the study period occurred in 2015 which was 4,20%. However, this value is still higher than Sumatera's economic growth of 3.53%. In that year, most provinces on the island of Sumatera also experienced a decline in growth.

Using the poverty approach, inclusive growth in Jambi province is defined as economic growth that can reduce poverty or have an impact on improving the welfare of the poor. The economic growth achievements of Jambi province are thought to have contributed to the decline in the poverty trend during the period 2001-2016. The average percentage of poor people is relatively lower when compared to other provinces in Sumatera, which is 10.17%. Jambi Province has the lowest average percentage of the poor population after the provinces of Sumatera Barat, Kepulauan Riau and the Kepulauan Bangka Belitung. This value is also lower than the average value of the percentage of poor people in Sumatera and Indonesia. The increase in poverty also occurred from 2011-2015. However, the decline in poverty again occurred in 2016.

Figure 1 shows the economic growth coefficient ($\hat{G}_g$) of Jambi province as well as the inclusive growth coefficient (IG$_p$) of Jambi province and Sumatera island. During the period of 2001-2016, the economic growth of Jambi province was not inclusive in reducing poverty. This is indicated by the economic growth coefficient curve ($\hat{G}_g$) generally above the Jambi growth inclusiveness coefficient (IG$_p$) curve. The average inclusive growth coefficient (IG$_p$) value is 0,038 lower than the average economic growth coefficient ($\hat{G}_g$) of 0.060. Although on average it shows that the economic growth of Jambi province is not inclusive of poverty, but the entire coefficient of inclusive growth is positive. The inclusiveness coefficient is positive but smaller than the coefficient of economic growth means that the reduction in poverty continues to occur along with increasing economic growth. Figure 1 shows a comparison of the inclusive growth coefficient (IG$_p$) of Jambi province and Sumatera island. It can be explained that the graph of the coefficient of inclusive growth in Jambi province is largely above the graph of the coefficient of inclusive growth in Sumatera. Thus, on average it is known that the coefficient of inclusive growth in Jambi province (0.038) is greater than the average coefficient of inclusive growth in Sumatera (0.032).
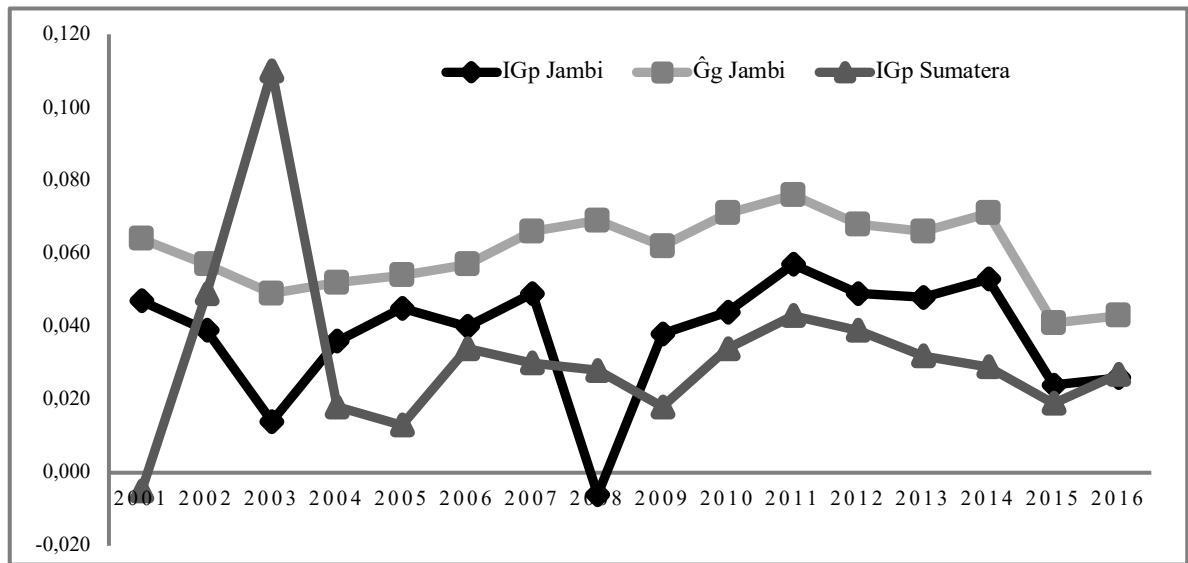
**Figure 1. Economic Growth ($\hat{G}_g$) and the Inclusive Growth Coefficient (IG_p)
of Jambi Province and Sumatera Island in 2001-2016.**
Source: Researcher data (2019).

In reducing poverty, the Jambi provincial government implemented several strategies (1) Provided scholarship assistance, education and training funds for the poor to develop education, skills and mastery of technology, the education funded is education that is ready to use resources in their respective regions-one; (2) Provide costs or capital for the poor to create businesses to process the resources they have; (3) Providing business assistance to the poor, so that the business carried out by the community is directed and has business value or is innovative; (4) Providing and improving the quality of transportation infrastructure both land and sea, making it easier for the poor to sell their products outside the region; (5) Providing the right places of business and markets for the poor so that they can work and sell the results of their business directly; and (6) Establishing cooperative relations between the capital owners and distributors, so that the production of the community remains in demand or there are buyers and directly the poor are bound by their efforts to fulfill their cooperation agreements.

Inclusive Growth (IG_p) of the Kepulauan Riau Province

Kepulauan Riau Province was formed based on Law Number 25 of 2002 dated September 2, 2002. It was approved and followed up by the Government of the Republic of Indonesia with the issuance of a government decree (Kepres) on July 1, 2004 as the 32nd new province. Astronomically, the Kepulauan Riau Province is located between 00 ° 29 'South Latitude and 04 ° 40' North Latitude and between 103 ° 22 'East Longitude to 109 ° 4' East Longitude. Kepulauan Riau Province consists of 1,796 islands. Based on its geographical position, as one of the provinces directly adjacent to several ASEAN countries, Kepulauan Riau Province has a very strategic position. In addition, the Kepulauan Riau Province is also directly adjacent to several other provinces in Indonesia. The boundaries of the region include: Northern Boundaries: Vietnam and Cambodia, Southern Boundaries: Sumatera Selatan and Jambi, Western Boundaries: Singapore, Malaysia, and Riau Province, Eastern Boundaries: Malaysia and Kalimantan Barat.

Kepulauan Riau consists of 7 districts/cities, namely: Karimun, Bintan, Natuna, Lingga, Anambas Islands, Batam, and Tanjung Pinang. The population of Kepulauan Riau until 2016 amounted to 859,813 people. Most of the population works in the large trade, retail, restaurant and hotel sectors, which is 26.22%. The economic structure of Kepulauan Riau is dominated by the manufacturing sector. The processing industry contributes the highest in the economy. In 2016, the contribution of this sector to Gross Regional Domestic Bruto reached 37.33%. The manufacture of fabricated metal product, computer, optical product and electrical

423

equipment industries contributed 19.96% to the manufacturing sector in the Kepulauan Riau province. The sectors that also contributed high were mining and quarrying which amounted to 15.28%. Oil and gas mining contributed 13.50% to the sector.

The economic growth of Kepulauan Riau in the 2004-2006 period fluctuated with an average growth of 6.43% per year. The trend of increasing growth occurred in 2004-2007 with an average growth of 6.71% per year. In 2008, economic growth declined by 0.38% from the previous year or from 7.01% to 6.63%. The economic slowdown continued until 2009. Even in that year the lowest economic growth was 3.52%. This condition is inseparable from the impact of the global financial crisis. There was a decline in the prices of major commodity exports. Not only Kepulauan Riau province, in 2009 all provinces on the island of Sumatra even experienced a decline in national economic growth.

Amid the imbalance in the global economic recovery, the performance of the domestic economy during 2010 continued to improve. This is reflected in the GRDP growth of provinces in Sumatera and provinces on other islands in Indonesia. Kepulauan Riau has very high growth to reach 7.20%. The slowdown in economic growth again occurred from 2013-2016. The trend of economic growth tends to decline with an average growth of 6.21% per year. Decreasing growth in the manufacturing sector from 8.13% in 2013 continued to decline until 2016 by 3.36% affecting the slowdown in the Kepulauan Riau economy.

The economic performance of the Kepulauan Riau as indicated by high economic growth, is thought to have had a positive influence on reducing poverty. The poverty trend from 2005-2016 tends to decline. However, poverty remains a problem in the Kepulauan Riau. The average percentage of the poor is 8.34% higher than the Kepulauan Bangka Belitung province of 7.37%. Using a poverty approach, the inclusive growth of the Kepulauan Riau province is defined as economic growth that can reduce poverty or have an impact on improving the welfare of the poor.

Figure 2 shows the coefficient of economic growth ($\hat{G}_g$) in Kepulauan Riau province as well as the inclusive growth coefficient (IG_p) of Kepulauan Riau province and Sumatera island. The research period began in 2006. This is in line with the establishment and availability of data on the Kepulauan Riau province. But the initial study conducted was since 2001 on all provinces on the island of Sumatera. During the period 2006-2016, the economic growth of Kepulauan Riau province was not inclusive in reducing poverty. This is indicated by the inclusive growth coefficient curve (IG_p) below the economic growth coefficient curve ($\hat{G}_g$). The average inclusive growth coefficient (IG_p) value is 0.020 lower than the average economic growth coefficient ($\hat{G}_g$) of 0.062. Figure 2 also shows a comparison of the coefficient of inclusive growth in the Kepulauan Riau province with the coefficient of inclusive growth in Sumatera. From 2006-2011 and 2016, the coefficient of inclusive growth in Sumatera is higher than the coefficient of inclusive growth in Kepulauan Riau. So that the average coefficient of inclusive growth in Kepulauan Riau is 0.020 lower than the coefficient of inclusive growth in Sumatera at 0.032.

Kepulauan Riau provincial government continues to increase the welfare of the poor or disadvantaged villages through various poverty alleviation programs. The goals to be achieved from the implementation of the poverty alleviation program are the reduction in the number of poor people and the reduction in the number of disadvantaged villages in the Kepulauan Riau province. This was stated in the Governor of Kepulauan Riau province regulation No. 1 of 2012 concerning the poverty alleviation program of the Riau province. The poverty alleviation program includes (1) Programs to fulfill the basic rights of the poor; (2) Livable house program; and (3) Program for fostering business units for poor people or disadvantaged villages.
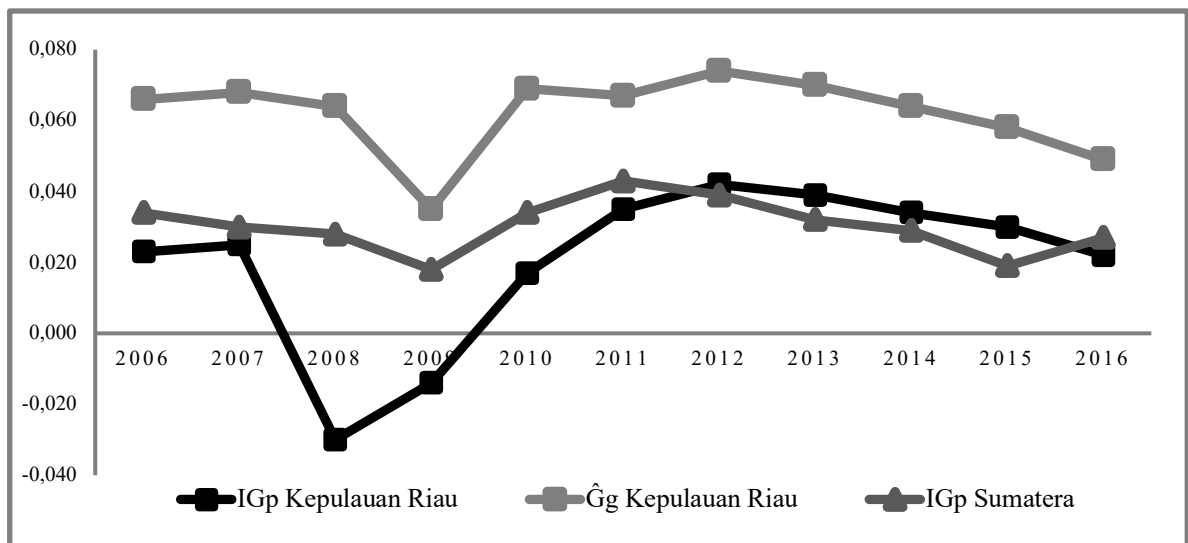
**Figure 2. Economic Growth ($\hat{G}_g$) and the Inclusive Growth Coefficient (IG_p)
of Kepulauan Riau Province and Sumatera Island in 2006-2016.**
Source: Researcher data (2019).

5. Conclusion

High economic growth can have an impact on reducing poverty. However, high economic growth does not guarantee inclusive growth. The results of the study show that Jambi and the Kepulauan Riau, which are the provinces with the highest economic growth on the island of Sumatera, have not inclusive growth in poverty. This is indicated by the average incremental growth coefficient (IG_p) of Jambi province of 0.038 lower than the average coefficient of economic growth ($\hat{G}_g$) of 0.060. Furthermore, the average inclusive growth coefficient (IG_p) of the Kepulauan Riau province of 0.020 is also lower than the average coefficient of economic growth ($\hat{G}_g$) of 0.062. The Jambi provincial government and Kepulauan Riau province are committed to improving the welfare of the poor through various programs and development activities.

References

Akwu, Kingsley Chidozie., & Kanu, Ejikeme Jhonson. (2014). Inclusive Planning in Nigeria: Veritable Tool for Poverty Reduction. *Journal of Geography and Regional Planning, 7 (10),* 214-217.

Alao, Esther Monisola. (2015). Inequality, Poverty Among Nigeria Women And Youth And The Challenges Of Inclusive Growth In Post 2015 Millennium Development Goals (MDG). *International Journal of Development and Economic Sustainability, 3 (5),* 15-25.

Azwar. (2016). Pertumbuhan Inklusif Di Provinsi Sulawesi Selatan Dan Faktor-Faktor Yang Memengaruhinya. *Jurnal BPPK, 9 (2),* 1-29. [In Indonesian]

Bakshi, Pragati. (2015). Women Empowerment Through Employment And Inclusive Growth. *Journal of Science & Management (LJSM), I^{st}* Issue Jan 2015, 86-89.

Badan Pusat Statistik. (2002-2017). *Statistik Indonesia.* Jakarta: Badan Pusat Statistik. [In Indonesian]

-------, (2018). Provinsi Jambi Dalam Angka. Jambi: Badan Pusat Statistik. [In Indonesian]

BAPPENAS. (2014). *Rencana Pembangunan Jangka Menengah Nasional 2015-2019.* Kementerian Perencanaan Pembangunan Nasional/ Badan Perencanaan Pembangunan Nasional. [In Indonesian]

Chetia, Padmaja. (2015). Inclusive Growth and the Tribal People. *International Journal of Humanities and Social Science Invention, 4 (1),* 01-02.

Goyal, Seema. (2015). Inclusive Growth in India : Dream or Reality. *PARIPEX - Indian Journal Of Research, 4 (1),* 161-163.

Dash, Aswini Kumar. (2015). Inclusive Growth And Development With Specific Reference To India. *International Journal of Application or Innovation in Engineering & Management (IJAIEM), 4 (4),* 67-69.

Habito, Cielito F. (2009). Patterns of Inclusive Growth in Developing Asia: Insights from an Enhanced Growth-Poverty Elasticity Analysis. *Asian Development Bank Institute (ADBI) working paper series No. 145,* 1-55.

Kazi, Muktazur Rahman. (2015). Status of Women in India in the Context of Inclusive Growth. *IOSR Journal Of Humanities And Social Science (IOSR-JHSS), 20(4),* 125-130.

Khokhar, Amit Singh., & Singh, Bharat. (2016). Role of Women Entrepreneurship in Inclusive Growth. *WOMEN'S LINK, 22 (2),* 1-6.

Klasen, Stephan. (2010). Measuring and Monitoring Inclusive Growth: Multiple Definition, Open Questions, and Some Constructive Proposals. Manila: Asian Development Bank. *Working Paper Series, 12,* 1-15.

Pal, Rajesh. (2014). Inclusive Growth and Equality of Opportunity. *International Journal of Economics, Finance and Management, 3(4),* 151-157.

Peraturan Gubernur Kepulauan Riau Nomor 1 Tahun 2012 Tentang Program Pengentasan Kemiskinan Provinsi Kepulauan Riau. [In Indonesian]

Prasanna, K. (2016). Inclusive Growth - Poverty Reduction Programmes in India. *Imperial Journal of Interdisciplinary Research (IJIR), 2(3),* 17-21.

Soleh, Ahmad. (2019). Village-Owned Enterprises (BUM Desa) For Inclusive Growth on Bengkulu Province. *WoMELA-GG 2019*, Januari 26-28, Medan, Indonesia.

Soleh, Ahmad., Sukiyono, Ketut., Nurazi Ridwan. (2019). Inclusive Growth in Bengkulu Province: Multidimensional Approach. 1st International Conference on Progressive Civil Society (IConProCS 2019). *Advances in Social Science, Education and Humanities Research*, 317, 89-94.

Szeles, Monica Raileanu. (2014). A Multidimensional Approach To The Inclusiveness Of Economic Growth In The New Member States. *Romanian Journal of Economic Forecasting, XVII(2),* 5-24.

Tambunan, Tulus. (2016). *Pembangunan Ekonomi Inklusif: Sudah Sejauh Mana Indonesia?*. Jakarta: Pustaka LP3ES. [In Indonesian]

++++++++++++++++++++++++++++++

PROFIT PLANNING ANALYSIS ON BUSINESS TAHU TEMPE BAIM MANNA SOUTH BENGKULU DISTRICT

Rinto Noviantoro*, Sulisti Afriani, and Heru Kurniawan

*Department of Accounting, Dehasen Bengkulu University, rintonoviantoro@yahoo.co.id

Abstract

The purpose of this study was to determine the analysis of earnings planning in the Business Tahu Tempe Baim Manna in South Bengkulu District. The analytical method used in this research is quantitative analysis using BEP analysis. From the results of the study, the BEP point in 2019 was achieved in the sales volume of 9,513 prints or Rp. 476,031,532.00 with Contribution Margin Ratio of 0.444 or 44.40%. The level of safety or margin of safety is 57.65%. The company's profit rate reaches 25.60%. Based on the 2019 BEP point, then profit planning can be prepared for 2020. If the Business Tahu Tempe Baim Manna in South Bengkulu District plans a 10% increase in profit from 2019 which is Rp 316,510,850.00, then the level of sales that must be achieved is Rp. 1,188,893,806.00 or 23,759 prints.

Keywords: Profit Planning, Business, Bengkulu, Sales.

1. Introduction

Tahu Tempe Baim Manna Business in South Bengkulu Regency is one of the Small and Medium Enterprises (MSMEs) which is still in the form of a growing and increasing home industry. This business was established in August 2016, which began as a home-based business and in early January 2019 saw the development of business which is increasingly rapid, then Mr. Dadang Andi Saputra as the owner developed his business by co-operating a business address in Rantau Panjang Ketaping Village, Manna District, South Bengkulu Regency

So that the owner can prepare a good profit planning, it is necessary to do an analysis including BEP analysis because with this analysis can find out the minimum sales so that business units do not suffer losses, but also have not yet made a profit (in other words the profit equals zero). From this analysis, it can also be seen how far the planned sales volume may go down, so that business units do not suffer losses. Therefore, by using this analysis, Tahu Tempe Baim Manna Business in South Bengkulu Regency can find out how to plan earnings for the future, so that the company does not experience a very drastic profit decline. Because the break-even relationship with profit planning is equally talked about in terms of the budget or in it includes a budget that includes costs, product prices, and sales volume, all of which leads to profitability.

Besides the break-even analysis can be used as a benchmark to increase profits or to find out a decrease in profit that does not result in losses to the company. Of the problems that the authors have stated above, the writer is interested in raising the title of the research in the form of a thesis, namely "Profit Planning Analysis on Business Tahu Tempe Baim Manna South Bengkulu District".

2. Literature Review

According to Firdaus and Wasilah (2012), costs are expenses or the value of sacrifice to obtain goods or services that are useful for the future, or have benefits beyond one accounting period Determine the product mix needed to achieve the targeted profit amount. Jumingan (2012), also explained that BEP is if after compiling an income statement for a certain period the company does not get a profit and vice versa does not suffer losses. In other words the profit is equal to zero or the loss is equal to zero. Sales revenue obtained for a certain period is equal to the total cost (total cost), which has been sacrificed so that the company does not make a profit or suffer losses. Meanwhile, according to Herman (2013), that the break-even point (BEP) is the operating condition of an entity where total revenue is equal to total costs or no profit or loss. The main benefit is an important warning for leaders in the form of units or rupiah minimum sales that must be achieved in the future.

3. Methods

This type of research is historical research. In the research based on the data and the results of BEP analysis in 2019 to compile profit planning in 2020. Data collection methods from this research are a form of document study. The analytical method used in this research is quantitative analysis, which is an analysis that carries out calculations of the problems studied using BEP analysis.

4. Results and Discussion

Planning is the initial process before carrying out business activities, without planning the business activities do not run directed and do not have definite goals. For this reason planning is important in making decisions. In profit planning, the leadership of the company will be easy in making decisions, can estimate the budget needed, knowing mistakes that might arise. It can be seen from past experience and with earnings planning that can stimulate or spur towards tighter competition through effectiveness and efficiency.

Profit planning requires aids in the form of cost-volume-profit analysis. One of the cost-volume-profit analysis techniques is BEP analysis, also known as break-even point. The break-even point is the state of a business that does not make a profit and does not suffer losses. In other words, a business is said to break even if the amount of income equals the total cost. Thus the BEP analysis is a method or technique used by a company manager to determine the volume (number) of sales and production volumes whether the company concerned does not suffer losses and also does not make a profit.

An understanding of the application of the concept of costs, volumes, and profits can be used by management as a basis for planning the composition of the level of costs, volumes, and profits can be used by management as a basis for planning the composition of the level of costs, volumes, and profits. As interconnected components, the composition must be at an optimal point.

From the calculation, the BEP in the Tahu Tempe Baim Manna Business in South Bengkulu district in 2019 was achieved at 9,513 print sales or Rp 476,031,532.00. At this point the company does not make a profit or suffer losses, and if the company wants profit, then the level of sales must be above that point. Profits obtained in 2019 amounted to Rp 287,736,850.00 obtained from the level of profit contribution or sales of Rp 1,123,200,000.00 or 22,464 tofu prints with Contibution Margin Ratio of 0.444 or 44.40%, meaning that each print contributed a profit (contribution profit per unit) of 44.40%. So that the company does not suffer losses, then the level of sales must be maintained, with a security level or margin of safety of 57.65%, meaning that the level of sales must not be below 57.65% because if below that percentage Tahu Tempe Baim Manna Business Bengkulu Regency Selatan will lose even though the level of sales is already at the BEP point. The BEP point only determines the breakeven point, meaning that even in the breakeven position the company continues to lose, in terms of time, effort and development of the company, therefore sales must be maintained at a minimum of 57.65%.

The profit rate of Tahu Tempe Baim Manna Business in South Bengkulu Regency reaches 25.60%, and to increase profits in 2020 the company can increase the desired profit percentage, but must pay attention to consumer buying interest and prices of similar products from other tofu businesses, not to increase profits can reduce sales volume because consumers turn to other tofu businesses.

From the results of research on BEP in 2019 as a basis for profit planning in the Tahu Tempe Baim Manna Business in South Bengkulu District in 2020, that based on the 2019 BEP point, profit planning in 2020 can be prepared with results as shown in table 1.

Table 1. Calculation Results for 2020 Profit Planning (In Rp)

YEAR	SALES	FIX COST (FC)	VARIAB EL COST (VC)	TOTAL COST (TC) (3+4)	Marginal Income (2-4)	NET PROFIT (2-5)
1	2	3	4	5	6	7
2020	1.188.893.806	211.358.000	660.072.538	871.430.538	317.463.268	316.510.850

Source: Processed data (2019).

From the above table, it is known that to achieve 2020 profit planned to increase by 10% from 2019 profit or Rp 316,463,268.00 can be achieved if the company is able to sell 23,759 prints or Rp 1,188,893,806.00. If seen from the table above, profit is the difference between total sales with a total cost of Rp. 317,463,268.00 (Rp. 1,188,893,806 - Rp. 871,430,538). From these calculations that there is a planned profit difference in the amount of IDR 952,418.00 (IDR 317,463,268.00 - IDR 316,510,850.00). This difference occurs because in the calculation of BEP there is a rounding of commas to the variable cost per unit.

With BEP analysis, management can determine the optimal combination of costs, selling prices, and sales volume, so that management can identify various steps to take optimal decisions, especially in preparing profit planning, as explained by Kasmir (2010), that before producing or produce a product, both goods and services, companies usually first plan how much profit to be obtained. Determination of the amount of profit to be obtained is a top priority for most companies, in addition to other things. So that the amount of profit is easily determined, then oneway companies must know in advance how the break-even point. That is, the company operates at a certain amount of production or sales, so the company does not experience losses or profits.

From the discussion of profit planning using BEP analysis as a basis in determining the level of sales that must be achieved so that planned profits can be achieved assuming all components of the BEP in the previous year remain. As explained by Adisaputra (2011), that the basic concepts or assumptions or assumptions in the BEP analysis include: 1) that the costs at various levels of activity can be estimated precisely. Thus changes in production levels can be translated into changes in the level of costs, b) the estimated costs can be separated which are variable and which are fixed costs. Break even analysis can only be calculated if a part of the cost is a fixed expense, c) the level of sales equals the level of production, meaning that what is produced is considered sold out. Thus the level of inventory of finished goods does not change, or the company does not provide finished goods stock, d) the selling price of the company's products at various levels of sales does not change, e) the efficiency of the company at various levels of activity also does not change, f) the company is considered as if only selling one kind of final product. When in reality more than one product is made, the sales mix is maintained the same.

From the results of the research and discussion above it can be explained that, if you want to increase the company's operating profit, sales revenue must be increased by lowering costs. So to get the optimal profit, sales revenue should be increased and company costs reduced. Production costs are costs that are strongly influenced by the company's activities, therefore the level of activity increases, the production costs also increase. Because production costs are costs that are directly involved in the activities of the company, then in determining the production costs can not be done separately with a series of company activities. Sales revenue activity is the main income because if the sales revenue of the product or service is not managed properly, it can directly harm the company. This can be caused by the expected sales revenue target not being achieved and income will be reduced.

5. Conclusion

From the results of the research and discussion several conclusions can be drawn. The BEP point of 2019 was achieved in sales volume of 9,513 prints or Rp. 476,031,532.00 with Contribution Margin Ratio of 0.444 or 44.40%. The level of safety or margin of safety is 57.65%. The company's profit rate reaches 25.60%. Based

on the 2019 BEP point, then profit planning can be prepared for 2020. If the Baim Manna Tofu Tempe Business in South Bengkulu Regency plans a 10% increase in profit from 2019 in the amount of Rp 316,510,850.00, then the level of sales that must be achieved is Rp. 1,188,893,806.00 or 23,759 prints, and so that the company does not lose the sales level should not be below 9,513 prints or Rp. 476,031,532.00.

References

Adisaputro, Gunawan. 2011. Corporate Budget 2. Yogtakarta. BPFE.

Ahmad, Kamaruddin. 2011. Management Accounting. Jakarta. PT. Raja Grafindo Persada.

Bustami, Bastian and Nurlela. 2013. Cost Accounting: Theory and Application Study. Yogyakarta. Graha Science.

Blocher, Edward J., et al. 2013. Cost Management: Strategic Emphasis. Subtitles by the Translation Team. Jakarta. Salemba Empat.

Carter, William K. 2012. Cost Accounting. Jakarta. Salemba Empat.

Darsono, Prawinonegoro. 2011. Company Budgeting. Jakarta. Media Discourse Partner,

Firdaus, Ahmad Dunia and Abdullah's Wasilah. 2012. Cost Accounting. Jakarta. Four Four.

Garrison and Noreen. 2013. Managerial Accounting. Jakarta. Salemba Empat.

Handoko, T. Hani. 2012. Production Management Basics. Yogyakarta. BPFE.

Hansen, Don R., and Marryanne M. Mowen. 2011. Cost Management: Accounting Control. Jakarta. Salemba Empat.

Harahap, Sofyan Syafri. 2012. Critical Analysis of Financial Statements. Jakarta. PT. Raja Grafindo Persada.

Hasibuan, Malayu. S.P. 2012. Basic Management, Understanding and Problems. Jakarta. PT Gunung Agung.

Herman, Edi. 2013. Managerial Accounting A Practical Orientation. Jakarta. Media Discourse Partner.

Husnan, Suad. 2011. Profit. Yogyakarta. YKPN STIM UPP

Irawati, Susan. 2010. Financial Management. Bandung. References.

Jumingan 2012. Analysis of Financial Statements. Jakarta. Earth Literacy.

Cashmere. 2010. Introduction to Financial Management. Jakarta. Kencana Prenada Media Group.

--------. 2013. Financial Statement Analysis. Jakarta. Rajawali Press.

Sustainable. 2015. Analysis of Profit Planning at the Bengkulu City Baruna Crackers Factory. Thesis. Dehasen University Bengkulu School of Economics.

Machfoedz, Mas'ud. 2013. Management Accounting for Short Term Planning and Decision Making. Yogykarta. BPFE.

Michelle and Megawati. 2015. Return on investment can be predicted through profitability, liquidity and leverage. A collection of journal_com economics.

Muliono, Wiwit. 2018. Break Even Point Analysis as a profit planning tool (Case Study: UD. Flamboyan Coconut Center Batubara Regency). Thesis. Field. Faculty of Economics and Business, North Sumatra State Islamic University.

Mulyadi. 2014. Cost Accounting. Yogyakarta. YKPN STIM UPP.

Munawir, S. 2011. Analysis of Financial Statements. Fourth Edition. Yogyakarta. Liberty.

Mursyidi. 2012. Cost Accounting. Bandung. Rafika Aditama.

Noviantoro, Rinto.2019. Potential of Regional Authentic Culinary Business in Supporting Tourism in Bengkulu Province

Prastowo, Dwi and Julianty, Rifka. 2011. Analysis of Financial Statements. Yogyakarta. YKPN Corporate Management Academy.

Pangemanan, Joy Toa. 2016. Analysis of Company Profit Planning with the Implementation of Break Even Point at PT. Kharisma Sentosa Manado. EMBA Journal Vol.4 No.1 March 2016, Pg. 376-385.

Purwanti, Ari., And Prawinegoro, Darsono. 2013. Management Accounting. Jakarta. Media Discourse Partner.

Raharjaputra, Hendra. S. 2014. Financial Management and Accounting. Jakarta. Salemba Empat.

Riyanto, Bambang. 2010. Financial Management: Fundamentals of Corporate Learning. Yogyakarta. BPFE.

Simamora, Henry. 2011. Management Accounting. Yogyakarta: Four Salemba.
Sugiyono 2013. Business Determination Method. Bandung. Alfabeta
Supriyono. 2012. Cost Accountancy Planning and Cost Control and Decision Making. Yogyakarta. BPFE.
Suryabrata, Sumadi. 2014. Research Methodology. Jakarta. Raja Grafindo Persada.
Sutrisno. 2012. Financial Management: Theory, Concepts and Applications. Yogyakarta. Ekonisia.
Syamsuddin, Lukman. 2013. Corporate Financial Management. Jakarta. PT Raja Grafindo Persada.
Usry, F and Matz Hammer. 2010. Cost and Cost Accounting: Planning and Control. Bandung. Bandung Accounting Academy (A2B).
Warindrani, Armila Krisna. 2011. Management Accounting. Yogyakarta. Graha Science.
Widodo. 2011. Fundamentals of Production Management. Yogyakarta. BPFE.

LIPI

R G

neliti

INDEX COPERNICUS
INTERNATIONAL

Academia.edu
share research

Google
scholar

BASE

9 772686 805022