EXAMINATION OF CURRENT ISSUES IN THE FIELD OF SOCIAL SCIENCES WITH NEW APPROACHES 1

Editors

Prof. Dr. Iskandar MUDA

Leonora Bruçaj- KEKA, PhD. Cand.

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CONTENTS

CHAPTER 1

The Effects of Product Variation, Price, and Social Media Marketing Communication on Purchase Decision Through Purchase Intention as a Mediating Variable: Evidence of Yogurt X at PT. RND

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ABSTRACT

Purchase decisions play a critical influence in boosting the sales of promoted goods. Factors that have a significant influence on consumers' purchasing decisions can be taken into consideration by companies to develop further marketing strategies. PT RND, a producer of yogurt and cheese that markets its products under the X brand, is currently concentrating on growing revenue. Consequently, a study of customer purchase decisions is often required. This study aimed to determine the effects of product variation, price, and social media marketing communication on purchase decision for yogurt through purchase intention as a mediating variable. This study used a survey method by distributing questionnaires to 186 respondents in Greater Jakarta. Data were analyzed using PLS-SEM. The study's findings revealed that product variation and social media marketing communication have a significant effect on purchase intention. Purchase intention and social media marketing communication have a significant effect on purchase decision. While the price does not have a significant effect on purchase intention and purchase decision. Product variation does not have a significant effect on purchase decision. The two-way analysis found that the purchase intention fully mediates the relationship between product variation and purchase decision. Purchase intention partially mediates the relationship between social media communication and purchase decision. Purchase intention, on the other hand, does not serve as a mediating variable in the connection between price and purchase decision.

Keywords: Product Variation, Price, Social Media Marketing Communication, Purchase Intention, Purchase Decision.

INTRODUCTION

In many countries, the demand for liquid milk and fermented milk is increasing in both urban and rural areas. (FAO, 2021). The behavior of the Indonesian people has changed drastically in recent years, due to their increasing awareness of the importance of living a healthy life

Yogurt, in particular, is growing in popularity among middle- and upper-income urbanites, especially women, and children, as health awareness grows. Yogurt is highly recommended in the media for its nutritional benefits and helps digestion due to the presence of beneficial bacteria.

Desobry-Banon and colleagues (1999) Increased modernization and knowledge of healthy living in Indonesian society has created marketing potential for yogurt products, which are believed to provide health benefits.

Table 1: Yogurt Production in Indonesia 2018 – 2021

Year	Production (liter)	Value (IDR.000)	Growth Rate (%)
2018	1,039,279	8,985,642	-
2019	1,536,824	11,356,826	26.39
2020	1,682,612	13,475,394	18.65
2021	1,765,831	30,480,258	125.88

Source: Badan Pusat Statistik, 2021

Table 1 demonstrates an increase in Indonesian yogurt production from 2018 to 2021. It can be seen that yogurt production is expanding in Indonesia, indicating an increase in yogurt consumption, which will create chances for the dairy processing industry to increase sales.

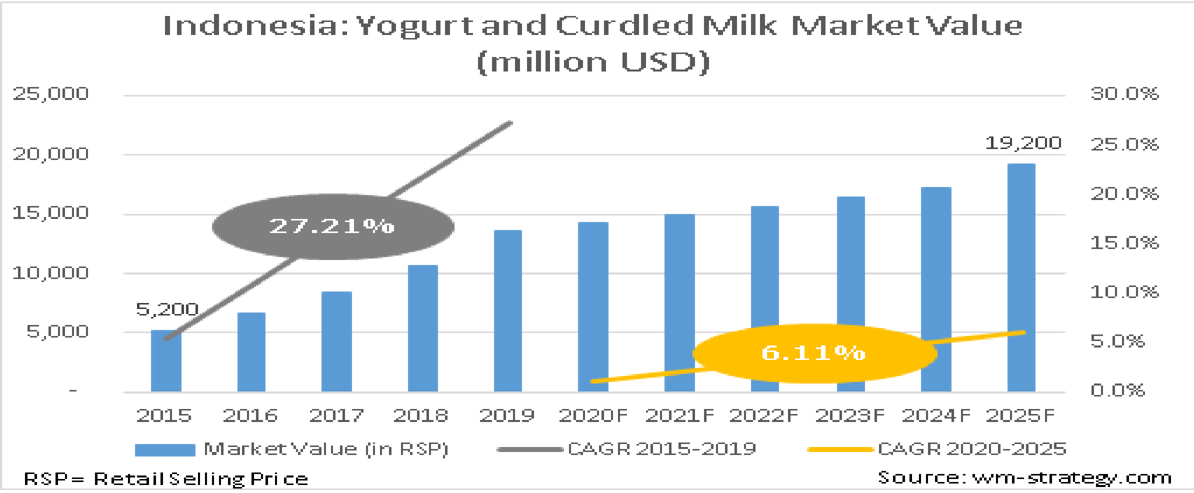

Figure 1: Yogurt and curdled market value
Source: Strategy, 2021.

Figure 1 illustrates that the Indonesian yogurt and curdled milk market was worth USD 5.20 billion (in retail prices) in 2015. The yogurt and curdled milk market in Indonesia is expected to reach 19.20 billion USD (in retail prices) by 2025, growing at a CAGR of 6.11% per year from 2020 to 2025. It is a reduction from the 27.21% annual growth rate recorded from 2015 to 2019. In 2015, the average per capita consumption in value terms was 20.37 USD (in retail prices). It expanded at a CAGR of 25.79% per year during the next five years. In the medium term (by 2025), the indicator is expected to moderate and rise at a CAGR of 3.83% per year (Strategy, 2021).

Table 2: Forecast Sales of Yogurt and Sour Milk Products by Category, % Value Growth, 2022

% Volume Growth	2022/23	2022-27 CAGR	2022/27 Total
Plain Yogurt	36.0	29.1	259.1
Flavored Yogurt	38.3	31.2	288.3
Drinking Yogurt	16.7	16.9	118.3
Yogurt	17.4	17.5	124.1
Yogurt and sour milk products	15.7	16.2	111.7

Source: Euromonitor ,2022.

Table 2 shows that overall, yogurt and sour milk products are expected to grow rapidly in 2022. Yogurt has much more volume and value than other sour milk products. Yogurt has enormous potential in Indonesia, with new brands developing even during the pandemic.

Yoghurt and sour milk growth in Indonesia which continues to increase, is not in line with the growth sales of yogurt X at PT RND. Companies have not been able to take advantage of the increasing demand for dairy products and capitalize on the trend of shifting attention to healthy products. Figure 2 shows PT RND Yogurt sales compared to Euro monitor Yoghurt sales data.

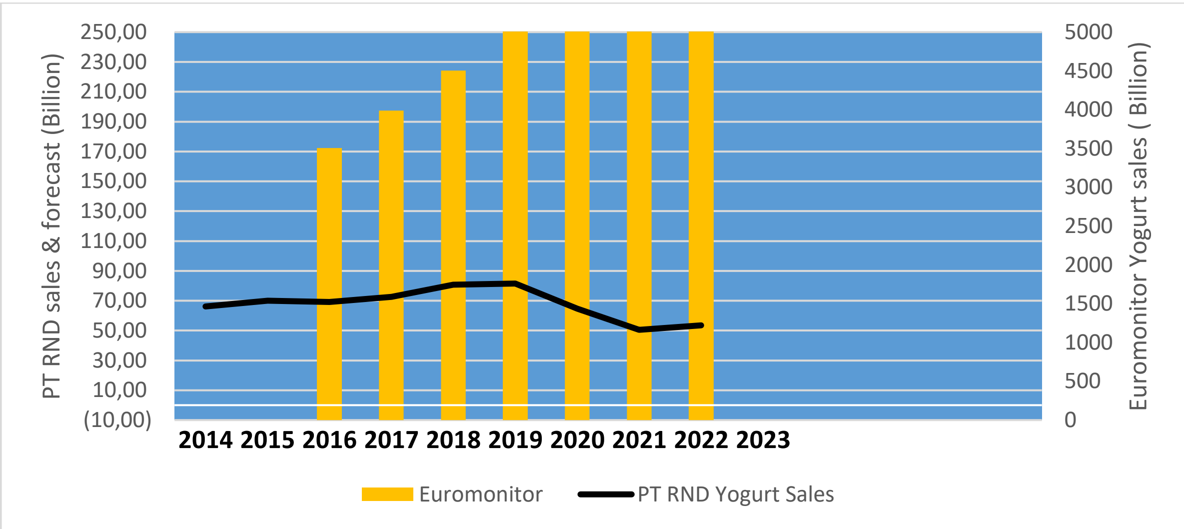

Figure 2: PT RND Yogurt sales compared to Euro monitor data.
Source: Author, 2023

Figure 2 shows that there has been no significant increase in sales for the last 5 years sales have tended to decrease in the last 3 years from 2020 to 2021. Meanwhile, competitors in similar companies, namely PT Cisarua Mountain Dairy, 2020 to 2021 there has an increase in sales by 119%; (PT Cisarua Mountain Dairy Annual report, 2022).

To increase the growth of this yogurt product, it is very important to develop the right improvement strategy. For this reason, this study aims to analyze consumer behavior to increase purchase intention and ultimately influence consumer purchasing decisions for Yogurt X. Does Yogurt X meet consumer needs?. This research was conducted to determine the effect of product variation, price, and social media marketing communication on purchase decision through purchase intention as a mediating variable.

LITERATURE REVIEW

1. Consumer buyer behavior model

According to Kotler and Armstrong (2018), consumer buyer behavior refers to the purchasing patterns of ultimate consumers, or people or households who buy things and services for their own. The customer-buyer behavior model, depicted as a stimulus reaction in Figure 2, serves as the starting point for studying how customers respond to the company's various marketing campaigns.

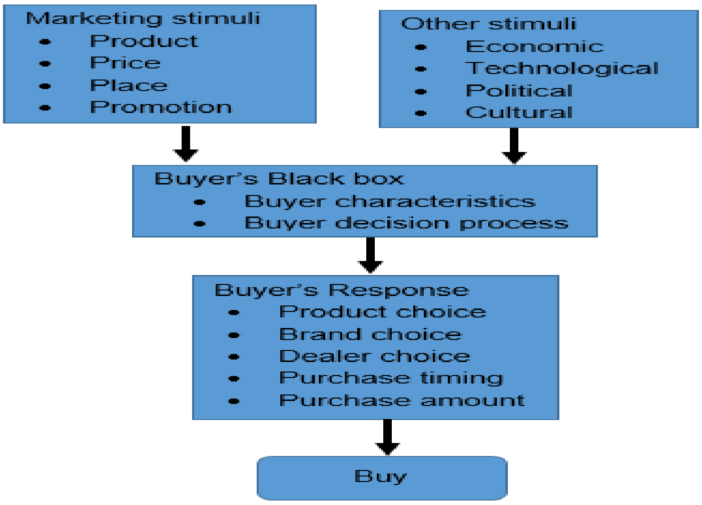

Figure 3: Customer buyer behavior model
Source: Kotler and Armstrong, 2018.

Factors influencing customers' behavior :

- Cultural: culture, Sub-culture, and Social class
- Social: Reference group, Family, and Roles & Status
- Personal: Age and life-cycle stage, Occupation, Economic situation, Lifestyle and Personality and self-concept.
- Psychological: Motivation, Perception, Learning, and Beliefs and attitudes

2. Product variation

Kotler and Keller (2013) describe product variation (or "product mix") as the entirety of things and goods provided to clients through specific sales. A product variety is anything that a company's product mix may categorize in terms of breadth, length, depth, and consistency. A product mix, also known as product selection, is the collection of all of these products and items. Certain merchants supply and sell it.

The product variation indicators are as follows: 1) Size is an indicator of product variation since it is defined as the shape, model, and measurable structure of the visible and measurable product structure. 2) The amount of money possessed by an exchange rate to reap the advantage of owning or utilizing a good or service is referred to as the price. 3. Product display packaging includes anything that catches the eye and entices customers to acquire the product. The design as well as the color pattern are incorporated in the product packaging to attract customers and encourage them to buy. 4) Product availability Customers are more involved in making decisions when things are more accessible, particularly when the number of items in the store is greater (Kotler & Keller, 2013).

3. Price

Price is what is exchanged for goods or services in a commercial transaction. Prices are often known as "fees" or "rent." Pricing is one of the four components of the marketing mix, or the activity in charge of retaining the value created by the other three marketing activities. Early commercial transactions used bartering, but the advantages of utilizing money as a medium of exchange quickly became evident, and today's prices are often expressed in terms of money.

Pricing issues are classified into three categories: (a) interactive versus fixed pricing questions; (b) organizational pricing patterns; and (c) how prices can be revealed when communicating with potential purchasers. (2018) (Kotler and Armstrong).

4. Social media marketing communication.

Social media marketing is a web that achieves a balance between huge businesses with enormous resources and small brands with little budgets, demonstrating that social business tools are accessible to all customers. As a result, social media marketing is still competitive in today's worldwide market. Social media marketing entails using web and mobile technologies to communicate with worldwide consumers via social media sites such as Facebook, Twitter, blogs, and YouTube. Customers want companies that are easy to find in today's complicated world. For this aim, social networking sites are employed as a marketing tool, with the marketer promoting his item and sharing data about the product/brand. (Forbes,2013) illustrates in the research he conducted that form can affect consumers' future purchases by encouraging their users to talk about their things on various kinds of social media, as consumers buy either extremely expensive or very cheap items depending on recommendations from others (Du Plessis, 2010).

Social media marketing is a type of marketing that uses social media to advertise a product, service, brand, or issue to an audience that uses social media. Zulfikar and Mikhriani, 2017; Godey et al., 2016

The process of consumers becoming curious, then bein**g** interested, and then making a purchase decision is influenced by a variety of factors, one of which is social media marketing. Social media marketing is seen as a successful method for communicating and interacting with internet users in a relatively short amount of time (Leviana, 2019).

Social media marketing is a type of technology communication media that is used to advertise products or services. The impact of social media marketing on consumer response to these products Marketers can reach out to consumers in their social circles and create more personal relationships with them via social media. Social media has altered the way brand material is developed, delivered, and consumed, shifting power from marketers to consumers' online connections and content. 2016 (Bruno et al.).

5. Purchase intention

Purchase intent measures a customer's proclivity to make a purchase (Schiffman and Kanuk, 2008). The high purchasing intention influences purchase willingness. Products having a well-known brand can entice customers to buy (Chi et al., 2011). Furthermore, there are three types of purchasing intentions: unplanned, partly planned, and thoroughly planned. Unplanned purchasing occurs when a buyer decides to purchase a product category brand from a single store; this is also referred to as spontaneous purchasing.

When a purchase is partially planned, the consumer selects the product's category and specifications before completing the buy, with other decisions made subsequently. However, fully planned implies that the buyer has already decided on the brand and goods before visiting the store. Consumer attitudes about a product, as well as their belief in its value and quality, influence their likelihood of making a purchase. Internal and external factors such as triggers, expectations, and personal association, as well as individual attitudes and exceptional circumstances, all influence consumer purchase intention (Shahid et al., 2017).

6. Purchase decision.

Consumers evaluate products and create buy intentions during the evaluation stage. However, two things can influence both purchasing intention and purchase choice. The first factor is other people's attitudes; how far the other party's attitude can reduce one's preferred alternative is determined by two factors: the intensity of the other party's negative attitude toward the consumer's choices, and the consumer's motivation to submit to the wishes of others. The unexpected scenario component is the second influencing factor (Irna Sari, 2022).

According to Kotler and Keller (2013), the buying decision process consists of the following steps: becoming aware of the situation, determining what you require, gathering information, considering your options, making a purchase, making decisions after the purchase, and acting on those decisions.

7. Yoghurt

Yogurt is one of the most popular fermented milk products due to its health and nutritional value.

Yogurt is a food that is made by culturing one or more selected dairy ingredients, such as cream, milk, partly skimmed milk, and skimmed milk, either alone or in combination with a typical bacterial culture containing the lactic acid producing bacteria Lactobacillus bulgaricus and Streptococcus thermophilus (Weerathilake et al., 2014).

Yogurt is regarded as a healthy food due to its high availability and nutritional digestion. It may also be prescribed for persons with lactose intolerance and digestive diseases like inflammatory bowel disease and irritable bowel syndrome, as well as for people who want to improve their immune system function and lose weight. Because of these health benefits, the consumption of yogurt is expanding at the fastest rate in the market (Mckinley, 2005).

8. Research Framework

As discussed in the research purpose, this research will use purchase intention as a mediating variable to look at how product variation, price, and social media marketing communication affect the purchase decision to buy yogurt X. The mediating variable is purchase intention, and the independent variables are product variation, price, and social media marketing communication, as shown in the exhibit below.

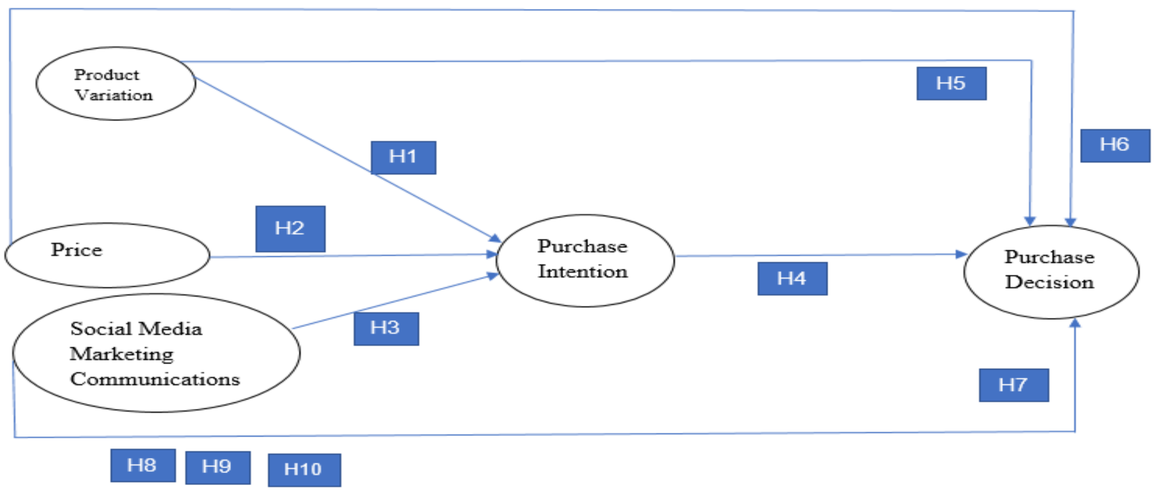

Figure 4: Research Framework

Based on the research framework, there are several hypotheses to examine:

- H1: Product Variation has a significant effect on Purchase Intention
- H2: Price has a significant effect on Purchase Intention
- H3: Social Media Marketing Communication has a significant effect on Purchase Intention
- H4: Purchase Intention has a significant effect on Purchase Decision
- H5: Product Variation has a significant effect on Purchase Decision.
- H6: Price has a significant effect on Purchase Decision
- H7: Social Media Marketing Communication has a significant effect on Purchase Decision
- H8: Purchase Intention has a significant effect to mediate the relationship between Product Variation and Purchase Decision
- H9: Purchase Intention has a significant effect to mediate the relationship between Price and Purchase Decision
- H10: Purchase Intention has a significant effect to mediate the relationship between Social Media Marketing Communication and Purchase Decision

RESEARCH METHODOLOGY

1. Type of Research

This study employs a quantitative technique. According to Sugiyono (2017), the quantitative method is used since the study data is numerical and the findings from the analysis are based on statistics...

2. Data Collection Method

The research will gather data by sending pre-designed questionnaires to customers who consumed yogurt (B2C segment) at the time of the survey and live in the Jabodetabek area (including Bogor, Depok, Tangerang, and Bekasi).

Questionnaires were distributed via WhatsApp using the Google form. Before the questionnaire was sent, a pilot test was conducted. The questionnaire will be in the form of closed questions with a five-point Likert scale. In this study, researchers employed a range of 1-5, with each scale representing "1" strongly disagree, "2" disagree, "3" neutral, "4" agree, and "5" strongly agree.

3. Population and Sample

The sampling technique used in this study was non-probability purposive sampling. In non-probability sampling, respondents have no known or predetermined likelihood of being chosen as sample subjects. 2016 (Sekaran & Bougie). Respondents will be chosen using the following criteria in this sampling technique: 1. Dairy product consumers who consume yogurt (B2C segment) in Greater Jakarta (includes Bogor, Depok, Tangerang, and Bekasi).

The sample size serves as a foundation for evaluating sampling error. According to Sekaran, a sample size of five times the number of indicator variables employed is required for the 2016 SEM analysis. According to Sekaran (2016), the sample size for this study was decided to be a minimum of 145 consumers of dairy products who consumed yogurt (B2C) in the Greater Jakarta area (Jakarta, Bogor, Depok, Tangerang, and Bekasi). In this study, researchers used a bigger sample size, 186 respondents

4. Development of Questionnaires

The questionnaire is divided into two parts: part A and Part B. Part A includes questions regarding the respondent's demographic profile (gender, age, education level, domicile, occupation, and income). Part B contains questions about variable measurement items on a Likert scale of 1 to 5. The operational research variables were used to create the questionnaire.

The independent factors in this study were product variants, prices, and social media marketing communications. The purchase decision is the dependent variable, and the buying intention is the mediating variable. The questionnaire will look like this:

Table 3 Operational Variable

Variable	Definition	Code	Measurement Items	Source
Product Variation (PV)	Product variation (or "product mix") is described as the entirety of things and goods provided to clients through specific sales. Kotler and Keller (2013	PV 1	I am very happy if yogurt on the market is available in various sizes, so I can choose according to my needs	Hidayat (2019) Sari (2022) Kotler & Keller, (2013)
		PV2	I like yogurt brands that have more varieties of types/flavors	
		PV3	I like yogurt, which has a variety of prices according to type, quality, and size.	
		PV4	Yogurt packaging that uses bright colors and a good design gives an attractive visual for me.	
		PV5	I like Yoghurt that is packaged in quality packaging (safe and strong/not easily damaged)	
		PV6	I am pleased with yogurt which has practical packaging, easy to carry and is easy to open.	
		PV7	I like Yogurt which has many quality/benefit variants according to my needs, such as Low Fat/Low Sugar/High Calcium/High Protein.	
		PV8	The availability of yogurt from a certain brand in the market is important to me	
Price (PR)	Price is what is exchanged for products or services. Prices can also be referred to as "fees" or "rent.“ (Kotler, P., and Armstrong, G., 2018).	PR2	Expensive or cheap Yogurt prices reflect the quality of the yogurt product	Islamy, (2022)
		PR3	In my opinion, the price paid for Yogurt should be equivalent to the quality of the product provided	
		PR4	For me, the price of a yogurt product must be by the benefits I will get.	
		PR5	If the Yogurt brand that I like is higher than its competitors, I will still like yogurt that brand.	
Social Media Marketing Communication (SMMC))	Social media marketing is one form of marketing using social media to market a product, service, brand, or issue to take advantage of the audience that participates in social media. Godey et al., 2016; Zulfikar & Mikhriani, 2017	SMMC2	I am very happy if the advertising/promotional information of a Yoghurt brand offered by Instagram, Facebook, etc. is interesting and clear to understand.	Wibasuri, et al. (2020)
		SMMC3	In my opinion, it is very important for a Yoghurt brand to take advantage of the share/sharing feature on social media such as Instagram, Facebook, etc. to share photos/videos of its products on other social media so that it can make it easier for consumers to see product catalogs.	
		SMMC4	In my opinion, it is very important for the admin of Instagram, Facebook, etc. of a yogurt brand to frequently share information regarding the new products being offered	

		SMMC5	In my opinion, it is very important for a Yoghurt brand to utilize social media to be able to communicate with new consumers with a very wide range.	
		SMMC6	In my opinion, it is very important if a Yoghurt brand/brand collaborates with communities such as sports, culinary, education, entrepreneurship, etc.	
		SMMC7	I will recommend the Yogurt product that I bought after seeing it on social media to other people	
		SMMC8	In my opinion, it is very important for a Yoghurt brand to utilize social media to communicate with consumers intensely.	
Purchase Intention (PI)	Purchase Intention is consumer behavior when the consumer is stimulated by external factors and comes along to decide on purchases based on their personal characteristics and processes decision-making (Kotler & Amstrong, 2018)	PI1	I am interested in buying my favorite Yoghurt product because of its quality and many variants (taste, type, size).	Dewi, (2018).
		PI2	I am willing to recommend the Yogurt that I bought to other people	
		PI3	I chose my favorite yogurt product because it caught my attention more.	
		PI4	Before I buy yogurt products, I look for information about the yogurt from friends, relatives, social media, or others.	
		PI5	I am interested in buying certain yogurt after getting clear information about the yogurt product.	
Purchase Decision	Purchasing decisions are a process carried out to combine the knowledge gained by consumers as a consideration for choosing two or more alternatives so that they can decide on one product (Peter & Olson., 2013)	PD1	I buy Yogurt products because they suit my nutritional needs.	Arifin, (2019).
		PD2	I prefer my favorite yogurt product over other yogurt brands, after looking for information about the ingredients/composition of ingredients contained in it.	
		PD3	I bought my favorite yogurt, After being sure of the quality/benefits provided by that yogurt.	
		PD 4	I will recommend my favorite yogurt to other people because I am satisfied with that yogurt.	
		PD 5	I will repurchase my favorite Yoghurt product because I am satisfied with the quality/benefits of that yogurt.	

1. Data Analysis

To test hypotheses, the data were examined using a structural equation model (SEM), which may estimate numerous correlations and linkages while mitigating errors in measurement during the estimation phase (Hair, 2014). The Structural Equation Model (SEM) technique with the measurement model utilizing the Smart PLS version 3 program is used to determine how the strength of each research variable is assessed, and the structural model evaluates the data and research hypotheses. Examine latent variables, indicator variables, and measurement errors directly (to determine how study variables influence one another).

2. Hypothesis Testing

The hypothesis is evaluated by analyzing the outcomes of each variable's partial test. The t-table and t-statistic values can be compared using a measure of significance that supports the hypothesis. The t-statistic value compared to the t-table value indicates that exogenous variables influence endogenous variables; if the t-statistic value is more than the t-table value, it is significant. If the t-statistic value is less than the t-table value, there is no need to be concerned. The t-table value for the two-sided hypothesis in this investigation is 1.96 at the 95% confidence level (0.05). Hair, et al. (2014).

Findings, Analysis, Discussion

1. Findings

According to the sample, female respondents make up the majority of the total sample percentage (60%) when compared to male respondents (40%). The majority of respondents were between the ages of 24-32 (25%) and 33-41 (25%), and their most recent formal schooling was S1 (59%) followed by S2 (20%). The majority of respondents (48%), live in Jakarta. The bulk of responders (68%), work for themselves. The average annual income is IDR 5 - 10 million (34%). Cimory (43%), Yummy (17%), and Greenfield (13%) are the three most popular yogurt brands among them. When purchasing yogurt, their primary priorities are flavor (45%) and health advantages (37%). The majority of responders (71%), had consumed yogurt for more than a year.

Table 4: Respondent Profile

Demographic Variable	Category	Count	Percentage (%)
Gender	Female	111	59.7
	Male	75	40.3
Domicile	Bekasi	28	15.1
	Bogor	20	10.8
	Depok	21	11.3
	Jakarta	90	48.4
	Tangerang	27	14.5
Age group	15 – 23	17	9.1
	24 - 32	46	24,7
	33 – 41	46	24.7
	42 – 50	33	17.7
	> 50	44	23.7
Education	Diploma	35	18.8
	Bachelor Degree	110	59.1
	Master Degree	38	20.4
	Doctoral Degree	3	1.6
Occupation	Employee of government owned company (BUMN) /ASN (Government office employee)/ TNI/POLRI	4	2.2
	An employee of the private sector	126	67.7
	Student	15	8.1
	Entrepreneur	18	9.7
	Housewife	17	9.1
	Others	6	3.2
Income	IDR < 5 million	33	17.7
	IDR 5 - 10 million	64	34.4
	IDR 11 - 20 million	33	17.7
	IDR 21 - 30 million	22	11.8
	IDR > 30 million	34	18.3

Brand of yogurt that is most often consumed	Cimory	80	43
	Yummy	32	17.2
	Greenfields	25	13.4
	Heavenly blush	14	7.5
	Biokul	11	5.9
	Others	24	13
Consideration when buying yogurt	Taste	85	45.7
	Healthy & benefit	76	40.9
	Brand	14	7.5
	Price	11	5.9
Be consumer Yogurt	> 12 month	132	71.0
	7 - 12 month	12	6.5
	3 - 6 month	10	5.4
	< 3 month	32	17.2

Source: SPSS, 2023

2. Analysis

Evaluate the structural model using collinearity (VIF), path coefficient β, coefficient of determination (R2), and effect size (f2) (Hair, 2014).

Table 5: Path Coefficient, VIF, and f2

	VIF	**Path Coefficients**	**f2**
Product Variation -> Purchase Intention	1.428	0.468	0,307
Price -> Purchase Intention	1.436	0.016	0,000
Social Media Marketing Communication -> Purchase Intention	1.371	0.380	0,220
Purchase Intention -> Purchase Decision	2.091	0.523	0,348
Product Variation -> Purchase Decision	1.867	0.022	0,001
Price -> Purchase Decision	1.437	0.080	0,012
Social Media Marketing Communication -> Purchase Decision	1.673	0.293	0,136

Source: SmartPLS , 2023

Collinearity refers to the correlation between independent variables or predictors. Correlated predictor factors individually cannot predict the value of the dependent variable. The variance-inflation factor (VIF) values can be utilized to evaluate each predictor element in the model. VIF values of more than 5 suggest a collinearity problem, which should be avoided (Fornell, and Larcker, 1981). According to the information in Table 6, there is no multi-collinearity in the data since the VIF value is less than 5.

The estimated route connection values from the structural model, also known as loadings or structural path coefficients, must be relevant. The standardized value has a loading range of -1 to +1. As the loading value approaches +1, the link's strength and statistical significance grow. Hair and colleagues (2014). Table 6 displays the path coefficient results.

The route coefficient between the two variables ranges from -1 to +1. The influence between price and buy intention, which has a route value of 0.016, has the lowest value in the table. The route value for the influence between purchasing intention and purchase choice is 0.523.

The f2 value is used to determine if the latent variable predictor has a weak or strong effect at the structural level. A value of 0.02 suggests a modest influence for the predictor, a value of 0.15 shows a moderate influence, and a value of 0.35 indicates a strong influence

(Achjari, 2004). According to Table 6, the biggest impact size value is 0.348, indicating that there is a substantial link between buying intention and purchase decision. Product variation has a similarly big impact on buying intention. The smallest impact size figure, 0.000, illustrates the poor relationship between price and purchasing choice, as well as purchase intention.

Table 6: Coefficient of Determination R2

	R Square	R Square Adjusted
Purchase Decision	0.624	0.616
Purchase Intention	0.522	0.514

Source: SmartPLS , 2023

The coefficient of determination - R Squared (R2) calculates the variance of the dependent variable in proportion to the change in the independent variable. The adjusted R2 value changes from 0 to 1, with a higher score indicating higher accuracy. R2 values for endogenous variables of 0.25, 0.5, or 0.75 can be interpreted as weak, moderate, or significant (Hair, 2014).

Adjusted R2 for purchase intention was 0.514, indicating moderate to good predictive accuracy for the model. Meanwhile, the R2 score of Purchase Decision Modification is 0.616 which indicates that the prediction accuracy of the model is moderate to good.

3. Hypothesis Testing

Path coefficient values and t values will be used to test the hypothesis in this study to determine whether there is a significant effect using bootstrap simulations.

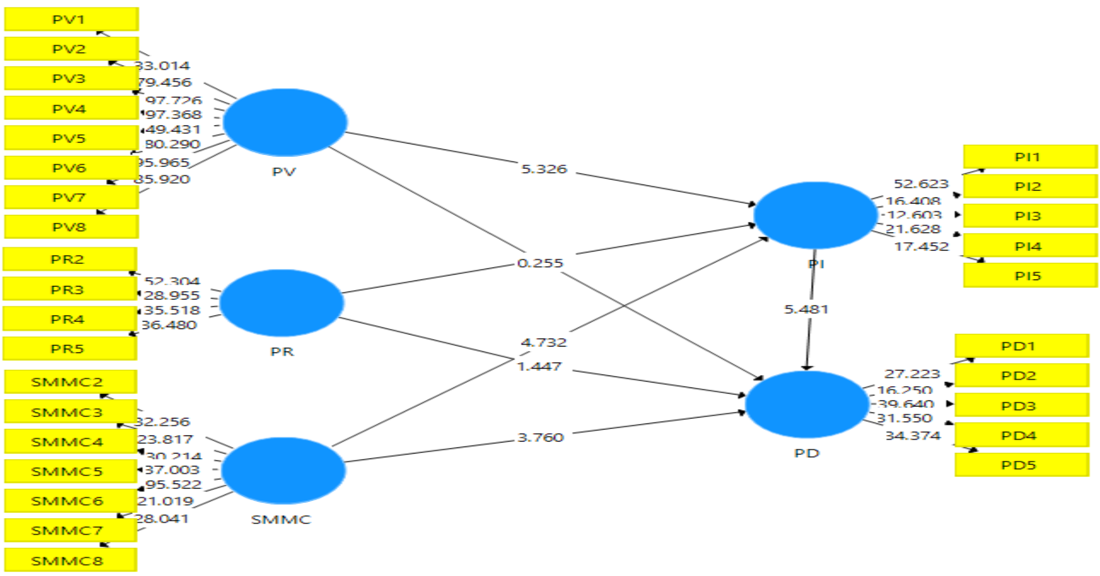

Figure 5: Bootstrapping Result
Source: SmartPLS ,2023

The hypothesis was evaluated using the bootstrapping procedure, which determines the importance of path coefficients by producing empirical t values that exceed the critical value (t distribution values). At a given margin of error (0.05), the coefficient is considered significant. Hair et al. (2014) suggest a bootstrap sample size of 5000. To determine the significance and t values of path coefficients, the bootstrapping technique in SmartPLS3 was used. Using only two tails, the t-value is 1.96 and the p-value is 0.05 (at = 5%). (Hair et al., 2014). The outcome is summarized in Table 8.

Table 7: Hypothesis Testing

	Path Coefficient	Result	t values	Result	P Values	Result
Criteria	*Approach Value of +1*		*Threshold > 1.96*		*Threshold < 0.05*	
PV -> PI	0.458	Positive	5.326	Significant	0.000	Significant
PV -> PD	0.022	Positive	0.255	Not Significant	0.798	Not Significant
PR -> PI	0.016	Positive	0.220	Not Significant	0.826	Not Significant
PR -> PD	0.080	Positive	1.447	Not Significant	0.148	Not Significant
SMMC -> PI	0.380	Positive	4.732	Significant	0.000	Significant
SMMC -> PD	0.293	Positive	3.760	Significant	0.000	Significant
PI -> PD	0.458	Positive	5.326	Significant	0.000	Significant
PV -> PI -> PD	0.239	Positive	4.296	Significant	0.000	Significant
PR -> PI -> PD	0.008	Positive	0.215	Not Significant	0.830	Not Significant
SMMC -> PI -> PD	0.199	Positive	3.634	Significant	0.000	Significant

Source: SmartPLS, 2023.

4. Discussion

The Effect of Product Variation (PV) on Purchase Intention (PI)

This study demonstrated a favorable association between Product Variation (PV) and Purchase Intention (PI) after testing the hypothesis.

The path coefficient for the association between product variation (PV) and purchase interest (PI) is 0.458, the t value is 5.326 (t value > 1.96), and the P value is 0.000 (P value 0.05), showing that PV has a significant influence on PI. As a result, H1 is supported, indicating that Product Variation (PV) has a considerable effect on Purchase Intention (PI).

PV 7 (0.942) has the largest outer loading and consists of the question: "I like Yogurt that has many quality/benefit variants that meet my needs, such as Low Fat/Low Sugar/High Calcium/High Protein." Saputra et al. (2015) and Setyawan, S., and Prativi, A. (2021) have previously studied this variable of PV construct in diverse contexts.

The effect of Price (PR) on Purchase Intention (PI)

The effect of Price (PR) on buying interest (PI) is weak, as indicated by the path coefficient (0.016), t value (0.220) and p-value (0.826 As a result, H2 is unsupported, implying that Price (PR) has no substantial effect on Purchase Intention (PI). The indicator with the highest outer loading is PR2(0.938) which consists of the following questions: Yogurt is expensive or cheap, reflecting the quality of the yogurt product? This finding supports prior studies by Hutabarat (2019) and Kasih et al. (2023).

The effect of Social Media Marketing Communication (SMMC) on Purchase Intention (PI).

The effect of Social Media Marketing Communication (SMMC) on Purchase Intention (PI) is medium, as shown by the path coefficient (0.380), t values (4.732), and p values (0.000), indicating that there is a moderate influence or relationship significant. Thus, H3 is supported, which indicates that Social Media Marketing Communication (SMCC) has a significant effect on Purchase Intention (PI).

The indicator with the highest outer loading is SMMC6 (0.945), which consists of the question: " In my opinion, it is very important if a Yoghurt brand/brand collaborates with communities such as sports, culinary, education, entrepreneurship, etc.". This result is in line with research by Kurniasari and Budiatmo (2018) and Woelandari (2018).

The effect of Purchase Intention (PI) on Purchase Decision (PD)

The effect of Purchase Intention (PI) on Purchase Decision (PD) is quite strong, as shown by the path coefficient (0.458), t values (5.326), and p values (0.000), indicating that there is a considerable influence or relationship significance. Thus, H4 is supported, which indicates that Purchase Intention (PI) has a significant effect on Purchase Decision (PD). The indicator with the highest outer loading is PI1(0.917), which consists of the question: " I am interested in buying my favorite Yoghurt product because of its quality and many variants (taste, type, size). This is supported by previous research on this variable of PV construct under different contexts by Komalasari et al. (2021), Setyawan, and Prativi, (2021). Rachbini (2018) and Puspitasari et al. (2015).

The effect of Product Variation (PV) on Purchase Decision (PD)

The effect of Product Variation (PV) on Purchase Decision (PD) is weak, as shown by the path coefficient (0.022), t values (0.255), and p values (0.798), As a result, H5 is not supported. , which indicates that Product Variation (PV) doesn’t have a significant effect on Purchase decision (PD). The indicator with the highest outer loading is PV 7 (0.942), which consists of the question: "I like Yogurt which has a lot of quality/benefit variants according to my needs, such as Low Fat/Low Sugar/High Calcium/High Protein". This is not supported by previous research on this variable of PV construct under different contexts by Setyawan et al. (2021), and Mulia (2021),

The effect of Price (PR) on Purchase Decision (PD)

The research findings show that PR has a weak effect on (PD) as shown by a path coefficient of 0.080, and the effect is statistically not significant (p-value 0.148), t values (1.447), and p values (0.148), As a result, H6 is not supported. , which indicates that Price (PR) doesn’t have a significant effect on Purchase Decision (PD). The indicator with the highest outer loading is PR2(0.938), which consists of the question: Expensive or cheap Yogurt prices reflect the quality of the yogurt product" This is supported by previous research of this variable of PV construct under different contexts by Bairizki (2017).

The effect of Social Media Marketing Communication (SMMC) on Purchase Decision (PD).

The effect of Social Media Marketing Communication (SMMC) on Purchase Decision (PD) is moderate, as shown by the path coefficient (0.293,), t values (3.760), and p values (0.000), indicating that there is a moderate influence or relationship significant. Thus, H7 is supported, which indicates that Social Media Marketing Communication (SMCC) has a significant effect on Purchase Decision (PD). The indicator with the highest outer loading is

SMMC6 (0.945), which consists of the question: " In my opinion, it is very important if a Yoghurt brand/brand collaborates with communities such as sports, culinary, education, entrepreneurship, etc." This is supported by previous research on this variable of PV construct under different contexts by Mileva (2018), Sharma and Rechman (2012), and Di Pietro and Eleonora Pantano (2012).

The effect of Purchase Intention (PI) mediates between Product Variation (PV) and Purchase Decision (PD)

The effect of Purchase Intention (PI) mediates between Product Variation (PV) and Purchase Decision (PD) is moderate, as shown by the path coefficient (0.239), t values (4.296), and p values (0.000), indicating that there is a moderate influence or relationship significant. Thus, H8 is supported, which indicates that Purchase Intention mediates between Product Variation (PV) and Purchase Decision (PD). The indicator with the highest outer loading is PI1 (0.917), which consists of the question: " I am interested in buying my favorite Yoghurt product because of its quality and many variants (taste, type, size)."

The effect of Purchase Intention (PD) mediates between Price and Purchase Decision(PD)

The effect of Purchase Intention (PD) mediates between Price and Purchase Decision(PD) is weak, as shown by the path coefficient (0.008), t values (0.215), and p values (0.830), indicating that there is no influence or relationship significant. Thus, H9 is not supported, which indicates that Purchase Intention doesn't mediate between Price (PR) and Purchase Decision (PD). The indicator with the highest outer loading is PI1 (0.917), which consists of the question: " I am interested in buying my favorite Yoghurt product because of its quality and many variants (taste, type, size).."

The effect of Purchase Intention (PI) mediates between Social Media Marketing Communication (SMMC) and Purchase Decision (PD)

The research findings show that PI has a medium effect that mediates the relationship between SMMC and PD, a path coefficient of 0.199, and the effect is statistically significant (p-value 0.000). The indicator with the highest outer loading is PI1 (0.917), which consists of the question: " I am interested in buying my favorite Yoghurt product because of its quality and many variants (taste, type, size).." The results of this study are in line with previous research by Othysalonika et al. (2022).

CONCLUSION & RECOMMENDATIONS.

CONCLUSION

- The first objective of this research was to investigate the effect of Product Variation (PV) on Purchase Intention (PI). The result indicated that H1 was supported. This means that there is a significant influence of Product Variation (PV) on Purchase Intention (PI).
- The second objective of this research was to assess the effect of Price (PR) on Purchase Intention (PI). The result indicated that H2 was not supported. This means that there is not a significant influence of Price (PR) on Purchase Intention (PI).
- The third research goal was to examine the relationship between Social Media Marketing Communication (SMMC) on Purchase Intention (PI). The result indicated

that H3 was supported, and the findings reveal that Social Media Marketing Communication (SMMC) has a significant effect on Purchase Intention (PI).

- The fourth research objective is to determine the effect of a Purchase Intention (PI) on Purchase Decision (PD). The result reveals that H4 was supported, thus, Purchase Intention (PI) has a considerable beneficial effect on Purchase Decision (PD).
- The fifth research objective is to assess the effect of Product Variation (PV) on Purchase Decision (PD). The result reveals that H5 was not supported, thus, Product Variation (PV) doesn’t have a significant effect on Purchase Decision (PD).
- The sixth research objective is to determine the effect of Price (PR) on Purchase Decision (PD). The result reveals that H6 was not supported, thus, Price (PR) doesn’t have a significant effect on Purchase Decision (PD).
- The seventh research goal was to examine the relationship between Social Media Marketing Communication (SMMC) on Purchase Decision (PD). The result indicated that H7 was supported, the findings reveal that Social Media Marketing Communication (SMMC) has a significant effect on Purchase Decision (PD).
- The objective of the eighth research study was to determine the effect of Purchase Intention (PI) mediates on the relationship between Product Variation (PV) and Purchasing Decisions (PD). The results show that H8 is supported by a path coefficient of 0.239 and a p-value of 0.000. As a result, Purchase Intention (PI) fully mediates the relationship between Product Variation (PV) and Purchase Intention (PI)
- The objective of the ninth research study was to determine the effect of Purchase Intention (PI) mediates on the relationship between Price (PR) and Purchase Decision (PD). The results show that H9 does not support by a path coefficient of 0.008 and a p-value of 0.830. As a result, Purchase Intention (PI) doesn't mediate the relationship between Price (PR) and Purchase Decision (PD).
- The objective of the tenth research study was to determine the effect of Purchase Intention (PI) mediates on the relationship between Social Media Marketing Communication (SMMC) and Purchase Decision (PD). The results show that H10 is supported by a path coefficient of 0.199 and a p-value of 0.000. As a result, Purchase Intention (PI) partially mediates the relationship between Social Media Marketing Communication (SMMC) and Purchase Decision (PD).

RECOMMENDATION

- As a theoretical implication, this study provides value for examining the effect of product variation, price, and social media marketing communications on purchasing decisions through intention to buy yogurt X. The results of this study are supported by the theory of customer-buyer behavior model put forward by Kotler and Gery Armstrong (2008). This model says that cultural, social, personal, and psychological factors have a strong influence on consumer behavior and marketers usually cannot control these factors. but they have to reckon with it.
- The results of the study revealed that product variations and social media marketing communications play an important role in influencing the purchasing decisions of yogurt consumers through purchase intention. The practical implication of this research is that it can help the management of PT RND and other similar companies to find out how to build their business so that consumers are more interested in buying yogurt products.

- PT RND can develop a marketing strategy to increase purchasing decisions for Yogurt X by adding product variation such as new flavors & and variations of types such as Yoghurt Plant base.
- Also to develop more new products with health benefits: low or free of fat, low sugar, high calcium, and protein, using attractive, strong, and easy-to-carry packaging, and creating social media content that is more interesting in communicating with consumers intensely, especially knowledge about product health.
- This research is limited to the Greater Jakarta area, B2C consumers who have bought or consumed yogurt. Due to the limitations of the study, it is suggested that further research be conducted with a wider scope and test this variable on respondents who have never bought or consumed yogurt.

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CHAPTER 2

A Bali Case Study of The Influence of Electronic Social Media on Asian Travelers' Destination Decision

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ABSTRACT

One of the main sectors for economic growth both globally and in Indonesia specifically is tourism. This is very important for the development of Bali, Indonesia's tourism industry, and for luring Asian visitors to the region. The purpose of this study is to examine the influence of online social media on Asian visitors' decisions to travel to Bali, Indonesia. Partial least squares structural equation modeling (PLS-SEM) results based on survey data with 610 Asian tourists to cities in Bali, Indonesia in 2022 reveal that four elements of electronic social media comprising word-of-mouth, electronic user-generated content, and electronic destination Marketing tactics and social media influencers favor the destination.

Keywords: Tourism, Electronic Social Media, Destination Image, Tourist Destination Decision, Bali

INTRODUCTION

In recent years, Bali, Indonesia's tourism industry has grown significantly. A 216.9% increase over the same period in 2021 is predicted for Bali, Indonesia's tourism revenue by the end of 2022, coming in at $1,386 million (General Statistics Office of Indonesia, 2023). This is because of how well the global information technology network, particularly social networking platforms, has developed. Particularly, tourism generates a significant amount of revenue for Indonesia, supports the growth of infrastructure and ancillary service sectors, and fosters intercultural interchange and peace (Nguyen, 2010), (Faeni, 2015).

Dimitrios & Schertler (1999), selecting a travel destination involves three steps: (1) The visitor's initial impression of the potential venues; (2) eliminating those with electronic social media allows users to share travel-related experiences, photos, videos, and other information through their accounts on social media platforms. This may excite other users. n addition, tour operators, hotels, resorts, restaurants, and resorts can also promote their services with images, videos, and customer feedback through social media platforms. Buhalis & Law (2008) show that social media platforms influence consumer decision-making and make it easy for them to connect with travel service providers (Faeni, 2019).

Some writers have confirmed the connection between social media and travelers' decision to select a place (Himanshu et al., 2019; Xuerui et al., 2019; Tham et al., 2020; Barman, Sharma, 2021; Tankovi et al., 2022). But this connection has frequently only been researched on its own. Studies have not touched on the significance of destination images. In addition, there hasn't been much research on how electronic social media influences travelers' choice of destinations, particularly in Bali, Indonesia. This study will advance knowledge of electronic social media's role in the growth of the tourism industry and aid businesses that cater to visitors in understanding the significance of electronic social media and how it affects travelers' choice of destinations.

THEORIES AND CONCEPT

Electronic Word of Mouth (eWOM)

Today, consumers have greater ways to get information and advice on the experiences of other consumers through electronic word-of-mouth because to the Internet's rapid growth (Hennig-Thurau & Walsh, 2003; Moran et al., 2014). Hennig-Thurau and Walsh (2003) define electronic word of mouth (eWOM) as any favorable or negative commentary made by prospective, actual, or past customers about a good, service, or organization and made available to people and organizations online. Therefore, in the internet age, electronic word of mouth can be seen as an extension of conventional word of mouth among people and can get around some of its limits (Yolanda et al., 2011). (2004) Godes & Mayzlin. The decision to purchase a good or service is increasingly influenced by the opinions expressed by others online (Chu, 2009). By efficiently overcoming time and space constraints, electronic word of mouth enables users to obtain and exchange information (Cheung, 2014). Word of Mouth (WOM) is effective when there is the spread ability of digital communication with the listener's trust (Weinberg and Pehlivan, 2011; Tham et al., 2013, Hernández et al., 2015), according to research by Albarq (2013). Gosal et al.

(2020) asserts that e-WOM has a significant impact on elements like attitudes, perceptions of locations, travel intentions, and selections of tourist destinations. Based on the above theoretical arguments, the researchers propose 5 research hypotheses:

- H1: Electronic word of mouth (eWOM) has a positive influence on the destination image of Bali, Indonesia.
- H2: Electronic word of mouth (eWOM) has a positive influence on the decision to choose Bali, Indonesia to be a tourist destination decision.

User-generated Content

The notion of "UGC" is broad, and many scholars in various domains have investigated it (Wang, 2015; Hu and Kim, 2018; Yan et al., 2018; Liu et al., 2020). According to Goldsmith & Horowitz's (2006) research, potential users should consult other users' thoughts and suggestions before making decisions to reduce risk. This demonstrates the most significant aspect of UGC. Because the internet is becoming more widely accessible, user-generated content (UGC) is becoming more prevalent. On the go or with followers in real-time, UGC can be created (Soteriades, Van Zyl, 2013). Lo et al. (2011) assert that UGC, particularly blogs and reviews, affect travel decisions. Because the quality of information has the greatest impact on travelers' destination choices (Namho Chung et al., 2015), marketing organizations have taken notice of this and started incorporating location-related UGCs into their social media campaigns (Xiang, Gretzel, 2010; Jacobsen, Munar, 2012; Hudson, Thal, 2013). Additionally, Cox et al. (2009) discovered that UGC on social networks is primarily employed during the research stage of trip preparation. On that basis, the researchers propose the hypothesis as follows:

- H3: Electronic User-generated content (eUGC) positively affects the destination image of Bali, Indonesia.
- H4: Electronic User-generated content (eUGC) positively affects the decision to choose Bali, Indonesia.

Electronic destination Marketing Strategies (eDMS)

The identification of target markets, the creation of marketing campaigns tailored to each social media platform, and the improvement of bad public relations that follow catastrophic occurrences are all made possible by destination marketing tactics (Dore and Crouch, 2003). Therefore, it is crucial to have an efficient marketing plan to draw tourists, particularly those from abroad. Through social media marketing initiatives, destination marketing strategies create and market destinations. Because of social networking sites' comfort, convenience, and dependability (Fotis et al., 2012), tourists are very accustomed to using them to plan their travels. As a result, destination marketing strategies can affect tourists' perceptions of a destination and their decision to visit it. On that basis, the researchers hypothesize:

- H5: Electronic Destination Marketing Strategies (eDMS) positively affect the destination image of Bali, Indonesia.
- H6: Electronic Destination Marketing Strategies (eDMS) positively affect the decision to choose Can Tho to be a tourist destination decision.

Social Media Influencers (SMIs)

Individuals that act freely and use blogs, tweets, and other social media to impact audience opinions are known as social media influencers, according to Freberg et al. (2011). They are individuals who have earned expert status in a certain profession, who have a sizable fan base, or who have marketing value for brands. Nguyen and Phan (2018) have demonstrated that consumers' decisions are positively impacted by social media influencers' dependability, knowledge, and attractiveness. According to Rinka and Pratt (2018), social media influencers (SMIs) have a favorable influence on travelers' intentions to visit locations since endorsers, who are SMI customers, and verifiers, who are destinations, are similar. The hypothesis is put forward as follows:

- H7: Social media influencers (SMI) positively influence the destination image of Bali, Indonesia.
- H8: Social media influencers (SMI) positively influence the decision to choose Bali, Indonesia to be a tourist destination decision.

Destination image (DI)

One of the key elements in developing a destination's competitive advantage in the market is its image (Bosque, Martin, 2008). To encourage tourism, several nations around the world are creating and developing their national image. Numerous studies (Baloglu and McCleary, 1999; Chen and Tsai, 2007; Choi et al., 2011) have demonstrated that a destination's image can affect visitors' intentions to return to the location as well as their decision to travel there. The destination picture has been defined in a variety of ways by various scholars. However, words like "impression" and "perception" are used in the definitions. For instance, a destination picture is the expression of one's knowledge, impressions, and emotions toward a specific object or location (Lawson, Baud-Bovy, 1977). A place's or a particular destination's "destination image" is characterized as a system of beliefs, ideas, and experiences by earlier studies such as Crompton (1979).

Numerous researchers (Gartner, 1989; Crompton & Ankomah, 1993; Echtner & Ritchie, 2003; Castro et al., 2007; Lee, 2009; Selby, Selby, and Botterill, 2010) have examined the influence of destination image on destination decision. Tran (2015) and Nguyen (2016) have both validated the influence of destination image on travel decisions in Indonesia. Based on earlier research, hypothesis 3 was established:

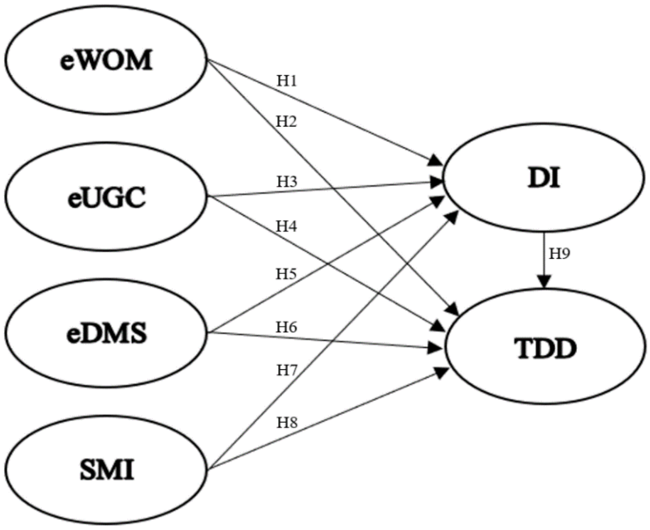
- H9: Destination image positively influences the decision to choose Bali, Indonesia to be a tourist destination decision.

Tourist destination decision (TDD)

One of the most fundamental aspects of tourist consumption behavior is the choice of destination. Destination decision, according to Um and Crompton (1990), is the process of choosing a tourist destination from a list of options that best suits the traveler's needs. This implies that travelers will decide which location is best for them based on information pertinent to the area. This method of decision-making frequently draws on the feedback and assessments of visitors (Huynh & Nguyen, 2017). At this point, the traveler selects a location from the list of options already stored in their mind and turns into a true traveler. Um and Crompton (1990) assert that both internal (personal qualities, motivations, and preferences) and external (visitors' social interactions, destination's social media marketing operations) aspects affect tourists' destination decisions. Tourists' choice of location is influenced by both internal and external variables, as well as the destination's image (Keating and Kriz, 2008). The impact of electronic social media on the destination choice of Asian visitors is one of the external elements the authors of this study concentrate on studying.

The researchers suggest the following model explore the impact of electronic social media on the destination image (DI) and tourist destination decision (TDD) based on the features of the tourist destination of Bali, Indonesia, theoretical underpinnings, and prior studies.

Figure 1: Proposed research model



Source: Recommended by the researchers

RESEARCH METHODOLOGY

Measurement Scales

The purpose of this study is to examine how Asian tourists' decisions to visit Bali, Indonesia, as a vacation destination, were influenced by electronic social media. The study will be planned using the research paradigm shown in Figure 1. In which the dependent variables are DI and TDD and the independent variables are eWOM, eUGC, eDMS, and SMI.

The hypotheses of Chu, 2009; Yolanda et al., 2011; and Gosal et al., 2020, are the foundation for the eWOM scale. The following elements are included in this scale: Always research online word-of-mouth before making a choice; Electronic word-of-mouth data that helps make decisions; Electronic word-of-mouth information improves decision-making efficiency and confidence. It also speeds up decision-making and reduces time-consuming decision-related tasks.

The following parameters are used to determine the magnitude of eUGC according to Hu, Kim, Yan, et al., Liu et al., and Liu et al., 2020: The eUGC information is simple to comprehend; the sUGC information is understandable; the eUGC information is objective; the eUGC information is frequently accurate; and the eUGC information is frequently highly extensive.

The Laws, 1995, research scale on eDMS; Ayeh et al. (2013); Mutinda and Mayaka (2012): Through electronic social media channels, the Bali, Indonesia, destination delivers transparent information to evaluate and enhance the service it offers. The tourist attraction in Bali, Indonesia, provides open and clear information about the costs related to the numerous services. The destination's electronic social media platforms do not share my personal information with other websites. Providers of tourism services in Bali, Indonesia, provide clear information that enables evaluation of the benefits and drawbacks of the services via online social media platforms; Through electronic social media platforms, travel service companies in Bali, Indonesia, enable customers to customize the service they anticipate receiving. Tourism service providers in Bali, Indonesia, use a variety of communication channels to share and exchange ideas with tourists about the service; through electronic social media platforms, they talk to and listen to customers to improve their service.

According to Nguyen, Phan, Rinka, and Pratt (2018), as well as the SMI scale, influencers have a wealth of knowledge and experience in the tourism industry; the information they provide is more thorough and trustworthy than that of other forms of promotion; and the form and content of the influencer's promotion are very alluring and fascinating.

The scale items for the destination image are based on studies by Echtner & Ritchie (2003), Gartner (1989), and Tran (2015). In terms of culture and religion, Bali, Indonesia, is seen as having a very diversified population. It is also seen as being very welcoming and nice. The reputation of Bali, Indonesia, as a travel destination, is excellent thanks to the wide range of activities, entertainment, and cultural encounters available there.

Finally, the following scale items were derived from scales created by Um and Crompton (1990) and Keating and Kriz (2008), for the choice of a tourist destination: More than any other tourist destination, I like Bali, Indonesia. Introduce everyone to the splendor of the Indonesian island of Bali. Visit Bali, Indonesia, frequently, without a doubt.

The authors modified the observed variables in the research model to fit the features of the study area based on the literature evaluation. A five-point Likert Scale with a range of 1 (strongly disagree) to 5 ("strongly agree") was used to measure the observed variables. The questionnaire can be filled out, in either English or Chinese, and the results are translated into English.

Research Sample And Data Collection Method

Based on the literature review, the observable variables in the questionnaire were created and then modified to fit the topic's research environment. The statements were created through research of the literature and modified based on an expert poll to fit Bali, Indonesia’s tourism characteristics. Convenience sampling was used to choose the sample. The authors conducted a direct survey of 610 Asian visitors who were 18 years of age or older, fully conversant in using electronic social media, and legally able to choose their travel destinations to ensure fair representation. Hotels and popular tourist locations in Kuta, Jimbaran, Sanur and Ubud district were the sites of the survey. The questionnaires were gathered, reviewed for invalid responses, and then verified for dependability before being included in the analysis.

Analytical Methods

The writers employ both qualitative and quantitative research techniques to meet the study's aims. Before surveying visitors using the qualitative technique, the writers conducted conversations with a panel of specialists to modify the study scale. The author uses descriptive statistics, The Cronbach's alpha test to check the reliability of the scale (Cronbach, 1951), exploratory factor analysis (EFA) to test the relationship between measurement variables, and partial least squares and structural modeling (PLS-SEM) to evaluate hypotheses and test the effects of independent variables. Qualitative research was conducted to explore the electronic social media factors affecting tourist destination decisions and observe variables in the model.

RESEARCH RESULTS

Demographic Descriptive Statistics

The study involved 610 Asian visitors aged 19 to 63, of whom 26.63% were in the 19–25 age group and 38.89% were in the 26–35 age group. Ages 36 to 50 make up 28.57% of the sample group, and ages 50 to 63 make up the remaining 5.91%. Chinese tourists made up the greatest amount of the sample structure by nation (27.13%), followed by travelers from Korea, Thailand, Taiwan, Singapore, Malaysia, Japan, Cambodia, and India. A further finding from the poll indicates that, of the 610 visitors, 54.75 percent are women and 45.25 percent are men (Table 1).

Table 1. Demographic characteristics of the sample

Demographic	Frequency (Tourist)	Percentage (%)
Gender		
Male	276	45.25
Female	334	54.75
Age		
19 – 25	162	26.56
26 – 35	237	38.85
36 – 50	174	28.52
51 – 63	37	6.07
Nationality		
China	123	20.16
Korea	98	16.07
Thailand	87	14.26
Taiwan	73	11.96
Singapore	64	10.49
Malaysia	60	9.84
Japan	51	8.36
Cambodia	33	5.41
India	21	3.45
Total	610	100.00

Source: Analysis from survey data (2022)

The reliability of the scales

The Cronbach's alpha coefficient is used to assess the scale's dependability. For the scale to be considered adequate in terms of reliability, the corrected item-total correlations and Cronbach's alpha must both be greater than 0.3 and 0.6, respectively (Nunnally, Bernstein, 1994).

According to the study's findings, all scales have levels between 0.793 and 0.881, and the sum of all observed variables' correlation coefficients is higher than 0.3. As a result, the scales and variables are maintained, and exploratory factor analysis is continued.

Table 2. Cronbach's Alpha analysis result

set of scale	Code	Corrected Item Total Correlation
eWOM *(Alpha = 0.796)*		
Always read electronic word of mouth information before making a decision	eWOM1	0.629
Electronic word of mouth information useful for decision making	eWOM2	0.681
Electronic word-of-mouth communication enhances confidence when making decisions	eWOM3	0.732
Electronic word of mouth information saves more time when making decisions	eWOM4	0.837
Electronic word of mouth information makes decision-making easier.	eWOM5	0.794
eUGC *(Alpha = 0.881)*		
eUGC information is easy to understand	eUGC1	0.738
The sUGC information is clear	eUGC2	0.634
eUGC information is unbiased	eUGC3	0.611
eUGC information is truthful	eUGC4	0.742
eUGC information is often accurate	eUGC5	0.635
eUGC information is often very detailed	eUGC6	0.760
eDMS *(Alpha = 0.793)*		
Bali, Indonesia destination provides transparent information in order to assess and improve the service it offers through electronic social media platforms	eDMS1	0.638
Bali, Indonesia destination offers public and transparent information regarding the prices associated with the various services	eDMS2	0.547
Electronic social media sites of the destination do not reveal my personal information to other websites	eDMS3	0.763
Tourism service providers in Bali, Indonesia destination offers comprehensible information that allows the advantages and disadvantages of the services to be assessed through electronic social media flatforms	eDMS4	0.771
Travel service providers in Bali, Indonesia destinations allow visitors to personalize the service they look forward to receiving through electronic social media platforms	eDMS5	0.639
Tourism service providers in Bali, Indonesia destination uses multiple communication channels to share and exchange ideas with tourists about the service	eDMS6	0.758

Tourism service providers in Bali, Indonesia destination communicates with and listens to guests to improve its service through electronic social media platforms	eDMS7	0.681
SMI *(Alpha = 0.846)*		
SMI scale includes influencers have a lot of knowledge and experience in tourism	SMI1	0.737
The information provided by the influencer is more detailed and reliable than other forms of promotion	SMI2	0.765
The form and content of the influencer's promotion is very attractive and interesting	SMI3	0.613
DI *(Alpha = 0.862)*		
The image of Bali, Indonesia destination is very diverse in terms of culture and religion	DI1	0.734
The image of Bali, Indonesia destination is very friendly and hospitable	DI2	0.825
The image of Bali, Indonesia destination is very attractive with a variety of activities, entertainment, and cultural experiences	DI3	0.851
The overall image of Bali, Indonesia's destinations is very positive	DI4	0.796
TDD *(Alpha = 0.807)*		
Like Bali, Indonesia destination more than any other tourist destination	TDD1	0.735
Introduce the beauty of the destination of Bali, Indonesia to everyone	TDD2	0.629
Definitely go to Bali, Indonesia many times	TDD3	0.689

Source: Analysis from survey data (2022)

Convergence and discriminant validity analysis

Exploratory Factor Analysis (EFA) is a method used to perform convergent and discriminant analysis for independent and dependent variables specifically as follows:

EFA for independent variables

With the principal axis factor extraction approach and Promax rotation, exploratory factor analysis was carried out. The results of the Bartlett test indicate that the variables used in the EFA analysis are correlated with one another (P value = 0.000 5%); also, the KMO coefficient is 0,703 > 0.5, demonstrating the suitability of the data analysis (Anderson & Gerbing, 1988). Four factors are drawn when the eigenvalues are greater than 1.0. The overall extracted variance value is greater than 50% and equals 70.389%, indicating that the factor groupings account for the majority of the variation in the data.

Table 3. The results of the factor analysis of the electronic social media scale

Variable	Factor			
	1	2	3	4
eWOM1	0.735			
eWOM2	0.649			
eWOM3	0.828			
eWOM4	0.786			
eWOM5	0.835			
eUGC1			0.638	

eUGC2			0.734	
eUGC3			0.785	
eUGC4			0.824	
eUGC5			0.714	
eUGC6			0.898	
eDMS1		0.796		
eDMS2		0.628		
eDMS3		0.683		
eDMS4		0.719		
eDMS5		0.796		
eDMS6		0.814		
eDMS7		0.739		
SMI1				0.813
SMI2				0.837
SMI3				0.864

Source: Analysis from survey data (2022)

EFA for dependent variables

The findings of the EFA factor analysis of the destination image scale demonstrate that the investigated data are suitable with KMO = 0.721 > 0.5 and a P value of 0.000 (Anderson & Gerbing, 1988). The total extracted variance is 63.942% > 60%, demonstrating that the scale is able to adequately explain the idea of destination image.

Table 4. The results of the factor analysis of the destination image scale

Variable	Factor
DI1	0.638
DI2	0.745
DI3	0.719
DI4	0.783

Source: Analysis from survey data (2022)

Additionally, the studied data are adequate according to the findings of the EFA factor analysis of electronic social media (KMO = 0.721 > 0.5, P value = 0.000) (Anderson & Gerbing, 1988). The total extracted variance is 63.942% > 60%, demonstrating that the scale is able to adequately explain the idea of destination image.

Table 5. The results of the factor analysis of the electronic social media scale

Variable	Factor
SMI1	0.752
SMI2	0.728
SMI3	0.819

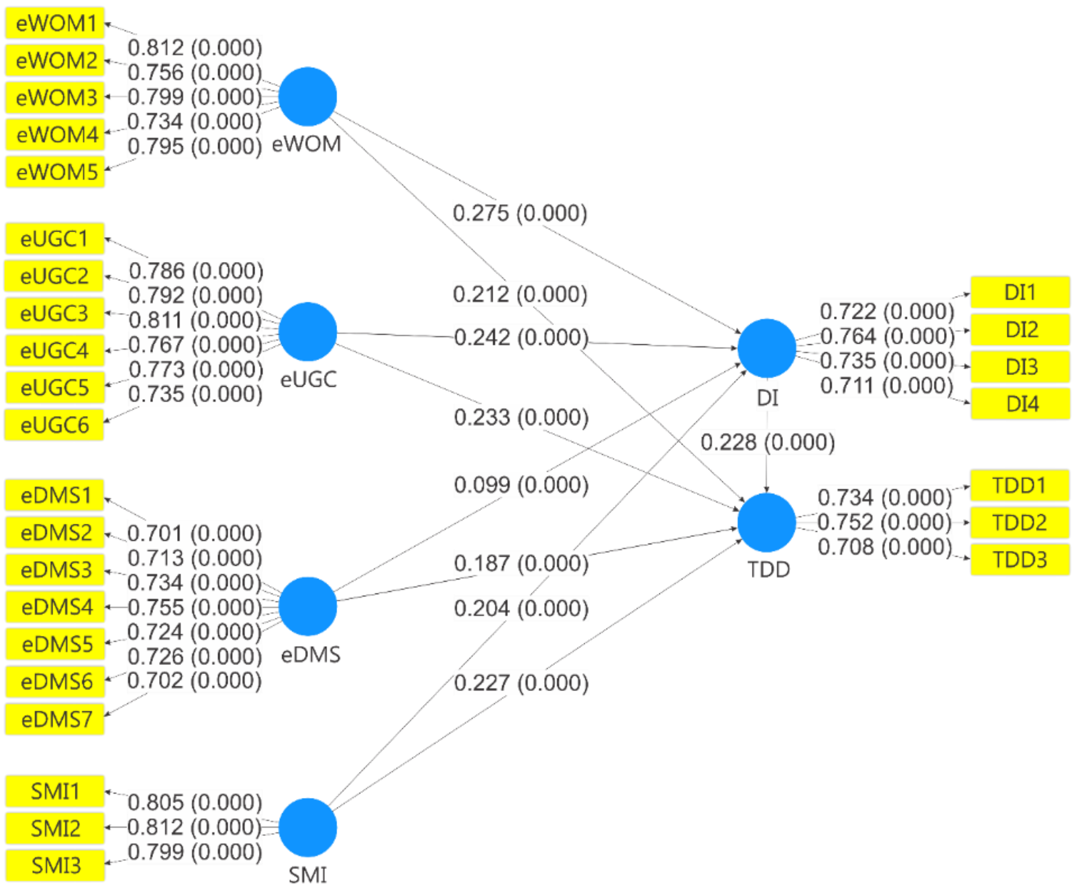
Source: Analysis from survey data (2022)

Partial least square and structural modeling (PLS-SEM)

A study carried out by Babin and Boles (1996) revealed both a rise in the use of SEM and that academics tended to hold SEM-based research in high regard. SEM approaches are an improvement over the multiple linear regression techniques currently in use. SEM has generally developed into two main methodologies: partial least squares-based (PLS-SEM) and covariance-based (CB-SEM). CB-SEM minimizes model error while simultaneously optimizing the linkages between all constructs. According to Strachan, Patel, and Wanzenried (2014) and Hair et al. (2014), PLS-SEM is more focused on maximizing the R2, or the amount of variation explained in the model, while decreasing the overall error term. In contrast to the CB-SEM approach, which can eliminate measures that may still have significant face and/or content validity in the process of maximizing path relationships globally, the PLS-SEM approach has the advantage of allowing the retention of direct observable measures (Hair, Ringle, & Sarstedt, 2011). As a result, we have decided to analyze the gathered empirical data using PLS-SEM. The initial model and path coefficients generated by the software SmartPLS (Ringle, Wende, & Becker, 2014) are shown in Fig. 2.

It is necessary to analyze both the outside model and the inner model, as shown in Fig. 2. The indicators (measures) and accompanying latent constructs make up the outer model. The outcome variable, the path coefficients, the extracted R2 or variance explained, and other crucial parameters are all included in the inner model, which must be evaluated for reasonable and significant findings. The structural model, as displayed in Fig. 2, is validated by a series of actions.

Figure2. PLS-SEM Model



Source: Analysis from survey data (2022)

As stated by Hair et al. (2014), Fig. 2 shows that all indicator loadings above the 0.7 threshold. The average variance extracted (AVE) and component reliabilities are displayed for each of the constructs in Table II.

Table 6. Composite Reliability and AVEs

Factor	CR	Cronbach's Alpha	AVE
eWOM	0.738	0.796	0.589
eUGC	0.829	0.881	0.692
eDMS	0.714	0.793	0.613
SMI	0.835	0.846	0.729
DI	0.863	0.862	0.628
TDD	0.896	0.807	0.817

Source: Analysis from survey data (2022)

The measures' internal consistency, or the degree to which all the items are related to one another and assess the same latent construct, is measured by composite reliability. Indicators above the 0.7 thresholds were deemed credible (Hair et al., 2014). In this instance, all components exceed the standard of 0.7 with values ranging from 0.714 and 0.896. The AVEs gauge the items' convergent validity and their applicability to the latent construct. For AVEs to be significant, they must be higher than 0.5 (Hair et al., 2014). The constructs meet the requirement since their AVEs are within the range of 0.613 to 0.817.

Having constructs that exhibit discriminant validity is crucial for any model. This guarantees that the correlation between constructs (inter-construct correlations), which is typically tested by the Fornell-Larcker criterion as stated in Table III, does not exceed the AVE for any construct. Given that the square root of AVEs in each example is greater than the inter-construct correlations, discriminant validity is excellent (Fornell & Larcker, 1981; Hair et al., 2014).

Table 7. Fornell-Larcker criterion for discriminant validity

Factor	eWOM	eUGC	eDMS	SMI	DI	TDD
eWOM	0.847					
eUGC	0.733	0.737				
eDMS	0.536	0.521	0.832			
SMI	0.495	0.626	0.736	0.731		
DI	0.482	0.725	0.617	0.374	0.773	
TDD	0.316	0.413	0.529	0.483	0.669	0.740

Source: Analysis from survey data (2022)

The significance between the independent and the suggested outcome variable will next be examined, along with the path coefficients. Table IV lists the path coefficients, pertinent t-statistics, and associated significance for each relationship in the conceptual model that is hypothesized. Each of the suggested theories is accepted at agreeable levels of significance, as can be shown.

The model's overall R2 value of 0.626, which is moderate, indicates that it is useful in explaining how people decide which tourist destinations to visit. Specifically, 62.6% of the variation in people's decisions to visit Bali, Indonesia as a tourist destination can be attributed to variations in the independent variable components.

The SRMR index ought to be lower than 0.08 or 0.1, according to Hu, and Bentler (1999). The SRMR index, in addition, is only the PLS-SEM model's Goodness of Fit score, according to Henseler et al. (2014). It is possible to use this indicator to prevent model errors. The research model is therefore determined to be appropriate for the study area with SRMR (Standardized Root Mean Square Residual) = 0.05 0.1.

Table 8. Hypotheses and significance

Relationship	Hypothesis	Path Coefficients	P Value	Hypotheses - Accept/Reject
eWOM -> DI	H1	0.275	0.000	Accept
eWOM -> TDD	H2	0.212	0.000	Accept
eUGC -> DI	H3	0.242	0.000	Accept
eUGC -> TDD	H4	0.233	0.000	Accept
eDMS -> DI	H5	0.099	0.000	Accept
eDMS -> TDD	H6	0.187	0.000	Accept
SMI -> DI	H7	0.204	0.000	Accept
SMI -> TDD	H8	0.227	0.000	Accept
DI -> TDD	H9	0.228	0.000	Accept

Source: Analysis from survey data (2022)

All four independent factors—eWOM, eUGC, eDMS, and SMI—have positive and statistically significant effects on destination image and traveler destination choice, according to the model estimate findings in Table 3. Additionally, the perception of a destination influences traveler choice. As a result, all nine study hypotheses are confirmed.

The Bootstrapping test is additionally used to examine the associations' strong and weak impacts. Since there is no value bigger than 1 in the 2.5% to 97% percentile, and the findings of Bootstrapping are confirmed by a 95% confidence level, the model's discriminability is assured, and its estimations are accurate (Garson, 2016).

Table 9. The Bootstrapping results

Relationship	Original Weight	2.5%	97.5%
eWOM -> DI	0.275	0.337	0.486
eWOM -> TDD	0.212	0.391	0.494
eUGC -> DI	0.242	0.211	0.335
eUGC -> TDD	0.233	0.285	0.391
eDMS -> DI	0.099	0.176	0.240
eDMS -> TDD	0.187	0.194	0.267
SMI -> DI	0.204	0.247	0.382
SMI -> TDD	0.227	0.198	0.274
DI -> TDD	0.228	0.216	0.349

Source: Analysis from survey data (2022)

The findings in Table 4 demonstrate that eWOM, followed by eUGC, SMI, and eDMS, has the most influence on the final image. In addition, eUGC, followed by DI, SMI, eWOM, and eDMS, is the element that has the greatest influence on travelers' choice of destination.

CONCLUSIONS AND SUGGESTIONS CONCLUSIONS

This study was carried out to examine the impact of online social media on travelers' decisions to visit Bali, Indonesia. According to each research objective's key findings, the following was found:

Objective 1: Examine how electronic social media factors affect travelers' choice of destinations.

The research model was developed through analysis of prior studies and qualitative research and consists of two dependent variables (destination image) and two independent variables (word-of-mouth, electronic user-generated content, electronic destination marketing strategies, and social media influencer). The findings demonstrate that the destination image is impacted by eWOM, eUGC, eDMS, and SMI. Additionally, each of the aforementioned elements, as well as the destination's reputation, influence travelers' choice of destinations.

Objective 2: Examine how electronic social media may have influenced travelers' decisions to visit Bali, Indonesia.

The findings in Table 9 demonstrate that eWOM has the greatest influence on the destination image, followed by eUGC, SMI, and eDMS, which have the least impact. Additionally, eUGC, DI, SMI, eWOM, and eDMS are the factors with the strongest and weakest influences on travelers' decisions regarding where to travel.

Objective 3: Offer some electronic social media-related solutions to help Bali, Indonesia, draw more tourists.

Four suggestions are made to enhance the quality of electronic social media to increase tourism to Bali, Indonesia, based on the findings of the research.

First, it's important to promote the use of information technology in advertising. The best way to market tourism to tourists is by developing an official website. Making sure that information about tourism-related goods and services is correct and updated frequently is important since tourists will pay attention to attractive and comprehensive information sources. Destination management companies should regularly enhance the functionality and user experience of their websites, emphasizing clarity so that visitors can access information quickly. It is advisable to create travel applications for mobile platforms like Android and iOS. Artificial intelligence, 3D travel, and VR should all be used in today's technologies. Visitors can use these systems to see visual representations of the city's well-known tourist attractions, make quick reservations, arrange their itineraries, find their destinations, and navigate maps with intelligence.

Second, reference groups should be given incentives to spread more information about the destination. Hotels, resorts, and well-known tourist destinations should provide special ticket costs to entice visitors to check in and snap photos. Online travel groups on social media platforms like Facebook, Zalo, etc. ought to be created for travelers, especially social media influencers, to share travel experiences, lovely photographs of tourist destinations, and mouthwatering local eateries.

Third, it's important to encourage users to participate in online forums. The city's tourism management organization and tour operators must develop a variety of discussion topics about tourist attractions, ecological gardens, and the unique characteristics of tourist attractions in Bali, Indonesia, using forums, groups, and fan pages with other reputable discussion platforms and a large number of participants. Promoting online community participation should highlight its advantages.

LIMITATIONS AND FUTURE RESEARCH

In addition to the findings, this study has some restrictions. First off, since a non-probability sampling approach was utilized, the sample's level of representativeness is still somewhat constrained. The authors only collect samples from 3/13 provinces in Bali, Indonesia, which results in a sample size of 610 which is relatively small. To improve population representation in future studies, probabilistic sampling, larger sample sizes, and a wider study area are recommended. Additionally, additional research can broaden the target market to include tourists from other continents as well as only Asians. Last but not least, internal factors that influence travelers' choice of location were not covered in this study. Therefore, to increase the study model's applicability in future investigations, these elements can be incorporated.

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CHAPTER 3

The Impact of Workload and Work Discipline on Worker Performance in Indonesia

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ABSTRACT

The purpose of this study is to ascertain how employee performance at businesses in Indonesia is impacted by workload and work ethics. The sample used in this study consisted of employees with a population of 143 people, representing the study's population of 257 respondents who were employed. Each component of the population has an equal chance of being sampled because the sampling method used was a straightforward random sampling procedure. Observation, questionnaires, and documentation are the data gathering techniques employed in this quantitative study. Validity and reliability tests are used in the data quality test. traditional assumption test utilizing the tests for heteroscedasticity, multicollinearity, and normality. Multiple linear regression analysis and t test (partial test) are the analysis techniques used. The outcomes showed that the Workload variable had a significant effect on employee performance at companies in Indonesia, while Work Discipline had a significant effect on employee performance. This is shown from the calculation results, namely workload has an effect of 0.332 and work discipline has an effect of 0.639 on employee performance.

Keywords: Workload, Work Discipline, Employee Performance

INTRODUCTION

Since people are the organization's most valuable asset, human resources must be managed and customized. Employees must be adaptable in all circumstances as technology continues to evolve. Because people are key to organizational or work activities, success in the workplace depends heavily on having efficient human resources. The work that has been completed can be used to evaluate human resources. As a result, it is true that efficient human resources result in high performance. Of course, supporting variables are required to attain maximum employee performance in order to produce a satisfactory performance in line with company objectives (Daulay et al. 2019)(Faeni, 2019).

Overworked personnel typically suffer from physical and mental exhaustion as well as emotional side effects like headaches, indigestion, and irritability. Boring or inadequate work might cause employees to lose attention, which can be harmful to their productivity. Workplace discipline must also be taken into account in the company's job activities in addition to workload.

Discipline is the perfect setting for promoting job completion in accordance with the set of rules in order to enhance work optimization. A thorough division of labor among employees or their responsibilities, including how to carry it out and when it begins and ends, is one of the prerequisites for the promotion of discipline in the workplace.

Workload and work discipline affect employee performance because an organization can determine whether to provide its employees the appropriate position by looking first at the workload and work discipline. In order to increase employee performance, ensure that they are happy with their jobs, and help the organization reach its objectives effectively and efficiently, this is done (Faeni, 2015)

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Workload

Workload refers to the amount of physical and mental strain an employee experiences while doing their assigned tasks. Each actor is responsible for each role and each profession has its own weight requirement. As a result, duties may involve effort that is social, mental, or physical. The workload variable is influenced by the following two factors endogeneous and exogeneous factors (Faeni, 2017).

The working environment, which surrounds employees and influences work performance, is one of the load indicators (Koesomowijojo, 2017). An employee's integrated workload is determined by the total number of activities or tasks that must be completed by them in a systematic manner using time-based skills, as well as their physiological indicators, physical biomechanical body, attention, and concentration, as well as their ability to perform two or more tasks at once quickly.

Factors that Affect Workload

(Hartet al, 1988), physical and mental workload is divided into six dimensions, with physical workload measures including physical stress and effort. The magnitude of mental load includes mental strain, time strain, achievement, and frustration levels.

1. Physical strain, which is the amount of physical activity required to perform a task (e.g. pushing, pulling, twisting, controlling, running, etc.).
2. Effrot, the physical and mental effort required to achieve an employee's performance level.
3. Mental demand. This is the amount of mental activity and perception required to see, remember and search. The work is easy or difficult, simple or complex, loose or hard.
4. Duration. In other words, the amount of time-related pressure you feel at work. Work can be slow, relaxing, or fast and grueling.
5. Frustration level. This indicates how anxious, discouraged, frustrated and worried you are. feel compared to feeling safe, content, comfortable, and satisfied.
6. Achievement, which is how successful a person is at work, how satisfied he is with his job. Too high a workload leads to physical fatigue and erosion, while too low a workload makes work produced by repetitive movements boring. Boredom in routine due to too few tasks or duties is potentially detrimental to workers as it leads to a lack of attention to their work.

Work Discipline

Work discipline is the ability and attitude in controlling oneself to obey a certain rule.

regulations that have been given by the company in order to achieve goals. Work discipline is the ability of a person to work regularly, diligently continuously and work in accordance with the rules that apply and do not violate the rules that have been set indicators of work, namely: Purpose and ability, leadership example, reward, justice, waskat, punishment sanctions, firmness, human relations (sinambela, 2018) (Hasibuan, 2017). From the above understanding, it can be concluded that work discipline is important in a job, because if employees have high work discipline, it can improve employee performance. High discipline may be an indication that staff members take their jobs seriously. In order to succeed in the workplace and reach a goal, discipline is essential.

Factors that influence Work Discipline

The things that affect work discipline are as follows: (Fahraini & Syarif, 2022).

1. The example of a leader.
2. Have definite rules for employees to follow.
3. Leader attention given to employees.
4. Leader supervision of employees.
5. Leaders who dare to take action.
6. The size of the compensation.

Principles on Work Discipline

Some of the principles contained in employee work discipline, namely: (Sugiarto & Ramadhan, 2021).

1. Norm.
2. Attitude or behavior.
3. Employee attendance.
4. Responsibility for work.

Employee Performance

Performance is the outcome of the work that a person completes in carrying out his responsibilities under agreement, skill, and effort. In light of the aforementioned definition, performance may be defined as the outcome that a person obtains while carrying out duties based on expertise, experience, and sincerity in addition to regular timing and established criteria. managing the outcomes of the work that has been done by personnel via implementation. The outcomes that can be obtained via the execution of each employee's task that may help a firm accomplish its objectives (Sihaloho & Siregar, 2020). Additionally, there are goals for employee performance, namely:

1. Doing the work
2. Settings options
3. Professional structuring
4. Preparing and upgrading needs
5. Changes in remuneration
6. Representitive skill stock
7. Open position
8. Strong correspondence between superiors and subordinates
9. Work culture
10. Carry out punishment.

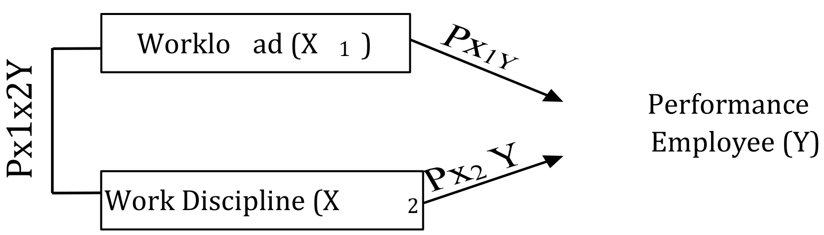
Employee Performance Indicator

The statement of (There are three indicators, namely:

1. Punctual at work
2. Work quantity
3. The amount and quality of work completed by an employee in carrying out his tasks in line with the responsibilities assigned determine the quality of employee performance.

Framework and Hypothesis

Framework of Thought:



Hypothesis:

The following theory is put out in light of the phenomena and the preexisting theoretical framework:

- H1: It is believed that employee performance at businesses in Indonesia is significantly impacted by workload.
- H2: It is believed that employee performance at businesses in Indonesia is significantly impacted by work discipline.
- H3: It is believed that employee performance at businesses in Indonesia is significantly impacted by workload and work ethics.

RESEARCH METHODS

The skinative approach is used to study a population and sample in this qualitative research method. Online sample collection is used in data gathering procedures so that respondents may complete surveys at any time and anyplace. The study was carried out between December 16, 2022, and January 1, 2023. This research uses a study, qualitative data analysis seeks to evaluate the provided hypothesis, and is targeted at workers or employees in different firms in Indonesia who are members of the surrounding or community. Research that is quantitative comprises a statement and response options that are numerical or take the shape of numbers that represent each score.

Research Variables

This research variable is divided into two variables, namely:

- External Variables *(exogenous variables*)

  The terms stimulus, free, predictor, and antecedent variables are often used to describe these variables.

  A variable is one that influences, triggers, or results in alterations or the appearance of endogenous variables. Three independent variables—absorptive capability, social capital, and creative development—are used in this research.

- Inner Variable *(endogenous variable)*

  The terms output variables, criteria, and consequences are often used to describe endogenous variables. It is often referred to as the dependent variable in Indonesian. According to Sugiyono (2014), the dependent variable is the one that is affected by or that results from the independent variable. Performance of the Village Apparatus and E-tourism are the dependent variables in this research.

Operational Variables

The process of articulating the steps necessary to measure a variable that has already been selected by the researcher is known as variable operationalization. There must be sub-variables for each variable established by earlier researchers, whose success rate may be observed from the indicators included in the sub.

Table 1. Operational Variables

Variables	Dimensions	Indicator	Scale
Exogenous Variable (X_1)	Workload	1.Continuous improvement in work 2.Improved quality of work 3.Work Ethic 4.Treatment at work	Ordinal
Exogenous Variable (X_2)	Work Discipline	1.Obey time rules 2.Obey all company regulations 3.Complying with the rules of behavior in the workplace 4.Obey the rules others.	Ordinal
Endogenous Variable (Y)	Employee Performance	1.Quality of results on performance 2.Quantity of results on performance 3.Work discipline 4. Attendance 5.Ability to work with the team	Ordinal

Population and Sample

The population members include the sample (Paramita et al., 2021). In measuring the sample random sampling, the researchers are using the following Slovin formula:

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

Description:

e = Percentage of allowance for accuracy in tolerable sampling error,

e = 0.1 n = Sample size or number of respondents

N = Population size, wherein the Slovin formula there are provisions, as follows

the sample size should be 20% of the given population for small population sizes (less than 500), and the sample size should be 10% of the given population for population sizes greater than 1000. Therefore, the sampling window for the Slovin technique sample is roughly 10% to 20% of the research population. It is known that 100 workers made up the study's population. The following calculations may be used to determine the study sample if the amount of leeway that can be utilized is 10% and the results can be rounded to attain suitability:

$$\mathbf{n = \frac{1909}{1+1909(0,1)^2}}$$

$$n = \frac{1909}{\mathbf{20,09}}$$

= 95.02 responders or 100 responders

Probability sampling approaches allow for the collection of samples when there are commonalities among the population's members.

Data Collection Types and Techniques

Both primary and secondary data sources were employed by researchers in this study. The data set is obtained from field research by collecting student’s opinion and library research.

Model Fit Test

A model fit test is applied to assess if the data collected is constant and fits the model. If the model doesn't match the data, it is required to locate the cause and figure out how to fix them for a better match. If the model matches the data, it is valid and has a high Goodness of Fit. The table below provides a summary of model measurements in PLS.

Table 2. Model fit test

Measurement Model	**Criteria**
SRMR	< 0.08 (Henseler et. al, 2014)
NFI	> 0.90 (Lohmöller, 1989)
Theta rms	< 0.12 (Lohmöller, 1989)

Source: https://www.SmartPLS 3.0 .com/documentation/functionalities/model-fit

Research Instrument Test

Valid statements are used as the basis for testing. The quality of the collected can describe the level of validity and dependability. Based on the criteria in Table 2, it can also be argued that the criteria used to establish a statement are legitimate and have a respectable dependability value.

Table 3. *Rule of Thumb* Evaluation of Measurement Model (*Outer* Model)

<table>
<tr><th>Validity</th><th>Parameters</th><th>Rule of Thumb</th></tr>
<tr><td rowspan="3">Convergent Validity</td><td>Loading factor</td><td>> 0.70 for confirmatory research
> 0.60 for exploratory research</td></tr>
<tr><td>Communality</td><td>> 0.50 for confirmatory and exploratory research</td></tr>
<tr><td>AVE (Average Variance Extracted)</td><td>> 0.50 for confirmatory and exploratory research</td></tr>
<tr><td rowspan="2">Discriminant Validity</td><td>Cross Loading</td><td>> 0.70 for each variable</td></tr>
<tr><td>Ave square root and correlation between latent constructs</td><td>AVE square root > correlation between latent constructs</td></tr>
</table>

Source: Chin, 1998: Hair *et al*., 2011; Ghozali, 2015

Validity Test

When a measuring scale takes the appropriate measurements and performs as intended, it is said to be valid. If it is invalid, it will have no use for the researchers. A measuring tool with high reliability will have a small error variance, or, to put it another way, the test fulfills its objective by yielding findings that are consistent with it. so that the information gathered is accurate. The degree to which a measuring device measures what it intends to measure is known as validity (Kuncoro, 2003).

Reliability Test

The reliability test is carried out to assess whether the data collecting tool exhibits the level of precision, accuracy, stability, or consistency of the instrument in disclosing certain symptoms from a group of people despite it being carried out at various periods. A measuring tool is proven dependable if it constantly yields the same outcomes in measuring the same symptom at several times (Nasution, 2003).

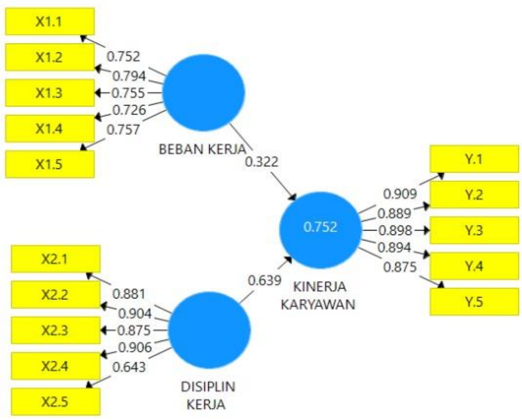
If a construct fulfills the value criteria in the Outer Model Evaluation Rule of Thumb table in Table 3.4, namely Cronbach's alpha above 0.7 and composite reliability over 0.5, it is considered to have strong reliability.

RESEARCH RESULTS AND DISCUSSION

RESEARCH RESULTS

The measurement model's (outer model) evaluation A measurement model assessment looks at how variables, constructs, and their indicators relate to one another. By using the PLS Algorithm process in SmartPTLS Software, it is possible to get the measurement model for the validity and reliability test for the equation model. The display results of the PLS Algorithm process are shown in Figure 1. below:

Figure 1. *Outer model* image



Validity Test Results

Convergent validity and discriminant validity are the two criteria that may be used to evaluate the validity test in SmartPLS 3.0. The value of the loading factor can be used for convergent validity, whereas the value of the Average Variance Extracted (AVE), its square root, and cross loadings for discriminant validity.

Table 4. Convergent validity test (Loading factor)

Number Statement	**Results Testing**	**Description Validation**
Workload (X_1)		
X1.1	0.752	Valid
X1.2	0.794	Valid
X1.3	0.755	Valid
X1.4	0.726	Valid
X1.5	0.757	Valid
Work Discipline (X_2)		
X2.1	0.881	Valid
X2.2	0.904	Valid
X2.3	0.875	Valid
X2.4	0.906	Valid
X2.5	0.643	Valid
Employee Performance (Y)		
$Y_{.1}$	0.909	Valid
$Y_{.2}$	0.889	Valid
$Y_{.3}$	0.898	Valid
$Y_{.4}$	0.894	Valid
$Y_{.5}$	0.875	Valid

Source: Data Processed using Smart PLS, 2022

Table 4 presents there is a strong, positive correlation between each indicators, inindicating high convergent validity.

Table 5. Average Variance Extracted (AVE) Value

Variable/Construct	**Average Variance Extracted (AVE)**
Workload (X_1)	0.573
Work Discipline (X_2)	0.719
Employee Performance (Y)	0.798

Source: Data Processed using Smart PLS, 2022

Based on Table 5, the AVE value of each variable is > 0.5, revealing that all is discriminantly valid based on AVE.

Table 6. Reliability test results for each variable.

Variable/Construct	**Testing Results**		**Reliability Description**
	Cronchbach 's Alpha	***Composite Reliability***	
Workload (X_1)	0.815	0.870	Reliable
Work Discipline (X_2)	0.899	0.926	Reliable
Employee Performance (Y)	0.937	0.952	Reliable

Source: Data Processed using Smart PLS, 2022

Table 6 presents that each variable has the *Cronbach's alpha* value of > 0.7 and the *composite reliability* > 0.5 indicating reliable construct.

Structural Model Evaluation (*Inner Model*)

To catch the relationship between variables / constructs, the significance value of the research model, the researchers use *Inner* model or structural model testing is conducted

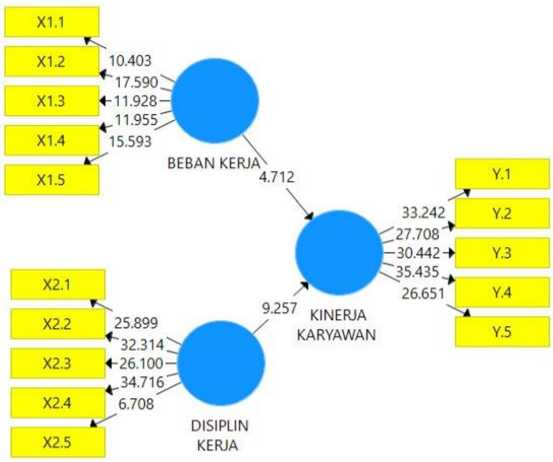


Figure 2. *Inner mode* image

Table 7. Significance Test Results from Variable to Variable (Inner Model)

Variable/Construct	***T-statistic***	**P-Values**	**Significance**
Workload→ Employee Performance	4.913	0,000	Significant
Work Discipline→ Employee Performance	9.228	0,000	Significant

Source: Data Processed using Smart PLS, 2022

Based on Table 8, it can be seed that employee welfare and work environment significantly affect employee performance since the t-statistic value for these variables is greater than the threshold for significance in the outer model evaluation rule of thumb table in Table 5.

Table 9: Model fit test

Measurement Model	Criteria	Testing Results	Description
SRMR	< 0.08 (Henseler et. al, 2014)	0.084	Model Fit
NFI	> 0.90 (Lohmöller, 1989)	0.807	Model Fit
Theta rms	< 0.12 (Lohmöller, 1989)	0.195	Model Fit

Source: Data Processed using Smart PLS, 2022

Table 9 presents that The SRMR, NFI, and rms Theta values are known to match the specified requirements, implying that the data gathered is reliable and fits the Goodness of Fit model.

Hypothesis Testing

In determining the extent of each exogenous variable's (partially) individual effect on endogenous variable, the researchers use the original sample value of the route coefficient

Table 10. Original Sample

Variable/Construct	Original Sample
Workload (X_1)	0.322
Variable/Construct	**Original Sample**
Work Discipline (X_2)	0.639

Source: Data Processed using Smart PLS, 2022

Table 10 presents that every variable has a positive value on employee performance, shown by the impact of 0.332 from Workload and 0.639 from work disipline.

Table 11. R Square and Adjusted R Square

Endogenous Variable	R Square	Adjusted R Square
Employee Performance	0.752	0.747

Source: Data Processed using Smart PLS, 2022

From the study of the data, Employee Performance has an R-square value of 0.752. The effect of exogenous factors on endogenous variables may be determined using this R-squere value.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Having resulted from the data analysis that has been conducted and related to the research problem, it can be concluded as follows:

1. Workload has no significant impact on employee performance at companies in Indonesia, while work discipline has a positive and significant one. This is shown from the workload regression coefficient value of -0.815 and a significant value of 0.084. At the same, the regression coefficient value of work discipline is 0.899 and a significant value of 0.000.

2. Employee performance is influenced by the Workload and Work Discipline variables. Resulted from the coefficient of determination (R^2) value of 0.747,

Advice

Following the conclusions above, the researchers give some followings recommendations:

1. The authorized person in the company should assign work to the employees along with the specific responsibilities in order to improve employee performance and work tools to make it easier for employees to complete their work efficiently and effectively.

2. The authorized person in the company should provide so clear and specific guidance for each job assigned to employees so as to encourage them to have a sense of willingness to take responsibility for their work.

3. The researchers would like the other researches to conduct further studies on this topic by using other variables outside those applied in this study.

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CHAPTER 4

The Effects of Digital Change and Remote Working on The Evaluation of Commercial Services in Indonesia Following the Pandemic

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ABSTRACT

Following the COVID-19 pandemic, the purpose of this study is to examine the relationship between digital change, remote work, and evaluation in the Indonesian commercial services sector. The current study employs quantitative methods, more specifically descriptive methods. This study examines the evaluation of commercial services using a sample of 50 participants. The software SPSS 26 is utilized for data analysis in the present investigation.

Keywords: Digital Change, Remote Working, Evaluation

INTRODUCTION

The COVID-19 pandemic has resulted in an increase in the adoption of remote working or work from home (WFH) arrangements by numerous organizations. The pandemic of COVID-19 is a global phenomenon that affects all organizations worldwide (Faeni, 2022). As a means of preserving the operational efficacy of service business enterprises, the spread of the pandemic has necessitated a number of adjustments, including the adoption of a remote working policy (Faeni, 2022). In the immediate term, the Covid-19 pandemic had a significant impact on the commercial service, resulting in logistical challenges and decreased demand. Nevertheless, the severity of these effects differed by company and industry. According to the research of Setyoko and Kurniasih (2022), the Covid-19 pandemic is anticipated to present diverse challenges and opportunities for various types of commercial services. According to Faeni et al. (2022), the remote working policy is a strategic approach that entails the implementation of a remote communication system to facilitate the connection of all organization stakeholders, especially in the pursuance of corporate objectives.

In the midst of the COVID-19 pandemic, four problematic areas arose, one of which involved a decline in turnover as a result of activity restrictions imposed on the Indonesian populace. Second, financial constraints have caused a decline in sales 58olüme. Thirdly, there are obstacles to the transportation of products due to restrictions on the distribution of goods in particular regions. According to Samsuri et al. (2021), commercial services face difficulties in acquiring raw materials due to competition with other businesses for raw material stocks.

The Covid-19 pandemic has restricted the operations of commercial services. Information technology advancements are able to reduce limitations in business such as customer service processes, customer communication, and production waste. There are several recommendations for survival strategies that commercial services can implement in order to maintain their business, including selling through e-commerce as an increasing number of consumers are shifting to online shopping and marketing products using digital technology (digital marketing) to reach more consumers. Third, enhance the quality and standard of products and services. Fourth, implement customer relationship marketing to establish consumer confidence and increase customer loyalty (Nurcaya et al., 2022). Digital change is one method for accelerating the response to the COVID-19 pandemic, which has swept the globe since the end of 2019. As a sector that has demonstrated its resilience in the face of the service business crisis, it is encouraged to accelerate its digital change process due to the limited distance restrictions imposed by policies during the pandemic (Muditomo & Wahyudi, 2021). The Covid-19 pandemic that has been ravaging Indonesia since the end of 2019 is driving the growth of the digital economy. Covid-19 has affected all facets of human existence, including the private sector of the economy (Kurniawati et al., 2021)..

THEORETICAL STUDIES

Digital change

In addition to the adoption of new digital technologies, the business transformation process incorporates a broader scope of modifications. According to Li et al. (2022), the ultimate goal of such a transformation is typically to survive and then thrive. According to Tagarev (2019), the current process of digital change necessitates substantial investment and innovation to assure cybersecurity and the protection of increasingly dependent on digital infrastructure critical infrastructure and services. In order to counteract malevolent activities in cyberspace, it is also essential to strengthen the resilience of diverse entities such as organizations, communities, industries, nations, and alliances. Diverse disciplines, including marketing, business, management, IT, and IS, have developed an interest in the phenomenon of digital change. It has been significantly influenced by the spread of information and communication technology (ICT). The changes that have taken place have resulted in the emergence of a new commercial environment that is commonly known as the "digital business ecosystem." Changes in the business ecosystem influence the strategic decisions made regarding the external and internal environment (Rahimi et al., 2021). According to the research of He and Su (2022), effective digital leadership is required for managing internal roles and ensuring compliance in order to attain goals related to creating a welcoming environment.

According to Kawung et al. (2022), the concept of transformation refers to organizational changes that have a significant impact on the organization's structure. Integration of digital technology is essential to the future success of numerous industries, including business administration and consumer engagement. Nevertheless, according to the findings of Rupeika-apoga et al. (2022), the majority of executive teams must overcome resistance from employees to digital change. The growing significance of digital change has manifested in the emergence of various levels of the digitization process. Merdin et al. (2022) have conducted research analyzing the effects of digitalization on a variety of factors, including finances, leadership, employees, and business models. In addition, their research evaluates the perceptions of implementing new technologies. The importance of digital change in small and medium-sized businesses (SMEs) is notable. Micro, Small, and Medium-Sized Enterprises (Commercial services) have determined that internal and external factors can influence the digital change of their enterprises. The internal factors include capability fit, resource fit, and business model modifications. External factors include external capabilities and resources, government regulation, and industry-related factors, according to Tarut et al. (2018). According to Kenanga et al. (2022), Micro, Small, and Medium Enterprises (Commercial services) must undergo digital change to effectively respond to changing consumer demands and advances in information technology. The digital change process need not necessitate the adoption of revolutionary business models, novel product categories, or reactive measures in response to competing technologies. It can manifest in many different forms. According to Sudiardhita et al. (2018), it is imprudent to assert that the digital change pioneers in the sample have achieved first-mover advantages or disadvantages until the market reaches equilibrium.

The digital change process requires the presence of cross-functional teams with solid support. The significance of this issue rests in the fact that, during a digital change, organizations typically maintain their internal structures while the transformation teams integrate into the existing framework. The physical and organizational placement of teams can have a substantial effect on their ability to influence cross-functional groups that play a crucial role in authentic digital change. By organizing their teams around marketing or information technology, a number of organizations have limited their digital progress. According to Barry Libert et al. (2016), the implementation of digital technology has the potential to improve the efficacy and effectiveness of an organization's or institution's processes. Alam et al. (2022) identify a significant lacuna in the existing literature regarding the investigation of the factors that support digital change in the context of regional development. The current acceleration of digital change presents the government with an ideal opportunity to exert influence over a variety of economic and industrial sectors. These sectors may include, but are not limited to, retail, health, agriculture, manufacturing, education, tourism, media, and culture. There is a reference to Kamel's work from 2021.

Casciani et al. (2022) have identified a digital change occurring in the supply chain, including design and development, business-to-business (B2B), business-to-consumer (B2C), manufacturing, and retail. This transformation entails process and product innovation, as well as cultural, social, economic, and environmental sustainability considerations.

To ensure a sustainable return on the immediate measures taken to mitigate the effects of the crisis, the formulation and implementation of a digitalisation strategy is essential. A digital change strategy is essential for identifying the required business model adjustments. The citation is "Reuschl et al., 2022". Schallmo and Williams's (2021) classification of services and applications contains the following: 1). Digital data refers to the application of techniques such as processing and collection to enhance data analytics' decision-making and predictive capabilities. Integrating conventional artificial intelligence enables autonomous operations and self-regulating mechanisms. The objective is to increase operational efficiency, reduce error rates, accelerate processes, and reduce operating expenses. The notion of autonomy is being questioned. Digital customer access permits direct consumer access to mobile Internet infrastructure, especially fourth-generation (4G) networks. Mobile networks have the potential to facilitate extensive, synchronizable broadband communications across the supply chain. During the transformation phase, Tagarev (2019) asserts that digital capabilities facilitate new forms of innovation and creativity in certain fields. This includes the modification of marketing strategies, business models, operations, products, marketing approaches, and objectives, among other things.

Digital change has the potential to increase operational efficiency and maintain service standards, resulting in a decrease in costs and waste. Digital health interventions involving two parties can provide global patient-centered care. These interventions may include decision support systems that enhance the performance and quality of services. Digital innovations must be effectively and sustainably incorporated into a functioning health ecosystem if the benefits of digital technologies are to be realized by all sectors of society (Reuschl et al., 2022). Telukdarie et al. (2022) argue that the digital change and re-engineering of commercial services are essential for stimulating economic development and facilitating globalization. In addition, they stress the need for a strategic approach to the implementation of modern tools. Given its development, the application of technology in small and medium-sized enterprises (SMEs) is a complex endeavor. The complex changes present a challenge for small entrepreneurs, particularly those from rural areas, who have limited exposure to advanced and modern technologies, which inhibits their ability to acquire knowledge about them quickly (Hasbolah, 2021). The aforementioned assignment is carried out during the implementation phase of digital change. Promotional use of digital media. Promotion is an essential element that businesses must address. Creating a blog allows us to establish interaction between consumers and our products. This action may facilitate communication between the parties. E-commerce platform configuration. To maintain products relevant in today's digital age, the establishment of an online store is essential. Due to the prevalence of currency and the infrequency of its use, cash-based transactions are still preferred by consumers making offline purchases. The strategy employed is to educate consumers on the convenience of cashless payment methods, which can be accessed through a variety of e-wallets and mobile banking platforms (Watini et al., 2021).

According to Tabrizi et al. (2019), the digital change process is inherently uncertain and necessitates transitory changes that must be adapted, swift decision-making, and the participation of diverse organizational groups. Digital technologies may outperform traditional media channels and marketing communications in optimizing the marketing mix, according to Arobo (2020). Bank Indonesia has implemented the QRIS system as specified in the 2019 Indonesian Payment System Blueprint to encourage the adoption of digital payment methods for commercial services. The use of QRIS technology provides a number of advantages, such as expedited, streamlined, and documented payment transactions. Sulistyaningsih and Hanggraeni (2021) observe that QRIS transactions are executed in a secure manner because they are subject to the regulatory oversight of Bank Indonesia. Moreover, it is essential to adapt to the rapid evolution of the digital era in order to strengthen and improve the effectiveness of micro, small, and medium enterprises (commercial services) and to ensure the sustainability and development of commercial services as a component of the informal economic sector that strengthens the local economy (Islami & Wahyuni, 2020).

Remote Working

Perdiyanti and Faeni (2021) suggest that establishing a private and practical workstation outside of the traditional office environment can facilitate the implementation of effective remote working. This can be accomplished by establishing a home office environment that is secure and comfortable. The concept of teleworking entails the performance of certain service-sector duties from the comfort of one's own home. Commonly referred to as remote working, the practice of working from a location other than a traditional office may also be referred to as working from a desired location or from home. According to the findings of Perdiyanti and Faeni (2021), there is no need for employee-to-employee interaction in an office setting. According to Garrote Sanchez et al. (2021), certain homework assignments, such as those performed by call center employees, may not necessitate the use of a computer. According to Milcheva and Xie (2022), a remote working environment can be a source of distraction for employees, despite the fact that it offers benefits such as the convenience of attending to personal requirements and a quiet and cozy atmosphere. Exploring the productivity implications of hybrid models, in which remote working is not a dichotomous variable but rather a continuous variable (e.g., remote working on certain days or hours of the week), may be an essential direction for future research (Garrote Sanchez et al., 2021).

Remote working is a viable strategy for reducing the spread of the disease. Working remotely can also be used to conduct business. According to Bjorkdahl (2020), remote working refers to paid labor performed remotely, typically from home. It may be a viable and cost-effective option for remote workers. This study concentrates on addressing the challenges posed by an ever-changing and limitless revolution, specifically the practice of remote work or telecommuting (Faeni et al., 2021). The process of working remotely involves a number of steps, including the evaluation of work outcomes, the analysis of field procedures, and the development of strategic plans. Compliance with government regulations, the use of online media applications, maintaining work-life balance, demonstrating professionalism at work, and nurturing positive family relationships are the five concepts that can be used to classify the implementation of remote working. The terms'remote working' and 'teleworking' denote two distinct approaches to the concept of working remotely. Remote working and teleworking are often used interchangeably to refer to employment that occurs outside of a traditional office environment. The frequency of inquiries pertaining to remote work has increased, as has the number of information sources discussing the topic. The term'remote working' appeared on 17.2 million web pages, whereas 'telecommuting' appeared on 13.9 million web pages. Google Scholar, in contrast, provides access to 51 000 scholarly articles on telecommuting and 13 700 scholarly articles on remote work. Nonetheless, there is a subtle difference between the two concepts. Telecommuting refers to the practice of working outside of the traditional office environment, typically from home, whereas remote working refers to a circumstance in which the employee is located outside of the organization's main headquarters or central office. The differences in geography may appear insignificant, but they necessitate adjustments to the management and engagement of the workforce. To effectively manage remote workers and maintain the required levels of productivity, managers must implement distinct communication and management strategies and exert additional effort. The differences between remote work and telecommuting include, but are not limited to, employment laws, financial responsibilities, cultural diversity, time zones, scheduling, and performance requirements. According to Savi (2020), remote employees are typically self-employed individuals and independent contractors (Faeni, 2016) who work outside of traditional office environments.

Evaluation of Commercial Services

Hati et al. (2021) observe that when it comes to defining evaluation, organisations have a variety of options, with the most prevalent being the use of specific indicators. According to Mashudi (2021), an employee is a functional unit that engages in a succession of tasks in accordance with the organization's goals. Job performance, also known as genuine evaluation, refers to the accomplishments or successes attained by an employee on the job. Winarto (2020) states that an employee's performance is the result of his or her work in terms of both quality and quantity as he or she fulfills designated responsibilities. The assessment of business evaluation is used to verify its effectiveness, measure the effectiveness of various metrics such as service, development, financial, commercial, or other factors, compare roles, communicate its standing or progress internally and with stakeholders, validate performance management, cost and governance objectives, prioritize spending, and take into account other pertinent factors (Alabsy, 2021). Business performance is the accomplishment or consequence of the execution of all business-related activities. According to Yacob et al. (2021), revenue growth and profitability are recognized as essential indicators of business evaluation.

According to Hati et al. (2021), there are three primary components to the evaluation process: (a) task performance, (b) citizenship performance, and (c) counterproductive performance. Challenges confronting service-oriented businesses: (1) From the standpoint of innovation performance, service-oriented businesses have not yet completely integrated modern management systems. As a result, these businesses continue to rely on unique advantages in lieu of more advanced technological innovations to boost sales and marketing and optimize the use of business resources. This finding implies that the innovation performance of business services is not optimal. The adequacy of business skills and capabilities in commercial services, such as human resources, may fall short of expected standards. These conditions may have direct or indirect effects on the efficacy of business innovation. According to Darmo et al. (2021), commercial services do not prioritize benchmarking strategies to accomplish their objectives, which may result in a misalignment with innovation performance advancements. In addition, these services may have time, effort, and resource allocation efficiency benefits.

RESEARCH METHODS

Research Variable

Exogenous Variable

The previously mentioned variable functions as a predictor, a stimulus, and an antecedent. The independent variable is a factor whose variation in response to changes in the endogenous or constrained variable is observed. The research included two exogenous variables: digital change and remote working.

Endogenous Variables

Variables that change as a consequence of previously established factors or criteria are considered endogenous. The dependent variable can be interpreted differently. The dependent variable is the variable that the independent variables influence. The focus of the research is the relationship between motivation and evaluation of commercial services, with motivation and evaluation functioning as dependent variables.

Operational Variables

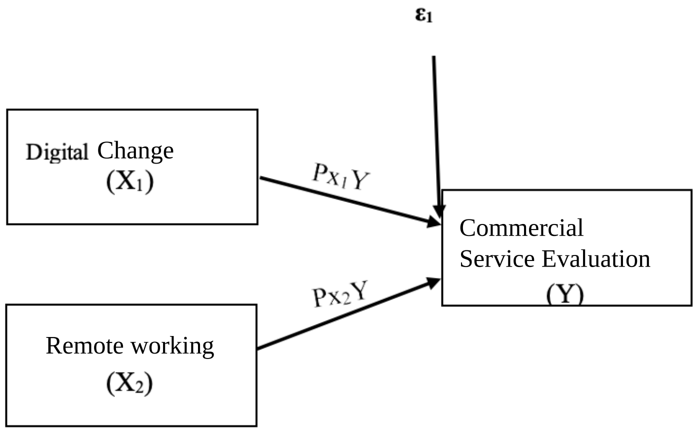
A design with intangible properties that facilitate the measurement of a sample of a variable is operational..

Table-1: Research Variables

Variable	Dimensions	Indicator	Scale
Exogenous Variable (X)	Digital Change (X_1)	1. Digital Change	Likert 1-5 Ordinal

		2. Effectiveness of Digital change	Likert 1-5 Ordinal
		3. Planning and Observation	Likert 1-5 Ordinal
Exogenous Variable (X)	Remote Working (X_2)	1. Work from any location	Likert 1-5 Ordinal
		2. Efficient	Likert 1-5 Ordinal
		3. Family	Likert 1-5 Ordinal
Endogenous Variable(Y)	Evaluation (Y)	1. Workmanship	Likert 1-5 Ordinal
		2. Productiveness	Likert 1-5 Ordinal
		3. Prudence	Likert 1-5 Ordinal
		4. Effectiveness	Likert 1-5 Ordinal
		5. Monitoring	Likert 1-5 Ordinal

Conceptual Method



Hypothesis

- H1: Following the COVID-19 pandemic in the commercial service, the digital change substantially enhances the evaluation of the commercial service..
- H2: In the wake of the COVID-19 pandemic, remote working substantially improves the evaluation of commercial services.

Population and Sample

This study's sample consisted of 50 Indonesian citizens, representing the population of Indonesia

This study's total number of samples is calculated using the following formula:

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

Information:

N: the sample count

N: Total population

e: population error form number 200. there are n examples, and they are:

$$n = \frac{200}{1 + 200(0.05)^2}$$

This survey included 50 Indonesian communities as samples..

Data Collection

Primary and secondary data collection methods exist. This strategy employs interviews, observations, surveys, and literature evaluations..

Goodness of Fit

(Sudiardhita et al., 2018) Values derived from an SPSS analysis that can be used as a benchmark for validating the model overall. determining the reliability of the information generated by model fitting. There was a test of model fit. The table below provides a summary of SPSS measurements:

Table-2: Goodness of Fit

Measurement Models	Criteria
SRMR	< 0.08 (Henseler, 2014)
NFIs	> 0.90 (Lohmöller, 1989)
rms Theta	< 0.12 (Lohmöller, 1989)

Source: Smart PLS Gozali Book, 2015

Research Instrument Test

Valid claims are subject to testing. Validity and dependability can be organized according to the quality of the collected data. The following criteria are used to determine whether a statement is true or false and has a sufficient degree of dependability:

Table-3: Rule of Thumb Evaluation of the Measurement Model (Outer Model)

validity	**Parameter**	**Rule of Thumb**
Convergent Validity	Loading Factor	• >0.70 for confirmatory research. • > 0.60 for exploratory research.
	Communality	• >0.50 for confirmatory and exploratory research
	AVE (Average Variance Extracted)	• >0.50 for confirmatory and exploratory research
Discriminant Validity	Cross Loading	• > 0.70 for each variable.
	AVE Square Root and correlation between laten constructs	Square root AVE > correlation between latent constructs

Source: Chin, 1998; Hair *et al.*, 2011; Ghozali, 2015

Validity test

If a portion of the measurements and procedures are conducted in accordance with the specifications, the measurement scale is deemed valid. If the results of the validity test are determined to be invalid, the research results will be meaningless; therefore, you must take the necessary steps and acquire the necessary data.

Reliability Test

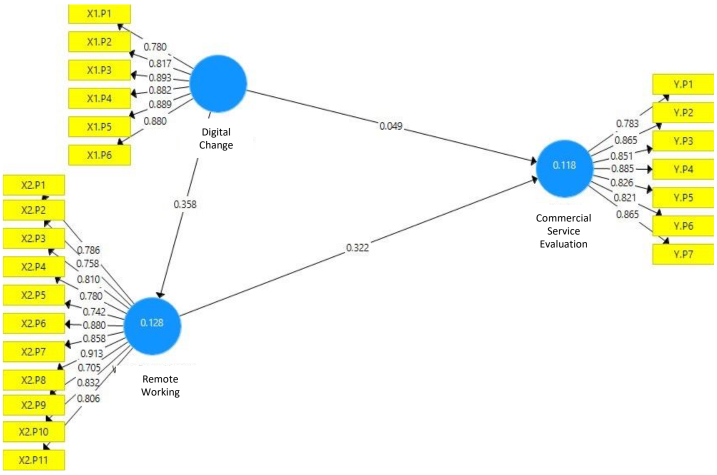
The reliability test is a research instrument used to determine the likelihood that a given object will produce the same results over time (Saleh & Utomo, 2018). Validity and reliability can be determined based on the quality of the collected data. The Rule of Thumb table criteria are used to determine whether a given statement is true or deceptive and has an acceptable reliability rating. The evaluation metrics for the Measurement Model (Outer Model) in Table 3 and 4 are Cronbach's alpha greater than 0.70 and composite reliability greater than 0.50.

RESULTS AND DISCUSSION

Outer Model

The concept underlying model measurement is that the construct and the indicator are interdependent. Convergent validity is a component of the initial evaluation examination..

Figure-1: Outer Model



Validity Test Results

There are two varieties of validity tests: convergent validity is determined by the value of the loading factor, while discriminant validity is determined by the value of the square root of the Average Variance Extracted (AVE) and cross-loadings, the Average Variance Extracted (AVE).

Table-4: Validity Test Results (Loading factor)

Declaration Number	Test result	Validity Description
Digital change		
$X_1 .P_1$	0.780	Valid
$X_1 .P_2$	0.817	Valid
$X_1 .P_3$	0893	Valid
$X_1 .P_4$	0.882	Valid
$X_1 .P_5$	0.889	Valid
$X_1 .P_6$	0.880	Valid
Remote working		
$X_2 .P_1$	0.786	Valid
$X_2 .P_2$	0.758	Valid
$X_2 .P_3$	0.810	Valid
$X_2 .P_4$	0.780	Valid
$X_2 .P_5$	0.742	Valid
$X_2 .P_6$	0.880	Valid
$X_2 .P_7$	0.858	Valid
$X_2 .P_8$	0913	Valid
$X_2 .P_9$	0.705	Valid
$X_2 .P_{10}$	0.832	Valid
$X_2 .P_{11}$	0.806	Valid
Commercial service evaluation		
Y, P_1	0.783	Valid
Y, P_2	0.865	Valid
Y, P_3	0.851	Valid
Y, P_4	0.885	Valid

Y, P_5	0.826	Valid
Y, P_6	0821	Valid
Y, P_7	0.865	Valid

To test the discriminant validity of the model, the average variance extracted (AVE) value is used. The following information about the AVE value is given in Table 4 of the AVE value:

Table-4: Value of *Average Variance Extracted* (AVE)

Variable/Construct	***Average Variance Extracted* (AVE) (>0.5)**
Digital Change (X_1)	0.736
Remote Working (X_2)	0.654
Commercial Service Evaluation (Y)	0.711

The AVE value of each variable in Table 4 is above 0.5, indicating that it is valid to use in an AVE-based discriminant.

Table-5: The result of Reliability of Each Variable

Variable/Construct	**Test Results**		**Reliability Statement**
	Cronchbach's Alpha ()	***Composite Reliability ()***	
Digital Change(X_1)	0.929	0.943	Reliable
Remote Working (X_2)	0947	0.954	Reliable
Commercial Service Evaluation (Y)	0.932	0.945	Reliable

Table 5 shows that all the constructs in this study are reliable, as the Cronbach alpha value for each construct exceeds 0.7 and the composite reliability for each construct exceeds 0.5.

Inner Model

The purpose of this study is to determine the correlation between positive variables, the significant value, and the determination coefficient. Using R-squared, structural models can also be evaluated.

Figure-2: Figure Inner Model

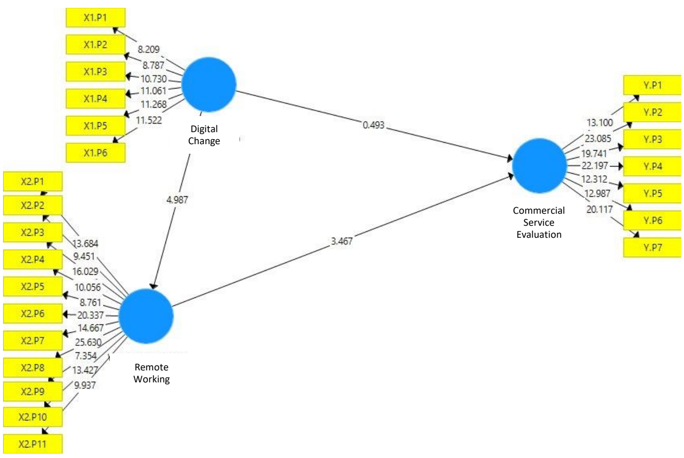
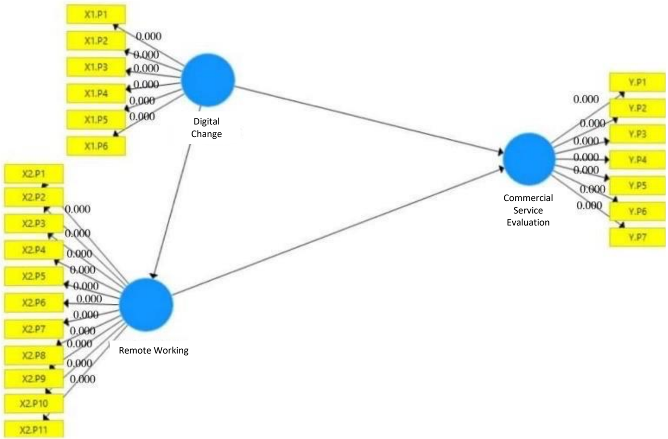


Table-6: Significance of Test Results



On the basis of Table-6, it can be concluded that all T-statistic indicators for the Digital change, Remote working, and Commercial service evaluation variables are significant, as their respective values are greater than 1.96..

Table-7: Test of Inner Model

Variable/Construct	*T-Statistics*	*P-Values*	Description of Significance
Digital change > Commercial service evaluation	0.493	0.622	Not significant
Digital change > Remote working	4,987	0.000	Significant
Remote working > Commercial service evaluation	3,476	0.001	Significant

Hypothesis Testing

The initial statement made by the researcher during research is known as the hypothesis (Purwanza et al., 2022).

Table-8: *Original Samples*

Variable/Construct	Original Sample
Digital change (X1)	0.049
Remote working (X2)	0.358
Commercial service evaluation (Y)	0.322

The variable values are both positive and negative, as evidenced by the original example table. Digital change has no effect on remote work by 0.053 and on commercial service evaluation by 0.318.

Table-9: Test the suitability of the model

C	Criteria	Test result	Information
SRMR	< 0.08 (Henseler et. al, 2014)	0.083	Fit models
NFIs	> 0.90 (Lohmöller, 1989)	0.678	Not Fit Models
rms Theta	< 0.12 (Lohmöller, 1989)	0.203	Not Fit Models

The SRMR score indicates that the required criteria have been met based on the test results, signifying compatibility and consistency with some of the data obtained using the goodness-of-fit metric. In contrast, RMS Theta and NFI did not satisfy the requirements, indicating that they are not compatible and consistent with the collected data based on goodness of fit.

Table-10: *R Square and Adjusted R Square*

***Endogenous* Variables**	**R Square**	**Adjusted R Square**
Commercial service evaluation	0.118	0.104
Remote working	0.128	0.121

The R-square value is calculated by adding the R-square values for the performance of the commercial service (11.8%) and remote working (0.128). The R-square value represents the R-square's ability to have a weak or negligible relationship between remote working, a digital change variable, and commercial service evaluation.

CONCLUSIONS AND SUGGESTIONS CONCLUSIONS

In light of the discussion in the antecedent chapters, the following is a summary of the outcomes of data analysis and partial and simultaneous hypothesis testing:

1. There is a weak but positive relationship between digital change and the evaluation of commercial service.
2. Remote working is substantially and positively correlated with the evaluation of commercial service.

Managerial Implications:

1) The implementation of commercial services is impacted positively but insignificantly by digital change. In other words, the digital change and information technology are increasing without impacting commercial services. Inputs associated with the digital change of commercial services, such as remote work utilizing Google Drive for data storage, are extremely beneficial, increase work, and are monitored. On each task,

planning and supervision are linked via an effective system. The presence of digital change and the effectiveness of supervision and planning have a direct bearing on the evaluation of commercial service.

2) The effect of remote working on the evaluation of commercial services, namely that it can increase work activities at home, will also enhance the evaluation of commercial services. Due to the fact that every commercial service evaluation involves work pressures that make it difficult to fulfill family responsibilities while working from home, the obligation to carry out work carried out at work cannot be fulfilled properly due to the demands of family or spouse while working from home, and activities that everyone wants to participate in. Due to the demands of my work while working remotely from home, I am unable to evaluate a commercial service at home, and in implementing remote working from home, only a few portions implement work from home.

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CHAPTER 5

Digital Transformation, Work From Home on The Performance of Culinary Msmes in Indonesia After the Pandemic

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ABSTRACT

The aim of this research is to determine the degree of correlation between digital transformation and work-from-home on the performance of culinary MSMEs in Indonesia after the COVID-19 pandemic and the rise of online food ordering. A quantitative approach was used in this study, employing descriptive methods and a sample size of 133 MSME respondents. Smart PLS 3.0 software was utilized to analyze the data. The findings show that digital transformation has a positive but insignificant effect on MSME performance. The T-statistic value is 0.493, which is less than the critical value of 1.96, indicating a lack of significance. In contrast, work from home has a positive and significant impact on MSME performance, with a T-statistic value of 4.987 exceeding the 1.96 critical value. However, online food ordering has an insignificant effect on MSME performance, with a T-statistic value of 3.467 less than 1.96. The coefficient of determination or R-square value of MSME performance is 0.118 or 11.8%, indicating a weak relationship between the digital transformation, work from home, and MSME performance variables.

Keywords: Digital Transformation, Work From Home, MSME Performance

INTRODUCTION

The COVID-19 pandemic has had a widespread impact on agencies all over the world, resulting in many implementing a work from home (WFH) policy as a solution. The definition of WFH is a policy chosen as a strategy, which requires adequate remote communication devices, as a means of connecting all those involved in the company, especially when carrying out company goals. The impact of the pandemic on MSMEs has been significant, with logistical challenges and reduced demand being the short-term effects. However, the severity has varied between companies and industries. In the long term, the impact of COVID-19 on MSMEs will present different challenges and opportunities depending on the type of MSME. The pandemic has resulted in four problem points, including decreased turnover due to restrictions on activities, constraints on funds resulting in decreased sales levels, obstacles to the flow of goods distribution, and difficulty finding raw materials. Despite these challenges, advances in information technology have helped to reduce limitations in business, such as customer service processes and communication with customers, and to reduce waste in the production process. Several recommendations for MSMEs to maintain their business include selling through e-commerce, marketing products using digital technology, improving the quality and types of services, and doing customer relationship marketing to create consumer trust and grow customer loyalty. Digital transformation is one of the ways to accelerate the response to the COVID-19 pandemic that has hit the world since the end of 2019. The demands of the digital economy are driven by the pandemic, which has affected all sectors of human life, including the economic sector run by MSMEs.

THEORETICAL STUDIES

Digital Transformation

The digital transformation involves more than just the use of new digital tools, and its purpose is to not only survive but thrive (Li et al., 2022). It demands significant investment and innovation to ensure the cybersecurity and resilience of organizations, industries, and countries in the face of cyber threats (Tagarev, 2019). Digital transformation is affecting various domains, including marketing, business, management, IT, and IS, and it has resulted in the creation of a new business environment called the "digital business ecosystem" (Rahimi et al., 2022). Organizations must have digital leadership to ensure compliance with friendly environmental targets (He & Su, 2022).

Digital transformation is a term used to describe significant changes in an organization's structure (Kawung et al., 2022). It plays a crucial role in various industries, but executive teams often face resistance from employees (Rupeika-apoga et al., 2022). The effects of digitalization on finances, leadership, employees, and business models, as well as the perception of the use of new technologies, have been measured in different studies (Merdin et al., 2022). For SMEs, the internal and external factors that can influence digital transformation include capabilities fit, resource fit, changes in business models, governmental regulation, and industry-related factors (Tarutė et al., 2018).

Digital transformation does not always require radical changes in business models, new product categories, or responses to competing technologies. Until the market stabilizes, it is still too early to claim that digital transformation pioneers have achieved first mover gains or losses (Sudiardhita et al., 2018).

Organizations must have cross-functional teams with strong support to ensure a successful digital transformation (Barry Libert et al., 2016). The acceleration of digital transformation presents an opportunity for the government to influence various sectors of the economy and industry (Kamel, 2021). Casciani et al. (2022) identified the types of digital transformation occurring across the supply chain, including design and development, business-to-business (B2B), business-to-consumer (B2C) marketing, manufacturing, retail, and aspects of sustainability related to digital transformation.

To ensure a long-term return on investment, a digitization strategy is needed to mitigate the impact of the crisis, and a digital transformation strategy is necessary to determine the necessary business model changes (Reuschl et al., 2022). Four service/application categories include digital data analysis, processing and collection, autonomous technology and self-regulating systems, digital customer access, and cellular networks for large brand communications (Schallmo & Williams, 2021).

Digital transformation can reduce waste and costs by increasing effectiveness and maintaining quality. It also enables person-centered care on a global scale, with decision support systems that can improve service performance and quality (Tagarev, 2019). Alam et al. (2022) emphasized the need to explore the supporting factors for digital transformation, particularly on a regional development scale.

Work From Home

According to Perdiyanti and Faeni (2021), in order to effectively implement work from home, MSMEs can create a comfortable and safe home office environment. Work from home or remote work can be defined as work carried out remotely without face-to-face contact with other workers in an office environment (Perdiyanti & Faeni, 2021). While some work from home assignments may not require a computer, such as call center workers (Garrote Sanchez et al., 2021), it is important to note that the benefits of a home work environment can also distract workers from their work (Milcheva & Xie, 2022).

Moreover, understanding the productivity implications of hybrid models where work from home is not a binary outcome but is continuous could be an important area for future research (Garrote Sanchez et al., 2021). Work from home can be used as a strategy to prevent the spread of epidemics and is paid work done remotely (Björkdahl, 2020). It is aimed at facing the challenges of a limitless and modern revolution, namely working from home or remote work (Faeni et al., 2021).

The stages of work from home include evaluating work results, field processes, and planning. In implementing work from home, it is important to comply with government regulations, use online media applications, maintain work-life balance, maintain professionalism at work, and create good family relationships (Perdiyanti & Faeni, 2021).

Remote work and telecommuting are two different approaches to the concept of working from home, with remote work implying that the employee lives outside the organization's head office or main office, while telecommuting means working outside of the office, usually from home. These geographical differences demand changes in workforce management and engagement, including different communication and management styles, additional effort to ensure the required level of productivity, and dealing with different employment laws, financial obligations, cultural backgrounds, time zones, scheduling, and expectations (Savić, 2020).

MSME Performance

Micro, Small and Medium Enterprises (MSMEs) are a significant contributor to the economy, and performance measurement is an important aspect in evaluating their success. Performance indicators are commonly used to define performance, and job performance is a measure of work achievement or actual achievement attained by employees (Hati et al., 2021; Mashudi, 2021). Business performance is validated through various measures such as service, development, financial, commercial, or others, which are used to compare roles and communicate progress (Alabsy, 2021). Sales growth and profitability are important indicators of business performance (Yacob et al., 2021).

In Indonesia, MSMEs make up a significant portion of the economy, with over 64 million businesses and a workforce absorption of 117 million workers in 2018 (Kilay & Simamora, 2022). The definition of MSMEs varies across countries, but they are generally referred to as productive economic businesses managed by individuals (Nusa, 2021). However, in developing countries, many MSMEs lack basic business practices and compete with other local household businesses (Rand & Tarp, 2020).

Training and personal development are important for improving the quality and skills of human resources in MSMEs, which can have a positive impact on performance and help achieve business goals (Kusuma, 2018). Task performance, citizenship performance, and counter-productive performance are the three main components of performance (Hati et al., 2021).

In the culinary sector, MSMEs face challenges related to innovation performance, entrepreneurial abilities and skills, and benchmarking strategies (Darmo et al., 2021). To support the performance of MSMEs, government assistance, external funding, and management and reform training are needed (Syariati, 2022).

Various statistical sources can be used to identify MSMEs, and decision-makers should be aware of the different performance measures used and the factors that hinder MSMEs from using them (Nandeeswaraiah et al., 2019; Info & On, 2016). Policymakers must consider the direction and effectiveness of policies to ensure they benefit MSMEs and observe performance differences to make intelligent decisions on policies (Arobo, 2022).

RESEARCH METHODS

Research Variable

Exogenous Variables

This variable is acting as a predictor, stimulus, and what happened before. The independent variable is somethingthat occurs when something changes in the endogenous (bound) variable. In the study, there were three exogenous variables including digital transformation, work from home.

Endogenous Variables

Endogenous variables are referred to as variables that will change at certain factors, criteria, according to what has been treated. Can be interpreted as the dependent variable. The dependent variable is the variable that is the cause because of the independent variables. In the research the dependent variable is the performance of MSMEs.

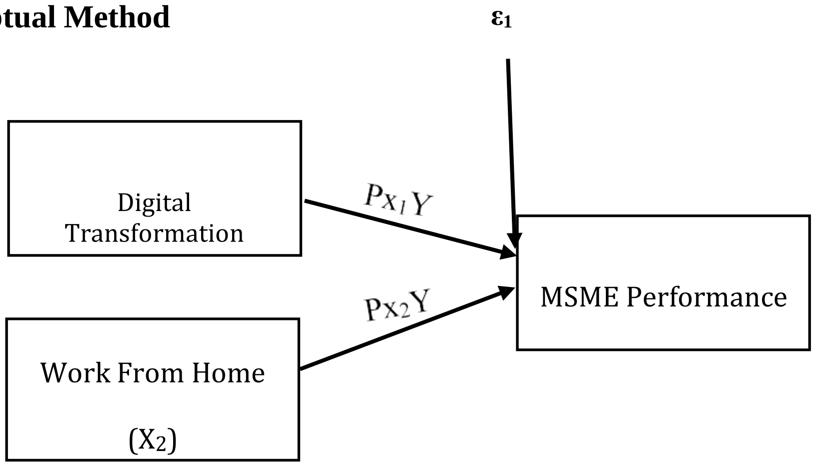
Operational Variables

Operational, namely a design that has intangible properties to make it easier to measure a sample of a variable.

Variable	Dimensions	Indicator	Instrument	Scale
Exogenous Variable (X)	*Digital* Transformation (X1)	1. *Digital* Transformation	1. Information technology provides additional knowledge MSME performance (X1, P1)	Likert 1-5 Ordinal
		2. Ease of use of Digital Transformation	1. Information technology provides additional knowledge about MSME Performance (X1, P2) 2. Digital Transformation makes it easier for individuals & groups to work MSME performance (X1, P3) 3. work from home using Google Drive for data storage is very helpful for every MSME performance (X1, P4)	Likert 1-5 Ordinal
		3. Planning and Supervision	1. Planning and control of work connected through an efficient system (X1, P5) 2. Monitoring the work of MSME systems that are integrated in each MSME performance (X1, P6)	Likert 1-5 Ordinal
Exogenous Variable (X)	Work From Home (X2)	1. Work anywhere	1. The implementation of *work from home* for all MSMEs has free time to do other work. (X2, P1)	Likert 1-5 Ordinal
		2. Efficient	1. *Work from home* increases the efficiency of MSME performance (X2, P2) 2. I have never put off work while *working from home* (X2, P3) 3. Targets and task demands are too high so that it burdens the performance of MSME employees when *working from home* (X2, P5) 4. *Work from home* makes every MSME Performance do not need to pay for travel expenses (X2, P6) *5.* Activities that "every MSMEs performance wants to do at home cannot be done because of the demands of my work while *working from home"* (X2, P7)	Likert 1-5 Ordinal
		3. Family	1. *Work from home* makes us close to family (X2, P8) 2. Every MSME Performance has "pressure on work which makes it difficult to fulfill family tasks while *working from home"* (X2, P9) 3. Break time for each MSME MSME Performance is used for resting (X2, P10) 4. Work obligations for every MSME performance carried out in the workplace cannot be carried out properly because of demands from the community when *working from home* (X2, P11) *5.* The tight time needed for work for each MSME's performance makes it difficult to fulfill family responsibilities when *working from home* (X2, P12)	Likert 1-5 Ordinal

Endogenous Variable(Y)	MSME Performance (Y)	1. Work quality	1. MSME quality standards are in accordance with community expectations. (Y, P1)	Likert 1-5 Ordinal
		2. Productivity	1. The level of accuracy in each MSME in accordance with the conditions requested by the community on *work from home* will motivate (Y, P2)	Likert 1-5 Ordinal
		3. Discipline	1. The application of *work from home*, MSMES is able to follow the rules in the institution. (Y, P3) 2. The application of digital transformation is the completion of MSME Performance tasks precisely and quickly according to the specified time (Y, P4)	Likert 1-5 Ordinal
		4. Efficiency	1. The level of accuracy in each MSMES in accordance with the provisions of the rules on *work from home* will motivate visiting MSMES (Y, P5) 2. community expectations (Y, P6)	Likert 1-5 Ordinal
		5. Supervision	1. Monitoring of the MSMES environment affects the people who will buy at these MSMES. (Y,P7)	Likert 1-5 Ordinal

Conceptual Method



Hypothesis

- H1: Digital Transformation provides a significant positive correlation to the performance of MSMEs afterthe COVID-19 pandemic in MSMEs.
- H2: Work From Home provides a significant positive correlation to the performance of MSMEs. after theCOVID-19 pandemic in MSMEs.

Population and Sample

In this study, the population was Indonesia residents, with a total sample of 133 Indonesia residents.
Determining the number of samples in this study uses the following formula:

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

Information:
N : number of sample
N : Number of

population
e : error
form number 200 population the number of samples (n) are:

$$n = \frac{200}{1 + 200\,(0.05)^2}$$

The number of samples in this study were 133 Indonesia community.

Data Collection

Data collection techniques can be categorized into two, including primary and secondary. In using this method can be from interviews, observations, questionnaires, and literature studies.

Goodness of Fit

Based on SEM analysis using values that can be obtained as a reference in testing the model as a whole (Sudiardhita et al., 2018). Aiming at measuring the value of the data obtained by matching the model. Model fit test was performed. Measurements in PLS can be summarized as shown in this table:

Table 2. Goodness of fit

Measurement Models	Criteria
SRMR	< 0.08 (Henseler, 2014)
NFIs	> 0.90 (Lohmöller, 1989)
rms Theta	< 0.12 (Lohmöller, 1989)

Source: Smart PLS Gozali book, 2015

Research Instrument Test

Testing is done on valid statements. The arrangement of validity and reliability can be seen from the quality of the data obtained. The criteria for determining whether a statement is valid or not and has an acceptable reliability valueare based on the following criteria:

Table 3. *Rule of Thumb* Evaluation of the Measurement Model (*Outer* Model)

validity	Parameter	Rule of Thumb
Convergent Validity	Loading Factor	• >0.70 for confirmatory research. • > 0.60 for exploratory research.
	Communality	• >0.50 for confirmatory and exploratory research
	AVE (Average Variance Extracted)	• >0.50 for confirmatory and exploratory research
Discriminant Validity	Cross Loading	• > 0.70 for each variable.
	AVE Square Root and correlation between laten constructs	Square root AVE > correlation between latent constructs

Source: Chin, 1998; Hair *et al.*, 2011; Ghozali, 2015

Validity Test

The validity test is a crucial component of research, as it determines whether the measurement scale used is appropriate for the study's objectives and the conditions required. Research results would be deemed invalid if the validity test is not satisfied, underscoring the importance of accurately measuring and carrying out the required tasks (Saleh & Utomo, 2018).

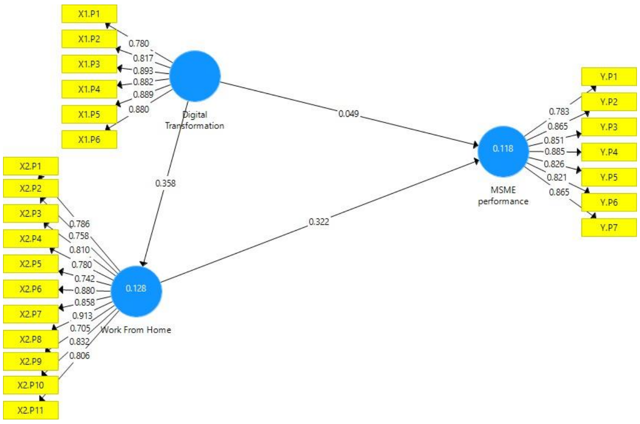
Reliability Test

The reliability test is an instrument used in research to measure how much the same object will produce the same data (Saleh & Utomo, 2018) . Conversely, the reliability test assesses the consistency of data collected from the same subject matter. In research, this test is crucial in establishing the quality of data obtained and ensuring that the same object produces consistent data, which is necessary to obtain accurate results. The criteria for determining the validity and reliability of a statement are based on the Rule of Thumb table criteria, which are measured by the Cronbach's alpha coefficient, with values above 0.7, and the composite reliability, with values above 0.5 (Saleh & Utomo, 2018).

RESULTS AND DISCUSSION

OuterModel

Model measurement is that there is a relationship between the construct and the indicator. Convergent validity is a trait that is owned in the initial evaluation test.



Figuere 1. Outer model

Validity Test Results

The validity test is divided into two types: discriminant validity is measured from the value of the square root of AVE and cross loadings, Average Variance Extracted (AVE), while convergent validity can be measured from the value of the loading factor.

Table 4. Validity Test Results (Loading factor)

Declaration Number	**Test result**	**Validity Description**
Digital Transformation		
X1 .P1	0.780	Valid
X1 .P2	0.817	Valid
X1 .P3	0893	Valid
X1 .P4	0.882	Valid
X1 .P5	0.889	Valid
X1 .P6	0.880	Valid
Work From Home		
X2 .P1	0.786	Valid
X2 .P2	0.758	Valid
X2 .P3	0.810	Valid
X2 .P4	0.780	Valid
X2 .P5	0.742	Valid

X_2 .P6	0.880	Valid
X_2 .P7	0.858	Valid
X_2 .P8	0913	Valid
X_2 .P9	0.705	Valid
X_2 .P10	0.832	Valid
X_2 .P11	0.806	Valid
MSME performance		
Y, P1	0.783	Valid
Y, P2	0.865	Valid
Y, P3	0.851	Valid
Y, P4	0.885	Valid
Y, P5	0.826	Valid
Y, P6	0821	Valid
Y, P7	0.865	Valid

Henceforth, the value of discriminant validity will be tested based on the average variance extracted (AVE) value. The AVE value can be seen in table 4 of the AVE value, as follows:

Table 4. Value of *Average Variance Extracted* (AVE)

Variable/Construct	***Average Variance Extracted* (AVE) (>0.5)**
Digital Transformation (X_1)	0.736
Work From Home (X_2)	0.654
MSME Performance (Y)	0.711

In Table 4 it can be seen that the AVE value of each variable is above 0.5 so that it can be said to be valid in discriminant based on AVE.

Table 5. The result of Reliability of Each Variable.

Variable/Construct	**Test Results**		**Reliability Statement**
	Cronchbach's Alpha ()	***Composite Reliability ()***	
Digital Transformation (X_1)	0.929	0.943	Reliable
Work From Home (X_2)	0947	0.954	Reliable
MSMEs Performance (Y)	0.932	0.945	Reliable

Based on Table 5 it can be seen that the Cronbach's alpha value for each variable has a value of more than 0.7 and the composite reliability of each variable has a value of more than 0.5 so it can be concluded that all constructs in this study are reliable.

Inner Model

Aims in knowing the coefficient of determination, significant value, correlation between constructive in this study. The R-square can also be used in evaluating structural models.

Figure 2. Figure *Inner Model*

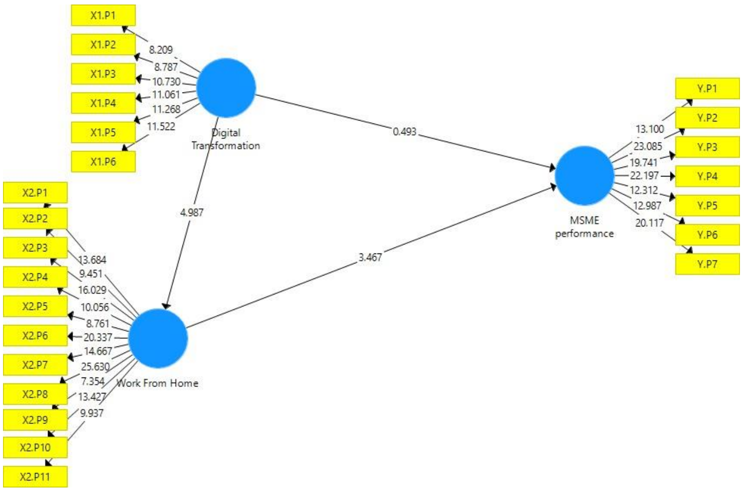
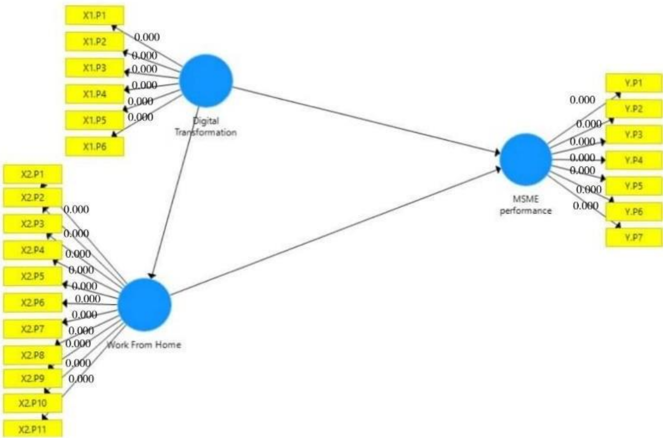


Table 6. Significance Test Results



Based on table 6 above, it shows that all T-statistic indicators have a value of more than 1.96, so in conclusion,all indicators of the Digital Transformation, Work From Home and MSMES Performance variables are significant.

Table 7. Test of Inner Model

Variable/Construct	***T-Statistics***	***P-Values***	**Description of Significance**
Digital Transformation > MSME Performance	0.493	0.622	Not significant
Digital Transformation > *Work From Home*	4,987	0.000	Significant
Work From Home > MSME performance	3,476	0.001	Significant

Hypothesis Testing

The hypothesis is the initial statement from the researcher when the researcher conducts research (Purwanza et al., 2022)

Table 8. *Original Samples*

Variable/Construct	**Original Sample**
Digital Transformation (X_1)	0.049
Work From Home (X_2)	0.358
MSME Performance (Y)	0.322

Based on the original sample table, it can be concluded that the variable values are positive and negative. *Digital* Transformation has no effect of 0.053 on Work From Home and MSME Performance has an effect of 0.318 on MSME Performance.

Table 9. Test the suitability of the model

C	Criteria	Test result	Information
SRMR	< 0.08 (Henseler et. al, 2014)	0.083	Fit models
NFIs	> 0.90 (Lohmöller, 1989)	0.678	Not Fit Models
rms Theta	< 0.12 (Lohmöller, 1989)	0.203	Not Fit Models

Based on the test results, the SRMR value is that the requested criteria have been met, therefore it means that based on Goodness of Fit it has compatibility and is consistent with some of the data collected. Meanwhile, RMS Theta and NFI did not meet the criteria requested, therefore, it means that based on Goodness of Fit it does not match and is consistent with the data collected.

Table 10. *R Square and Adjusted R Square*

Endogenous **Variables**	**R Square**	**Adjusted R Square**
MSME performance	0.118	0.104
Work From Home	0.128	0.121

The R-square value can be concluded as the result of the R-square value of MSME Performance of 0.118 (11.8%) and the R-Square Work From Home value of 0.128. The R-square value can be interpreted as the ability of the R-Squareto have a weak or not strong correlation in the digital transformation variable, work from home, on MSME performance.

CONCLUSION

Based on the discussion in the previous chapters, the results of data analysis and partial and simultaneous hypothesis testing can be concluded as follows:

1. Digital Transformation has a positive correlation to MSME Performance, but the correlation is not statistically significant.
2. Work From Home has a positive and significant correlation with the performance of SMEs.

These findings suggest that while Digital Transformation may have some impact on MSME performance, it is not a significant factor, whereas Work From Home is a key driver of SME performance. Further research is needed to explore the factors that contribute to the success of Work From Home in improving SME performance.

Managerial Implications

1. Based on the analysis, it can be concluded that digital transformation has a positive but insignificant impact on the implementation of MSMEs. This implies that the increase in digital transformation and information technology has no significant impact on the performance of SMEs. The factors that contribute to the positive impact of digital transformation on MSME performance include work from home using Google Drive for data storage, which is helpful in increasing work efficiency and monitoring progress for each job. The efficient system that links job planning and supervision also enhances the

performance of MSMEs. Therefore, the existence of digital-based transformation and efficient supervision and planning directly influence the performance of MSMEs.

2. In terms of the effect of work from home on MSME performance, it is suggested that it can lead to an increase in work activities done at home and subsequently enhance MSME performance. However, it should be noted that MSMEs face challenges when working from home, such as balancing work and family obligations, which may result in difficulty carrying out work properly. Additionally, not all parts of an MSME may implement work from home, as it may only be feasible for certain tasks.

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Mardhiyah, A., Anggraeni, R., & Purwanto, A. (2021). Digital transformation, work from home, and MSMEs performance during the COVID-19 pandemic. Journal of Entrepreneurship Education, 24(1), 1-12.Efficient planning, supervision, and monitoring of work activities through an effective digital system can also enhance the performance of MSMEs. Therefore, it is important for MSMEs to adopt and implement digital technologies that are relevant to their business needs in order to improve their performance

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CHAPTER 6

Managerial Qualities, Human Resources Renewal, Marketing Strategies, Partnership Motivation, Work Orientation, and Work Standardization, and SMES Business Resilience in the Competition: A SMES Study in Surabaya, Indonesia

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ABSTRACT

The current business environment requires SMEs to have a solid plan in order to survive. It is anticipated that SMEs can improve their performance to increase market share with a sound plan. SMEs must increase their skills in order to compete successfully. The goal of this study was to examine the relationship between the characteristics of SMEs management, HR renewal, marketing strategies, motivation partnership, work orientation, work standardization, and SMEs' business resilience in the marketplace. The study's target audience was Surabaya's owners or managers of medium-sized businesses. 200 SME owners or managers in Surabaya were surveyed for the data using a purposive sampling technique. Keywords: personal values, business strategy, performance. Seven hypotheses are generated by the model, which is derived from pertinent literature, and are then assessed using multiple regression analysis in SPSS 16.0. According to the study's findings, a number of factors, including manager traits, The resiliency of SME businesses to market competition is positively and significantly impacted by HR renewal, marketing strategies, partner motivation, job orientation, and work standardization. The empirical findings showed that superior product design and store interior remodeling to provide a cozy, tidy, and well-organized atmosphere for the display of goods boosted SMEs' capabilities.

Keywords: Personal Values, Business Strategy, Performance

INTRODUCTION

Small and medium-sized businesses (SMEs) are facing challenges as a result of the free-trade period and the more globalized international economy (Dunning, 2008). The SMEs in Indonesia, who have grown to be the driving force behind regional and a crucial source of national economic development, also experienced this. Meanwhile, the management of SMEs occasionally failed to recognize the need to enhance their capabilities and quality in order to compete (Lee, 2008). Even when they are aware, they still struggle to make changes and identify the factors that will increase their competitiveness (Faeni, 2015).

Small and medium-sized businesses could play a crucial role in achieving the country's economic growth objectives. This function can be viewed in terms of creating jobs, business prospects, and higher exports. Even though they lack monetary backing, their varied business portfolio has led to stronger features of utilizing the local resources. The following issues, in particular, have an effect on the competitiveness of SMES: The introduction of free trade agreements such as AFTA, APEC, and GATT/WTO has increased the challenges faced by SMEs, including: (1) low productivity of human resources and unstandardized management; (2) slow learner of technology and lack of capital; (3) inadequate access to markets and network that reduce the ability to build marketing channel; and (4) the introduction of these agreements' free trade provisions (Bianchi, 1998).

The Indonesian government has made numerous attempts to support the expansion of SMEs in order to prepare for these problems, particularly through two key programs, as the collaboration and entrepreneurial programs (Kawai et al., 2015). The foundation of human resource development, which is crucial and critical for SMEs' ability to develop, will thereafter be entrepreneurship programs. But SMEs also struggle with the problem of having insufficient resources to grow their businesses. Additionally, it means that SMEs must develop stronger strategies to meet the issue.

According to Carayannis (2006), entrepreneurship is regarded as a skill set for SMEs that is distinguished by its ability to be innovative, flexible, and dynamic as science and technology advance. SME's can adjust to a new management approach to improve market positioning with higher degrees of entrepreneurship skills. In order to get actual results, the skill requires the SMEs managers' willingness to take dynamic action. In this situation, the managers must identify and gauge their capacities to deliver substantial performance levels in line with the organizational objective and market demand. The internal state of the firm, the need for profits, turnover, and future plans are just a few of the things that managers must be able to assess. Furthermore, the success of SMEs in reaching the required performance is largely dependent on the manager's qualities (Lin, 2007).

It has been discovered that SMEs occasionally operate without a clear standardization. As a result, it is intriguing to see how SMEs can function to accomplish their objective (Nunes, 2006). From the issue, this study will examine the factors influencing the development of SMEs in Indonesia, specifically in Surabaya City. Since this is the case, it is possible that SMEs in Surabaya have distinguishing characteristics including their mental condition, the openness of their business partners, and their attitude toward commercial cooperation. Additionally, a manager's traits influence how they create networks for SMEs and innovation. Long-term success of SMEs in relation to competition will be determined by the manager traits (Sanchez, 2005).

According to Tansky & Camp (2000), Chandler & McEvoy (2000), and Welbourne & Cyr (1999), HRM practices have a positive impact on SMEs' performance because they show managers are willing to include innovation-related elements into their operations.

From the perspective of human resource management, leaders' attitudes about the people who can support business continuity have an impact on how competitive SMEs are. The HRM practice will lack a clear direction if managers train their staff to work without uniformity. The HRM practice toward the manager and employee interaction has been explored by a number of studies, including Tansky & Camp (2000), Chandler & McEvoy (2000), and Welbourne & Cyr (1999).

THEORITICAL REVIEW

Managers Characteristics

In certain empirical investigations (Kang, et al., 2012; Priyanath & Premaratne, 2014), ideas concerning the traits of managers who succeed in the workplace have been developed. According to Caliendo et al. (2014), managers' characteristics are influenced by their personality traits, particularly their sense of self-efficacy. While Seligman (2011) acknowledges that optimism is a crucial quality that affects the outcome of the work. Furthermore, Luthans et al. (2013) acknowledge that the two qualities that epitomize success in the workplace are optimism and resilience. In this instance, competitiveness is linked to work tenacity, favorable internal and external circumstances, and business continuity. The competitiveness of SMEs can be increased by a manager who is aware of the factors.

Buller and McEvoy (2012) shown that internal factors, such as an organization's approach to human resource management, affected the success of SMEs. SMEs need to hire and train employees to raise the value of their sustainable products if they want to succeed. The workforce in this situation needs to be skilled and capable. While sluggish learners and unreliable personnel should be sacked because they are driving up management costs. Therefore, positions for managers must be filled by individuals who are quick learners and do not interrupt when results are received in order to undermine the working environment for conscientious employees. According to Stahl, et al.'s (2012) line of thinking, corporate strategy for hiring high-potential people comes after manager qualities in determining the activity of managing human resources. Thus, the innovation and distribution network of SMEs will be determined by the manager qualities. The distribution network and innovation will both affect how competitively SMEs are.

The management of SMEs can establish a plan to strengthen company resilience in a climate of heightened competition by taking such elements (such as the manager characteristics and innovative features) into consideration.

The following first claim is made: The resilience of SMEs in environments of intense business competition is significantly influenced by manager traits (Chittithaworn, 2011). Lastly, business strategy for hiring high-potential workers.

Human Resource Renewal

According to Ulrich (2013), human resource management is the process of acquiring, fostering, and retaining a skilled workforce that is motivated to support the company mission, goals, and strategies. Humans are generally viewed as resources that should be improved upon and exalted by human resources management experts (Nankervis et al., 2013). This is referred to as an upgrade of human resources, which calls for the replacement of human resources. According to Ulrich (2013), enhancing the hiring process, providing knowledge and transparency, fostering motivational and communication techniques, training and development, and boosting prosperity and progressive compensation, are some of the key elements in the renewal of human resources. Even Simons (2013) argues that the manager needs to understand how innovation and empowerment are at the heart of renewal.

SMEs must, on a bigger scale, incorporate this update into all aspects of business operations, including product and marketing innovation as well as work on innovation management and processes. Innovation at every stage of the business process aids in maintaining the viability of SMEs.

Given the variety of topics covered by the innovation debate, it is crucial for any management to understand which elements should take precedence, how they enhance the innovation process, and how they broaden the network. In order for SMEs to flourish effectively, they must essentially continue to detect the circumstances that will make the competition more accessible and hasten the advancement of corporate innovation.

According to Rosenbusch et al. (2011), In order to increase the performance of SMEs, firms must find ways to boost employee knowledge, experience, and talents and even view employees as assets with high potential.

Therefore, SMEs that want their businesses to succeed need to adapt the way they treat their staff and give them a share of the overall profits made by the business. The employee will feel as though they are contributing appropriately to the business's success in this way.

SMEs may not have as many facilities or as much modern technology available to them in this market, however if they make an effort to improve the quality of their work and train their personnel to understand that their position necessitates better working standards, they can still compete. (Knox, 2014). Eventually, this will allow them to compete.

When compared to similar SMEs, they receive superior benefits and tangible results. To treat employees with higher standards of care through HR renewal is a difficult challenge for SMEs managers. According to the aforementioned justification, the notion that is put forth is that HR renewal affects a company's ability to compete with SMEs.

Marketing Techniques

Marketing tactics are effective in specific contexts and positions (Turnbull, 2013). To position themselves in a solid position on the market, managers must comprehend the social and managerial processes. This is accomplished through lowering the barrier and enhancing management of company challenges. In this situation, they must grasp the potential and develop a superior marketing plan. To achieve the goal, SMEs must have the skills necessary to fit into a bigger business community and have access to open communication and information sharing inside their brand-new business community. They could be unaware of how to join such a community and business, though. Numerous factors, such as their lack of expertise and network, influence their need, desire, and demand for change. These factors then affect how they perceive value, cost, and customer happiness. Additionally, their market penetration will be impacted by their knowledge of exchange, transactions, and relationships.

According to Kowalkowski (2013), SMEs need to develop a distinctive approach to persuasion in order to boost their worth and popularity in the market. This blends SMEs and client requirements. The preparation of SMEs to engage in market interaction is the first step in the marketing process, which includes the community of businesses. The SME's grasp of human needs and aspirations is the first step.

Needs and wants differ from one another (Baumeister et al., 2013). Human needs are an emotional condition that attempts to meet basic wants. (Oliver, 2014). Human desire is the need to be in a situation where they can fulfill more complex needs and behaviors. To produce, provide, and exchange anything of worth. marketing theory is used to address complicated human desires associated to purposes and behaviors. In this context, the complicated idea of human wants is used to describe the interactions between SMEs and the business community.

Therefore, managers of SMEs must comprehend how their marketing plan will function within the appropriate business community. Market acceptance is also influenced by their capacity to link organizational strategy with value improvement. To do this, they must be able to identify the gap between what customers want and what the organization can really produce.

The marketing plan plays a crucial function in demonstrating how the manager can manage the quality of their products. When product flaws are discovered by marketers, managers need to be accessible to their consumers and market while also coming up with alternate strategies for getting people to accept the product. It is necessary to change or combine products that are of inferior quality on the market with other products through bonus and discount programs. In this instance, It follows the rule of thumb that everything with a lot of gifts must definitely have a lot of defects that need to be rectified.

SMEs must be able to educate their customers as part of their marketing efforts (Roy & Dionne, 2015). As recommended by Wilson & Gilligan (2012), this can be accomplished through a number of processes. Marketing managers need to know how to get Production insight. It is referred to as co-creation and incorporated customer engagement and input. As a further phase, the management can request that the representative customers choose goods that are conveniently provided by merchants. Finally, the marketing manager needs to improve consumer comprehension of how well the items fit the target market and consumer demand.

The marketing managers need to create a plan to inform customers that their product is made to a higher standard than the average quality of competing goods. This required convincing the buyers to try the goods and inviting them to do so. In actuality, the product can have a shortage or a little issue. Customers must be informed about the products and not discouraged from utilizing them, therefore marketers must be able to continue communication with them. Additionally, rather than just selling their product to customers on the street, marketers need to get the buyer ready to accept the product.

When a product has numerous flaws, marketing managers need to understand why they should refrain from conducting aggressive promotional sales and commerce. Marketing managers can still utilize a bonus or reduced sales program to promote a product and gain long-term acceptance. To develop enduring relationships for defective products, nevertheless, this calls for a methodical approach, as well as a marketing plan that can have an impact on the market as a whole.

Marketers can prevent potential conflicts between organizational interests and long-term consumer desires and interests by bridging these gaps. More significantly, When it comes to marketing management, the ability to develop, offer, and exchange the product value in order to improve the customer experience depends on the market's preparedness for that plan.

Establishing marketing budgets and marketing budgets to evaluate the success of advertising and sales targets helps to achieve this. The marketing strategy must be included into a marketing program that is guided by the four guiding principles of product, price, place, and promotion in order to produce a balanced result (Armstrong, et al., 2014). To assign the marketing strategy budget and employee sales potential, marketing managers continue to work with HR.

Employee involvement must be balanced and maintained in order to penetrate the market. This means that in order for SMEs to gain a competitive edge, a suitable HR strategy must be coupled with an appropriate marketing plan. The theory put forth here concerned marketing tactics that managers of SMEs might use in their market. According to the argument put forward, the marketing strategy has an effect on SMEs' resistance in a cutthroat business environment.

Partnership Motivation

The success or failure of the SME's attempt to enter the market will depend on their ability to act ethically toward the market and accomplish the objectives. It needs the cooperation and involvement of their business community to accomplish the goal. This encourages the manager of SMEs to forge relationships and partnerships. However, amid the intense competitiveness of their industry, SMEs may experience friction and challenges that affect their connections with other competitors and limit their capacity to conduct business through networking. Therefore, it is intriguing to learn how SMEs establish the reason for partnerships as well as how they prepare for partnerships to meet market demands. According to Miller and Rollnick (2012), someone may be driven psychologically to admit that they need help from others in order to succeed. People only build relationships with people they are familiar with in a natural environment.

In a business setting, SMEs' awareness of their limited capabilities and their awareness that there are many business prospects but insufficient resources motivate them to form partnerships. Additionally, the understanding of the current economic volatility that SMEs management must prepare for also shapes partnership motivation. As soon as the market change is complete, the goal or solution must be attained with more haste.

They can pool their resources to increase efficiency and decrease errors and loss. In order to save their staff and clients, this cooperation will also assist them in achieving their business objectives (English, 2011). The management must accurately comprehend partnership incentive. Managers must be able to connect the partnership activities with the HR strategy in order to advance the business with the partnership activities and understand the long-term impacts.accordingly. Once the market has changed, a quicker effort must be made to achieve the goal or fix.

Managers of SMEs must strike a balance between organizational capacity and market need when implementing partnerships. This indicates that in order to implement the proper partnership, many parties must be included in the negotiation of the goals to be attained, particularly with regard to shared performance, incentive, and goal (Wysocki, 2010). To meet the expectations of the market, their discussion outcome must be given top priority.

However, in order for the individual parties to implement the partnership, HR readiness is required. Such HR preparation is primarily supported by enough human resources who are familiar with the working environment.

The friction and conflicts of interest will be reduced by the manager's capacity to apply HR readiness. They will be better able to form partnerships as a result. Tensions and mistrust between the parties will result from the failure to manage the partnership. The manager should be impartial and competent to cause, guide, and arrange all employees' behavior so that they carry out their obligations voluntarily and not under duress. In other words, managers must understand that external pressure will harm the operation of the company and workers' productivity.

Work Orientation

SMEs Managers must actively encourage staff members' success while avoiding conflict with personal interests (Lindahl, 2007). Employment orientation is what is meant by this. To maintain the achievement drive, it's crucial that their job is goal-oriented. Additionally, in line with the company's vision and objective, the work orientation needs to be encouraged.

However, managers of SMEs must be able to establish a clear task orientation that ensures money is exclusively used for business purposes. Any endeavor that conflicts with personal needs must be avoided. To earn the trust of coworkers and business partners, one must keep personal needs separate from the company's financial foundation.

In this way, the partnership's drive serves as a manager morale boost that employees emulate in carrying out their duties and responsibilities. SMEs will produce managers with a wrong work orientation if they do not select a strategy plan to guide the work orientation. This is demonstrated by the egotistical culture and management style, which, psychologically speaking, favors the appointment of a dictatorial monarch at the expense of the welfare of the workforce. By taking care of all of their employees and igniting their desire to work, a good work orientation is characterized.Being financially stable is the primary criterion for earning the respect of coworkers and business partners.

Work Standardization

According to Kochan's 2003 research, performance is the result of the best work an individual, a group, or a corporate organization has ever done. Work standardization can be seen as performance measurement with specific comparisons. It has typically been focused on an organization's capacity to make money. SMEs that do well can be seen from their financial accounts and gain by having uniform goals.

Performance evaluation in the context of HRM refers to the process of assessing an employee's contribution through time to the accomplishment of corporate goals (Armstrong, 2000). The organization provides the proper incentive and profit in exchange.

The organization provides feedback to the employees regarding how well they perform in comparison to the work standards set by the organization during the performance evaluation. When the organization is at a comfortable level, it can impose higher standards when the market demands it. The accountability for outstanding performance needs to be increased as a result (Alexander, 2000).

Sainsbury in 2000 Proposed result-based paradigm allows high-performing employees to create their own strategies after the management sets the aim (Management by objectives). Employees receive training to help them understand their potential and capabilities in order to meet employment goals and lower employment barriers. This model can be used successfully for a period of two years with monthly reviews. Each time an evaluation is conducted, the management determines the evaluation criteria for success and failure, illustrating how quickly employees can achieve company objectives and how they anticipate failure on a monthly basis.

Other designs utilizing Behaviorally Anchored Rating Scales (BARS) that Pulakos (2008) proposed. According to this approach, every employee is continuously evaluated on a regular basis by adhering to unambiguous work standards, and they all feel that their treatment is fair in light of their qualifications and capacity for critical thought. In essence, the model evaluated employee performance in relation to predetermined standard inputs and outputs. In addition, how quickly and accurately they do tasks and how well they achieve working standards within a set amount of time will be taken into account when evaluating their performance. Promotions will go to those who can pass the standardizing process, and if they can't, they will be corrected in a set amount of time depending on their circumstances and aptitude. This approach has been implemented in numerous SMEs and has been effective in encouraging higher work quality, especially in terms of discipline and good production. (2005) Kjaerheim.

This model instructs SMEs managers to acknowledge employees' abilities to standardize work processes and manage activities while also giving them the freedom to innovate and foster teamwork (De Jong, 2007). The strategy is ideal for teamwork under time constraints when each employee must get ready to work together (Gratton, 2007). Additionally, it strengthens SMEs' capacity to react to market orientation in order to deliver goods quickly and with assurance of quality.

Additionally, it helps employees appreciate the value of working under pressure, acting creatively and innovatively, and thinking outside the box to find new or alternative methods of accomplishing tasks. However, this will make things difficult for employees with less knowledge and make it harder for them to perform better. It might give some folks a bad impression of how to find better ways to act favorably. It could be resistant to a cooperative approach and high-quality work.

In order to promote the adoption of work standards, the SMEs management might gather all members together to learn more about the abilities, knowledge, and competence in arranging employee communication skills (Marrelli, 2005). The problems with uniformity can be resolved in this way, and teamwork can be improved. Managers of SMEs must engage strategic consulting to develop a plan for strategic thinking and understand how to standardize their work through employee competency and strategic thinking, despite the fact that it would seem that this only applies to large enterprises and not small ones. To do this, a supportive environment must first be created, especially with regard to how employees may adapt their interaction style to the standardization of their job (Fullan, 2014).

A respect-based culture and a successful organizational philosophy must be fostered by managers.It can be characterized as having a fruitful goal and vision, effective organizational ideals, and positive conduct that is second nature. This course can be offered if every management openly commits to staff development and training for everyone to learn.

The manager's in-depth interventions should be used to measure and monitor the learning process in order to let the employee comprehend how the benefits of work standardization are shared by both parties (Rick and Jess, 2007). According to Gebauer (2005), The manager must possess the quality of being realistic and participatory in integrating the time and thinking resources into the planning carried out by all employees in order for monitoring and evaluation to be done clearly and firmly. The managers must receive training in objectively evaluating employee performance during the prior period when making hiring and delegation decisions.

By doing this, managers can provide the foundation for creating suitable models that will aid in tracking and evaluating an employee's performance, particularly in light of job standardization initiatives put in place at higher corporate levels. The quality outcome and performance outcomes will be impacted by the systematic and collaborative strategy used to build a working program. Workplace standardization has become more crucial than ever in the age of global competition. Many SMEs, however, only operate their businesses based on everyday tasks and not higher levels of work standardization. Due to this, they are ill-prepared to consider the future and take on new challenges as they try to expand their company. Even worse, SMEs can behave permissively toward any mistake made in regards to their clients, particularly when it results in a small mistake or failure.

Business Resilience of competition

For SMEs to succeed as the market transitions to a new trend, they must be able to develop a business strategy with more work standardization (Marston, 2011). In this situation, they must keep becoming better and develop to become fully immersed in a culture of innovation by extending communication channels. Before dynamically transitioning to a new, innovative culture and setting, they also need to build a strategy for development and innovation refinement. Their strength will be compensated for by their capacity to occupy the position on creative culture. Long-term, SMEs can close the gap between customer demand and market conditions by offering more value and greater benefits from the items produced by SMEs (Hausman, 2005). They can take a fresh step towards business fundamentals to satisfy the demand.

People will be drawn into a more collaborative innovation culture as a result of the higher value, which will also help them better comprehend product innovation and develop the overall value of business conditions. At first, SMEs can produce high-quality goods at lower costs and offer a reduced program to compete with higher-quality goods that are more valued than the prices being supplied. Essentially, they must explain to their audience base that their product is equal to others while differentiating on pricing and costs.

The offending SMEs were able to enhance their market share and sales volume in this way. This is possible when managers recognize the value of putting in place an effective HRM strategy and are surrounded by staff who are unable to persuade the audience. When managers deploy HRM incorrectly, the business's strength is weakened, and ultimately, competitive advantage is lost. As a result, managers of SMEs must make plans for a competitive advantage in their sector, especially in terms of people, expertise, resources possessed, and work standardization (Riege, 2005).

The way SMEs manage their quality control system is influenced by this entire aspect. Each element needs to be identified and mapped in order to comprehend the trend of competitive advantages, including the current position and the future position to be obtained. Small business managers must acquire knowledge of efficiency and audit processes more quickly because they are lone players. Their work will affect operations costs and consumer value. Finally, the factors have an effect on the profitability of SMEs. At the highest level, SMEs managers must conduct self-evaluations and work to increase the market penetration of their products, focusing in particular on assessing consumer perception and future market requirements using metrics like satisfaction, loyalty, and market share.

The corporate environment must undergo fundamental changes after the elements have been identified and mapped out in order for human resource management to alter. In order to implement the strategy, the management can begin cooperating to determine the actual situation of the business environment at their company (Kaplan, 2008). To assess their existing understanding and that of their team in order to achieve their objectives, they must identify how quickly trends are changing and adjust. They must be aware of market developments, operating costs, and pressure from the competition. These developments provide HR difficulties that make it difficult for each employee to meet performance goals (Quinn, 2013). The performance targets are the fundamental components of the business, such as profitability, business resilience, competitiveness, adaptation, and SMEs' flexibility to create unique products to outperform the competition. Managers of SMEs must collaborate with their staff members in order to understand the circumstances and distribute flexibility throughout their company. Repositioning, downsizing, or outsourcing tasks to other parties can accomplish this, as well as including staff members in decision-making based on their circumstances.

Hypothesis

H1	:	Manager characteristics partially have positive effect on the SMES business resilience in tight business competition.
H2	:	HR renewal partially has positive effect on the SMEs business resilience in tight business competition.
H3	:	Marketing strategies partially has positive effect on the SMES business resilience in tight business competition.
H4	:	Partnership motivation partially has positive effect on the SMEs business resilience in tight business competition.
H5	:	Job orientation partially has positive effect on the SMEs business resilience in tight business competition.
H6	:	Work standardization partially has positive effect on the SMEs business resilience in tight business competition.
H7	:	Manager characteristics, HR renewal, marketing strategies, partnership motivation, work orientation, and work standardization simultaneously have positive effect on the SMEs business resilience in tight business competition.

Methodology

In order to examine the strategy to understand the business resilience of SMEs in a fiercely competitive market, this study will provide an overview of the research methodologies utilized as a basis. Regarding the sample, population, and data, the variables that affect dependent and independent variables will be tested. The multiple linear regression analysis model tests the variables both partially and simultaneously.

In order to comprehend and anticipate the interactions between variables, it will first discover the causal notion that explains the link between the variables before testing an approach model for the actual problem (Chin, 1998).

Population and Sample

According to Creswell (2012), a population is a group, collection, or topic of research that meets specified parameters for its features. Based on the investigated variables, it enhanced the general quality and features of the population of individuals or objects under observation. (Fridah, 2011).

The population of this study included SMEs, a group made up of artisans who lived in Surabaya City and produced handicrafts from cloth and textile materials. 200 company units or craftsmen made up the respondents, who were classified into three groups: startup SMEs, which comprised 170 business units, medium-sized businesses, which comprised 45 business units, and large businesses, which comprised 20 business units (Surabaya City Report, 2003).

Analysis Results

Results of Multiple Linear Regression Analysis

The study's use of simultaneous and partial features resulted in a more comprehensive understanding of the interactions between the variables.

Based on the findings of the analysis and the statistical interpretation from SPSS 16.00 for Windows, it is evident that the multiple regression analysis was partial and simultaneous. Table.1 presents the findings.

Table 1. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	9.294	.600		12.158	.000		
	Manager Caracteristics	.342	.097	.727	1.350	.048	.197	5.074
	HR renewal	.250	.110	.714	1.367	.050	.168	5.959
	Marketing strategy	.492	.111	.433	5.143	.017	.166	6.009
	Partnership motivation	.407	.108	.458	4.053	.000	.190	5.270
	Work orientation	.553	.104	.048	2.986	.016	.163	6.131
	Work standardization	.657	.064	.701	10.229	.000	.515	1.942

a. Dependent Variable: SME business resilience

Source: Processed Primary Data, 2015

The coefficient of determination (R2) of 0.629 in Table 1's multiple linear regression analysis calculation results demonstrates how much the independent factors influence the dependent variable. The analysis's findings provide explanations of the relationships between the various factors. The results also shown how SME business resilience is influenced by management characteristics, HR renewal, marketing strategies, partner motivation, work orientation, and work standardization. The analysis's findings, which received a score of 62.9%, can be used to explain their associations, with other variables not included in the study model accounting for the remaining 37.10%.

Table 2. The coefficient of determination (R2) Model Summaryb

Model	R	R Square	Adjusted R Square	Std. Error of the
1	.480a	.629	.562	3.060

a. Predictors: (Constant), work orientation, manager characteristics, motivation partnership, marketing strategy, HR renewal
b. Dependent Variable: SME business resilience

The strength of the relationships between the variables in the dependent variable (such as manager characteristics, HR renewal, marketing strategies, partnership motivation, work orientation, and work standardization together) was described by a different correlation coefficient R (multiple correlation), which had a value of 0.629.

Since R value is getting close to 1, it suggests that the variables have a very close simultaneous relationship.

The following formulation of the multiple regression equation can be used to interpret the regression model: Y = 9362 + 0.342 X1+ 0.492 X2+ 0, 250 X3+ + 0.407 X4+ 0.553 X5+ 0.657 X6

It is possible to deduce the following from the equation for multiple linear regression:

b1 = 0.342. The manager characteristic with the slope or direction coefficient of b1 = 0.342 has a positive sign and has an impact on the business resilience of SMEs. assuming that the managerial skills variable has a value of zero or is thought to have constant influence, these results are read as indicating that the SME resilience is growing in the face of increasing competition.

b2 = 0.250. By interpreting b2 = 0.250 as a positive number, It is possible to say that HR renewal has impacted SMEs' capacity to compete. These findings provide evidence that the business resilience of SMEs has been strong because the managers of those businesses prioritized HR renewal on the premise that it should be ongoing.

b3 = 0.492. With a regression coefficient (b3) value of 0.492 and a positive sign, it was demonstrated that marketing strategy has an impact on SME company resilience. It means that if SMEs managers develop stronger and more successful marketing strategies, their competitive resilience will rise. Even if the variable remains constant, however, their resilience can still be raised to a greater degree.

b4 = 0.407. The test of partnership motivation and the effect of the variable on SMEs business resilience produced b4 = 0.407 as a result. Regression coefficient (b4) for the test outcome was 0.407, with a positive sign.

Even though SMEs face competition, partnership motivation has an impact on their ability to survive. However, they continue to believe that the partner is crucial and can boost their competitive strength. Even if the variable remains constant, the partnership motivation variable can still be enhanced.

b5 = 0, 553. The regression coefficient (b5) of 0, 553 with a positive value indicated that the slope coefficient of direction for work orientation had an impact on the competitiveness of SME. Given that work orientation has a significant influence even when it is considered to have a constant value, As a result, the work ethic and business resilience of SMEs are essential to their ability to compete.

b6= 0, 657 The regression coefficient (b6) value of 0.675 with a positive sign supports the conclusion that the slope or coefficients of work standardization will affect the SMEs resilience in market competitiveness. These results showed that the variables could climb when standardization rises even if we assume that work standardization has a fixed value. However, it will make SMEs more resilient.

Hypothesis Testing Results

First Hypothesis Test Results

This study used the F-test to compare the significant value of the independent variables concurrently (jointly) toward the dependent variable. The significance level () and the value of the sig. F were compared in this study to define the F test, as shown in Table 3.

Table 3. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	320.433	5	64.087	15.104	.000a
	Residual	823.147	194	4.243		
	Total	1143.580	199			

a. Predictors: (Constant), work orientation, manager characteristics, motivation partnership, marketing strategy, HR renewal
b. Dependent Variable: SME business resilience

Source: Processed Primary Data, 2015.

Based on the analysis's findings in Table.2, the significance of the F test is 0.000. This indicates that the F-test result's significance value is less than. This investigation demonstrated that innovation and creativity have a substantial impact on the resilience of SMEs.

Results of H2 and H3 tests

This study used two-way testing (also known as two side or two tail testing) to compare the significance value with degree of freedom by 95% (= 5%) in order to assess the influence of each independent variable, such as creativity and innovation among SMEs managers, and the partial effect on their resilience. However, it will strengthen SMEs' resilience. Table 3 provides a summary of the t-test outcome.

The manager feature (X1) has a significant value of 0.048, or 5%, according to the t test in Table 3. The findings showed that Managerial traits have a substantial impact on SMEs.

resilience in any situation. tenacity under any circumstance. The analysis of HR Renewal (X2) revealed a gain of 0, 050 (5%), which can be attributed to the variable increasing the resilience of SMEs at least at the lowest value or constant. To determine the impact and how SMEs might defend themselves in fierce business competition, marketing strategy (X3) and SMEs' resilience were also put to the test. Following testing, the marketing strategies' value was 0, 017, or 5 percent, indicating a strong impact on SMEs' resilience.

Test results for the Partnership (X4) analysis of motivation yielded a value of 0.000, or 5%. It demonstrated the considerable impact of Partnership Motivation (X4) on resilience and explains how the partnership strategy has helped SMEs become more competitive. We test the variable related to SMEs resilience in order to determine the significant value of Work Orientation (X5). It explains how SMEs are aware of the competition in their industry. The test result for the work orientation variable (X5) was 0, 016 (5%). It also explains how a focus on the job helps managers of SMEs be more resilient in a cutthroat business environment.

Given that work standardization (X6) is also checked, we attempt to identify the value that produced the result of 0.000, or 5%. It means that, despite intense competition, work standardization strengthens SMEs' resilience. Additionally, we are aware that the outcome is crucial in identifying the managerial skills of SMEs in a genuine competitive context. Assuming that the SMEs are situated in continuous situations and that their efforts to apply work standardization are maintained throughout the study period, we can still comprehend the worth.

Table 4.

Variable	B	t-test value	Significanc	Description
Manager Characteristics	.342	1.350	.048	Significance
HR renewal	.250	1.367	.050	Significance
Marketing Strategy	.492	5.143	.017	Significance
Partnership Motivation	.407	4.053	.000	Significance
Work orientation	.553	2.986	.016	Significance
Work standardization	.657	10.229	.000	Significance

Source: Processed Primary Data, 2015

CONCLUSION AND SUGGESTION

In reality, even on the local market, managers of SMEs face competition constantly. They must therefore become better time and resource managers, especially when it comes to creating rule-based organizations. This suggests that they are expected to adhere to a set of guidelines, expectations, and standards. This suggests that they are doing the right jobs with the right people. Establishing a culture where everyone has career aspirations and is qualified for rewards based on their contribution and level of responsibility is of utmost importance. Eventually, SMEs management must view every employee as organizational capital and place a high value on it. To boost everyone's challenge through talent development that can be studied and improved, SME managers must create better market, employment, cross-training, and cross-empowerment management methods.

Through repositioning activities, downsizing, or task delegation, a company's level of resilience to unanticipated environmental change, particularly from new market entrants, will be ascertained. New players may be better at mobilizing their resources, notwithstanding possible flaws in finance and market routes.

SMEs managers must first master the conversion process from business plan to HR strategy in order to advance their understanding of internal business dynamics and competition. They must also train their personnel and build stronger ties with the market. The results of the aforementioned hypotheses suggest that the manager's skills and the replacement of their human resource base can help SMEs succeed in a highly competitive business environtment. The manager of SMEs must also work with other partners and establish appropriate relationships on how to cooperate in the management or marketing effort in order to deliver a better deal for a service or something that the consumer would accept.

In order to enhance awareness of improving product quality over the long term, it's also crucial to offer structured training over a predetermined period of time and experiential learning. The usual guideline is that the product's quality must match a discernible increase in sales or other standardized indicators of the company's overall performance. Particularly when marketing strategy and HR strategy are combined, work standardization will boost SMEs' profits and favorable relationships. The company's competitive advantage will increase as sales and employee productivity increase, even in a more competitive market situation. To position the business strategically among competitors, The development of HR from the many resources that SMEs control must be integrated with the marketing plan.

Organizations run the danger of employing their resources inefficiently and may find it difficult to manage them well without human resource renewal. Therefore, managers must improve the quality of their strategic actions if they want to keep high-performance employees and keep training them to offer the best products. However, in Indonesia employers usually view staff as a cost and a burden. This occasionally happens when a manager is unable to recognize and maximize an employee's potential and ability, leading to the person turning into a continuing burden for the business.

SMEs should be able to transition from routine-setting to innovation-setting if they wish to grow. Managers must integrate work standardization and HR strategy through proper job orientation, as the response to the question has shown. Employees look to be content, unexcited, or unexcited if the company has not completed a suitable job orientation. Companies must be able to guide employees toward higher standards of performance. By creating the right orientation for their task, this is done in order to deliver real job standardization. A SME's management must be able to build relationships with other parties, especially in light of a plan to expand the company's goals and distribution options. According to this survey, they are able to support and incorporate their business partners into their overall business strategy when they have a true partnership. The partnership's support and motivation will also improve the SMEs' standing in the marketing strategy and increase customer awareness. Customers will perceive SMEs as the company with higher standards of work and ethical business practices based on employee competency. Naturally, this needs to be genuinely work-oriented in order to have a long-term effect on how resilient SMEs are.

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CHAPTER 7

The Effect of Audit Quality, Audit Independence, and Audit Committee's Effectiveness on Earnings Management

(An Empirical Study of Consumer Goods Manufacturing Companies Listed on the Indonesia Stock Exchange 2019-2022)

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ABSTRACT

This research aims to ascertain whether audit quality, audit independence, and audit committee effectiveness affect earnings management. Multiple linear regression analysis and a quantitative approach are used in this study. Secondary data from a company's financial statements and auditor's report, as well as stock price data, were used in this study. This study utilized 44 examples from the Indonesia Stock Trade from 2019 until 2022. This study makes use of the SPSS software. According to the findings, earnings management is significantly influenced by audit quality, whereas audit committee's effectiveness and independence are not. The result shows of audit quality, audit independence, and the efficiency of the audit committee also has an effect on earnings management.

Keywords: Audit Quality, Audit İndependence, Audits Comimititee's Effeictiivenesis, Eiarniings Mainageiimeinit.

INTRODUCTION

Financial reports are a major issue and a source of misuse which has a negative impact on interested parties. Financial reports are intended to inform investors and creditors in making decisions regarding investment funds. The accrual basis is preferred in preparing financial reports because it provides a more logical and A realistic representation of a company's actual financial state, and the usage of the accrual basis will allow management to choose accounting policies in their own way so long as they adhere to the applicable Financial Accounting Standards (Sitanggang and Purba, 2022).

A strategy for selecting accounting is earnings management concepts that aim to modify profit information using income smoothing or smoothing earnings. Earnings management does not adhere to generally accepted accounting principles in principle as long as the earnings management report has a tremendous impact on the complete financial statement content; but if the influence of earnings management is not significant or immaterial, it can be stated that the financial statements are unqualified. Nguyen et al. (2021) stated that the behavior of earnings management will result in reduced quality and reliability of information on financial reports.

Audit quality can be measured by using KAP (Big 4 and non-big 4) auditing and specialization of the auditor business, high-quality auditing functions as a deterrent to successful earnings management, because if this misreporting is caught and revealed, management's reputation would be ruined and the company's worth will decline (Agustina, 2020) with audit quality increasing for the better, a sense of trust will arise between the auditor and the client (Julius et al., 2020).

Audit independence is a condition where the auditor performs his duties impartially to anyone with integrity, and maintains an attitude of professional skepticism (Sari, 2011). Independent auditors must have an independent attitude when providing audit services to parties who use financial reports. In addition, the independence of the internal auditors is an important factor for assessing the quality or quality of the audit services produced. Rahmawati and Isynuwardhana (2023) describe independent commissioners can assist in providing the consistency and objectivity required for a business to survive and prosper.

OJK Regulation Number 17/POJK.04/2020 regarding the Establishment and Guidelines for the Implementation of the Work of the Audit Committee Eimitein or Public Affairs governs audit committees in Indonesia. POJK Number 17/POJK.04/2020 regulates the duties and responsibilities of the Audit Committee and members of the Audit Committee which are expected to provide benefits to the company and increase added value to audit performance. Cahyono and Saraswati (2022) stated that in the existence of an audit committee contained in the Financial Services Authority regulations. The minimal number of audit committee members is specified to be three.

This study's problem is to determine whether earnings management benefits from audit committee effectiveness and independence. This research has the following objectives: (1) to intuitively understand the influence of audit quality on the management of earnings; (2) to conduct an independent evaluation of the audit's impact on earnings management; and (3) to conduct an independent evaluation of the impact of audit committee efficiency on earnings management.

1. LITERATURE REVIEW

1.1 Principal Agency Theory

Agency theory, as stated by Jensen and Meckling in (1976), outlines the contractual relationship that exists between agents and principals. An agent is an individual or a group of people acting in the interest of a principal who can be an owner, decision maker, or shareholder who gives authority to agents to carry out their duties and responsibilities. However, there is an agency dilemma, where agents tend to act in their interests related to money motivation, job security, or career development. Thus, The interests of agents are not always aligned with those of principals. which, as explained in the paper Agency Problems and Residual Claims by Fama & Jensen (1983), can result in conflicts of interest and inefficient resource utilization.

1.2 Earnings Management

Earnings management, as defined by Sulistyanto (2008), is a firm action management manipulates profits reported in financial statements by managing financial statements in a manner that does not adhere to proper accounting principles. Earnings management is one of the elements that can undermine financial statement credibility and increase the distortion of financial reports, as well as disrupt the confidence of financial statement users in financial reports (Marzuqi and Latif, 2010) Earnings management is carried out, as stated by Djanegara (2017), through the manipulation of expenses, the selection of transaction timing, and the selection of accounting policies that result in higher profits.

1.3 Audit Quality

Agustina (2020) stated auditors with high quality can detect and have the ability to prevent earnings management practices, if a company practices earnings management, the auditor can provide opinions other than unqualified opinions. In other words, it reflects reliability, while the ability and competence of the auditor focuses on the ability of the auditor to detect and report material misstatements in the financial statements. The better the audit quality, the more likely the financial report has a high level of presentation accuracy. All correct information will be disclosed to reduce miscommunication between management and investors (Djanegara, 2017).

1.4 Independence Audit

Audit committee independence is a major factor in most audit committee research. Members of an independent audit committee will guarantee superior financial reporting. Pangestika and Murdianingrum (2014) stated independence is a condition in which an auditor or financial consultant can carry out their duties professionally and objectively without any impartial influence from other parties, such as company management or clients served (Mulyadi, 2001). An independent mental attitude is as important as the expertise in accounting practice and accounting procedures that an auditor must possess. Auditor independence must be able to disclose factual information about reports written by management. Auditor independence is reflected in the interests of the client.

Client interest is a measure of audit quality to test the auditor's independence to depend economically to reduce auditor independence (Chen *et al.*, 2010). Antonius (2012) found that even though Public Accountant has a level of economic dependence on its customers, Public Accountant can still maintain its reputation (reputation protection). There are 2 reasons for client importance (Wahyani, 2012). First, because economic dependence elements exist, The audit quality is more beautiful the more important the client is to the auditor. Second, due to fraud protection, the audit's quality increases with the client's importance to the auditor or Public Accountant aspect. This shows that the auditor still maintains independence even though the client is important.

1.5 Audit Committee Effectiveness

Dezoort et al. (2002) revealed that what influences the timeliness of submission of financial reports is a significant factor in an An efficient audit committee on the audit committee's efficiency, as determined by the Blue Ribbon Committee (BRC). Nuresa and

Hadiprajitno (2013) states the effectiveness of the audit committee can be defined as the ability of the audit committee to fulfill its duties and responsibilities efficiently and effectively. An effective audit committee must have members who understand accounting, finance, and internal control.

According to Karina (2020), the effectiveness the audit committee has a substantial impact on preventing corporations from engaging in earnings management activities. The study reveals a significant negative correlation between earnings management practices and audit committee effectiveness. The more effective the audit committee is the less likely earnings management practices will occur. This indicates that when the audit committee accomplishes its goals, it can reduce the potential for fraud, including earnings management practices.

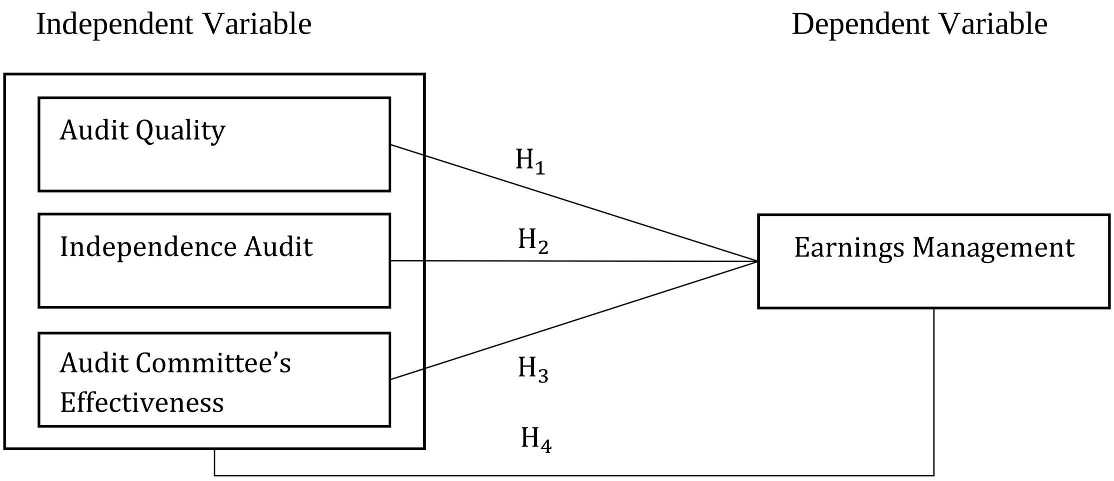

Figure 1. Research Framework

H_1: Audit quality has a positive effect on earnings management.
H_2: Audit independence has a negative effect on earnings management.
H_3: Audit committee effectiveness has a negative effect on earnings management.
H_4: Audit quality, audit independence, and audit committee's effectiveness have a simultaneous effect on earnings management.

2. RESEARCH METHODS

Data are collected using research tools and analyzed statistically quantitatively to test hypotheses that have been formed in this quantitative study (Sugiono, 2014), which examines a population or an informed sample using a random sampling technique. The population that is Manufacturers in the buyer products area are the focal point of this examination. This study used 44 samples of manufacturing companies in the consumer goods industry sector, out of the 85 companies listed on the Indonesian Economic Exchange between 2019 until 2022.

Purposive sampling, which is a method of sampling based on the characteristics that have been assigned to the elements of the target population that are adjusted to the goals or problems of the research, was used as the sample selection technique. (Nurgayatri and Suyanto, 2016). Purposive sampling is a sampling strategy with a specific goal in mind. The rationale for employing this approach of purposive sampling is that it is intuitive to use it for quantitative research, or studies that do not carry out generalization through Suigiyono (2016).

The criteria and characteristics used to select the sample are as follows:

a. Manufacturing Organizations recorded on the Indonesian Financial Trade from 2019 until 2022.
b. Between December 31, 2019 until December 31, 2022, the company releases annual financial reports.

c. The company presents financial reports in Rupiah.

After setting the criteria for the sample, the number of samples used in this research was 11 companies.

The formula that can be used to process data on the impact on earnings management of audit committee independence, audit quality, and effectiveness can use a multiple linear regression model, using the Discretionary accruals formula as follows:

$$TAit/A\ it\text{-}1 = \alpha 1\ (1/Ait\text{-}1) + \alpha 2\ ((\Delta REVit\text{-}\ \Delta RECit)/\ Ait\text{-}1) + \alpha 3\ (PPEit/Ait\text{-}1) + \varepsilon it \qquad (1)$$

$$TAit/A\ it\text{-}1 = NDAit + DAit \qquad (2)$$

$$TAit = NIit\text{-}CFOit \qquad (3)$$

$$NDAit = \alpha 1\ (1/A\ it\text{-}1) + \alpha 2(\ (\Delta REVit\text{-}\ \Delta RECit)/\ A\ it\text{-}1) + \alpha 3\ (PPEit/A\ it\text{-}1) \qquad (4)$$

$$DAit = TAit/A\ it\text{-}1 - [\alpha 1\ (1/A\ it\text{-}1) + \alpha 2(\ \Delta REVit\text{-}\ \Delta RECit/\ A\ it\text{-}1) + \alpha 3\ (PPEit/A\ it\text{-}1)] \qquad (5)$$

Information :

TAit = Total accruals of the company i in year t
DAit = Discretionary Accruals of the company i in year t
NDAit = Non-Discretionary Accruals of the company i in year t
NIit = Net Income of the company i in year t
CFOit = Cash Flow from Operation of the company i in year t
Ait-1 = Total assets of the company i in period t-1,
ΔRevit = Change in revenue of company i in period t,
ΔRECit = Change in trade receivables of the company i in year t
PPEit = fixed assets of the company i t-period
εit = Error term of the company i t-period.

The regression coefficient and statistical significance can be analyzed in order to ascertain the impact that each independent variable has on the dependent variable. A regression coefficient that is positive indicates that the independent variable has a positive influence on the dependent variable, whereas a regression coefficient that is negative indicates that the independent variable has a negative influence on the dependent variable. In addition, statistical significance can also be utilized to ascertain whether or not the dependent variable is significantly influenced by the independent variable.

3. RESULTS AND DISCUSSION

The classical assumption test is conducted first before undertaking panel data regression analysis to confirm that the parameter values for testing are legitimate. Normality, multicollinearity, heteroscedasticity, and autocorrelation tests are examples of classical assumption tests that must be satisfied to test this technique (Ghozali, 2013).

Normality Test

The normality test was used to see if the data in this study met the requirements for was regularly distributed is unknown. The normality test indicates that the data in this study appear to be distributed normally.

Multicollinearity Test

It is determined by applying the multicollinearity test whether or not the independent variables are related. The multicollinearity test findings reveal that there is no multicollinearity.

Heteroscedasticity Test

In this study, the heteroscedasticity test was employed to examine whether or not the data in a regression model had the same variance. Based on the results of the heteroscedasticity test, it can be seen that there is heteroscedasticity.

Autocorrelation Test

In this work, the autocorrelation test was performed to examine whether there is a link in a regression model between errors in period t-1 and confounding errors in period t (before). It demonstrates that there is no autocorrelation based on the results of the autocorrelation test that was carried out.

Table 1.1 Coefficients

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-1,098	1,088		-1,010	,159		
	Audit quality	2,133	,440	,635	4,850	,000	,810	1,235
	Audit independence	,046	,204	,030	,224	,412	,774	1,291
	Audit committee effectiveness	-,354	,356	-,122	-,994	,163	,921	1,086

Source: Results of Data Processing with SPSS (2023)

Testing the first hypothesis (H1)

It is possible to argue that H1 is accepted, implying that X1 has an effect on Y because the importance an incentive for the impact of X1 on Y is 0.000 < 0.05 and the worth of t count is 4.850 > t table 2.021.

Testing the second hypothesis (H2)

It is possible to argue that Because the t count value is 0.224 < t table 2.021 and the significant value for the effect of X2 on Y is 0.412 > 0.05, H2 is rejected, indicating that X2 has no effect on Y.

Testing the third hypothesis (H3)

It is safe to assume that H3 is rejected because X3 has no effect on Y, as evidenced by the t value of -0.994 < t table 2.021 and the significance value for the effect of X3 on Y of 0.163 > 0.05.

Fourth Hypothesis Testing (H4)

Table 1.2 Anova

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	32,794	3	10,931	10,661	,000[b]
	Residual	41,013	40	1,025		
	Total	73,807	43			

Source: Results of Data Processing with SPSS (2023)

Given that the aforementioned output indicates that Given that the calculated F value is 10.661 > F Table 2.83 and the significance level for the simultaneous influence of X1, X2, and X3 on Y is 0.000 < 0.05, it is possible to conclude that H4 is accepted, indicating that X1, X2, and X3 have an effect on Y simultaneously.

Coefficient of Determination

Table 1.3 Model Summary

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,667ª	,444	,403	101,258	1,473

Source: Results of Data Processing with SPSS (2023)

The R square value is 0.403 based on the above output, indicating that the variables X1, X2, and X3 have a 40.3% influence on the variable Y.

CONCLUSION

It has been demonstrated that audit quality has a significant positive impact on the level of earnings management. This shows that high-quality audits will more easily show irregularities and errors, so qualified auditors tend to easily detect earnings management. The belief that the higher the audit quality, the more likely the financial report has a high level of presentation accuracy. All correct information will be disclosed to reduce miscommunication between management and investors.

Audit independence is proven to have a significant negative effect on how well earnings are managed. This pertains to research findings, accounting and financial competence, as required by the regulator, has a favorable but insignificant effect on the degree of earnings management. This demonstrates the importance of forming an audit committee that is competent in the field of accounting and finance is only mandatory according to applicable regulations.

The time commitment owned by The audit committee has a negative but not statistically significant impact on earnings management. This demonstrates that the audit committee's time commitment is not an important element for the audit committee to have. According to the results of the study, the auditor's reputation turned out to have a positive but not significant effect on earnings management. This is due to reasons related to the subjectivity of the auditor.

Limitations

The sample of this study is limited by information from the financial documents filed by the company, and the researchers are limited by the existence of businesses with insufficient data, so the research sample is eliminated.

Theoretical Implications

Audit independence and high audit quality can reduce the risk of conflict of interest between company management and shareholders. In terms of earnings management, good audit quality and high audit independence can help reduce unethical earnings management practices. The auditor will be more motivated to report earnings management practices that do not comply with applicable accounting standards if audit independence is well-maintained.

Practitioner Implications

A quality audit can help detect unethical earnings management practices and ensure the reliability of financial reports. An independent audit that is free from the influence of the company's management is able to guarantee that the financial condition is accurately reflected in the financial statements. Practitioners need to ensure that the audit committee has sufficient expertise, access to relevant information, and sufficient authority to carry out their oversight responsibilities. An effective audit committee can help prevent earnings management practices that harm the company and shareholders. Practitioners must adhere to high ethical standards and ensure that they perform their duties with integrity and professionalism. This includes avoiding conflicts of interest, keeping sensitive information confidential, and reporting suspicious earnings management practices.

Recommendation

There are recommendation to the analysis results presented in this study should be taken into account by future researchers, namely:

1. For future researchers, it is advised to collect data for a longer period of time, to add to the sample obtained.
2. For future researchers to collect data not only in Indonesia but in various ASEAN countries. So that the resulting data can be of higher quality.

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CHAPTER 8

Drivers of Employee Entrepreneurial Intention: Evidence from DKI Jakarta

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ABSTRACT

This study aims to empirically examine the relationship between entrepreneurial ecosystem, entrepreneurial self-efficacy, and employee entrepreneurial intention. It expand the Theory Planned Behaviour by Employing the data from DKI Jakarta Region through online survey. 113 Data is analyzed using Partial Least Square- Structural Equation Modelling (PLS-SEM). The Result show that Entrepreneurial Eco-System is statistically significant towards Employee Entrepreneurial Intention, Entrepreneurial Eco-System is statistically significant towards Entrepreneurial Self- Efficacy, and Entrepreneurial Self- Efficacy is statistically significant towards Employee Entrepreneurial Intention. This study give contribution to the literature in the field of marketing and provide managerial implication for entrepreneurs.

Keywords: Entrepreneurial Eco-System , Entrepreneurial Self-Efficacy, Employee Entrepreneurial Intention

INTRODUCTION

1.1 Research Background

Unemployment is a persistent macroeconomic problem to the attention of central and local governments. The amount of Unemployment has an impact on decreasing the level of welfare in society and increasing poverty as well as the emergence of various problems of social vulnerability in an area. Unemployment is created due to the existence of an unemployed workforce absorbed by jobs. Unemployment has characteristics different in terms of age. gender and education. If these various characteristics are described. they will provide an overview interesting for further study. especially by policymakers (Elnadi & Gheith. 2021.)

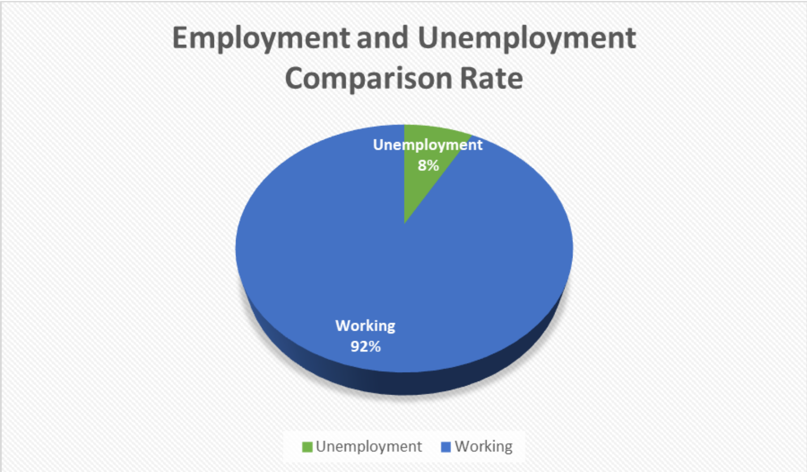


Figure 1.1 Employment and Unemployment Comparison Rate in DKI Jakarta Region
Source: BPS (2021)

Figure 1.1 explains about there are residents of Jakarta who are included in the labor force as many as 5.18 million people in August 2022 or 62.63 percent of the working-age population. The male labor force is 3.20 million people (61.73%) and a female workforce of 1.98 million people (38.27%) The labor force consists of the working and unemployed population. 91.50 percent of the labor force is a working population or in absolute terms around 4.74 million people. Residents work in Jakarta in 2021. 2.92 million (61.57%) will be dominated by male workers. Meanwhile. there are 1.82 million female workers (38.43%). (*BPS Provinsi DKI Jakarta*. 2022)

In August 2021. West Jakarta City will become the region with the largest number of unemployed in Jakarta. namely as many as 118 thousand people (26.75%). While the region with the highest number of unemployed is the Thousand Islands Regency. which has as many as 1.015 people (0.23 %)

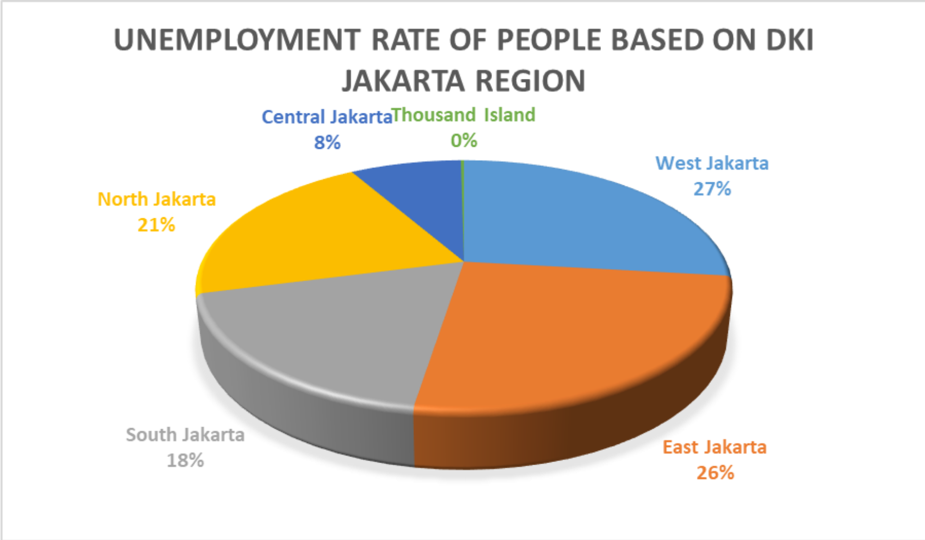


Figure 1.2 Unemployment Rate of People Based on DKI Jakarta Region
Source: BPS (2021)

The highest open unemployment rate was in North Jakarta City at 9.84 percent. while the lowest open unemployment rate was in South Jakarta City at 7.33 percent. When viewed by gender. the highest open unemployment rate for men occurred in North Jakarta City (10.93%) while for women occurred in West Jakarta City (8.45%). The lowest open unemployment rate for males occurred in South Jakarta City. namely 7.17 percent. while the lowest open unemployment rate for women occurred in the Thousand Islands District at 4.99 percent. Most districts/cities have a higher open unemployment rate for men than for women. but there are two cities that do have the opposite situation. namely the City of South Jakarta and the City of Jakarta East

In correlation with the unemployment rates. there are many factors that are causing the problem. and one of the factors is layoff (Datta et al.. 2009) . In an effort to reduce the economic impact of the pandemic. many companies are making the difficult decision to lay off their employees (Datta et al.. 2009.). This is especially the case for industrial sectors that have been directly affected by the pandemic. such as the tourism. hotel and retail industries.In addition. many companies also have to reduce working hours or reduce their employees' salaries in an effort to survive amid the economic crisis. Several companies were even forced to close because they were unable to survive in the midst of the economic pressure that occurred. This phenomenon of layoffs has a major impact on the social and economic life of the employees who are affected. Many employees are experiencing financial difficulties and stress due to losing their jobs. In addition. layoffs also had a major impact on the national economy due to the increasing number of unemployed. One of the factors that employees can get a layoff is because the company can't afford to pay the allowances or its called minimum wage (Meer & West. 2013.) based on the minimum wage per regional.

1.2 Research Problem and Research Gap

The Indonesian economy is currently facing significant challenges and instability. (Vanani & Suselo, 2021) This has encouraged workers to look for alternatives to meet their economic needs. Facing difficult conditions, many workers choose to run side hustle or additional work as a solution to increase their income. These side hustles can take the form of part-time jobs, freelancing, or even starting a small business. By engaging in side hustle, workers can weather economic uncertainties and increase their personal financial stability (Vanani & Suselo, 2021). In addition, side hustle also provides opportunities to develop new skills, expand professional networks, and achieve greater income opportunities. Despite the difficult economic situation, workers in Indonesia are still eager to pursue success and seek opportunities outside their main job.

1.3 Research Questions

1. Does the Entrepreneurial Eco-System positively and significantly affect Employee Entrepreneurial Intention in DKI Jakarta Region?
2. Does the Entrepreneurial Eco-System positively and significantly affect Entrepreneurial Self-Efficacy in DKI Jakarta Region?
3. Does Entrepreneurial Self Efficacy positively and significantly affect Employee Entrepreneurial Intention in DKI Jakarta Region?

1.4 Research Objectives

This study aims to empirically examine the employee Entrepreneurial Intention to be more focused on the DKI Jakarta region based on the perceptions of Entrepreneurial Eco-System factors on their Entrepreneurial Intentions directly and indirectly through Entrepreneurial Self-Efficacy. However, the other things of objectives that we want to achieve by this report are:

1. To investigate the effect of the Entrepreneurial Eco-System on employee's Entrepreneurial Intention in DKI Jakarta Region
2. To investigate the effect of the Entrepreneurial Eco-System on Entrepreneurial self-efficacy in DKI Jakarta Region
3. To investigate the effect of Entrepreneurial self-efficacy on employees Entrepreneurial Intention in DKI Jakarta Region

1.5 Research Benefit

1.5.1 Academic

This Academic purposes study is intended to expand more knowledge of the circumstances that discuss the Effect of Entrepreneurial Eco-System on Entrepreneurial Self Efficacy on Entrepreneurial Intention among Employees in DKI Jakarta Region. In consideration of the new accessibility that employees can get more revenue in many ways. The study's findings will offer a new perspective and opinion on the expectations of an employee to make an opportunity and more advantages besides working as an employee in the DKI Jakarta region. However, this study is intended to be useful for the used of references for future research.

LITERATURE REVIEW

2.1 Entrepreneurial Eco-System

Many scholars have recently focused on the idea of an Entrepreneurial Eco-System (Meshram & Rawani. 2019; Stam & van de Ven. 2019). Prior entrepreneurship research has focused mostly on the function of an individual's personality and attributes. with little consideration made to the impact of the context in which entrepreneurs operate. (Van de Ven. 2019). Many scholars and practitioners have increasingly used the term Entrepreneurial Eco-System to shift the focus of entrepreneurship research away from the narrow scope of personalities and traits and toward a broader community perspective that investigates the capacity of a context in countries. regions. and cities to construct a system of factors. The term Entrepreneurial Eco-System emerged in the 1980s and 1990s and has increasingly been used by many scholars and practitioners to shift the focus of entrepreneurship research away from the narrow scope of personalities and traits and towards a wider community perspective that investigates the capacity of promoting the creation of new business concepts (Nicotra et al.. 2018; Stam) .

2.2 Entrepreneurial Self-Efficacy

According to Bandura’s Social Cognitive Theory. (Bandura. 1997) Self-Efficacy is defined as “people’s beliefs about their capabilities to produce designated levels of performance that exercise influence over events that affect their lives”. Self-Efficacy reflects the confidence and beliefs that individuals have in their skills and capabilities to successfully complete the required tasks despite the challenges associated with these tasks. Studying Self-Efficacy is critical to understand individuals’ behavior as it can determine a person’s persistence. resilience. and dedication when facing problems. as well as. the level of effort that the person will exert to complete a task (McGee et al.. 2009; Memon et al.. 2019). Thus. individuals with a high degree of Self-Efficacy have a preference for difficult tasks and succeed in overcoming obstacles and challenges relative to those with low Self-Efficacy.

2.3 Entrepreneurial Intention

Entrepreneurial Intention is the first crucial stage in the process of entrepreneurship (Molino et al.. 2018). Any additional Entrepreneurial steps won't exist without them. In order to comprehend how entrepreneurs are created and why people engage in venture development. scholars have given a great deal of attention to Entrepreneurial Intention (Alammari et al.. 2019; Saiqal et al.. 2019) According to Bird (1988). in general. "Intentionality is a state of mind guiding a person's attention (and consequently experience and behavior) toward a specific object (goal) or a path in order to attain something (means)". The persistence. preparedness. and desire to put out the necessary efforts and actions to engage in entrepreneurship can be summed up as Entrepreneurial Intention (Alammari et al.. 2019; Farooq et al.. 2018).

2.4 Theory of Planned Behavior

The Theory of Planned behavior is an extension of the Theory of Reasoned Action written by Ajzen in 1991 (Lee. Jeen. et al. 2019). TPB suggests that the customer behavior is guided by three factors: Behavioral beliefs. about the likely consequences of behavior. the beliefs of the normative expectation of the public also named Normative beliefs. and the beliefs about the factors that will facilitate or impede the intent to behave on that particular action also known as Control beliefs (Bonsjak. Ajzen. Schmidt 2020).

2.5 Hypotheses Development

2.5.1 Entrepreneurial Eco-System and Employees Entrepreneurial Intention

H1. Entrepreneurial Eco-System positively and significantly affect on Employee Entrepreneurial Intention in DKI Jakarta region

2.5.2 Entrepreneurial Eco-System and Entrepreneurial Self-Efficacy

H2. Entrepreneurial Eco-System positively and significantly effect on Entrepreneurial Self-Efficacy in DKI Jakarta region

2.5.3 Entrepreneurial Self-Efficacy and Employees Entrepreneurial Intention

H3 Entrepreneurial Self efficacy positively and significantly effect on Employee Entrepreneurial Intention in DKI Jakarta region.

2.6 Research Framework

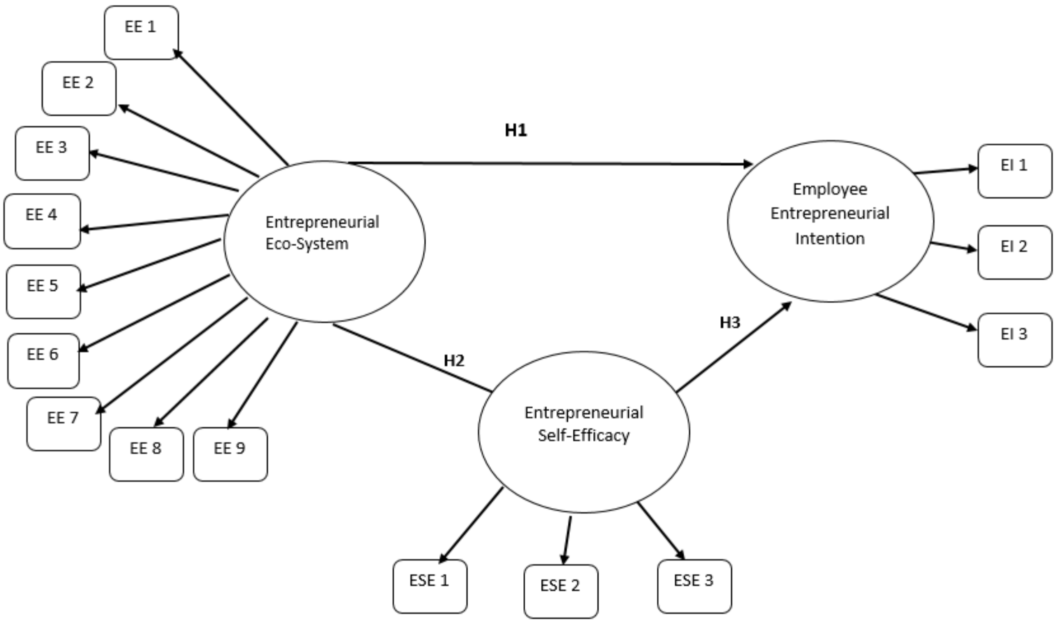


Figure 2.2 Research Framework

METHODOLOGY

3.1 Research Design

This research uses a quantitative research design method strategy to test the effect of the Entrepreneurial Eco-System. on Entrepreneurial Self-Efficacy and Employees Entrepreneurial Intention. in DKI Jakarta region. The author collected data from respondents based on online surveys. The targeted population for this study is to be 114 answers to the questionnaire at least of employees in a productive age 25-60 (Supan & Weiss. 2013). The author assessed the total and the direct effect of Entrepreneurial Eco-System constructs on Employee Entrepreneurial Intention and the indirect effects via the mediator Entrepreneurial Self-Efficacy.

3.2. Population and Sampling

1) Age around 20-60.

2) Have an Intention to make a business while also running their work.

3) Work in DKI Jakarta Region

3.3. Data Collection Method

The data used in this study was collected from an online survey through Google Form online based directed to employees in the DKI Jakarta region period of 2023 that have the Intention to make a business during their work as an employee. regarding their perceptions of Entrepreneurial Eco-System factors and their Entrepreneurial Self-Efficacy and how their perceptions influence them for starting their own business.

3.4. Data Analysis Techniques

3.4.1 Descriptive Analysis

In order to identify themes and develop working hypotheses in response to the data. Lexy J. Moleong (2000) stated that "data analysis is the act of organizing and classifying data into patterns. categories.

3.4.2 Structural Equation Modelling-Partial Least Square

According to (Tenenhaus, 2005). the researchers employed the Structural Equation Modeling (SEM) method to conduct this study. SEM is a multivariate statistical analysis method used to test the hypothesis about correlations between variables (2005). Heseler and Sarstedt (2011) divide SEM methods into two categories: covariance-based (CB) and partial least squares (PLS) path modeling. The second approach is Partial Least Squares (PLS).

FINDINGS. ANALYSIS. AND DISCUSSIONS

This chapter's main emphasis will be on the Findings. Analysis. And Discussion in relation to the research question and study objectives.

4.1 Screening Question

4.1.1 Employee Business Intention

Table 4.2 below is a summary of the respondents’ Employee Business Intention. It can be seen that most of the respondents (94.2%) are from an Emplyee that have an Intention to make a business while also running their work in a company . and followed by (5.8%) Not from an Employee that didnt have an Intention to make a business while also running their work in a company.

4.2 Respondents Profile

The first part of the questionnaire also asks about the respondents' educational level. place of residence. and monthly costs to help with subsequent analysis. The subsections below provide a summary of the findings.

4.2.1 Educational Level

Table 4.1 below is a summary of the respondents’ earned educational level. It can be seen that most of the respondents (60.3%) are Bachelor Degree. closely followed by Diploma Degree (25.6%). and High School (9.9%).

4.2.2 Business Major Background

Table 4.2 below is a summary of the respondents’ Business Major Background. It can be seen that most of the respondents (75.2%) are from Business Major. and followed by (9.9%) Not from Business Major.

4.2.3 Entrepreneurial Workshop

Table 4.2 below is a summary of the respondents’Entrepreneurial Workshop. It can be seen that most of the respondents (39.7%) are from Once Attendance of Entrepreneurial Workshop. and followed by (28.1%) from Twice Attendance of Entrepreneurial Workshop. followed by (17.4%) From Never attend to the Entrepreneurial Workshop. and last followed by (14.9%) from More than Twice Attendance of Entrepreneurial Workshop**.**

4.2.4 Monthly Expenses

Table 4.3 summarizes the respondents’ monthly expenses based on the amount of respondents and their respective percentage. Around (25.6%) respondents spend less than Rp. 2.000.000 on their monthly expenses. followed by (24%) with monthly expenses ranging from Rp. 2.100.000 to Rp. 3.500.000. And followed by (20.7%) spending at range Rp. 3.600.000 to Rp. 5.000.000 on monthly expenses.

4.3 Descriptive Statistics

This section summarises the data obtained and details the mean and standard deviation of each indicator and variable measured in the study. The degree of the respondents’ agreement towards the statements are classified by the likert scale interval developed by Durianto (2010) in Table 4.5.

4.3.1 Entrepreneurial Eco-System

The first indicator of Entrepreneurial Eco-System (EE1). "*I am supported financially to become an entrepreneur*" has a high mean value of 3.658 . meaning that respondents agree with the statement. The second indicator (EE2).: *I am supported by the Infrastructure (Access to business.Technology. Social Networks) to become an entrepreneur* ." scored a mean of 3.965. which also indicates that respondents agree with the statement. The Third indicator of Entrepreneurial Eco-System (EE3). "*I am supported by the government activities and support to become an entrepreneur* " has a high mean value of 3.737. meaning that respondents agree with the statement. meaning that respondents agree with the statement.

4.3.2 Entrepreneurial Self-Efficacy

The first indicator of Entrepreneurial Self-Efficacy (ESE1). "*I am confident in my ability to identify new business opportunities*" scored a mean of 4.096 which indicates that respondents agree with the statement. though not strongly agree. Meanwhile. the second indicator of Entrepreneurial Self-Efficacy (ESE 2). "*I am confident in my ability to find new business ideas*" scored a higher mean of 4.132. indicating that respondents are in an agreement with the statement. The Third indicator of Entrepreneurial Self-Efficacy (ESE 3) "*I am confident in my ability to think creatively*" Scored a mean value at 4.211 indicating that the respondents strongly agreed with the statements given for this variable.

4.3.3 Employee Entrepreneurial Intention

The first indicator of Employee Entrepreneurial Intention (EI 1). "*I am ready to do anything to become an Entrepreneur* ." scored a mean of 4.035 which indicates that respondents agree with the statement. though not strongly agree. Meanwhile. the second indicator of Employee Entrepreneurial Intention (EI 2). "*I am seriously thinking about starting a business*" scored a higher mean of 4.184. indicating that respondents are in a agreed with the statement. The Third indicator of Employee Entrepreneurial Intention (EI 3). "*I will make every effort to start and run my own business in the future*" scored a mean of 4.228 which indicates that respondents Strongly agree with the statement.

4.4. Outer Model SEM-PLS Results

Validity and Reliability Test

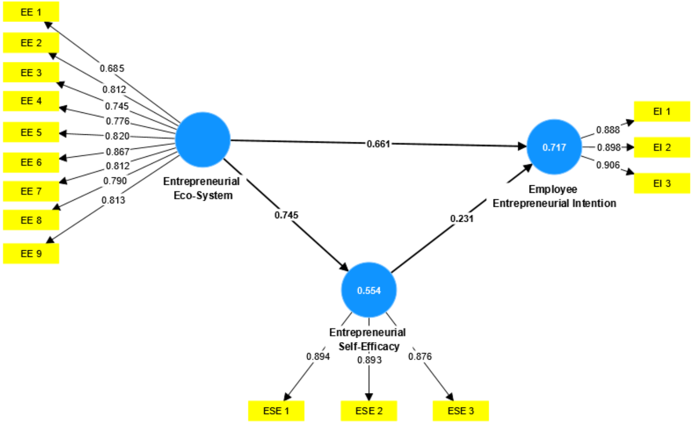
Validity and reliability of the data collected from the survey will be further tested through Structural Equation Model (SEM) Partial Least Square (PLS) basis. Discriminant validity will be the method to test the validity which aims to determine if the indicators of each latent variable are valid

4.4.1 Convergent Validity Test

The first step conducted to analyse the raw data from 113 respondents is to run the convergent validity test. This test measures the extent to which an indicator positively correlates with alternative measures of the same construct — in simple terms.

4.4.1.1 Loading Factor Analysis

Loading factor analysis refers to the relationship between a variable and a latent factor. We can conclude. loading is a measure of how much a particular variable contributes to the underlying construct being measured by the factor analysis (Hair et al.. 2006). According to Hair et al. (2006)



4.4.1.2 Average Variance Extracted (AVE)

Average Variance Extracted (AVE) shows one latent variable to elaborate more than a half of the indicator variance (Hair et al.. 2017). Hence. an indicator with an AVE more than 0.5 shows a good level of construct validity. In accordance with the following pilot result. this research can be continued as all variables' AVE are more than 0.5 The result of the construct validity test is as follows:

Table 4.15 Average Variance Extracted Results

Variable	**Average Variance Extracted**	**Result**
Entrepreneurial Eco-System	0.833	Valid
Entrepreneurial Self-Efficacy	0.625	Valid
Employee Entrepreneurial Intention	0.797	Valid

4.4.2 Discriminant Validity

In accordance with rule of thumb. if the indicator's outer loadings on the associated construct is always greater than any of its cross-loadings on other construct. discriminant validity will appear which will be shown in the following table. The discriminant validity assesses the degree to which indicators of various variables are unrelated and do not fit to other unintended latent variables.

	Employee Entrepreneurial Intention	**Entrepreneurial Ecosystem**	**Entrepreneurial Self-Efficacy**
EE 1	0.372	**0.476**	0.317

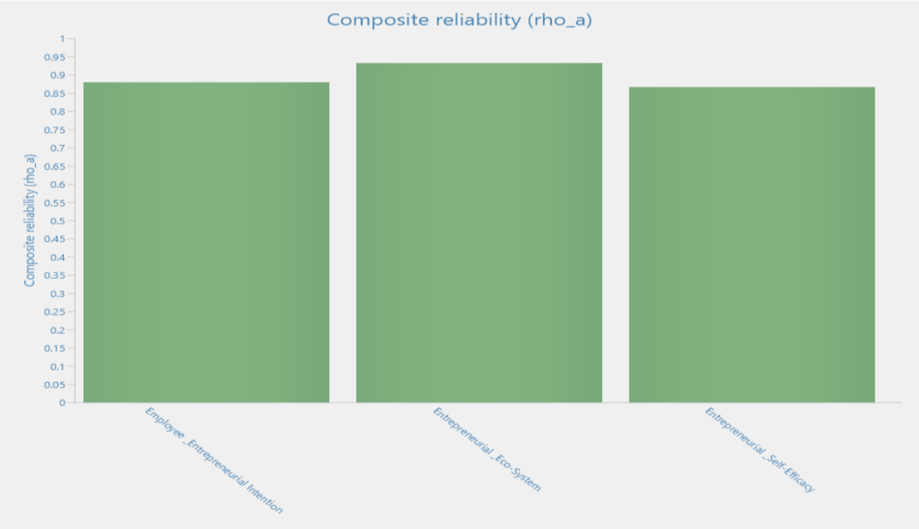
	Employee Entrepreneurial Intention	Entrepreneurial Ecosystem	Entrepreneurial Self-Efficacy
EE 2	0.496	**0.564**	0.433
EE 3	0.325	**0.517**	0.351
EE 4	0.376	**0.539**	0.343
EE 5	0.498	**0.569**	0.390
EE 6	0.540	**0.602**	0.434
EE 7	0.508	**0.564**	0.427
EE 8	0.467	**0.549**	0.463
EE 9	0.481	**0.565**	0.488
EI 1	**0.617**	0.542	0.456
EI 2	**0.624**	0.510	0.425
EI 3	**0.629**	0.503	0.468
ESE 1	0.453	0.483	**0.621**
ESE 2	0.430	0.434	**0.620**
ESE 3	0.453	0.457	**0.608**

Source: Data Processing (2023)

4.4.3 Composite Reliability Test

The analysis for composite reliability measures the internal consistency of the indicators towards the associated latent variables. in which a high composite reliability is regarded as an excellent indication that the indicators constantly measure the same variable. According to Hair et al. (2017). values between 0.60 and 0.70 are considered acceptable. whereas values between 0.70 and 0.95 represent reliability levels of satisfactory to good. Meanwhile.

Variable	Composite Reliability (rho_A)	Composite Reliability (rho_C)
Employee Entrepreneurial Intention	0.879	0.925
Entrepreneurial Eco-System	0.932	0.938
Entrepreneurial Self-Efficacy	0.866	0.918



4.4.4 Chronbach's Alpha

Variable	Chronbach Alpha
Entrepreneurial Eco-System	0.879
Entrepreneurial Self-Efficacy	0.926
Employee Entrepreneurial Intention	0.865

4.5 Inner Model SEM-PLS Results

The inner model is looked at to figure out the hypothesized relationships between latent variables once the outer model studies have established the validity and reliability of the indicators with regard to their latent variables (Hair et al.. 2014). The Coefficient of Determination (R2). Predictive Relevance (Q2).

4.5.1 Coefficient of Determination (R2) Results

The coefficient of determination (R2) is a measure of the fit determine the proportion of the variance in the dependent variable explained by the independent variables in the model (Zhang. 2016)

4.4.2 Predictive Relevance (Q2) Results

The predictive relevance (Q2) analysis evaluates whether the SEM-PLS model studied well predicts the data points of indicators — a Q2 value above 0 indicates that the model has predictive relevance (Ringle et al.. 2015). The predictive relevance is measured through the following developed formula from Wetzels et al. (2009). and so the results of this study are as follows:

Formula: $Q^2 = 1 - (1-R1^2)(1-R2^2)$
R-Squared: [R1 = 0.554. R2 = 0.717]
Applied: Q2 $= 1 - (1-0.554^2)(1-0.717^2)$
$= 1 - (1- 0.306916)(1 - 0.514089)$
$= 1 - 0.3367771395$
$= 0.663$

The calculation above concludes that the SEM-PLS model of this study has a sufficient predictive relevance of 66.3%. which is a globally accepted value since it is far above the value of 0

4.4.3 Hypothesis Testing Results

This section will be focusing about Hypothesis testing result

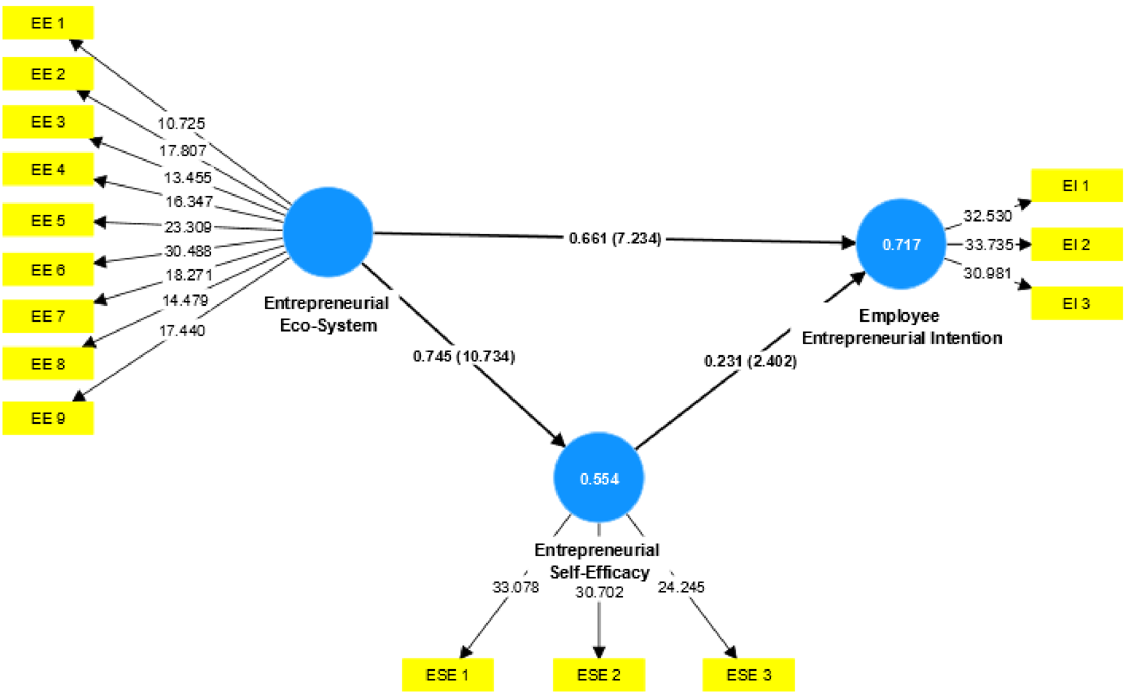


Figure 4.6: Path Coefficient Results

Source: Data Processing (2023)

Using the bootstrapping method. the final statistical analysis of this study is hypothesis testing. which ultimately determines the nature of the relationship measured. the significance of the hypothesis and whether or not the hypothesis is supported.

Hypothesis	**Original Sample (O)**	**T-Statistics (|O/STDEV|)**	**P-Values**	**HypothesisResult**	**Result**
Hypothesis 1. Entrepreneurial Eco-System positively and significantly effect on Employee Entrepreneurial Intention in DKI Jakarta region	0.661	7.234	0.000	*Supported*	*Positive and Significant*
Hypothesis 2 Entrepreneurial Eco-System positively and significantly effect on Entrepreneurial Self-Efficacy in DKI Jakarta region .	0.745	10.734	0.000	*Supported*	*Positive and Significant*
Hypothesis 3 Entrepreneurial Self efficacy positively and significantly effect on Employee Entrepreneurial Intention in DKI Jakarta region.	0.231	2.402	0.016	*Supported*	*Positive and Significant*

4.4.3.1 The Effect of Entrepreneurial Eco-System on Employee Entrepreneurial Intention

The first hypothesis of this study is that Entrepreneurial Eco-System (EE) has a positive influence on Employee Entrepreneurial Intention (EI). First. it was found through testing the hypothesis that it is positive. The original sample (O) was 0.661. Entrepreneurial Eco-System (EE) did have a positive correlation with Employee Entrepreneurial Intention (EI).

4.4.3.2. The Efect of Entrepreneurial Eco-System on Entrepreneurial Self Efficacy

The first hypothesis of this study is that Entrepreneurial Eco-System (EE) has a positive influence on Entrepreneurial Self-Efficacy (ESE). First. it was found through testing the hypothesis that it is positive. The original sample (O) was 0.745. Entrepreneurial Eco-System (EE) did have a positive correlation with Entrepreneurial Self-Efficacy (ESE).

4.4.3.3. The Effect of Entrepreneurial Self-Efficacy on Employee Entrepreneurial Intention

The first hypothesis of this study is that Entrepreneurial Self-Efficacy (ESE) has a positive influence on Employee Entrepreneurial Intention (EI). First. it was found through testing the hypothesis that it is positive. The original sample (O) was 0.231. Entrepreneurial Self-Efficacy (ESE) did have a positive correlation with Employee Entrepreneurial Intention (EI).

4.5 Analysis and Discussions

This section will be shown the analysis result and discuss among variables that relate with the research title and soon to be the implication about this research.

4.5.1 The Positively Significant Effect of Entrepreneurial Eco-System on Employee Entrepreneurial Intention

The test results from the SEM-PLS analysis statistically prove that the Entrepreneurial Eco-System (EE) has a positively significant influence on Employee Entrepreneurial Intention (EI) — and thus. supporting Hypothesis 1

4.5.2 The Positively Significant Effect of Entrepreneurial Eco-System on Entrepreneurial Self-Efficacy

The test results from the SEM-PLS analysis statistically prove that the Entrepreneurial Eco-System (EE) has a positively significant influence on Entrepreneurial Self-Efficacy (ESE) — and thus. supporting Hypothesis 2

4.5.3 The Positively Significant Effect of Entrepreneurial Self-Efficacy on Employee Entrepreneurial Intention

The test results from the SEM-PLS analysis statistically prove that the Entrepreneurial Self-Efficacy (ESE) has a positively significant influence on Employee Entrepreneurial Intention (EI) — and thus. supporting Hypothesis 3.

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

The research has gone through a lengthy process to get to this point. starting with an assessment of current market issues. developing a solid factual foundation from prior studies.

planning the proper methodological approach. and collecting data. data from the necessary respondents. followed by an analysis of the gathered data. With the help of the aforementioned steps and the nice respondents who sacrificed a few minutes to complete the questionnaire. the original research questions in Chapter 1 may now be answered. and the study can finally come to an end. Out of the total replies received. this study examined 114 responses from DKI Jakarta employees in a certain generation. ranging in age from 20 to 60. and are willing to start a business as well as intend to do so. The whole research studied can now be concluded and the final results can be analyzed.

5.2 Implications

5.2.1 Theoretical Implications

The report on the effect of the entrepreneurial ecosystem on entrepreneurial self-efficacy and its impact on entrepreneurial intention among employees in the DKI Jakarta region can provide valuable insights and serve as a foundation for future research in the field. Such as , Researchers can replicate the study in different contexts or regions to examine the generalizability of the findings. Replicating the study with a larger sample size or in different industries can help validate the relationship between the entrepreneurial ecosystem, self-efficacy, and entrepreneurial intention.

5.2.2 Practical Implications

This study confirms that there are existing positively significant relationships between: Entrepreneurial Eco-System (EE) and Employee Entrepreneurial Intention (EI); Entrepreneurial Eco-System (EE) and Entrepreneurial Self-Efficacy (ESE) ; and lastly. Entrepreneurial Self-Efficacy (ESE) and Employee Entrepreneurial Intention (EI) . Government. Entrepreneur Community. Campus in DKI Jakarta can use these results as empirical evidence that the relationships mentioned above do indeed exist. and they could strategically utilise the fact to their advantage.

5.3 Limitations and Recommendations

5.3.1 Limitations

Like other research, this one is constrained by a few elements. First off. the Employee Intention to Start Business in DKI Jakarta was the sole focus of this study. and as a result. the conclusions drawn from this study solely evaluate that particular market. Second. because there were only 114 responders. the results cannot be generalized to the entire population. Last but not least. this study only looks at three variables: Employee Entrepreneurial Intention (EI). Entrepreneurial Self-Efficacy (ESE). and Entrepreneurial Eco-System (EE). The aforementioned factors only make up a portion of the phenomena of employee Intention to operate a business; nevertheless. R-Squared analysis have suggested that there may be more factors at play explore on the next research.

5.3.2 Recommendations

Due to the limitations of this research and based on the results of this study. future researchers are highly encouraged to keep the following recommendations in mind to obtain richer insights. Firstly. it is encouraged that more antecedent variables of Entrepreneurial Intention are thoroughly explored. This could include the following variables: Entrepreneurial

Education (Setiawan & Lestari, 2021) Entrepreneurial Innovation (Guerrero, M., & Urbano, D. 2019), and many more. Secondly. It is advised to use a bigger sample size. which might be accomplished with far fewer restrictions. so that the researcher can collect more varied data that broaden their understanding. through DKI Jakarta's larger territory. Future researchers may be able to construct stronger studies with richer insights and more advantages thanks to our guidelines.

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CHAPTER 9

Financial Ratio Analysis of PT. Campine Ice Cream for the Years 2017 to 2020

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ABSTRACT

The outbreak of the COVID-19 pandemic has had a significant impact on various industries worldwide, including the ice cream industry in Indonesia. The implementation of lockdowns and movement restrictions significantly reduced foot traffic and affected sales at ice cream parlors, cafes, and other out-of-home consumption establishments. Additionally, consumer preferences and purchasing decisions were influenced by health and safety concerns, with individuals prioritizing essential goods over indulgent treats like ice cream. This study focuses on analyzing the financial performance of PT Campina Ice Cream Industry Tbk for the years 2017 to 2020. The investigation utilizes PT Campina Ice Cream Industry Tbk's annual reports during this period. The findings of this study contribute to a better understanding of the challenges faced by PT Campina Ice Cream Industry Tbk during the COVID-19 pandemic and its impact on the company's financial performance.

Keywords: Financial Reports, Trend Analysis, and Financial Performance

INTRODUCTION

The purpose of establishing a company is to develop its business. Increasing the value of company performance must be in line with increasing company performance. The aspect that becomes a benchmark for company performance is the presentation of the company's financial statements. This report usually describes the company's financial developments during a certain period, which can explain the company's condition in that year. Financial reports are an important means of communicating financial information to parties outside the company. This characteristic is important for the company because it is an assessment of the company for external parties.

Financial statements are the final product of a series of processes for recording the company's financial condition. This refers to accountants who must be able to organize all accounting data so that the company's financial statements can be interpreted and analyzed. The interpretation is that the financial statements presented by the accountant must be informative for the users of the financial statements, both internal and external to the company. Internal parties are parties directly involved in the company's performance, while external parties are investors in the company, as well as other parties.

As users of financial reports, we cannot rely on just reading the financial reports presented, but we must know what the contents of these financial reports are, the account components that affect employee appraisals, and so on. In order to find out these conditions, the financial statement analysis step is a way to understand the contents of the financial statements. This in financial management can be called ratio analysis. Financial ratio analysis requires financial reports for at least the last 2 (two) years of company operations as a comparison. Financial ratio analysis will make it possible to determine the company's financial performance.

Ratio analysis can be classified into various categories including liquidity, solvency, activity and profitability. The liquidity ratio is an analysis to assess how well a company can fulfill its short-term obligations with its short-term assets. The solvency ratio is an analysis that shows the company's ability to fulfill all obligations with assets held as collateral. The activity ratio measures how efficiently a company uses its assets. Finally, profitability is to assess how profitable the company can generate with existing capital.

A company's financial statements also have a very important function in the capital market, where financial reports are information that can describe a company's operations. In addition, financial reports always reflect the company's activities in a certain period. Activities that have been carried out are stated in monetary value, both in rupiah and in foreign currency. (Erica, 2016). It is explained in the Statement of Financial Accounting Concepts (SFAC) No. 1 that the main purpose of financial reports is to provide information that is useful for making business and economic decisions. To provide useful information, financial reports must be of high quality.

The financial statements of a company are only a means of evaluating the work of the accounting department, but now financial reports are no longer only a means of evaluation, but also a basis for determining or assessing the company's financial condition, whereby the analysis results of interested parties make decisions. The value stated in the financial statements always changes from time to time or always experiences additions and subtractions. Changes in value in the financial statements will affect decision making. As a result, financial reports are very important for interested parties, for example business owners, suppliers, investors, employees, government (especially with regard to taxes).

In practical terms, financial ratios provide valuable information that aids in assessing a company's financial situation. Different types of analyses, such as cross-sectional and comparative analysis, are employed to evaluate the company's financial position. Academic studies have shown positive correlations between efficiency and various financial ratios, such as profitability (Barr et al., 2002), stock market performance (Aktas and Ünal, 2015), firm size (Halkos and Tzeremes, 2007), service quality (Talluri et al., 2013), managerial ability (Demerjian et al., 2013), and operational cash flow (Santosuosso, 2014).

Financial health and its indicators refer to the monetary state of a company. Good financial health indicates a positive company condition, while poor financial health can lead to bankruptcy and negatively impact stakeholders, including creditors, employees, investors, suppliers, consumers, and local communities. It is a crucial aspect of a company's functioning. A company faces bankruptcy when it cannot meet its debt obligations. Financial health is influenced by both internal factors, such as inefficient management affecting financial performance, assets, and revenue, and external factors like inflation and new regulations that impact economic conditions. Various indicators are used to gauge whether a company is at risk of bankruptcy or not.

Financial ratios, which compare account sizes in financial statements, have attracted significant interest from researchers and professionals due to their focus on relative rather than absolute account sizes. Originally popularized by Altman's work on bankruptcy prediction in 1968 , the use of financial ratios has extended to various areas of research, such as stock market returns, corporate viability analysis, credit scoring, impact assessment of international financial reporting standards, predicting donations to charitable organizations, accounting restatements, and earnings manipulation. This article specifically explores another application of financial ratios, which is to classify companies based on the similarity of their financial statement structures. This classification aims to identify different profiles of financial structure, performance, or distress.

In the context of financial institutions, a liquidity crisis arises when they lack sufficient cash or easily convertible assets to meet their short-term obligations. Such crises can result in large loan defaults and potential bankruptcy. Liquidity is essential for obtaining financing, making sound decisions, and addressing emergencies. The COVID-19 pandemic has caused unprecedented disruptions in the global financial system, prompting people to seek safe havens for their investments. Given the unique nature of this crisis, there is a need to reevaluate the safe-haven role of traditional assets like gold, cryptocurrencies, foreign exchange, and commodities.

Numerous studies have examined the various impacts of COVID-19, with a particular focus on the financial health of companies for investment purposes. Liquidity is also a crucial factor for investors, creditors, and stakeholders, and many studies have explored the relationship between liquidity and profitability. Positive liquidity effects on profitability highlight the importance of maintaining a good liquidity ratio for companies. As such, the paper's literature review section includes several studies on liquidity and profitability due to their close relationship and relevance in considering liquidity ratios. The COVID-19 pandemic has had a substantial macroeconomic impact worldwide, leading to significant shocks in company revenue, operating profit, and net profit. However, the effects have not been uniform across all countries, as some economies have been more severely affected than others based on the effectiveness of their government's response. Additionally, even within the same economy, certain sectors have outperformed others despite the challenges posed by the pandemic. The empirical question at hand is whether the COVID-19 economic crisis influenced the speed of adjustment to the target leverage ratio for companies, and if so, to what extent and under what circumstances. This question is particularly relevant because capital structure decisions interact with other critical decisions within organizations.

Statistically and economically significant effects have been predicted at the 1% level. The speed of convergence towards the target leverage ratio appears to be driven by various factors. One such factor is the accessibility and pricing of credit. Government interventions in economies affected by COVID-19 have resulted in cheaper credit and increased availability for companies seeking new debt. Consequently, companies in severely affected economies may have closed their leverage gap more rapidly compared to those in weakly affected economies. Another argument, based on previous research, suggests that certain countries may experience faster adjustments to the target leverage ratio, especially when profits move more quickly towards the target zone compared to the increase in adjustment costs caused by economic uncertainty related to COVID-19. However, it is important to note that this does not necessarily mean the company's cost of capital will be lower. The overall cost of capital is likely to be higher due to increased economic uncertainty.

Based on the severity of the economic damage caused by COVID-19, the study found that companies in countries significantly affected by the pandemic moved towards their target leverage ratios more rapidly than companies in countries that experienced lesser impact.Financial reports can be significant for interested parties, who need to analyze the relationships between various elements of financial statements, which is often referred to as financial statement analysis. In this case, ratio analysis can be used to provide an overview of financial performance in relation to business growth and business continuity in running its business. Ratio analysis involves drawing comparisons between certain amounts (from the balance sheet or income statement) with other amounts. Using ratio analysis, it is possible to determine the liquidity, profitability, performance of a business entity.

In this case, along with the rampant cases of COVID-19, the economy must think more about strategies to maintain its business. This includes what was done by PT Campina Industry where its business was quite down during the pandemic. This is caused by the company's industrial sector which is less interested because everyone has to focus on their health, thus causing the company's production to decline. Because of this, the author wants to analyze more deeply the condition of the company by analyzing its financial statements from 2017 to 2020.

RESEARCH METHODS

The research method used is a quantitative method, namely by analyzing the company's performance at PT Campina Ice Cream Industry through financial ratios that have been determined by the formula based on the account components in the financial statements. The sample chosen is the company's financial statements from 2017 to 2020 when Covid-19 occurred. The data analysis technique uses multiple linear regression analysis. However, as a start, this analysis requires data on financial calculation ratios. There are several divisions of financial ratios to analyze these financial ratios, including the following:

a. Liquidity ratio, namely as an assessment of the company's ability to cover its liabilities from the assets owned by the company. A good criterion for a company with liquid conditions is one that has a low percentage of between 50% and 75%. (Kasmir, 2008). This ratio is divided into 3, namely the ratio of current assets to current liabilities, the ratio of current assets and inventories to current liabilities, and the ratio of cash equivalents to current liabilities.

b. Solvability Ratio, which is a company's assessment of the extent to which the company's assets are financed by its liabilities. (Taswin, 2015). This ratio is divided into several components, including the ratio of total debt to capital, total assets to total debt, and so on.

c. Activity Ratio, which is a company's assessment in terms of turnover of the utilization of assets owned by the company in order to achieve profits (Kasmir, 2008). The components of the activity ratio assessment include inventory turnover ratio, sales to asset turnover ratio, and others.

d. Profitability ratio, namely as an assessment of the company in generating profits. Where this ratio also provides a measure of the management efficiency level in business. This ratio is used to measure the level of efficiency and profitability achieved by the company (Kasmir, 2008). Some of the components of the profitability ratio are the ratio of the company's gross profit and net profit, and others.

DISCUSSION

PT. Campina Ice Cream Industry, Tbk is a company with PMDN (Domestic Investment) status and is under the supervision of the Ministry of Industry in accordance with Decree of the Minister of Industry no. 0271/reg/01/kanwil B.1/4.1/105-13/II/74. The company was founded on July 22, 1972 by the family of Mr. Darmo Hadi Pranoto. Pak Pranoto started his business by making ice cream as a family business. The resulting ice cream products are branded "CAMPINA" which comes from the word "Champion or Champion" which means champion and "NA" which means everywhere.

PT. Campina Ice Cream Industry carries out various innovations to face competition from other ice cream producers. The method chosen included the introduction of more sophisticated machines and greater capacity, improving the condition of the building along with the expansion of the space by 1400 m2, building a bigger ice cream warehouse, improving laboratory equipment and quality control, as well as expanding the fleet, transporting or delivering ice cream as a means of marketing PT. The Campina ice cream industry continues to innovate in all fields to be able to compete in the free trade arena.

This company is the author's choice to analyze its financial condition, bearing in mind that the world has been hit by COVID-19 which has affected many industries, one of which is this company. The author will perform the calculation of the company's financial ratios which will be processed statistically. Financial ratios are often used in cluster analysis to classify companies according to their similarity in financial structure. In addition to the dependence of distance on the choice of ratio, the ratio itself has a number of serious problems when subjected to cluster analysis such as skewed distribution, outliers, and redundancy. Several solutions to overcome these weaknesses have been proposed in the literature, but have proven to be problematic.

Data Processing Result

LIQUIDITY RATIO				
CURRENT RATIO	**2017**	**2018**	**2019**	**2020**
AKTIVA LANCAR	864,515,740,386	664,681,699,769	723,916,345,285	751,789,918,087
UTANG LANCAR	54,639,027,443	61,322,975,128	57,300,411,135	56,665,064,940
RESULTS	**15.82231201**	**10.83903216**	**12.63370246**	**13.26725592**
QUICK RATIO	**2017**	**2018**	**2019**	**2020**
AKTIVA LANCAR	864,515,740,386	664,681,699,769	723,916,345,285	751,789,918,087
PERSEDIAAN	151,777,634,348	166,906,099,156	171,000,649,858	138,318,505,104
UTANG LANCAR	54,639,027,443	61,322,975,128	57,300,411,135	56,665,064,940
RESULTS	**13.04448742**	**8.117277408**	**9.649419341**	**10.82627212**
CASH RATIO	**2017**	**2018**	**2019**	**2020**
KAS SETARA KAS	520,113,109,132	281,133,628,265	348,062,973,183	478,735,929,325
UTANG LANCAR	54,639,027,443	61,322,975,128	57,300,411,135	57,300,411,135
RESULTS	**9.519076994**	**4.584474704**	**6.074353853**	**8.354842833**

SOLVENCY RATIO				
DEBT TO EQUITY RATIO	**2017**	**2018**	**2019**	**2020**
TOTAL DEBT	373,272,941,443	118,853,215,128	122,136,752,135	125,161,736,940
TOTAL CAPITAL	837,911,581,216	885,422,598,655	935,392,483,851	961,711,929,701
RESULTS	**45%**	**13.42%**	**13.06%**	**13.01%**
DEBT RATIO	**2017**	**2018**	**2019**	**2020**
TOTAL DEBT	373,272,941,443	118,853,215,128	122,136,752,135	125,161,736,940
TOTAL ASSETS	1,211,184,522,659	1,004,275,813,783	1,057,529,235,986	1,086,873,666,641
RESULTS	**31%**	**11.83%**	**11.55%**	**11.52%**

Long term Debt to total Asset	**2017**	**2018**	**2019**	**2020**
LONG-TERM DEBT	318,633,814,000	57,530,240,000	64,836,341,000	68,496,672,000
TOTAL ASSETS	1,211,184,522,659	1,004,275,813,783	1,057,529,235,986	1,086,873,666,641
RESULTS	**26%**	**5.73%**	**6.13%**	**6.30%**

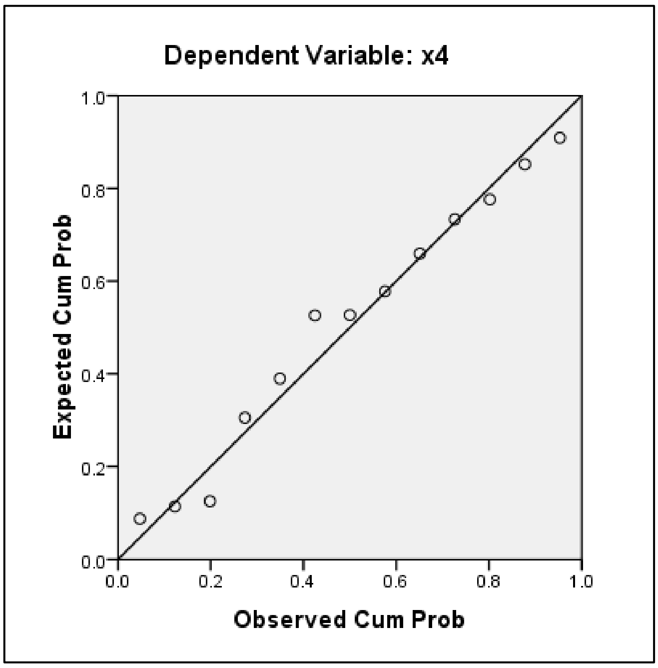
AKTIVITY RATIO				
Total Asset Turnover	**2017**	**2018**	**2019**	**2020**
SALE	944,837,322,446	961,136,629,003	1,028,952,947,818	956,634,474,111
TOTAL ASSETS	1,211,184,522,659	1,004,275,813,783	1,057,529,235,986	1,086,873,666,641
RESULTS	**0.780093623**	**0.957044485**	**0.972978252**	**0.880170809**
Fixed Asset Turnover	**2017**	**2018**	**2019**	**2020**
SALE	944,837,322,446	961,136,629,003	1,028,952,947,818	956,634,474,111
FIXED ASSETS	219,597,825,148	214,497,825,924	208,167,764,816	237,711,417,828
RESULTS	**4.30258051**	**4.480868861**	**4.942902417**	**4.024352229**
Inventory Turnover	**2017**	**2018**	**2019**	**2020**
HPP	336,167,575,634	380,496,768,468	426,417,881,003	439,665,714,828
SUPPLY	151,777,634,348	166,906,099,156	171,000,649,858	138,318,505,104
RESULTS	**2.21486899**	**2.279705597**	**2.493662342**	**3.178647098**

PROFITABILITY RATIO				
Gross Profit Margin	**2017**	**2018**	**2019**	**2020**
GROSS PROFIT	581,669,746,812	580,639,860,535	602,535,066,815	516,978,759,283
SALE	944,837,322,446	961,136,629,003	1,028,952,947,818	956,634,474,111
RESULTS	**61.56%**	**60.41%**	**58.56%**	**54.04%**
Net Profit Margin	**2017**	**2018**	**2019**	**2020**
NET PROFIT	43,421,734,613	61,947,295,689	76,758,829,457	44,045,828,312
SALE	944,837,322,446	961,136,629,003	1,028,952,947,818	956,634,474,111
RESULTS	**4.60%**	**6.45%**	**7.46%**	**4.60%**
Return To Asset	**2017**	**2018**	**2019**	**2020**
NET PROFIT	43,421,734,613	61,947,295,689	76,758,829,457	44,045,828,312
TOTAL ASSETS	1,211,184,522,659	1,004,275,813,783	1,057,529,235,986	1,086,873,666,641
RESULTS	**3.59%**	**6.17%**	**7.26%**	**4.05%**

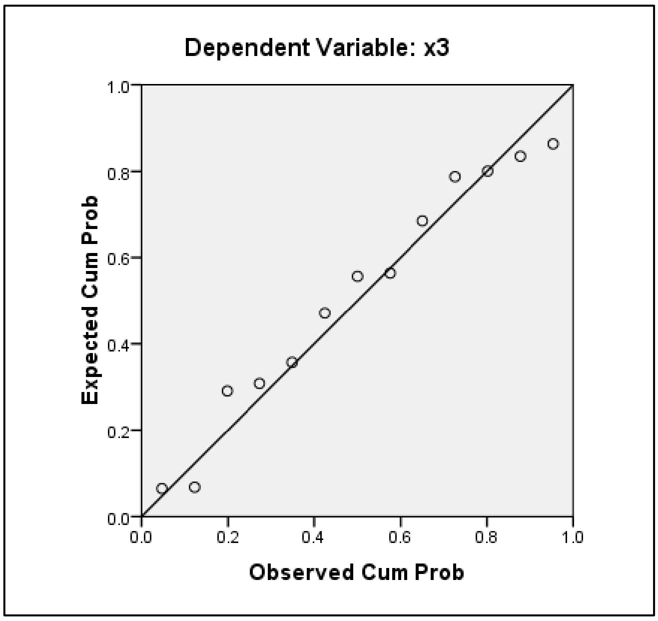
Return of Equity	**2017**	**2018**	**2019**	**2020**
NET PROFIT	43,421,734,613	61,947,295,689	76,758,829,457	44,045,828,312
TOTAL EQUITY	837,911,581,216	885,422,598,655	935,392,483,851	961,711,929,701
RESULTS	**5%**	**7%**	**8%**	**5%**

Test Instrument

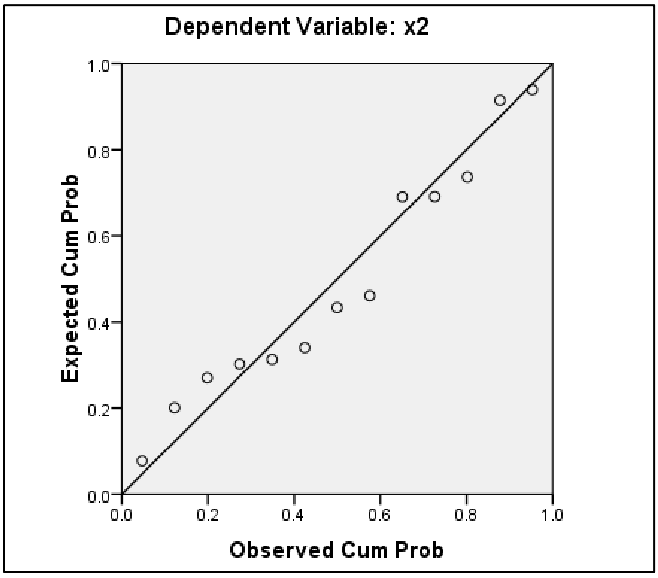
a. Normality Test



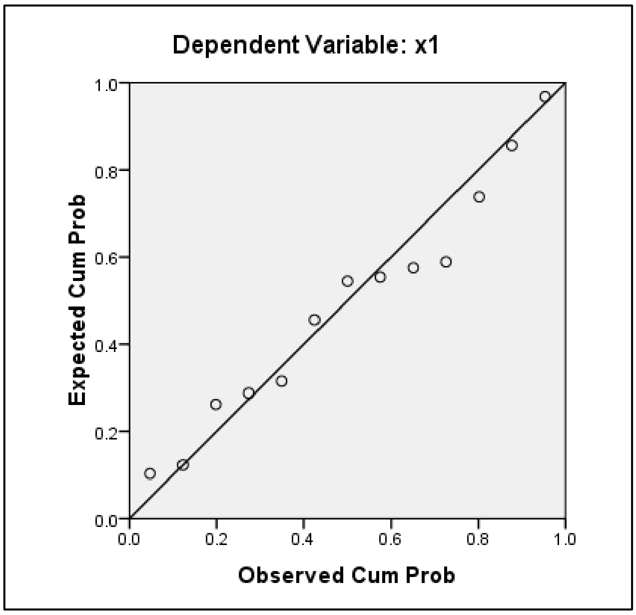
Dependen 2020



Dependen 2019



Dependen 2018



Dependen 2017

b. Hypothesis Test

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-1.092	1.059		-1.031	.330		
	x1	.086	.049	.119	1.771	.110	.282	3.551
	x2	-.741	.723	-.832	-1.025	.332	.002	518.175
	x3	1.610	.737	1.726	2.185	.057	.002	491.315

a. Dependent Variable: x4

Dependen 2020

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	.981	.247		3.981	.003		
	x1	-.034	.017	-.044	-1.969	.080	.299	3.347
	x2	.799	.085	.836	9.434	.000	.019	53.140
	x4	.215	.099	.201	2.185	.057	.018	57.140

a. Dependent Variable: x3

Dependen 2019

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	-1.196	.283		-4.230	.002		
	x1	.037	.021	.046	1.750	.114	.280	3.574
	x3	1.137	.120	1.086	9.434	.000	.014	69.046
	x4	-.141	.138	-.126	-1.025	.332	.013	78.303

a. Dependent Variable: x2

Dependen 2018

Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Statistics Tolerance	Collinearity Statistics VIF
1	(Constant)	11.769	5.311		2.216	.054		
	x2	6.809	3.891	5.538	1.750	.114	.002	431.726
	x3	-8.845	4.492	-6.875	-1.969	.080	.002	525.432
	x4	2.997	1.692	2.172	1.771	.110	.015	64.834

a. Dependent Variable: x1

Dependen 2017

RESULT

This test is carried out by taking into account each year the analysis of the company's financial performance. Every year, tests of liquidity, solvency, activity and profitability ratios are carried out. All components of this analysis are important to do to see the extent to which the financial condition is said to be in good health or needs improvement. Then, after calculating each component of the financial ratios, the data is processed using SPSS with the aim of testing the year of the research object, these ratios have a significant or insignificant effect on performance.

a. Test year 2017

Based on the 2017 test, it shows that the data is normally distributed, by having a significant t-test value on variable X2, while the other variables are not significant. This indirectly indicates that the financial ratios presented in 2017 do not fully reflect the condition of the company's financial performance. But still, it must be an evaluation of the company if findings are found indicating that the company's financial condition is bad.

b. Test year 2018

Based on the 2018 test, it shows that the data is normally distributed, by having a significant t-test value on the X2 variable, while the other variables are not significant. This indirectly indicates that the financial ratios presented in 2018 do not fully reflect the condition of the company's financial performance. But still, it must be an evaluation of the company if findings are found indicating that the company's financial condition is bad.

c. Year Test 2019

Based on the 2019 test, it shows that the data is normally distributed, by having a significant t test value on variable X2, while the other variables show no significance. This indirectly indicates that the financial ratios presented in 2019 do not fully reflect the condition of the company's financial performance. But still, it must be an evaluation of the company if findings are found indicating that the company's financial condition is bad.

d. Test year 2020

Based on the 2020 test, it shows that the data is normally distributed, by having a significant t-test value on variable X2, while the other variables are not significant. This indirectly indicates that the financial ratios presented in 2020 do not fully reflect the condition of the company's financial performance. But still, it must be an evaluation of the company if findings are found indicating that the company's financial condition is bad.

The company's performance this year saw quite a decline, because the percentage of each ratio has decreased. This indicates that the condition of COVID-19 has an impact on the running of this company's industry.

CONCLUSION

The COVID-19 pandemic has had a detrimental impact on companies' financial stability, causing many industries to suffer due to restricted activities imposed by local governments. The author of this research focuses on analyzing the financial statements of one of the affected companies to understand its monetary affairs. It is known that good financial health reflects a positive company condition, while poor financial health can lead to bankruptcy, negatively affecting stakeholders such as creditors, employees, investors, suppliers, consumers, and local communities.

However, the research findings indicate that relying solely on financial ratios calculated from the company's financial statements for the years 2017 to 2020 is insufficient to determine the company's overall condition. The financial statements need to be thoroughly examined to gain a deeper understanding of the company's financial problems, especially given the challenging COVID-19 situation. While financial ratios can be used as a helpful option to understand the performance of financial statements and make them more user-friendly, it is essential to consider other components and not solely focus on ratio analysis to assess the company's condition during these unprecedented times. A comprehensive analysis of various aspects beyond financial ratios is crucial to ensure a more accurate assessment of the company's business maintenance and overall health.

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EDITORS' BIOGRAPHIES

Prof. Dr. Iskandar MUDA

Prof. Dr. Iskandar Muda, SE, M.Si, Ak, CA, CPA is an Accounting Lecturer at the Faculty of Economics and Business, University of Sumatera Utara (2002 - Until Now), he is included in the AD Scientific Index (Alper-Doger Scientific Index) 2022 World Scientist Ranking list. Based on the release of AD Scientific Index , Iskandar Muda is ranked 7906 in Asia and ranked 18 in Indonesia.

The list is based on the accumulation of various scientific papers assessed from the H Index, I Index and citations indexed by Google Scholar. The H Index is an index that attempts to measure both the productivity and impact of a scientist's published work. This index is based on the number of scientific papers produced by a scientist and the number of citations received from other publications.

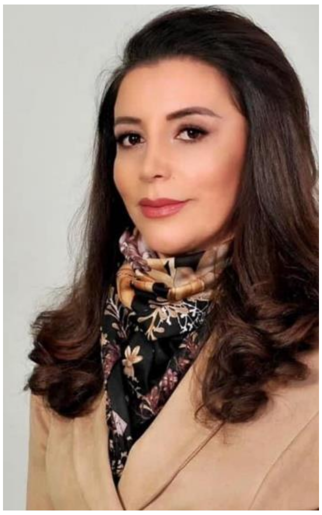
While the I Index is the score of a researcher in a publication that has articles cited by at least 10 other articles. Citation is the number of scientific works that are cited or cited by other people around the world and become a source of reference for scientific works. This list is a form of recognition by world institutions for the achievements of the work given by scientists.

The AD (Alper-Doger) Scientific Index is a study that shows the total and productivity coefficients of publication performance over the last five years of scientists, based on H-Index scores and citations according to Google Scholar. The index provides a ranking and assessment of scientists in a field of study and academic branch from 14,120 universities and 215 countries.

He is also active in professional organizations such as the Indonesian Institute of Certified Public Accountants (IAPI), the Indonesian Institute of Accountants (IAI), the Indonesian Bachelor of Economics Association (ISEI), the Institute of Certified Sustainability Practioners (ICSP) Netherland and the International Public Sector Accounting Standards (IPSAS), USA. As for his achievements, he was the winner of the USU No.1 Productive Researcher Award in 2017 and the 2nd most author in the field of Social Science, Humanities and Art in the database at Scimago, Scopus as of September 2021.

In addition to being active as a lecturer in Masters & Doctoral Accounting programs, Uuniversity of Sumatera Utara, he is also active as a regional finance researcher, speaker of Technical Guidance (BIMTEK) and practitioner accountant at City District in North Sumatra. Some of his research has been published in indexed national and international journals and Intellectual Property Rights listed on Google Playstore.

Leonora Bruçaj- KEKA, Phd Cand. in Albanian Literature



She has completed her Master Degree Studies in the Philological Faculty, in Albanian Literature and Sciences in the Public University Hasan Prishtina in Pristina.
She has also completed her Master Degree in the FAMA College in Pristina, in International Relations and Diplomacy.
She is a Phd Cand, Doctor of Science in Albanian Literature in the Hasan Prishtina University in Pristina.
She has published until now five poetry books.
Some of her creations have been translated in other languages.
"Vdekja e Balozit" (The death ot the Vicious Giant), Editing House "Rilindja", Prishtinë, 1993.
"Dhembje e harresës"(Oblivion Suffering), Editing House " Rilindja, Prishtinë, 1998.
"Inner Voice of Silence" Editing House Lena Graphic, Prishtinë, 2020.
"IUBIEREA IN CALATORIE "(Poema in limba romana), Editing House, Amanda Edit Verlag, Bucuresti, 2022
"Brererimë politikash " (Political Tempest), (prose), still a manuscript.

Creative Profile:

The creative profile of Leonora Bruçaj- KEKA goes far back to the 90's, since from that time, Leonora Bruçaj- KEKA has been creating and writing poetry with no interruptions, moreover, not only challenging herself only with poetry, but also testing her creative abilities in prose. In her renowned literary creations she embraces many different topics, from the innate love of her land, to many other social questions, facts and situations that have been quite actual, especially at the time when Leonora had begun writing her poetic verses, and afterwards taking care of even more sensitive topics.
The poetry of Leonora Bruçaj- KEKA is quite distinguishable for its outstanding stylistic structure, thanks to the use of a wide range of figurative elements that make her verses profoundly colorful, with a sophisticated tonification of senses that seems like a unique sort of degustation.
Her further artistic and scientific enrichment as a Literature Researcher will go on through other scientific meetings focusing on literature in Kosovo, Albania, Montenegro, North Macedonia and Germany, where she has been honored with special certificates for her valuable contribute in the wider field of Literature, and in Albanian Literature as well.

i. "HISTORY OF LITERATURE-SCIENCE OF LITERATURE"- SSRN- Platforme shkencore SKOPUS dhe ELSEVIER https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3597248
ii. 2. "COMPARISON OF PESSIMISTIC CHARACTER OF SPASSE'S JON ZAVERI AND GOETHE'S WERTHER" SSRN- Platforme shkencore SKOPUS dhe ELSEVIER https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3602289
iii. CERTIFICATE OF INTERNATIONAL CONFERENCE ON LINGUISTICS, LITERATURE AND CULTURE - ICLLC, 2017- AAB COLLEGE, DEPARTMENT OF ENGLISH - SOUTH EAST EUROPEAN UNIVERSITY.
iv. JMU- JAMES MADISON UNIVERSITY -CERTIFICATE OF COMPLETION - Leadership Development Program coursework-2019.
v. MERCER UNIVERSITY - CERTIFICATE OF COMPLETION- Leadership Development Program.
vi. XI INTERNATIONAL SCIENTIFIC CONFERENCE- CERTFICATE OF PARTCIPATION - " STRATEGY FOR ECONOMIC AND LOCAL ECONOMIC DEVELOPMENT OF MUNICIPALITIES IN BALKAN COUNTRIES WITH SPECIAL PREVISIONS THE OBSERVATIONS, CHALLENGES AND OPPORTUNITIES FOR THE DEVELOPMENT.
vii. The United Nations Institute FOr Training and Research Program of Correspondence Instruction in Peacekeeping Operations - CERTIFICATE OF COMPLETION - The conduct of Humanitarian Relief Operations: Principles of Intervention and Management.
viii. The United Nations Institute FOr Training and Research Program of Correspondence Instruction in Peacekeeping Operations - CERTIFICATE OF COMPLETION - Logistical Support to United Nations Peacekeeping Operations.

Other Major Titles:

- Member of the Kosova Writer's Association.
- Member of the Global Union of Albanian Poets.

Malinda Sari Sembiring, S.E. M.Si

Malinda Sari Sembiring is an accomplished and dedicated professional with a strong academic background and a passion for education and community service. She holds a Magister of Science in Accounting from the Faculty of Economics and Business, University of Sumatera Utara, where she achieved an impressive grade of 3.66 during 2016-2018. Prior to that, she completed her Bachelor of Economics at the same university, earning a commendable grade of 3.50 between 2010 and 2014.

Throughout her career, Malinda has held various key positions that showcase her expertise and leadership skills. As a Lecturer in the Department of Accounting at the Faculty of Economics and Business, University of Sumatera Utara, she has been actively engaged in teaching undergraduate and vocational students. Alongside her teaching responsibilities, Malinda has been involved in conducting research and community services in accounting and other relevant fields, making a positive impact on the academic community.

In her role as Dean's Advisor for Academic and Accreditation, Malinda has been instrumental in developing and implementing policies and procedures related to academic programs and accreditation. Her strategic planning and budget allocation skills have contributed to the growth and success of the faculty. Moreover, she has led the accreditation process for three undergraduate degrees: Accounting, Economics, and Management, ensuring compliance with industry standards and fostering excellence in education.

Malinda's commitment to quality education is further demonstrated through her position as Head of Quality Assurance Force, where she spearheaded the implementation of the Internal Quality Assurance System (IQAS). Her attention to detail and effective coordination ensured compliance with IQAS requirements and enhanced the overall quality of education within the faculty.

In addition to her academic contributions, Malinda has been actively involved in community service projects that have brought about meaningful change. Her projects include providing training on the use of accounting computer applications for teachers and students during the challenging times of the Covid-19 pandemic. She has also contributed significantly to the institutional strengthening of farmer groups in Humbang Hasundutan Regency, North Sumatera, Indonesia, promoting environmentally friendly practices and fostering sustainable agricultural development.

With a passion for sharing knowledge and empowering others, Malinda has taught various courses, including Accounting Information Systems, Financial Institutions, Budgeting Accounting, and Computerization in Economics and Business. Her dedication to education has extended beyond her primary institution, as she also taught courses at the Open University in Indonesia.

Malinda's expertise and contributions have been recognized through various professional honors and awards, including research grants for her exceptional work. She is an active member of the Indonesian Economists Association (Ikatan Sarjana Ekonomi Indonesia), where she engages with the professional community.

In summary, Malinda Sari Sembiring's career journey has been marked by academic excellence, leadership in education, and a strong commitment to community service. Her diverse skills, coupled with her dedication to academic and social advancement, make her a valuable asset to any institution or organization she associates with.

Windi Astuti. S.E. M.Si

Windi Astuti holds a Magister of Science in Accounting from the Faculty of Economics and Business, University of Sumatera Utara, and she also completed her Bachelor of Economics at the same university.

Throughout her career, Windi Astuti has held various key positions that showcase her expertise and leadership skills. As a Lecturer in the Department of Accounting at the Faculty of Economics and Business, University of Sumatera Utara, she has been actively engaged in teaching undergraduate and vocational students. She also has been choosen to be one of the lecturers in the "Merdeka Belajar Kampus Merdeka" which is a program from the Indonesian ministry of education and culture to introduce culture in Indonesia, especially the culture of North Sumatra.

In addition to her academic achievement, Windi has obtained a competency certificate in the field of public sector accounting (Cert IPSAS). She is an active member of the Indonesian Economists Association (Ikatan Sarjana Ekonomi Indonesia), Indonesia Accountant Association (Ikatan Akuntan Indonesia), where she engages with the professional community.

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