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About

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Selected papers from the 6th IABC 2019

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FOREWORD BY DEPUTY RECTOR OF RESEARCH, INDUSTRIAL LINKAGES & ALUMNI

Since 2018, the INSIGHT JOURNAL (IJ) from Universiti Teknologi MARA Cawangan Johor has come up with several biennial publications. Volume 1 and 2 debuted in 2018, followed by Volume 3 this year as well as Volume 4 with 19 published papers due to the great response from authors both in and out of UiTM. Through Insight Journal, lecturers have the ability to publish their research articles and opportunity to share their academic findings. Insight Journal is indexed in MyJurnal MCC and abstracted in Asian Digital Library (ADL). Moreover, is is also an international refereed journal with many international reviewers from prestigious universities appointed as its editorial review board members.

This Volume 6 is the second special issue for the 6th International Accounting and Business Conference (IABC) 2019 held at Indonesia Banking School, Jakarta. The conference was jointly organized by the Universiti Teknologi MARA Cawangan Johor and the Indonesia Banking School Jakarta. Hence, this volume focuses mainly on the accounting and business research papers compiled from this conference, which was considered a huge success as over 66 full papers were presented.

Lastly, I would like to thank the Rector of UiTM Johor, Associate Professor Dr. Ahmad Naqiyuddin Bakar for his distinctive support, IJ Managing Editor for this issue Dr. Noriah Ismail, IJ Assistant Managing Editor, Fazdillah Md Kassim well as all the reviewers and editors who have contributed in the publication of this special issue.

Thank you.

ASSOCIATE PROFESSOR DR. SAUNAH ZAINON
Deputy Rector of Research, Industrial Linkages & Alumni
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The Usefulness of Action-Oriented Simulation Accounting Package (ASAP) as a Tool to Develop Skills

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Abstract

The current business environment is growing at a rapid pace. Consequently, it affects manner in which accounting is practiced. The role of accountants is shifted from being mere financial information providers to the ones who are directly and actively involved in different levels of managerial functions. Accountants in the era of globalisation need to be equipped with multiple skills and competencies in order to assist them in fulfilling their responsibilities in a more effective manner. Therefore, it is the responsibility of the accounting education system to innovatively develop academic approaches that can prepare future accountants for this challenging role. Perhaps, one of such approaches is through the employment of an active-oriented learning method known as the ASAP. The objective of the study is to examine students' perceptions on the usefulness of the ASAP as an action-oriented learning approach in developing the needful skills of the accounting profession and industry. In achieving the objective, an experiment-based research utilising an online survey using a questionnaire has been conducted on 45 accounting students who have completed a course in accounting software. In general, the results indicate positive perceptions among the students that the ASAP is useful in developing both technical and non-technical skills. The operationalization of the ASAP helps developing the students' ability to identify relevant data and apply diverse knowledge within business realms.

1. Introduction

The business environment of the 21st century has changed rapidly and impacted the accounting profession globally. According to Oliver (2000), the advancement of new information technology expands business reporting practices and subsequently changes a manner in which accounting and assurance services provided by accountants and auditors are practised. Business decisions that are achieved in split seconds typically require speedy and useful financial and managerial information supplied by accountants. The role of the accountants has changed and that they cannot be regarded as the mere bean counters and number crunchers any longer. In fact, accountants form a crucial support system for an array of business management decisions. Failure to fulfil this expected duty may raise questions among the users of accounting information on the quality of the profession. Therefore, it is the role of the accounting education to impart necessary skills and knowledge so that future accountants are well-equipped with all relevant expertise to fulfil the needs of the ever-changing business environment.

In preparing future accountants for the new role, adequate skills are of significant importance. These skills encompass both technical and non-technical skills (De Villiers, 2010). According to Klibi and Oussii (2013), technical skills in accounting are a set of general skills that include numeracy, proficiency in information and technology (IT), decision-modelling and risk analysis, measurement, reporting, and compliance with legislative and regulatory requirements. Non-technical skills, on the other hand, are generic skills that are related to social, cognitive, and personal competencies that can enhance the ability to carry out technical skills, tasks, and procedures (Mohd Nasir et al., 2018a). The examples of the non-technical skills include communication, teamwork, leadership, and other cognitive abilities (De Villiers, 2010). Therefore, any potential educational approaches that can develop these critical skills need to be mobilised.

Mohd Nasir et al. (2018a) have elucidated at length the potentiality of the active learning approach as a tool to instil relevant skills to accounting students. They have further argued that, in order to promote an active learning strategy, the students should be persistently encouraged in getting engaged in academic activities involving higher order thinking abilities in an attempt to develop and enrich the students' non-technical skills and knowledge acquisition. Meanwhile, Mohd Nasir et al. (2018b) have proposed a learning method, known as the Action Oriented Simulation Accounting Package (ASAP), as an educational approach that promotes active learning and engagement. Therefore, the objective of the paper is to examine the students' perceptions on the usefulness of the ASAP in developing necessary skills that are demanded by the profession and industry.

The remaining paper is structured as follows. In the next section, a description of the components of the ASAP is presented. Afterwards, the operationalization of the experiment on the usefulness of the ASAP is explained. Then, the results of the online surveys are presented and discussed. A conclusion ends the paper.

2. Action-Oriented Simulation Accounting Package (ASAP)

In a world with a job market increasingly focusing on independent critical thinking abilities, universities are required to equip accounting graduates with knowledge and skills for analytical tasks. Innovative learning approaches must be considered by academics in which students can actively participate since they may impact long-term outcomes and futures. This is due to the fact that many learning methods that involve a one-way transfer of information from instructors to students have been widely criticised for failure to motivate them to learn (Ahmed et al., 2019). As of late, students have focused more on scribbling notes rather than evaluating, understanding, and analysing what is meant to be learnt. According to Mohd Nasir et al. (2018a), students learn more when they actively participate in a learning process. This is because active learning promotes active engagement of students in the learning process (Sugahara and Dellaportas, 2018). It involves discussions, practices, reviews, exploration, application, and problem solving by working out cases.

The ASAP is an accounting simulation package that incorporates all the elements of active learning with the aim of expanding students' knowledge, developing a set of technical and non-technical skills, and fostering values and attitudes of professionals among them (Mohd Nasir et al., 2018b). Furthermore, it also provides the students with a novel learning style that allows them to practise accounting in real business settings. The ASAP replicates real business documents, such as invoices, payment vouchers, official receipts, agreements, statements, and notes, which are compiled in a booklet guided with detailed instructions. The simulation requires the students to apply their knowledge on technical [computer literacy, accounting knowledge, Accounting Information System (AIS) environment, and accounting software applications] and non-technical skills (communication, leadership, analytically, teamwork, life-long learning, and time management). In the ASAP, students are no longer regarded as the passive recipients in a learning process, as it promotes active engagement among the students. This may potentially increase the employability skills of the accounting graduates.

2.1. ASAP Experiment

The ASAP is an accounting simulation purposely developed for this experiment-based study. It requires the use of the accounting software to prepare financial statements and related reports from unsorted real-life business documents. This experiment involved 45 Semester Three Diploma in Accountancy students who were enrolled for Computerised Accounting course (AIS 205). The students were selected since they have completed their sessions on hands-on skills using the accounting software called MYOB in the AIS 205 classes. The experiment was conducted in groups of three and each group was given two days to complete assigned tasks with minimal supervision. Each group was handed a file containing business documents (invoices, payment vouchers, official receipts, debit notes, credit notes, loan agreements, statements, and bank-in slips) for one-month transactions of a dummy electrical appliances company, stationeries, and instructions. The ASAP was conducted in a competition mode whereby the first group that completed all the tasks with the most correct answers was declared as a winner and received a token of appreciation.

To investigate the usefulness of the ASAP, a self-administered online survey through Google Form has been conducted. The survey used a questionnaire instrument adapted from Nik Ahmad and Sulaiman (2013). The purpose of using the questionnaire was to solicit responses of the students on the use of the ASAP as an effective academic tool in enhancing the quality of future accountants. It consisted of 22 items and divided into two sections; demographic profile and ASAP usefulness. The questionnaire used a 5-points Likert scale, ranging from "1" (strongly disagree) to "5" (strongly agree). The survey was completed online by the students who have responded to the questionnaire using their mobile phones. It has been elucidated by many researchers that online survey is cost efficient, time saving, convenience, and enabling responses to be immediately viewed and analysed.

3.   Results

A reliability test has been conducted to examine the internal consistency of the scale. The Cronbach's alpha result, as shown in Table 1, indicates that the scale has a good level of reliability.

Table 1: Reliability Test

Cronbach's Alpha	Number of items
0.989	20

The demographic profile of the respondents is shown in Table 2. About 67% of the respondents are female. The majority of the respondents (67%) obtained CGPA of 3.50 to 4.00, while the remaining (33%) scored CGPA of 3.49 and below.

Table 2: Respondents' Profile

	Frequency	Percentage (%)
Gender		
Male	15	33
Female	30	67
CGPA		
3.50 -4.00	30	67
3.00 – 3.49	10	22
2.50 – 2.99	5	11

Meanwhile, Table 3 presents the perceptions of the respondents on the benefits of the ASAP. Based on 20 benefits listed, the students have ranked "*Develops my ability to identify the relevant data in a business scenario*" and "*Encourages me to apply my knowledge to new situations*" on the first ranking based on the means score. The operationalization of the ASAP has required the participants to identify, sort, and classify the source documents which are not practically taught in classroom. This programme has also challenged the participants' abilities in interpreting pieces of information provided by the source documents. As a result, the participants had to be active learners, where they have to search for more information from the facilitators, textbooks, and Internet.

Table 3: Respondents' Perceptions on the Benefits of the ASAP

Potential benefits of the ASAP	Ranking	Mean	SD
Develops my ability to identify relevant data in business scenarios	1	4.09	0.821
Encourages me to apply my knowledge to new situations	1	4.09	0.848
Develops my interpretation skills	2	4.07	0.889
Encourages me to be an active participant in the learning process	2	4.07	0.915
Gives me insights into practical business operations	3	4.04	0.878
Helps me relate theories to real-life practices	4	4.02	0.839
Encourages me to take responsibility for my own learning	4	4.02	0.965
Helps me to develop my problem-solving skills	5	4.00	0.929
Increases my motivation to study the course	5	4.00	0.929
Improves my analytical skills	6	3.96	0.952
Develops my ability to organise data	7	3.93	0.986
Develops my ability to summarise available information	7	3.93	0.915
Develops my written communication skills	7	3.93	0.939
Teaches me how to deal with situations involving uncertainty and ambiguity	8	3.91	0.949
Develops my problem identification skills	8	3.91	0.973
Teaches me to integrate my technical knowledge of the discipline	8	3.91	0.874
Helps me to consolidate my prior knowledge of the discipline	8	3.91	0.874
Encourages me to think conceptually	9	3.89	0.910
Develops my ability to think critically about issues	9	3.89	0.959
Develops my listening skills	10	3.87	0.991

This programme has exposed the students to the real accountant work. Although the number of the source documents used in the programme has actually been far lower that the source documents that an accountant has to handle in his or her profession, participants still felt that it is a great challenge to complete the tasks. In addition, the programme has also tested their determination in making sure that the transactions are correctly recorded. This is the traits that an accountant should have in order to ensure that the final report provided by the company represents the true and fair view of an organisation.

4. Conclusion

Changes in the business environment have brought a considerable impact on the accounting profession. Accountants are required to be multi-skilled and highly competent to support their daily routines. Inevitably, the profession should not remain rigid to still appear relevant to the industry. Therefore, indispensable changes should be implemented to the existing and future accountants. The responsibility to prepare future accountants that meet the needs of the profession and industry lies on the broad shoulders of the accounting education system. Arguably, the passive learning approach has no longer been adequate in preparing future accountants to face the challenges of the new and hostile business environment. The active learning approach should be promoted and exploited as it can produce high quality future accountants with required skills and competencies. The ASAP acts as a form of an active

learning strategy, as it is forecasted that it has the potential in instilling the demanding needs of the profession and the industry. The findings of the present research are a testament to such claim. Moreover, the present research has also garnered some useful insights to a number of relevant parties to further strengthen the quality of education for future accountants. It is, therefore, suggested that faculty administrators should attempt to embed the ASAP in introductory accounting courses, such as AIS and Financial Accounting and Reporting (FAR). Sufficient exposure of the ASAP is hoped to bring a favourable impact on the future accountants as the survival of the accounting profession depends greatly on the ability of the young generation of accountants to embrace and respond to the evolving business challenges.

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The Influence of Firm-specific Attributes on Corporate Social Responsibility Disclosure

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Abstract

Corporate social responsibility aims to optimise the reciprocal benefits of the firm and the various stakeholders. It acts as a mechanism for firms to demonstrate their concern towards the society well-being. Corporate social responsibility disclosure refers to series of information pertaining to organisation to other parties in order to provide solution to improve accountability to stakeholder. In Malaysia, the disclosure for corporate social responsibility activities is still voluntary. Hence, the level of disclosure is still inconsistent. Accordingly, this paper aims examine the extent of CSR disclosure for Malaysian listed firms. In addition, it will look into the influence of firm-specific attributes towards corporate social responsibility disclosure for Malaysian listed firms namely firm size, profitability, leverage and industry type. The sample includes firms taken from the top 100 companies from the ranking produced by Minority Shareholder Watchdog Group (MSWG). Data are gathered for five consecutive years which are from 2013 to 2017 inclusive, giving a total of 150 firm-year observations. As for the items for corporate social responsibility disclosure, they are taken from the Global Reporting Initiatives (GRI) guidelines due to its comprehensiveness. Comparatively, the findings indicate that the level of corporate social responsibility disclosure is still low with a mean disclosure of 32 items out of 99 items studied. The multivariate analysis reveals that leverage, profitability and industry significantly influence the corporate social responsibility disclosure. The insights provided in this paper could be valuable especially for the purpose of generating corporate social responsibility disclosure policies and strategies.

Keywords: CSR Disclosure, Global Reporting Initiatives.

1. Introduction

Sustainability has been a major focus in businesses over the past two decades. Corporate social responsibility (CSR) is said to be one of the factors of sustainability, as a result firms are under increasing pressure to create and maintain their CSR disclosure (Bansal, 2005). CSR is an action where organisations will go into process of considering and responding to the economic, legal, ethical and discretionary expectations of various stakeholders (Carroll A. , 1979).

Corporate social responsibility disclosure refers to series of information pertaining to organisation to other parties in order to provide solution to improve accountability to stakeholder on environmental and societal issues (Dalilawati Zainal, 2013). According to research by Kent and Monen (2008), public attention and pressure to corporate social responsibility activities in mass media caused uptrend of CSR reporting.

According to a research done by Esrock and Leichty (1998), 82% of companies in 100 *Fortune 500* USA corporations disclose CSR activities done by the organisations. In France, in 2010, disclosing CSR activities by large organisations are mandatory as stated in their law named *Grenelle Act*. A report by KPMG (2008), revealed that in 2008, 99 percent of 100 largest organisations in the UK disclosed their CSR information. On the other hand, in Malaysia, many researchers claimed that the numbers of CSR among organisations are still low (Othman, 2011).

In some countries, the decision to disclose the CSR information may be mandatory. Nevertheless, in Malaysia, the reporting nature of CSR activities is still voluntary. A greater variability occurred in terms of CSR disclosure provided by listed firm in Malaysia due to the lack of specific reporting requirements on the content and extent of CSR disclosure. This situation had created the opportunity for organisations to disclose their CSR information the way they want but in turn puts the stakeholders at disadvantages (Dalilawati Zainal, 2013). Due to the voluntary nature of CSR reporting and the lack of standardisation of reporting scenario in the Malaysian context, it served injustice to the stakeholders as they possessed limited information and perception in investment decision making. Thus, this might adversely affect and jeopardise the organisations' performance.

Based on the aforementioned discussion, to bridge the gap, this study intends:
1) To examine the extent of CSR disclosure for Malaysian listed firms.
2) To examine the influence of firm-specific attributes towards CSR disclosure for Malaysian listed firms.

This paper would provide contributions in a number of ways. First, it would benefit the firms. By examining the extent of CSR disclosure, firms would be able to benchmark themselves against others in the industry. Further, this paper will benefit stakeholders. This is because it provides thorough information about the extent of CSR disclosure and its typology. Thus, with the knowledge gained from this reading, it will help them in making investment decision. This research will also be the reference for regulators in this country whether to consider implementing legislation regarding CSR disclosure to organisations in Malaysia in order to offer standard CSR disclosure to be followed by organisations. Finally, this research will add to the body of knowledge and contribute as a new reference for future research especially research pertaining to local context.

This paper is organised as follows. Following this, the literature surrounding CSR is explained. Next, the research methodologies followed by the findings are discussed. Finally, the conclusions and recommendations are provided.

2. Literature Review

In this section, the importance of CSR disclosure to the firms is explained. The determinants of CSR disclosure will also be elaborated. According to Muruganantham (2010), Asia is the most covered region when considering CSR in emerging economies. There are differences between CSR in developing and developed countries (Visser, 2007). This is due to a number of reasons which are; first, social and environmental issues are most raised in the developing countries. Second, based on a study by Maignan (2011), the impact of social and environmental affects most to developing countries as compared to the developed ones. This is because CSR can be seen as a medium of marketing. In addition, there are a number of factors that influence the communication of CSR activities, among others; national business systems, economic freedoms, levels of economic development, and level of corruption (Chapple, 2005).

Recently, many organisations have higher awareness about the importance of disclosing CSR activities. Many organisations have made voluntary disclosure pertaining to their CSR activities and operations (Bowerman, 2012). For example, Australia is one of the countries that is not actively introduce mandatory CSR reporting within the annual report (Choi, Lee & Psaros, 2013). In Australia, there are no requirements, professional or legislative for organisations to disclose environmental initiatives done by the organisations (Deegan & Gordon, 1996 as cited in Choi, Lee and Psaros, 2013). According to ACCA (2014), many organisations are more vigilant about releasing and producing sustainability report with extensive standards. Sustainability report is the most basic form of organisational report which represents social, economic and environmental elements of the organisations performance (Ong, 2015).

CSR disclosure refers to the information provided by the firm to stakeholders about their accountability towards environmental and social issues (Dalilawati Zainal, Norhayah Zulkifli and Zakiah Saleh, 2013). In addition, according to Fombrun and Shanley (1990) and Lafferty et al. (2002), the communication of CSR activity to stakeholders may increase their positive perception towards the firm.

2.1 Hypothesis Development

Firm size and CSR Disclosure

Cormier and Magnan (2003) stated that large organisations tend to disclose and report more extensively and thoroughly compared to small organisations. According to The International Conference on Applied Economics (ICOAE, 2011), there is a positive relationship between organisations' size and the disclosure of environmental information in the annual reports. This is because large organisations possessed more resources so that they can afford to disseminate the information compared to smaller organisation (Cormier & Magnan, 2003). Other than that, larger companies possessed higher agency cost, thus they need to reveal more information to reduce agency gap between stockholders and organisations' management (ACCA, 2014).

Mohamed Zain and Janggu (2006) examine social and environmental reporting among 37 constructions organisations listed on Bursa Malaysia (formerly known as Malaysian Stock Exchange) with duration from 1998 to 2002. According to Mohamed Zain and Janggu (2006), there are positive relationships between corporate social disclosure with organisations' size and profitability, the higher profitability and size of the firm, the higher social and environmental information will be disclose. Hence, it is hypothesized that:

H₁: There is a significant relationship between firm size and CSR disclosure.

Profitability and CSR Disclosure

The literature provides mixed result for the relationship between profit and CSR disclosure. Tagesson et al. (2009) examined the extent and the content of social disclosure information in for listed firms in Sweeden. The three types of voluntary disclosure studies are environmental disclosures, ethics disclosures and human resource disclosures. The findings revealed a positive correlation between the firm profitability and the content of social disclosure information on corporate websites. Some argues that profitability firms possess enough resource to venture into CSR disclosure.

On the other hand, those that argue otherwise posit that firms with less profit tend to provide more information to present that their business operations contribute to social values and to society (Ho and Taylor 2007; Gianarakis 2014). Hence, it is hypothesized that:

H₂: There is a significant relationship between profitability and CSR disclosure.

Leverage and CSR Disclosure

Branco and Rodrigues (2008) compare the website and annual disclosure by examining the factors that influence the extent of CSR disclosure for Portugal listed firms. The results indicate that the financial leverage has a negative effect on website disclosure. Hence, it is hypothesized that:

H₃: There is a significant relationship between leverage and CSR disclosure.

Industry and CSR Disclosure

Reverte (2009) investigated the determinants of CSR disclosures for listed firms in Spain for 2005 and 2006. The findings indicate that the main determinants for CSR disclosure are firm size, media exposure and the industry type. Hence, it is hypothesized that:

H₄: There is a significant relationship between industry type and CSR disclosure.

3. Research methodology

3.1. Research Sampling

The study employs a quantitative approach. The samples were taken from the ranking produced by Minority Shareholder Watchdog Group (MSWG). The MSWG Top 100 Companies comprise of Malaysian top 100 companies with good corporate governance practice and listed in Bursa Malaysia. Data are gathered for five consecutive years which are from 2013 to 2017 inclusive. These years are chosen because these are the latest available data during the conduct of this study, making the research findings more relevant to the current situation. The Malaysia-Asean Corporate Governance Report is downloaded for each year and comparisons are made to identify companies that are being listed for at least three consecutive years. This is done in ensuring that sample companies maintain good corporate governance in their business practices. Purposive sampling method is used since only samples that satisfy the requirement are chosen (Palys,

2008). Since companies with good governance maintain optimal liquidity level, it is important for the sample to be selected from that category of companies (Lei, Lin, & Wei, 2013). After analyzing the list, 30 companies from various sectors are chosen as sample for the purpose of this study. Sample size of 150 (30 companies for five consecutive years) are collected in ensuring the data have normal distribution or satisfy the characteristic of normally distributed data. After the list for the sample companies is established, their financial statements are collected by using Osiris or DataStream Professional Thomson Reuters.

3.2 Research Instrument

The information for organisations' CSR disclosure was obtained from the organisations' annual report specifically in the CSR segment. The disclosure was measured using the Global Reporting Initiatives (GRI) G3 Guideline. This guideline has been chosen because it has pioneered sustainability reporting and can be considered as the most comprehensive guideline with regards to the disclosure of CSR. Table 1 shows the number of items studied for each category of the GRI indicators.

Table 1: The adoption of GRI Indicators used for this study

GRI Indicators	Abbreviations	Number of items studies
Disclosure on economic indicators	Eco Disclosure	9
Disclosure on environmental indicators	Envi Disclosure	36
Disclosure on social indicators	Social Disclosure	18
Disclosure on human rights indicators	HRight Disclosure	13
Disclosure on society indicators	Society Disclosure	13
Disclosure on product responsibility indicators	PResp Disclosure	10
Disclosure on total CSR indicators	CSR Disclosure	**99**

Regression model

The CSR disclosure for this study is examined using multiple regression model. Table 2 shows the summary of the variables used in this study.

Table 2: Explanation on the variables used for this study

Variable	Abbreviation	Explanation /Measurement
Dependent variable CSR Disclosure	CSR Disclosure	The CSR Disclosure consists of 6 sub-categories with a total of 99 items as shown in Table 1.
Independent variables: Firm size	Size	The firm size is proxied by the total assets. To minimize the skewness, the logarithmetic transformation of the book value of total asset is used.
Profitability	Profit	Profit is measured by the (ROCE) return on capital employed i.e. the proportion of net profit for the year to the book value of the capital employed of the firm.
Leverage	Lev	Leverage measures the proportion of the book value of total debt to the book value of total assets.
Industry	Ind	The industry types are split based on Bursa Malaysia industry sectors. For this study, the industry were divided into 11 categories namely: a. construction b. consumer products & services

	c. energy
	d. financial services
	e. health care
	f. industrial products and services
	g. plantation
	h. property
	i. telecommunications & media
	j. transportation & logistics
	k. utilities

4.0 Findings

The data were analysed using SPSS. Table 3a provides the descriptive statistics for the dependent variable and its components.

Table 3a: Descriptive statistics for the dependent variable and its component

	CSR Disclosure	Eco Disclosure	Envi Disclosure	Social Disclosure	HRight Disclosure	Society Disclosure	PResp Disclosure
Mean	32.49	3.77	10.26	7.33	2.65	3.80	4.55
Std. Dev.	7.452	1.610	3.270	2.497	1.488	1.506	1.891
Minimum	17	0	4	2	1	0	0
Maximum	48	8	17	12	10	7	7

Table 3a shows that the out of 99 items studied, the mean disclosure is 32.49 with a standard deviation of 7.452. The minimum number of items disclosed with regards to CSR is 17 items and the maximum number is 48 items.

Table 3b: Descriptive statistics for the independent variables (continuous variable)

	TA	Log TA	Profit	ROA	ROCE	Leverage
Mean	77,390,494,735	9.9891	1,466,517,149	11.59	17.95	0.78
Median	4482860500	9.6512	720,259,000	6.4210	7.72	0.65
Std. Deviation	161,051,534,084	.92921	1,813,990,176	15.22636	35.62674	0.47639
Minimum	280,604,000	8.45	22,043,000	-0.92	-98.01	0.07
Maximum	765,301,766,000	11.88	7,320,800,000	95.69	190.33	2.65

Legend: The total number of firms for the analysis is 150 firm year observations. TA = total assets for the firm; Log TA = Logarithm of total assets for the firm; Profit = the level of profit for the firm; ROA = Return on asset for the firms; ROCE = Return on capital employed for the firm; Leverage = The leverage of the firm.

In this study, the firm size is measured by the total asset. To minimize the skewness on the regression iteration process (Hair et al. 2006), the logarithmetic transformation is used. Table 3a shows the value of total asset and its log. Profitability measured the accounting based measure of profit. Most of prior literature measures profit as either Return on Assets (ROA) or Return on Capital Employed (ROCE). Table 3b indicates that the mean value for ROA and ROCE are 11.59 and 17.95 respectively. The mean leverage is 0.78.

Table 4: Pearson and Spearman correlation matrix for CSR Disclosure

	CSR Disclosure	Firm Size	Profitability	Leverage	Industry
CSR Disclosure		0.119	0.013	0.431**	0.195*
Firm Size	0.186*		-0.307**	0.195*	0.077
Profitability	-0.086	-0.555**		0.368**	-0.142
Leverage	0.402**	0.155	0.097		0.053
Industry	0.202*	0.133	-0.130	-0.011	

Legend: The upper half reporting Pearson Product Moment correlation coefficient (r_P) and the lower half Spearman correlation coefficient (r_s).**Correlation is significant at the 0.01 level (2-tailed). *Correlation is significant at the 0.05 level (2-tailed).

Table 4 depicts the Pearson and Spearman correlation matrix for CSR Disclosure. The upper half reporting Pearson Product Moment correlation coefficient (r_P) and the lower half Spearman correlation coefficient (r_s). Table 4 shows that there is a positive significant correlation between CSR Dislosure and leverage (r_P = 0.431). This provides some evidence of a univariate association between CSR Disclosure and leverage. Table 4 also reveals that multicollinearity is not an issue for this study because none of the coefficient value exceeds the 0.9 cut off limit (Tabachnick and Fidell, 2005; Hair et al., 2006). The highest value is 0.431.

Table 5: Multiple Regression results for CSR disclosure

Full regression				
N		150		
F value		11.042		
Significant		0.000		
Adjusted R^2		0.212		
Variable	**Coefficient**	**Beta**	**t-value**	**Significant**
Constant	28.043		4.335	0.000
Firm size	-0.291	-0.036	-0.445	0.657
Profitability	-0.033	-0.156	-1.795	0.075*
Leverage	7.634	.488	5.815	0.000***
Industry	0.358	0.150	2.027	0.045**

Legend: Dependent variable = CSR Dislosure. Independent variables = Size (log TA), Profitability (ROCE), Leverage (Total liabilities / Total assets), Industry (the 11 categories of industry as per Table 2). * significant at 0.1, ** significant at 0.05 and *** significant at 0.01.

Table 5 shows the multiple regression results for CSR disclosure. The F-value is 11.042 (p < 0.01) indicating that the model is highly significant. The adjusted R-squared suggests the model explained 21.2 percent of the variation in CSR disclosure. The results support H_2, H_3 and H_4.

H_2 posits an association between profitability and CSR disclosure. It is significant at 0.1 significant level and the direction is negative. This suggests that the less profitable firms tend to disclose more about their CSR activities. H_3 proposes a significant relationship between leverage and CSR disclosure. The findings support H_3 whereby it shows a strong significant positive association (p < 0.01). This implies that the higher the leverage, the greater will be the disclosure about CSR activities. The industry type is also a significant predictor of the CSR disclosure.

5.0 Conclusion

CSR has gained significant prominence in the corporate world due to the positive benefits that could accrue not only to the wider stakeholder but also the firm. Studies have shown that the socially responsible corporate actions could increase brand awareness and customer loyalty,

increase employee's morale and productivity, place the firm at the competitive edge and provide significant impact on the market shares. Accordingly, a growing number of firms embark upon disclosing their socially responsible actions to the public. This study describes the extent of CSR disclosure for the top Malaysian listed firms. The findings indicate that the mean CSR disclosure is 32 items out of a total of 99 items studied. More actions and strategy could be developed to encourage more social disclosure. With regard to the firm-specific attributes, the regression results suggest that profitability, leverage and industry type as significant determinants of CSR disclosure. This study has provided new insights into the CSR disclosure for Malaysian listed firms and adds to the collective understanding of the voluntary communication of corporate social responsibility. However, caution is required when generalize the findings of this study due to the limited sample size.

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An Analysis on Accounting Students Involvement in Education Hub to Community Program: Student Facilitators' Voice

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Abstract

This research aims to find the perception and experience of thirty Diploma in Accounting student facilitators from Universiti Teknologi MARA Cawangan Johor in their involvement in a community service project sponsored by KHIND Starfish Foundation. The project is known as EDU Hub to Community Program. The project was carried out for eight weeks in which the Standard Four and Five students were provided with a special learning modules which focused on providing lessons as well as learning tips and motivation particularly for four important subjects which are English, Bahasa Melayu, Mathematics

and Science. A pre-post questionnaires were deployed among the facilitators after the project was conducted to find their perception of the project and the impact it has made on their interpersonal and soft skills as well as learning experience. The findings revealed that the facilitators perceived the project to be very beneficial for them as it helps to develop their interpersonal and soft skills particularly in terms of their ability to carry out social tasks, social interaction, negotiation and cooperative skills with their peers, superiors and the public. Moreover, they claimed that it helped them share their knowledge, experiences, skills and talents not only with the primary school students, but also with their peer group.

Keywords: Community service, cross-age tutoring, facilitating, soft skills, motivation

1. Introduction

Students' participation in community service can create a positive learning experiences and helps them to comprehend their course content at the university level. Moreover, one of the main objectives of community service projects is to involve students in authentic activities that can develop their social behavior including better communication skills, learning motivation, learning confidence and interest (Eyler and Giles, 2000; Noriah Ismail et al.2011) as well as enhance their English speaking skill (Noriah Ismail et al. 2014). This study investigates the perception and experience of thirty Diploma in Accounting student facilitators from Universiti Teknologi MARA Cawangan Johor in their involvement in a community service project sponsored by KHIND Starfish Foundation. The project is known as EDU Hub to Community Program which includes a hundred primary school students from Sekolah Kebangsaan Kampung Tengah, Segamat, Johor as the tutees, and six lecturers who were the advisors for the project. Overall, extensive research in the area of community service related to cross-age tutoring is still few and far between, particularly in sub-urban Malaysian context. Therefore, the study hopes to gain further insights into this particular area.

2. Literature Review

The benefits of community service involvements among ESL students have been reported in several studies. In particular, evidence has been provided regarding students' personality and motivation to help the community as well as social attitudes e.g., social responsibility and civic engagement (Meyer, Neumeyer & Remedar 2019; Van Goetham et al., 2014; Celio et al., 2011; Yorio & Ye, 2012). A study carried out by the Higher Education Research Institute USA, discovered positive impacts of community service on learning which include academic performance (GPA, writing skills, critical thinking skills), values (commitment to activism and racial understanding), self-efficacy, leadership and interpersonal skills, choice of service career and plans to participate in service after college (Astin and Sax, 2001). Moreover, community service participation showed significant positive effects on academic outcomes, especially writing. These positive effects of service increase the likelihood of the students to further develop their interest in the future service programs.

In order to explore students' affective and cognitive responses to these experiences, the research team from Ohio University conducted a study on students' involvement in community service learning and designed a pre and post-test based on standard measures of attitudes towards the service and perceptions of specific and general learning

outcomes. The students claimed to have been able to develop their analytic thinking which increases their ability to understand and able to apply their knowledge to real problems. More significantly, they gain better awareness of societal problems around them as well as the need to participate in the community in order to contribute. In short, not only do they increase their analytical thinking which in turn enhances their academic skills but also develop their potential to be more responsible members of the community (Musonda Kapatomoyo, 2005).

Moreover, Noriah et al. (2014) study shows how a group of 30 ESL tertiary level students from Universiti Teknologi MARA involvement in the university's community service project as ESL mentor and tutor for younger students has helped them to be more motivated to improve their own English speaking performance as well as their attitude towards community service volunteerism.

Thus, the studies show that community service projects provide students with an opportunity to learn beyond the bounds of the traditional classrooms and give them ample chance to increase their learning skill. Therefore, involving university students in a community service project such as one which provides a tutoring service to younger students is a good move which can bring some positive outcomes not just to the tutees (the primary school students) but to the tutors (the university students) involved as well, especially in terms of their communication skills and learning motivation as well as interest (Noriah Ismail et al. 2014; Noriah Ismail et al.2019).

3. The Research

This study investigates the perception and experience of thirty Diploma in Accounting student facilitators from Universiti Teknologi MARA Cawangan Johor in their involvement in a community service project sponsored by KHIND Starfish Foundation. The project is known as EDU Hub to Community Program which includes a hundred primary school students from Sekolah Kebangsaan Kampung Tengah, Segamat, Johor as the tutees, and six lecturers who were the advisors for the project.

The project was carried out for eight weeks in which the Standard Four and Five students from SK Kampung Tengah were provided with a special learning modules which focused on providing lessons, learning tips and motivation particularly in four subjects which are English Language, Bahasa Melayu, Mathematics and Science. A pre-post 20 items questionnaires were deployed among the facilitators to analyse their perception of the community service project and the impact it has made on their tutoring experience, interest in community engagement, their English speaking skill as well their motivation to serve the community. The data was analysed quantitatively using SPSS 25.

4. Findings and Discussion

4.1 Soft and Interpersonal Skills

Analysis on perception of soft and interpersonal skills among facilitators shows a positive impact to them. A paired t-test was run on a sample of 30 facilitators to determine whether there was a statistically significant mean difference between their perceptions on the improvements the program has made on their soft and interpersonal skills development,

particularly in terms of their ability to carry out social tasks, social interaction, negotiation and cooperative skills with their peers, superiors and the public before and after joining the EDU Hub program. The analysis in Table 1, shows a significant difference in the results after joining the program (M= 93, SD= 20.87) and before joining the program (M= 24, SD= 33.18), a statistically significant increase of 69 percent; t (29) = 9.876, p< 0.01.

Table 1: Paired T-Test Result

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	After joining the program	93.0000	30	20.86905	3.81015
	Before joining the program	24.0000	30	33.17664	6.05720

Paired Samples Test

		Paired Differences							
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	After joining the program - Before joining the program	69.00000	38.26856	6.98685	54.71028	83.28972	9.876	29	.000

4.2 Implementation of the EDU-Hub program

Facilitators also have their interpretations on the implementation of the EDU-Hub program for themselves and primary school students who are directly involved in the program.
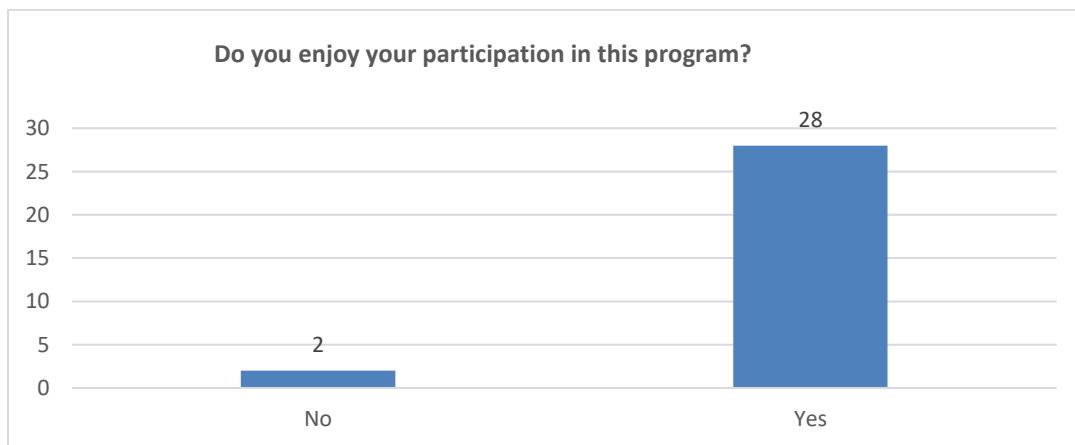
Figure 1: Participation experience in EDU Hub program

Figure 1 shows that 93.33 percent of facilitators say that they enjoyed and were excited about the participation in this EDU Hub program. The analysis from the open ended

questionnaire reveals that by involving in this kind of program, they could share their knowledge, experiences, skills and talents not only with those primary school students, but also with their peer group.

"..this program allows us to to share our knowledge, skills and experience" (Facilitator No.7/F7)

"..it is good to share our talents and teach these younger students."(F11)
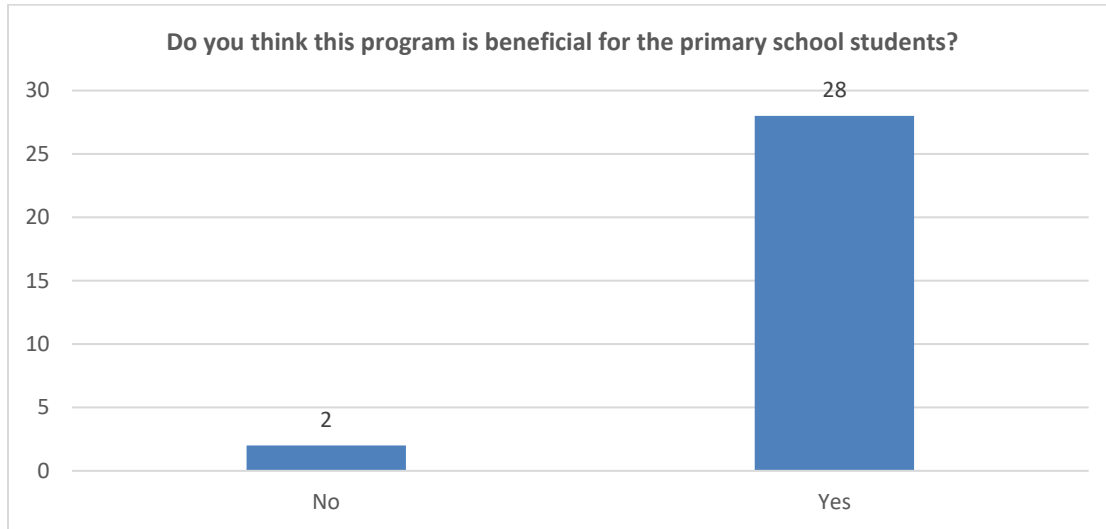
Figure 2: Benefits of program for primary school students

In addition, as shown in Figure 2 about 93.33 percent of facilitators agree that this program is beneficial for the primary school students as they can learn new things and experience different ways of learning such as the inquiry method and the critical thinking skill being taught to the primary school students through the lessons provided. Furthermore, with these different learning methods, the students will be able to catch-up as well as strengthen the understanding of certain subjects especially Mathematics, Science, Bahasa Melayu and English Language to be better.

"..I think the module provided to the primary school students allow them to learn better because the new method such as the inquiry and critical thinking techniques used help them understand more' (F 21)

"..the students seems to understand the lessons we provided and they say they learn the subjects particularly math, Bahasa Melayu, English and science better through the module we give" (F18)

Moreover, when asked whether the program benefits them as the facilitators, they agree that they gained a lot of knowledge and benefits serving as the facilitators in this EDUCATION Hub to Community Program as revealed in the findings below. Figure 3 indicates that 93.33 percent of facilitators agree that teaching or tutoring younger students benefits them as they must be more patient and creative to deliver the information.
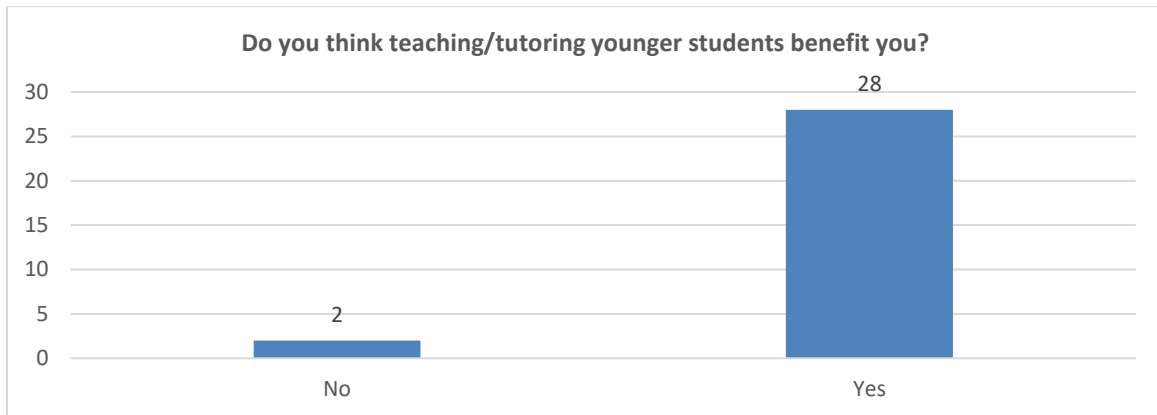
Figure 3: Tutoring younger students benefit facilitators

Lastly, the findings also indicate that 93.33 percent of facilitators are interested to participate in future programs, or another community service sponsored by KHIND. They enjoyed this kind of community service program because they are motivated to help others as well as improve their soft and interpersonal skills. Furthermore, it can also be added value when they enter the real working environment. These results are in line with prior research that revelaled tertiary level students who engage in voluntary action achieve more favorable scores in terms of social and civic engagement as well as learning motivation (Meyer, Neumeyer & Remedar 2019; Noriah et.al 2019; Van Goetham,etal., 2014).

5. Conclusion

As a form of experiential learning, university based community service projects provides students with the opportunity to engage in authentic activities outside the classroom. Scholars widely agree that community service has a positive impact on students' personal, social, learning domains (Meyer, Neumeyer & Remedar 2019; Celio et al., 2011; Yorio & Ye, 2012). It is evident from this study that being facilitators to a community service project do benefit university students as they are able to improve their interpersonal and soft skills. In addition, they gain the opportunity to 'be of service' to the community and this makes them feel good about themselves and become more motivated to be involved in future community service projects. Hence, enables them to not just help improve others but themselves as well. This is in line with the previous research on the effects of service programs, including Meyer, Neumeyer and Remedar (2019), Noriah et al,, (2019); Celio et al. (2011); Yorio & Ye (2012) that generally supports the presumption that university based community service projects provide positive impacts on tertiary students.

"The best way to find yourself is to lose yourself in the service of others" (Mohandas Karamchand Gandhi, 1869-1948).

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Influence of Whistle Blowing on Unethical Behaviour in Jabatan Kastam Diraja Malaysia (JKDM)

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Abstract

This paper is to investigate the relationship between whistle-blowing practice and unethical behavior at the Royal Malaysian Customs Department in Putrajaya which represents the Royal Customs Department organizations in general. The study was also conducted to determine whether whistle-blowing practice would influence the efforts to reduce unethical behaviour among Jabatan Kastam Diraja Malaysia (JKDM) officers and members. Other than that, this study also intends to identify the level of unethical behaviour and the whistle blowing practice among the officers and members of the JKDM Putrajaya. A total of 300 questionnaires were distributed and only 182 questionnaires were quoted for the analysis. Data were analysed using the SPSS software. The findings show that, the level of unethical behaviours among officers and members of JKDM is low. The whistle-blowing practice is at a high level in accordance with the perception of officers and members of JKDM Putrajaya. Whistle-blowing policies that have been studied have insignificant value with the unethical behaviours in comparison with the whistle blowing practices that have a significant value and the value is moderate. In the multiple regression analysis, only the whistle-blowing practice has a significant value on the ethical behaviour. Hence, the management, policy maker and JKDM leaders should pay attention to the seriousness of the distribution mechanism or whistle-blowing as one of the efforts to combat the unethical behaviour among officers and JKDM members.

Keyword: Whistle-blowing, unethical, behavior, Malaysia

1. Introduction

The failure of civil servants to practice ethical behavior while on duty often leads to general problems that will harm the organization. This statement is further reinforced by Coccia (1998) that deviant behaviour or unethical behaviour will affect and disrupt the decision-making process, undermine the company's productivity and cause significant loss to the organization occupied by such irresponsible individuals.

Various efforts have been made to address the issue of unethical behavior in this organization. Among the steps or efforts undertaken by the top management in the organization is to streamline management entities as a role model to create an ethical task landscape in the workplace, to form a framework and work goals based on aspects of ethical and integrity enhancement , to establish a strict, consistent and significant disciplinary package of rules to address abusive behavioural problems, to fulfil individual desires in fulfilling personal social status based on intact rewards system, to create an

efficient regulatory system, to reduce convergent administrative power override, and to emphasise the element of information distribution or creating whistle-blowing practice.

The organization selected as the study entity is the Royal Malaysian Customs Department (RMCD) which is one of the major enforcement agencies in the country. The organization was chosen because of its synonymous role and responsibility to correct the conflicting composition of the law and the role is seen to be extremely difficult and often labelled negatively by the public. This corrected conflicting composition is intended to create a public value that can activate a high degree of public trust over state public administrative entities (Moore, 1995). Therefore, with this research, it is hoped that unethical behaviours can be eradicated periodically with the help of the information proclamation process in whistle blowing.

Unhealthy behaviour among civil servants, especially Customs Officers will give a very negative impact on the quality of the organization of the public administration department. According to statistics released by the Public Complaints Bureau, the Prime Minister's Department of Malaysia, there are 28 ministries who receive complaints of public dissatisfaction from January 1, 2018 to December 31, 2018. The highest number of complaints was received by the Ministry of Home Affairs with 676 complaints while the lowest ministry receiving complaints of public dissatisfaction was the Ministry of Science, Technology and Innovation with a rate of 2 complaints only. The Finance Ministry was in the 5th place with 289 complaints. From these statistics, it appears that the number of complaints received by the Public Complaints Bureau on public service disabilities arising from misconduct and abusive behavior within the organization is increasing from time to time. Competition to create the best climate in the implementation of national administration policy can result in organizational members being depressed with the policy. According to Hosmer (1987), in order to strengthen and improve the competitive position of a corporate entity and professionalism, leadership and management will be exposed to engage in unethical behavior. Among the types of complaints in the category received from the public on the performance of public servants are delays or no action, the quality of counter payment services and unsatisfactory telephone calls, failure of enforcement, failure to conform with prescribed rules and procedures, irregularities, lack of public facilities, incorrect use of power, misconduct of civilians, and the weakening of the implementation of the law. Failure to create a working environment that is synonymous with ethical behaviour in governmental organizations is also detected in the Royal Malaysian Customs Department (JKDM). JKDM, as one of the most important enforcement agencies in the country, is believed to be able to act professionally to collect indirect taxes and to deal with all the crimes of smuggling that could undermine national security.

As such, this study was conducted to see the influence and relevance of whistle-blowing practices and unethical behaviour in the Customs organization in Malaysia. In addition, this study can be used as an empirical basis that is capable to prove that the role and process of whistle-blowing may reduce unethical behaviour within the organization as opposed to other practices that are being practiced such as disciplinary rules, supervisors, leadership by example and a perfect reward package for officers and staff. Therefore, this study was conducted to achieve the following objectives:1) Evaluate the level of unethical behaviours and whistle-blowing practices in JKDM and 2) Identify the effect of whistle-blowing practices on unethical behaviour of employees in JKDM.

2. Literature Review

According to Dwivedi (1978), the behavior of civil servants is considered unethical if he exercises power alone or together with other services and that action will raise doubts in the public's trust. Basically, unethical behavior is aimed at gaining self-interest at the expense of the common good or the welfare of the people or the public. These terms are classified as unethical in the event a civil servant misuses his position and power in the public sector for personal gain.

Unethical behavior can arise either at the individual or organizational level. This unethical behavior further discourages proper or efficient job sequence in any way. Unethical behavior also reduces the use of energy and resources from proper tasks, and can lead to problems in interaction and communication relationships between subordinates in the organization.

On the other hand, whistle-blower is defined as an individual who speaks and encourages the organization's leadership to take firm action against an unethical, immoral and illegal practice practices of major laws in the organization (Rothschild & Miethe, 1994). The whistle-blower can be described as a football referee who will blow up the whistle immediately if he or she appears to be in the wrong or unlawful game. But the difference is that whistle blowers are not given special powers to practice this practice clearly because the controversy will arise in the organization.

2.1 Whistle Blowing Model

According to Badrul (2010), this whistle-blower may be an internal person who is responsible for identifying negative elements in the company and may come from external parties where the organization employs whistle blowers from external bodies such as auditors to eradicate negative elements in the organization. Whistle-blowers can provide information or complaints through channels provided by the organization internally or through external media such as media, law enforcement channels or other relevant public entities (Figg, 2000). So, it can be explained that the main component of the whistle-blowing concept is the provision of information channel mechanism specifically to facilitate individuals in the organization to provide information on unethical behavior within the organization. The increase in the level of practice and understanding of the role of whistle-blowers in the organization is an effective component of creating a positive framework for improving teamwork integrity and reducing profit fraud in the company. This statement is further reinforced by Olander (2004) which states that whistle-blowing practices are one of the best practices that can reflect the company's ability to implement a good corporate governance.

The effectiveness of whistle-blowing practice is largely dependent on the interactions of the parties involved in it. According to Near & Miceli (1995), the effective whistle-blowing process encompasses a total involvement and a dynamic interaction between the parties involved, whistle-blower, complaint receiver, organization and offenders.

Whistle-Blowing Implementation Model (Near & Miceli 1995) as follows:
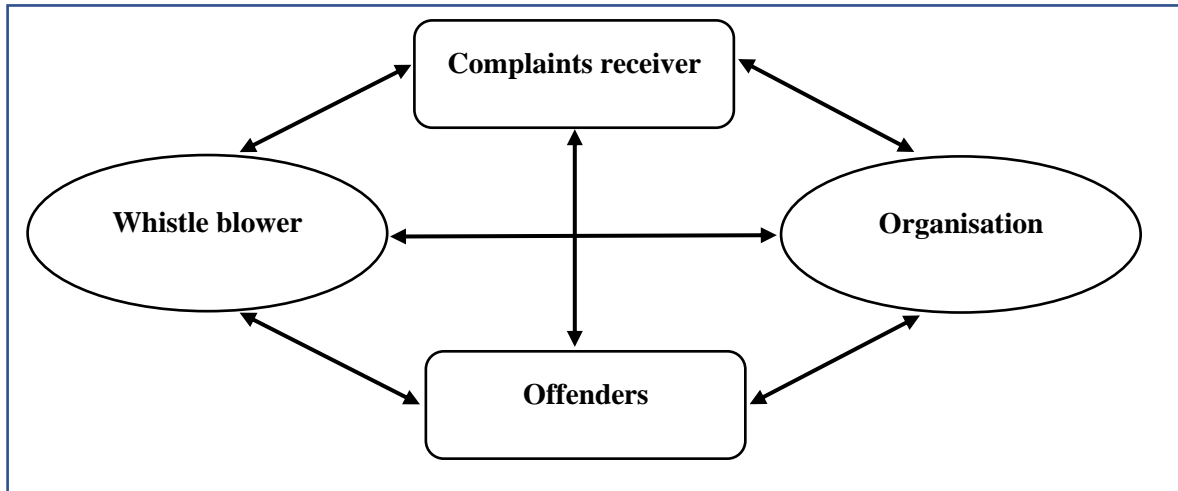
In essence, these four components of the whistle-blower, complaint receivers, offenders and organizations have a correlation that needs to be developed positively with each other to improve the effectiveness of whistle-blowing practices. The delivery of intact information and constructive interactions between these four components will ensure the overall implementation of the whistle-blower practice in the organization. The most obvious example is the interaction between whistle-blower and complaint receiver. If the recipient of the complaint acts indifferent to the information conveyed by the whistle-blower then the information will not reach the organization for further action. This will indicate a malfunction of the component interaction in the whistle-blowing system and this will plague the whistle-blowing condition on a system that fails to be practiced.

2.2 Whistle Blowing Policy and Whistle Blowing Practises

The culture of whistle-blowing practice in the organization to address the individual's unethical behavior:

i)   Step 1: Design the whistle-blowing policy in accordance with the formal mechanisms of the channel of communication within the organization and clear communication channels to support this instrument;

ii) Step 2: Obtain consent from management and top leadership in the organization to create an open-door policy to informers about unethical behavior;

iii) Step 3: Promote organizational commitment to this whistle-blowing effort and rewards to be given to individuals who are interested in implementing it through memos, organizational media, general talks, minutes of meetings and notices;

iv) Step 4: Deep investigate on the information given by the whistle-blower and report it to the responsible party for any disciplinary action to be taken; and

v)   Step 5: Assess the composition of the whistle-blower practice in the organization whether it is practically aligned with the norms and organizational culture of the organization. If the whistle-blowing program is aligned with the culture, the norms and regulations of the organization are practically significant to be implemented but if this practice is not in line with the organizational

culture then its research review needs to be carried out to investigate the cause of such inaction.

On the other hand, whistle-blowing policies are generally divided into two categories, internally and externally (Callahan and Dworkin 2000). This whistle-blowing policy internally is a mechanism used to disseminate information by using channels in the organization. Whistle-blowing externally is a mechanism of channelling information using channels outside the organization. This explanation has been described by Eaton and Eakers (2007) which states that effective whistle-blowing policy should involve the transmission of communication between both parties, whether internal or external, involving entities such as employees, employers, suppliers, customers, shareholders and policy makers. From this statement, it can be explained that all the entities mentioned are those that are related to the dissemination of information internally or externally. Accurate and systematic designed whistle-blowing policies are useful for reducing unethical misconduct within the organization (Baker, 2008). The whistle-blowing policy is a mandate to be used as an information dissemination mechanism to prevent workers' misconduct within the organization (SOX, 2002).

Every individual in the organization reserves the right to make a choice against the two whistle-blowing policies based on the suitability of information, the effect of the action and the suitability of the relevant organizational culture. Dworkin and Baucus (1998) reviewed the practice of whistle-blowing practice internally and externally based on 33 relevant cases and found that whistle blowing internal policies were more effective than practiced external policies. Practice of whistle-blowing externally gives a slightly negative impact on misleading information presented because the information is likely to be misinterpreted and made as false information to bring about the credibility of an organization. Compared with internal practice, the flow of information is more effective where internal investigations will be carried out first to ensure the validity of the misconduct information presented before it is forwarded to the party responsible for action.

2.3 Theoretical Framework

In this study, dependent variables are unethical behaviors while independent variables are whistle-blowing policies, JKDM personnel perceptions of whistle-blowing practices and enforcement of whistle blowing policies at JKDM level. Figure 2.1 below shows the relationship diagram between the dependent variable and the independent variable that you want to study.

Independent Variables	Dependent variable

Whistle blowing policy	
Whistle blowing practice	Unethical behavior
Whistle blowing enforcement	
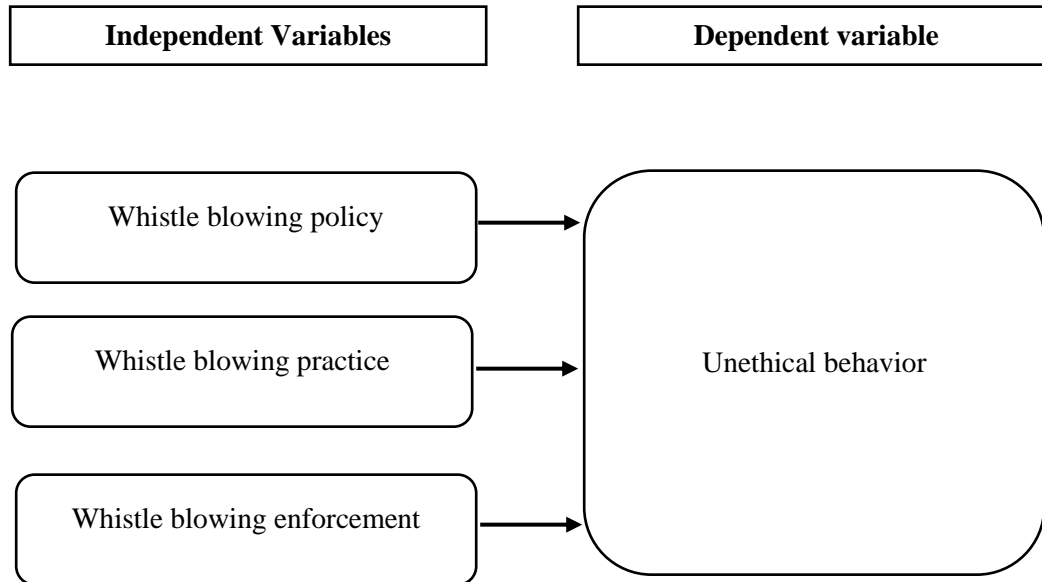
Figure 2.1: The Study Theory Framework

3. Research Method

It was decided that the quantitative method would be the most appropriate approach for this study to achieve the intended objectives. Although using more than one method may result in more rigorous results, other constraints have been considered. Ramenyi, Williams, Momey and Swartz (1998) suggest that the research approach should accommodate the research questions, costs, available budget, available time and target dates for completion, and skills of the researcher.

There are various research methods in the quantitative approach such as the controlled experiment, content analysis, analysis of existing data, participant observation and survey (Babbie, 2016). The present study was undertaken by way of the survey method, employing a questionnaire survey. This method is popular in social science studies and therefore it is also a method of empirical verification (Babbie, 2016) which can produce reliable measures. Moreover, it was found to be the most reasonable method to cover a wide geographical area, such as Malaysia, to represent a given population (Loo, 2006). However, due to budget constraints and other unavoidable circumstances, it is perceived that an online questionnaire survey via google form is adequate to gather the data for the current study.

The primary aims of the questionnaire were to examine the influence of the whistle blowing to unethical behaviour. A copy of the survey questionnaire is available in Appendix A. There were five sections in the questionnaire (Section A, B, C, D and E). Section A consisted of questions on demographic information of the respondents such as division, service category, education level, service period, gender and age. Respondents were asked to tick a box to answer each question or fill in the appropriate details as requested.

This information was important to build the respondents' profile for this study and to determine the representativeness of the respondents in relation to the whole population.

Section B was designed to collect information related to JKDM officers perception on the unethical behavior level in the organisation. This section aimed to answer the main research question regarding "in my opinion, those behaviors happened in my workplace?" There were 23 statements on officer's perceptions; these were developed based on the model for perception on unethical behavior in the organization.

Section C was designed to collect information related to the whistle blowing policy. This section aimed to answer the research question regarding "if there's any unethical behavior occurs in the organization, what is your action?". Section D designed to collect information related to the whistle blowing practice in the organization and Section E designed to collect the information that related to the enforcement to whistle blowing in the organization.

Using five-point Likert scales (1=strongly disagree to 5=strongly agree), respondents were requested to indicate their level of agreement with each of the statements. The probability ranges from 'very unlikely to likely". For a direct (first person) answer, the respondents were asked to indicate their extent of agreement and/or disagreement by way of a five-point Likert scale between strongly disagree (1) and strongly agree (5) to the possible action of the person described in the scenario.

a. Selection of Participants

Ideally, samples are selected so that they represent the population of interest (Tabachnick & Fidell, 2007). The respondents of this involved JKDM personnel in Headquarters, Putrajaya that comprises from several division. To ensure that the respondents came from that group of respondents, this study use an appropriate method in selecting the population from the Headquarters JKDM, Putrajaya. The gross population of the current study was derived at 976, as shown in Table 3.1.

Table 3.1: Gross and Net Population of the Study

	Number of Respondents
Gross Population in Headquarters JKDM, Putrajaya	890
Net Population	**890**

The study was conducted in Royal Malaysian Customs Department Headquarters Office in Putrajaya due to time constraints. The research also conducted an online survey, which means for this method, there is no limitation of research area. Having decided on the population for the study, the sampling size and selection are considered next. Hair, Black, Babin, Anderson and Tatham (2006) advised researchers to be fully aware of the impact of sample size on the statistical test. Krejcie and Morgan (1970), developed a scientific table for determining sample size by taking into account population size. The table suggests a sample size of 182 for a given population of 890 respectively, Roscoe (1975), for instance, argues that a sample size of more than 30 and less than 500 is appropriate for most research. The views presented above suggest that a sample size of anywhere

between 180 and 190 is adequate and the current study considered a sample size of around 182 (i.e. 20 percent of the net population) to be reasonable. This study used random sampling technique to obtain a representative sample. The population and sampling frame of the current study is presented in Table 3.2.

Table 3.2: Population and Sample Size

	Number of Respondents	Percentage of Population	Sample Size
Total	890	20%	182

The data collection period was approximately one month, commencing in middle of February and ending in the middle of March 2019. Most of the questionnaire is personally administered face-to-face method to the targeted sample and by personal e-mail invitation on online survey system. The online respondents however are derived from the WhatsApp, Facebook friend, and personal peer-to-peer reference. A peer-to-peer reference is where participants being referred from forwarded e-mail by the first person or group.

b. Hypotheses Development

Based on the objectives and research questions, three hypotheses are developed as discussed below. From literature review, it is mentioned that there is a connection between whistle blowing policy, practice and enforcement to unethical behavior in the organization and based on the objective of this study, is to evaluate the level of unethical behaviors and whistle-blowing practices, policy and enforcement in JKDM. Therefore, based on the literature review and objective of this study, it is hypothesized that:

Hypothesis 1	H0: From the officer's perception, there is no link between the whistle-blowing policy and the unethical behavior in the organization.
	H1: From the officer's perception, there is a link between the whistle-blowing policy and the unethical behavior in the organization.
Hypothesis 2	H0: From the officer's perception, there is no influence between whistle blowing practice and unethical behavior in the organization.
	H2: From the officer's perception, there is influence between whistle blowing practice and unethical behavior in the organization.

4. Analyses and Findings

The researcher was fortunate to receive an appropriate number of returned questionnaires. Out of 290 questionnaires sent, a total of 182 usable questionnaires were returned, which represents 62.8 percent of the net sampling frame (see Table 4.1).

Table 4.1: Sample Frame and Response Rate

	Gross Sample Frame	Useable Responses	Useable Response Rate (%)
Number of Respondents	290	182	62.8

4.1 Demographic Profile of Respondents

Based on the data from 182 usable surveys, the descriptive statistics of the sample were obtained in order to understand the demographic background of the respondents in this study (Table 4.2). JKDM has 8 main divisions which are: Enforcement, Administration, Corporate planning, Sales and service tax, Technical service, Compliance management, Information technology and integrity. Enforcement is the largest division followed by Administration (8.2%), Corporate planning (13.2%), Sales and service tax (8.8%), Technical service (7.1%), Compliance management (12.1%), Information technology (7.7%) and integrity (2.2%).

For Service category in JKDM, it can be divided into 3 categories: Customs senior officer (45.6%), Customs officer (45.1%) and others (9.3%). On the education level, about 22 % of the respondents were in the lowest category of academic qualification (Diploma and SPM). This was followed by degree level (75.3%) and master and Ph.D. level (2.7%). In term of service period, most of respondents are worked for 10 – 20 years (51.6%), followed by less than 10 years (45.6%) and 21 – 30 years (2.7%). On the other hand, descriptive analysis of the respondents indicates that about 66.5% were male and 33.5% were female. Lastly, In term of age, the majority of the respondents came from the age group 31 - 40 (about 48.4%). This was followed by the 20 - 30 age group (about 46.7%), 41 - 50 (3.3%) and 50 and above (1.6%).

Table 4.2: Background of Respondents (N=182)

Item	Subject	Total Respondents	Sample Size (%)
Division	Enforcement	74	40.7
	KPSM (Administration)	15	8.2
	Corporate planning	24	13.2
	Sales & service tax (SST)	16	8.8
	Technical services	13	7.1
	Compliance management	22	12.1
	Information technology	14	7.7
	Integrity	4	2.2

Service category	Customs senior officer	83	45.6
	Customs officer	82	45.1
	Other	17	9.3
Education Level	PHD	2	1.1
	Master	3	1.6
	Degree	137	75.3
	Diploma	36	19.8
	SPM	4	2.2
Service period	< 10 years	83	45.6
	10 – 20 years	94	51.6
	21 – 30 years	5	2.7
Gender	Male	121	66.5
	Female	61	33.5
Age	20 - 30	85	46.7
	31 - 40	88	48.4
	41 - 50	6	3.3
	>50	3	1.6

This subsection presents respondents' views on whistle blowing policy in relation of unethical behaviour in JKDM. A summary of findings is shown in Table 4.3. The first statement indicated that unethical behaviour should be reported to the appropriate persons within the organization (Policy 1). 100% of the respondents agreed that unethical behaviour should be reported to the right person. As for the second statement (Policy 2), 98% of the respondents agreed that whistle blower should use reporting channels in the organization to report unethical behaviour. For the next question (Policy 3), all respondents agreed that unethical behaviour should let the management aware about it. 99% of the respondents agrees that supervisors need to know about the unethical issue in the department. Next, 100% of respondents agreed that whistle blower should report it to the appropriate authorities. 99% of the respondents agreed that the unethical behaviour should be reported to the external channels. All respondents agreed that these information should be informed to other agencies. For the last statement (Policy 8), 98 percent of the respondents agreed that public should know about it. The overall mean score for education is 4.74, which demonstrates that the Whistle blowing policy is relatively related with unethical behaviour as perceived by the respondents:

Table: 4.3: Whistle blowing policy towards unethical behaviour

	Mean	Median	Standard Deviation	Disagree/ Strongly Disagree	Uncertain	Agree/ Strongly Agree
Policy 1	4.75	5.00	0.436	-	-	182
Policy 2	4.73	5.00	0.469	-	2	180
Policy 3	4.74	5.00	0.439	-	-	182
Policy 4	4.73	5.00	0.460	-	1	181
Policy 5	4.72	5.00	0.450	-	-	182
Policy 6	4.75	5.00	0.445	-	1	181
Policy 7	4.75	5.00	0.433	-	-	182
Policy 8	4.76	5.00	0.451	-	2	180
Policy	**4.74**	**5.00**	**0.448**	**-**	**-**	**-**

4.2 Whistleblowing Practices

Respondents' perceptions toward whistle blowing practice in relation with unethical behaviour is summarised in Table 4.4. To the first statement on practice (Practice 1), a large majority of respondents agreed that Whistle blower would help to prevent serious harm to the organization. The second (Practice 2) statements indicated that Wrongdoing reports are helpful in controlling corruption. All of the respondents agreed with regards to the controlling of corruption. 100% of respondents agreed that whistle blowing enhances the public awareness. For the fourth statement (Practice 4), 99% of the respondents agreed that wrongdoing reports in workplace is the way for employees to perform their duties and the last statement asked a question in the context the morality of whistle blowing (Practice 5). The majority of respondents also agreed with that statements. The overall mean score of 4.802 indicates that the whistle blowing practice is perceived to be relatively related to unethical behaviour in JKDM.

Table: 4.4: Whistle blowing practice towards unethical behaviour

	Mean	Median	Standard Deviation	Disagree/S trongly Disagree	Uncertain	Agree/ Strongly Agree
Practice 1	4.81	5.00	0.395	-	-	182
Practice 2	4.86	5.00	0.345	-	-	182
Practice 3	4.81	5.00	0.395	-	-	182
Practice 4	4.79	5.00	0.421	-	1	181
Practice 5	4.74	5.00	0.442	-	-	182
Practice	**4.802**	**5.00**	**0.3996**	**-**	**-**	**-**

4.3 Whistleblowing Enforcement

Respondents' perceptions toward Whistle Blower Enforcement in relation with unethical behaviour is summarised in Table 4.5. To the first statement on whistle blowing enforcement (Enforcement 1), 100% of respondents agreed that they are aware of the existence of the Whistle-blower Protection Act 2010. The second (Enforcement 2) statements indicated that they aware Customs Officers may be convicted under Section 137 of the Customs Act 1967. 100% of the respondents agreed with regards to whistle

blowing enforcement. The third statement (Enforcement 3), 100% of the respondents agreed that the establishment of the Internal Investigation Unit is one of the JKDM's efforts to curb the involvement of malpractices among Customs Officers. The fourth statement (Enforcement 4), 100% of the respondents agreed that awareness programs on misconduct among Customs Officers should be carried out and the last statement asked a question in the context of all parties in the department should work together in combating the activities of misconduct (Enforcement 5). The majority of respondents also agreed with those statements. The overall mean score of 4.77 indicates that the whistle blowing enforcement is perceived to be relatively related to unethical behaviour in JKDM.

Table: 4.5: Whistle blowing enforcement towards unethical behaviour

	Mean	Median	Standard Deviation	Disagree/Strongly Disagree	Uncertain	Agree/Strongly Agree
Enforcement 1	4.75	5.00	0.433	-	-	182
Enforcement 2	4.74	5.00	0.439	-	-	182
Enforcement 3	4.78	5.00	0.415	-	-	182
Enforcement 4	4.77	5.00	0.419	-	-	182
Enforcement 5	4.81	5.00	0.391	-	-	182
Enforcement	**4.77**	**5.00**	**0.4194**	**-**	**-**	**-**

4.4 Officer Perceptions on Whistleblowing

Assessment of the assumption's regression model showed that the model did not violate any of the four assumptions of normality, linearity, multicollinearity and heteroscedasticity see. A summary of results for the regression analysis of the three non-compliance behaviours is presented in Table 4.6 below.

Equation 1: Regression Analysis Model to Examine Student's Perception on Islamic Banks in Kuala Lumpur

$$Y = \beta0 + \beta1(X1) + \beta2(X2) + \beta3(X3) + e$$

Y   =   unethical behaviour,

X1   =   policy,

X2   =   practice,

X3   =   enforcement, and

e   =   error.

Results of the regression analysis to test the model of whistle blowing influence to unethical behaviour are summarised in Table 4.6 below. The regression models were statistically significant (p = 0.000) in relation to whistle blowing and unethical behaviour. The predictor variable explained about 25.4 percent of the variability of student's perception on Islamic banks was accounted for the independent variables on this model. Table 4.3 also describes only two variables, namely policy (Beta = 0.066 and p = 0.192), and practice (Beta = 0.053 and p = 0.277) was found to be a significant determinant of the whistle blowing influence to unethical behaviour. As for the other variables, namely

enforcement, they were not significant determinants in the whistle blowing influence to unethical behaviour.

Table 4.6: Summary of Results of Multiple Regressions – Influence on Whistle Blowing to Unethical Behaviour

	B	SE	Beta	t-value	P-value
Policy	0.066	0.05	0.097	1.309	0.192
Practices	0.053	0.048	0.081	1.089	0.277
Enforcement	0.006	0.041	0.011	0.151	0.88

5. Discussions and Conclusions

The analysis of the study was conducted by descriptive analysis and inference analysis. For descriptive analysis, the findings are only to know the frequency and percentage of respondents involved. With this, the researcher can identify the profile and background of the respondents involved. Based on the total population of 976 people and 250 subjects selected, only 182 respondents have returned questionnaires. Respondents involved in this research consist of 66.5% are men while 33.5% are women. This shows at the Putrajaya JKDM Headquarters, the number of men and men over the number of women and women. Descriptive analysis on the education level was found that the majority of respondents had the Sijil Pelajaran Malaysia's level of 2.2% followed by employees with a Diploma of 19.8%, Degree of 75.3%, Master 1.6% and PHD 1.1%. This shows that the education level of JKDM officers is at a high level.

The distribution of respondents according to the composition of senior customs officers and customs officers showed that 45.6%% were senior officers, 45.1% were respondents from lower rank and 9.3% respondents from others. The distribution by service duration showed that 45.6% of the respondents served less than ten (10) years compared to the respondents' minority of 2.7% serving 21 - 30 years in the department. This composition shows that there are many officers who are new in JKDM.

To answer, the first research question, based on the findings, the level of unethical behaviors and JKDM members in the organization is at a low level. Based on the descriptive analysis, 59.3% of the respondents (n = 108) were at the 1.00 score which was at a low level while 40.7% (n = 74) respondents were at the 2.00 score at high level. Therefore, the level of unethical behavior of JKDM staff and members in the organization according to this study, is low. Some studies that relate to the question of this study have been made to compare the findings of significant studies. The previous study was conducted on a study of unethical behavior conducted to police officers from Western Finland by Vesterinen (2005). This study shows that the level of unethical behavior is at a low level. Yogeswary (2010) conducts behavioral studies at the workplace and the findings show that the level of unethical behavior from the organization is at a low level.

From the findings of this study, the low levels of unethical behaviors among JKDM officers are likely due to efficient disciplinary action and the performance of the task carried out by the customs personnel themselves. Consequently, customs personnel who lack the discretionary concept in the engagement instead focus on the elements of professionalism when dealing with the public are able to avoid being influenced by unethical behavior.

In answering the second research question, this study show practical measurements of whistle-blowing practices are measured through percentage frequencies and scores. This measurement is based on the instrument used by Park et al. (2005) and adapted through a survey conducted by Megat (2010). Whistle-blowing policy level is high where the majority of respondents are 53.2%, (n = 97) on a high score of 2.00. The whistle blowing practice was at a high level based on the majority of respondents ie 62.1% (n = 113) at the score of 2.00. The study conducted by Megat (2010) also obtained the same study result that is the effect of whistle blower practice to increase the integrity of Customs officers is at a high level. And in the findings of this study, it is concluded that the respondents give a positive perception of the practice of whistle-blowing in the organization to alleviate misconduct and unethical behaviors in the organization.

In addition, the findings show there is a whistle-blowing practice effect to reduce the unethical behavior of officers in the JKDM organization. This is due to the negative relationship between whistle-blowing practice and unethical behavior of JKDM officers. There is also a significant relationship between this whistle-blowing practice with an unethical behavior in the organization. However, there is no significant relationship between the whistle-blowing policy and the unethical behavior of JKDM officers. The results of this study are consistent with the results of the study conducted by Park (2005) which has proven that there is influence between whistle-blowing and unethical behavior of police personnel in a police organization.

For this study, there are two implications that can be presented as a contribution to the aspect of assessment, which are basic implications and practical implications. This study can contribute a useful policy to the country's major enforcement agencies such as JKDM on the importance of information dissemination or whistle-blowing to combat unethical behavior in the organization. Furthermore, this study is also a written documentation that supports the effectiveness of the practice of whistle-blowing in the organization. The theories and literature used in this study are very significant to prove theoretically that the dissemination of information is one of the most important medium to reduce unethical behavior in organizations. This study can also be a specific guide to explain scientifically the effect of whistle-blowing organization.

Future research could be implemented by changing the focus of the study variables by placing components whistle-blowing program as the dependent variable and other factors that influence as the independent variable. Examples of other factors that affect the whistle-blowing program is to reward individuals who provide information or act as whistle-blower. In addition, studies can be carried out by looking at individual aspects of informants (whistle-blower) is an individual who served as internal auditing within an organization. The study can also be implemented by developing various theories of human resource development as an organizational culture that can improve the practice of whistle-blowing in JDKM organization. This study was only conducted at Headquarters in Putrajaya. Different results may be obtained if it involves Royal Malaysian Kastam Department of State or other customs organizations. Therefore, the scope of the survey respondents can also be extended to the entire population of the country to gain significant data representing the entire personnel in the department.

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Influence of Human Resources, Government Internal Control System, And Information Technology Utilization on Financial Statement Quality of Bengkulu City Government's

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Abstract

The aim of this study was to determine the influence of human resources, government internal control system, and information technology utilization on the quality of financial statements in Bengkulu City regional government. The population used in this study were all Regional Organizations Apparatus (OPD) of Bengkulu City and the census method was applied for sampling. Primary data used were obtained by distributing questionnaires to each OPD and the research was conducted through the application of a quantitative approach. The results showed human resources, government internal control system, and the information technology utilization have a positive influence on the quality of Bengkulu City regional government's financial statements.

Keywords: Quality of Government's Financial statement, Human Resource, Government Internal Control System, and Information technology utilization.

1. Introduction

One form of accountability in the administration of the government as stipulated in Law Number 17 of 2003 concerning State Finance and Law Number 32 of 2004 as regards Regional Government is the submission of a report in form of financial statement. This is to ensure concrete efforts are made to realize transparency and accountability in managing both central and regional governments. However, the quality of those prepared by the local government reflects the orderliness in the management of its finances as well as administration and compliance (Kiranayanti & Erawati, 2016).

The accounting information contained in the financial statements of regional governments must fulfill the qualitative characteristics required by Government Regulation Number 71 of 2010 concerning Government Accounting Standards. The report must be Relevant, which means the information must have feedback value, predictive value, timely and

complete; Reliable, must have honest presentation characteristics, variability, and neutrality; Comparable, should be able to be compared to previous period or financial statements from other entities; understandable, it must be prepared to ensure the terms and forms are within the limit of the user's understanding (Mardiana & Fahlevi, 2017).

From BPK RI's examination of Bengkulu Regional Government's Financial Statements (LKPD) in 2017, a decline was observed in the Unqualified Opinion (WTP) to a Qualified Opinion (WDP). The city received the title of Unqualified Opinion (WTP) only once, which was in 2011, and in the following year, it received the title of Qualified Opinion (WDP). This was due to the partial implementation of accrual-based government accounting standards by the local governments, budgeting errors in some expenditure accounts, administration and presentation of assets not been optimal in supporting the financial statement presentation, lack of competent human resources to manage the asset, and improper maximization of information technology.

However, the ability of human resources in a government is very essential in creating a quality financial statement, therefore, they must be adequately managed to achieve intended goals and objectives. Moreover, the role of human resources in public sector organizations is more emphasized on the ability to provide the best service to the community in order to maintain a superior reputation for accountability to the society (Yosefrinaldi, 2008).

In addition to realizing good governance through the production of financial statement with good quality, it is necessary to have a government internal control system (SPIP) owned by local government institutions. This is important because weak internal controls make it difficult to detect fraud/inaccuracies in the accounting process, thereby making the audit evidence obtained incompetent. Moreover, the Government Internal Control System (SPIP) consists of several elements according to PP 60 of 2008, and they include the control environment, risk assessment, control activities, information and communication, and monitoring internal control. In the regulation, the entire process include audit, review, evaluation, monitoring, and other supervisory activities on the implementation of tasks and organizational functions in order to provide adequate confidence they have been conducted in accordance with the measures effective and efficient in realizing good governance known as the Internal Control (Ponamon, 2013).

Furthermore, high and low quality of the government's financial statement can be determined through the use of information technology. The obligation to implement this process has been regulated in Government Regulation No. 56 of 2005 concerning the Regional Financial Information System. PP No. 56 of 2005 further explained that the central and regional governments are obliged to develop and utilize information technology to improve their ability to manage regional finance and in channeling regional financial information to public services. The use of technology plays a role in providing useful information for decision makers within the organization in order to make effective decisions (Mahlida, 2017).

2. Theoretical Framework and Hypotheses
2.1. Stewardship theory

This is a theory that describes a situation where managers are not motivated by individual goals but rather focused on the main goals of the organization, executives are stewards

motivated to act according to the principal's wishes, and where the stewards do not plan to leave the organization but to attain organizational targets (Donaldson & Davis, 1991). The implications of this theory for this research is that it helps explain the existence of Regional Government as an institution trusted to act in accordance with the public interest by conducting its duties and functions appropriately and making financial accountability mandatory in to order to maximally achieve economic goals, public services, and community welfare. However, these responsibilities could only be conducted when the stewards (regional governments) direct all human resources and internal control system as well as optimize the use of information technology to produce quality financial statements (Yuliani & Agustini, 2016).

2.2. Hypotheses Development

The results of the research to support the influence of human resources on the quality of financial statements conducted by (Kiranayanti & Erawati, 2016) showed human resources to have a positive influence on the quality of the financial statement of the regional governments. Another research conducted by (Ponamon, 2013) also came out with the same result. Therefore, it can be deduced that higher competencies possessed by human resources lead to higher influence on financial statement quality. The hypothesis formulated for this is as stated below.
H_1: Human resources have a positive influence on the quality of the financial statements of regional governments.

Furthermore, Eveline (2017) proved that government internal control system had a positive influence on the quality of the financial statement of the regional government and the same result was observed from the research conducted by (Lumintang, Lambey, & Tangkuman, 2017). These results show that a higher application of SPIP leads to a higher effect on the quality of financial statement produced.Therefore, government internal control system is needed in creating a quality financial statement due to its ability to provide direction, oversee the resources of an organization, prevent fraud, and protect the organization's resources. The hypothesis formulated as regards this is as stated below.
H_2: The government internal control system has a positive influence on the quality of financial statements of regional governments.

Moreover, a research conducted by Utama (2017) showed the use of information technology has a positive influence on the quality of the financial statement of regional governments and this was supported by the study of Sholeh (2017). This means that the higher use of information technology leads to a better and higher quality financial statement. Therefore, the use of adequate information technology has the ability to produce a quality financial statement. The hypothesis formulated as regards this is as stated below.
H_3: The use of information technology has a positive influence on the quality of financial statements of regional governments

3. Research Method
3.1. Type of Research

This research was conducted by using a quantitative approach and the population includes all the Regional Organizations Apparatus of the City of Bengkulu (OPD) which

consisted of 38 OPDs. Furthermore, the census was used as the sampling technique thereby making all the members of the 38 OPDs the population of the study. However, the respondents were those in the financial management section including those in the Treasury, Finance Subdivision Head, and a Finance Staff. Moreover, the primary method was used to collect data.

3.2. Measurement and Definition of Operational Variables
Financial Statement Quality

A financial statement is a form of accountability conducted by state/regional financial managers for a period and its quality is measured according to PP number 71 of 2010 which states that a qualitative financial statement must be relevant, reliable, comparable and understandable.

Human Resources

Human resources are the ability of a person/individual to achieve a goal within the organization as observed from the level of creativity possessed, innovations created, and the ability to solve a problem based on educational background, training obtained, understanding of tasks, and responsibility for obligations. Indicators are majorly in the form of responsibility, training, and experience.

Government Internal Control System

This is an integral process of the actions and activities conducted by the Regional Organizations Apparatus continuously on the leaders and all employees to provide adequate confidence in achieving organizational goals through effective and efficient activities, reliability of financial reporting, and compliance with statutory regulations. There are five indicators of the government internal control system and they include control environment, risk assessment, control activities, information and communication, and monitoring.

Information technology utilization

This includes data processing, information processing, management systems, and electronic work processes utilized for easy use of public services. The indicators include computers and internet networks used.

3.3. Analysis Method

The data obtained from this study were analyzed using statistical analysis which includes descriptive statistics, data quality test, classic assumption test, and hypothesis testing.

4. Results and Discussion

The aim of the study was to determine whether the variables of human resources, government internal control system, and information technology have an influence on the quality of the financial statement of the regional government. The test was conducted

through the use of multiple regression analysis with the decision criteria being a significance level of 0.05 (5%) and the result obtained using SPSS are as follows:

Table 1: Hypotheses Test Result

Variable	Coefficient	t-calculation	Sig.	Results
Human Resources	0,415	8,567	0,000	Accepted
Government internal control system	0,173	2,356	0,021	Accepted
Information technology utilization	0,482	6,748	0,000	Accepted
R *Square*	0,863			
Adjusted R^2	0,858			
F	180,060			
Sig.	0,000			

The t-statistic test results showed the level of influence of each independent variable on the dependent variable through the observation of probability value (significance). Such that if the significant value is <0.05, the independent variable has a positive influence on the dependent variable and vice versa if the value is> 0.05 (Ghozali, 2013).

Therefore, the table above shows the significance level of all the independent variables to be below 0.05. Human resources had a significance value of 0,000 with a coefficient of 0.415, government internal control system variable had 0.021 with a coefficient of 0.173, and information technology utilization variable had 0,000 with a coefficient of 0.482. This means they all have a positive influence on the quality of financial statements of the regional government. Thus, all the hypotheses in this study were accepted**.**

4.1. Discussion

Influence of Human Resources on Quality of Government's Financial statement

Based on the results of the first hypothesis, human resources variable was found to have a positive influence on the quality of the financial statements of regional governments. This means the respondents believe that the human resources of Bengkulu City Regional Office have the ability to improve the quality of the financial statements of the regional government in the OPD. This is possible because they play the most important role in preparing reports on regional finance, especially financial statements. It can, therefore, be concluded that if a public sector organization has efficient and better human resources, the financial statement produced would be better.

Government Internal Control System on Quality of Government's Financial statement

Based on the results of the second hypothesis, the government internal control system was found to have a positive influence on the quality of the financial statements of the Bengkulu City regional government. This means a better government internal control system has the ability to produce better quality financial statements. This is possible due to its compulsory implementation within the OPD environment to increase transparency and accountability and this is in line with the PP No. 60 of 2008 which states that

government internal control system aims to provide adequate confidence in the achievement of goals of regional organizations through effective and efficient activities, reliability of financial statements, safeguarding of State assets, and compliance with applicable laws.

Information technology utilization on Quality of Government's Financial statement

Based on the results of the third hypothesis, information technology utilization was found to have a positive influence on the quality of financial statements of the regional governments. Therefore, it can be stated that information technology utilization has the capacity to make the quality of financial statements produced better.

5. Conclusion

Human resources was found to have a positive influence on the quality of the government's financial statements. This means a better application of human resources in the Regional Organizations Apparatus of the City of Bengkulu would lead to a better quality of financial statements. Furthermore, the implementation of government internal control system was found to have a positive influence on the quality of the government's financial statements. This means a better government internal control system has the ability to produce better quality financial statements in the city. The information technology utilization was also found to have a positive influence on the quality of the financial statements of the regional government. This means it has the capacity to make the quality of financial statements produced better.

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The Impact of Consumption Values towards Intention to visit Green Hotel in Malaysia

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Abstract

Currently, tourism is moving towards sustainable tourism because this industry poses negative impacts to the environment. The hotel industry consumes and produces many resources such as water, energy and produces waste disposal. Therefore, the environmental friendly services in hotel industry are important. The purpose of this paper is to review past study on the impact of the consumption values towards intentions to visit green hotel in Malaysia. A multi-dimensional measure of consumption values is used to determine which values of consumption are valued by domestic and international tourists. The Theory of Consumption Values (TCV) is employed and modified in this study. The functional value, conditional value, social value, emotional value and epistemic value in this study is expected to have impact on intention to visit green hotel in Malaysia.

Keywords: Consumption Values, Intentions, Tourists, Green Hotel, Malaysia

1. Introduction

The term "Green" attracts great considerable interest in the hospitality sector (Chen, Sloan, Legrand, 2009; Kim and Han, 2010). During the past several years, Chan (2013), Manaktola and Jauhari (2007) were seen as "green hotels" as increasing in a long-term trend and the main to the success factor of the hospitality industry. The concept of green hotel is defined as a place of residence of a friend of the environment helps protect the environment through the implementation of programs for the provision of water and energy, in addition to reducing solid waste (Green Hotels Association, 2014). One of the reasons why consumers are interested in visiting green hotels has been of great interest is that they become more aware of the importance of environmental problems and interested in buying environmentally friendly products (Chan, 2013). According to a survey of 700 US respondents, 71 percent chose eco-friendly travel plans (Trip Advisor, 2012). In

recent years, the number of green hotels, which tend to be more environmentally-oriented through more efficient use of energy, water, and raw materials while providing quality services and satisfying customers began to rise (Chen & Tung, 2014; Gao, Mattila, & Lee, 2016). In academic circles, green hotels as research objects have attracted attention among scholars and have been a hot topic in the tourism and hospitality industry (Baker, Davis, & Weaver, 2014). Many scholars postulated that understanding consumers' intentions to visit green hotels is critical for the development of green hotels (Chen & Tung, 2014; Choi, Jang, & Kandampully, 2015).

With the increasing concerns on environmental issues such as global warming, destruction and habitat depletion, many people now recognize that their purchasing decisions directly affect the environment (Han and Yoon, 2015; Norazah and Norbayah, 2015; Lee et al., 2010). Energy-efficient lighting and equipment, water efficiency equipment, towel and linen reuse programs, refill shampoo dispensers, recycling boxes, environmentally friendly / organic foods, environmentally friendly cleaning, charitable donations and training of employees in respect of green practices are practiced and managed in Green hotels (Green Hotel Association, 2009; Han and Kim, 2010). Many researchers have noted that an eco-friendly hotel can achieve competitive hospitality, benefit from cost savings, cultivate positive images and attract and retain customers (Mankato and Jauhari, 2007; Pizam, 2008; Wolfe and Shanklin, 2001).

The hotel operations have consistently led to permanent energy consumption, which in turn provides a means of stopping emissions. The tourism industry depends heavily on the well-being of the environment. As a major commercial component of the tourism industry, the hotel may cause environmental damage in two phases, first during construction can be rapid, unplanned and uncontrolled hotel development through dust, runoff and debris that cause air and water pollution to the surrounding environment. Secondly, during the operation the daily activities of a hotel such as dirt, roads, waste disposal services and possessions such as water, gas and electricity. The hotel sector is a pernicious sector representing 75 percent of its environmental impact on the disproportionate consumption of non-durable goods, water and energy. Simultaneously, the potential victim, of the climate change is not only the result of pollution for example, the air pollution from boilers, the water pollution from washing and the increasing of the volume of solid waste of local authorities (Bohdanowicz, 2006). According to Hänninen and Karjaluoto (2017) the Consumption Values is defined as general consumer assessments for the products and services they purchase and use. When consumers choose a product or service, they will evaluate the product or service according to the benefits they have obtained (Khan and Muhammad, 2017). The way consumers view products or services has an important impact on decision-making processes (Fang, Ye, Kucukusta and Law, 2016).

Consumption values in the hotel industry depend on many aspects such as the quality of the rooms, meals and ambience of the hotel. In addition, Consumption Values is a combination of tangible assets and intangible assets, and may vary from individual to individual. The typical hotel consumer generates at least 1 kg of waste per day (Pirani and Arafat, 2014), while about 50 percent of the waste can be recycled. The situation worsens when the non-green hotel building itself is the greenhouse gas emissions sector (Pout,

Mackenzie and Bettle, 2002). Therefore, as a result of increased awareness among industry and consumer workers towards environmental concerns, especially in the tourism sector, and the amount of green hotels in Malaysia increased. The current research adopted the consumption values proposed by Sweeney and Soutar (2001). Consumption values consists of five dimensions: functional value, conditional value, social value, emotional value and epistemic value that will be treated as independent variables in this paper.

2. Tourist and Green Marketing

A large number of studies have focused on eco-friendly products and service offerings in hospitality and tourism research, such as green hotels, eco-tourism, and volunteer tourism (Choi and Parsa, 2006; Han, 2015; Han, Hsu, and Lee, 2009; Han, Hsu, and Sheu, 2010; Hu, Parsa, and Self, 2010; Lee, Lawton, and Weaver, 2012; Phillip, Hunter, and Blackstock, 2010; Weaver, 2012). On the other hand, environmental studies have often confirmed the overall strength of public behaviors (Dunlap, Van Liere, Mertig, and Jones, 2000; Dunlap and Van Liere, 1978; Stern, 2010; Stern, Dietz, Abel, Guagnano, and Kalof, 1999). As the majority of tourists still visit urban cities (Miller, Merrilees, and Coghlan, 2015), the overall outlook for sustainable tourism should take into account the daily practices of tourists. Stern (2000) emphasizes the overall impact of public actions, specifically green actions. In addition, the attitude towards the hotel environmental concern affects the future intentions of tourists (Chen and Peng, 2012; Chen et al., 2011; Choi et al., 2009; Han et al., 2011; Jirawat et al., 2011).

According to Ramkissoon, Smith, and Weiler (2013) many destinations of tourist depend on the desirability of their environment to attract visitors. The relationship between tourism and its environmental quality has often been discussed between academics and practitioners (Budeanu, 2007). Research on the competitiveness of tourism has shown the important role of environmental quality and tourism satisfaction (Kim, 2014; Ramkissoon, Smith, & Weiler, 2013). While efforts to mitigate the negative impacts of tourism have come from both the public and private sectors, consumer cooperation is still essential to sustainable use of nature (Halpenny, 2010). Santana-Jimenez and Hernandez (2011) found that tourists generally focus on their activities and experience while traveling and pay little attention to the local environment.

The level of consumer understanding of this green marketing concept remains questionable. In general, Joel Makower, who writes in green marketing (as stated in Shafaat and Sultan, 2012, p. 184), says that one of the challenges facing green marketing is "lack of standards or consensus on what constitutes green." In contrast, Myung, McClaren and Li (2012) also mentioned that the concept of green marketing in the hotel industry is still in its infancy and that further developments in literature and theoretical support are necessary. Otherwise, the stricter level of understanding between domestic and international tourists seems important to better understand the evolution of green marketing within the industry. This is because both domestic and international tourists have contributed significantly to the development of the hotel industry in Malaysia. Despite the strong historical growth of the industry in the local tourism landscape, Malaysia's

environmental appeal has contributed to the significant growth in the number of international visitors received each year. Given the different level of acceptance and exposure to the concept of green marketing in different countries, it is likely that tourists will have different views and may affect their willingness to go eco-friendly when traveling. Thus, it is important to include both teams when considering the hotel industry.

3. Methodology

This study is a cross-sectional study using a self-administered questionnaire. The data for this study were collected through the distribution of self-administered questionnaires via offline method (hand delivery) to potential respondents that visiting the 4 states in Malaysia which are Kuala Lumpur, Pulau Pinang, Kedah, Sarawak and Sabah. The questionnaire survey for this study was adopted from established questionnaires from studies by Burcu and Seda (2013); Sweeney and Soutar (2001); Chen and Tung (2014); Paul (2016) and Han et al (2010). The respondents were asked to express their agreement or disagreement with a statement on a five-point Likert-type scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree).

3.1 Target Population

The ideal sample for this study consists of adults (age 18 or older). It is very difficult to understand the green context under consideration and its understanding of minors (Chan, 2001) because of their conceptual complexity. For this reason, adults are more able to compare options, evaluate them and make choices. In fact, as evidenced by environmental literature, educated people can understand the subject under study and help provide accurate data compared to a few learners (Hedlund, 2011; Han et al., 2010; Han and Kim, 2010; Alwitt and Pitts, 1996).

4. Literature Review

INDEPENDENT VARIABLES   **DEPENDENT VARIABLE**
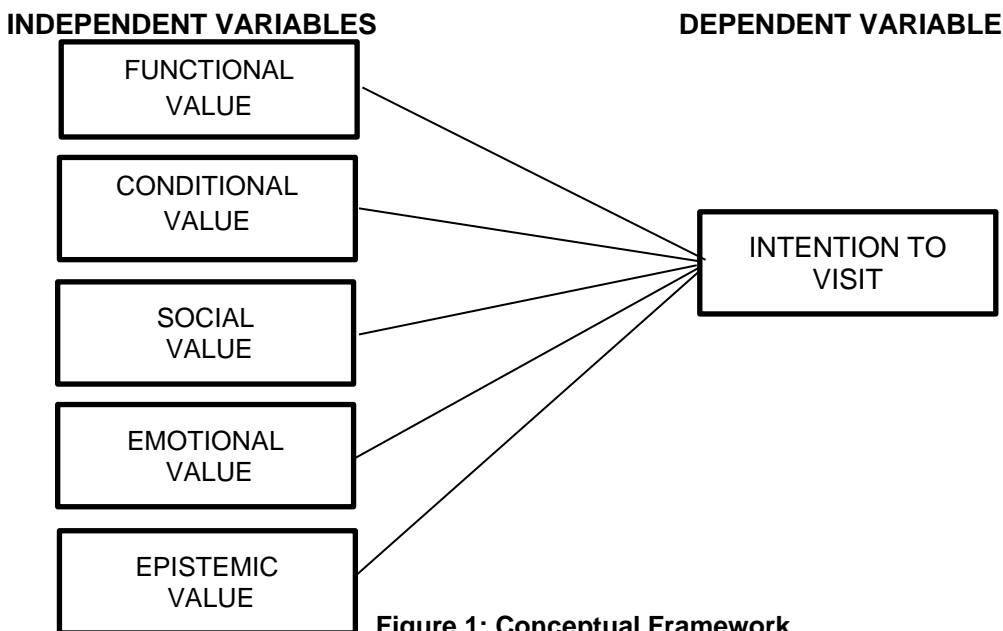
Figure 1: Conceptual Framework

5. Intention to Visit Green Hotel in Malaysia

According to Ajzen (1991), the critical factor in interpreting customer behavior is that a strong individual's intention is a behavioral intention to perform certain behavior that is likely to result in his performance. Ajzen (1991) also defines that the concept of behavioral intention is based on a theory of planned behavior where decisions are made on behavior, subjective standards and perceived control. Simultaneously, on green marketing studies, the theory of behavior planned by Kalafatis, Pollard, East, and Tsogas (1999) is being examined, stating that the theory is the precedents of consumer intentions towards environmentally friendly products that consider the legitimacy of the theory of intention in green marketing domain is found as valid. Ajzen and Fishbein (1980) insisted that the intention of any individual are predicted mostly on the individuals' behaviours. In this regard, according to Han, Hsu, and Sheu (2010), Han and Ryu (2006), numerous researchers have examined the formation of behavioural intention in many points to better comprehend customers' purchasing behaviours in various settings.

Oliver (1997), Han and Ryu (2006) and Ajzen (2009) generally agreed that the definitions of behavioural intention change across the previous literature that it is one's readiness or likelihood to conduct a specific behaviour. Specifically, Oliver (1997) described behavioural intention as "an informed possibility of engaging in behaviour" (p. 28). Han and Ryu (2006) in a hospitality context defined behavioural intention as a definite possibility to implement purchasing behaviour. Next, Ajzen (1991, 2009) asserted that one's intention is an indicator of a one's willingness to implement certain behaviour.

According to Zeithaml, Berry and Parasuraman (1996), the behavioural intention of the individual can either be favourable or unfavourable where it corresponds to: (1) intention to make positive / negative recommendations, (2) desire / unwillingness to pay a higher price and 3) intention to repurchase / switch. Yi and La (2004) detailed that these elements are also used to internment loyalty to positions because they reveal a certain emotional commitment to a product or brand. A study by Manrai, Lascu, and Ryans (1997) to investigate the strength of the green claim (the car emits less pollution) can affect the company's image such as Toyota and how the company's image can improve, in turn, increases the likelihood of customers purchasing the car.

According to Rahman, Reynolds, Svaren (2012) and Bohdanowicz (2005), one of the most noteworthy reasons for green forward is the client, often described as a central stakeholder in driving hotels to be environmentally friendly. In fact, there is a growing consumer base that attracts the environmental appeal of accommodation (Manaktola and Jauhari, 2007; Rahman, Park, and Tea, 2014; Chan and Wong, 2006; Han and Kim, 2010; Han, Hsu, Lee, Sheu, and 2011). Not only are consumers increasingly agreeing to eco-friendly hotels, leading to higher occupancy rates, but they are also willing to pay more to stay in green hotels, increasing revenues (Lee, Hsu, Han, and Kim, 2010). With the current surge in green consumption, customers expect hotels to be green. If ownership fails to adopt environmentally responsible practices or transfers such adoption inefficiently, customers may lose to greener competition (Butler, 2008).

In consequence, there is a clear need for hotel managers to comprehend the dynamics of consumer behaviour if they wish to implement an effective environmental management program. Research seems to be rather lagging behind consumer attitudes in dealing with green consumer behaviour in the hospitality industry. According to Myung, McCLaren, and Li (2012) there is a large gap in environmental literature related to hospitality; the lack of studies that seek to understand the deeper aspects of consumer behaviour. Besides, studies with theoretical perspectives in this research path were limited. As stated by Ban & Ramsaran (2017), Verma & Chandra, (2017) a lot of energy and resources hotels consume in daily operations. Acording to a report issued by the International Hotel Association (IHA) (Olsen, 1996), the average energy consumption in the hotel industry represents about 5 to 7% of total energy consumption (Pieri & Santamouris, 2015). Hence, the low-carbon practices in the hotel industry are of great significance for energy saving and sustainable development (Han, Kim, & Kiatkawsin, 2017; Wang, Wang, et al., 2018).

In addition, hotels consume large amounts of resources and have very adverse effects on the environment (Bohdanowicz, 2005; Hu et al., 2010; Kasim, 2004) and the causes of these negative effects include the huge amounts of waste, the consumption of vast amounts of non-recyclable products, and the use of large quantities of water and energy. (Wang , 2018) devoted a statistically significant relationship between consumption values, which included functional value, conditional value, social value, emotional value, and epistemic value towards the intention of visiting a green hotel. The results showed that the environmental knowledge is strongly related to consumers' consumption values, which in turn have significant effects on visiting intentions. Moreover, this study also found that consumption values mediate the relationship between environmental knowledge and intentions to visit green hotels.

This study addresses these gaps by proposing a comprehensive model of consumer decision for environmental behaviour in hotels. In general, this study examines how the values of the consumer's biosphere, which emphasize the well-being of the environment and the biosphere as the most important principle that leads to behavioural intention, affect the willingness to sacrifice money and convenience for the environment and then correlate the effects of preparedness for sacrifice to the environment with the intention to visit the green hotel, wanting to pay more to stay in a green hotel, and wanting to sacrifice to stay in a green hotel. Likewise, this study examines how these behavioural intentions are shaped in terms of the dependent variable that will be supervised by environmental interest and consumption values as an independent variable

6. Conclusion

From the review, this study concluded that green hotel services will help reduce the problem of environmental pollution in Malaysia. Green marketers in hospitality are now gaining greater appreciation for the potential competitive advantage. They have been more active in taking full advantage of this opportunity by developing appropriate and environmentally friendly strategies. In the past few years, many hoteliers have realized the need to adopt a green hotel strategy in their operations. Thus, in the accommodation industry, the green shift in guest buying behaviour in the hotel has led to significant

progress in the number of hotel establishments that desire environmentally friendly practices. In fact, environmental attention is seen   as   prerequisite   for   environmental behaviour and a key element in environmental education. It is always considered as an immediate identification for consumers to form an intention to visit green hotels.

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Beneficial Usage of Social Marketing for Small and Medium-Sized Enterprise (SME) in Johor

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Abstract

The study that was carried out by the researchers is to find out the beneficial usage of social marketing for small-and medium-sized enterprises (SMEs) in Johor. A total of 100 sets of questionnaires have been distributed to the respondents at Nusajaya Johor. The respondents who were given the questionnaires were chosen using convenience sampling in order to get the data. It is a convenience kind of sampling which has been chosen by the researcher (repetition) The questionnaires are the primary data regarding the antecedents of social media usage and performance that benefit small-and medium-sized enterprises (SMEs). The independent variables obtained from the past research and modified for this research are interactivity, cost effectiveness and compatibility. The dependent variable which can be obviously seen is the performance benefits using social media for the private company. The data collected were then analysed by the researchers to get the final result that supports and answers the research objective. A few tests conducted in order to get the final result which can support the most suitable variable. The researchers found that only Interactivity strategy influencing the performance benefit of using social marketing as it is acceptable, the cost effectiveness is still in a questionable

state which still can be accepted, and compatibility is unacceptable since it is less than 0.3.

Keywords: social marketing, benefit of social marketing and small-and medium-sized enterprises (SMEs).

1. Introduction

Advance technology helps most companies, clients and consumers to elicit more knowledge, information and updates in all aspects including the economies, products and services. This study is to portray that by using social marketing, it is able to provide many advantages and give a good impact to the companies. Therefore, social marketing will help the small-and medium-sized enterprises (SMEs) to improve its business.

Social marketing has many methods which are payable and free for every business company that enable them to use internet for business acute networking, socialize and create or give information.

According to Ostrom et al. (2015), (Citation) when information technology is getting more advanced, the result dramatically increases in the revolutionary business. The implementation of technology can contribute to brand awareness and sustain a long-term relationship with the customer, increase networking among clients and partnerships, and gain more beneficial information regarding products and services.

Social media like Facebook, Instagram, YouTube and other websites are the platforms for SMEs companies to promote their clients' products to the customers in order to offer their services. Social media is the tool that the company should consider to use because it can help to create the brand awareness and retain sustainable relationship with the customers. Having a proper social media medium can help companies increase their popularity and also helps to reduce their expenses for promotion activity. Lastly, social marketing can act productively as it can be.

2. Problem Statement

Based on the researchers' observation, the service of small-and medium-sized enterprises (SMEs) mainly depends on mutual channel networking that they have developed for years. With the traditional networking through Whatsapp and email helps the company to focus more with their clients and the target market. Most of the small-and medium-sized enterprises (SMEs) are not known by many people even when they operate without having any strong attachment with social media. According to the article, having social media is very suitable and convenient as demands minimal cost, low barriers to participation, mobility and low level of IT skills required.

Other than that, this problem also occurs when there is no feedback on website or social media to show that small-and medium-sized enterprises (SMEs) have this service to public or anyone. People need to know more about the small-and medium-sized enterprises (SMEs) for future purposes and increase the number of clients. This problem also has shown that social media is a very important key for upgrading their marketing technique.

Among all competitors, we can see that they have strong base due to the social marketing and they have engaged more with photos, past events and future banner events to attract more customers. They are connected through the information and photos about the clients' product and announcement about any information. Therefore, this will be so hard for small-and medium-sized enterprises (SMEs) if they do not have variety of photos and any information their products except getting information through word-of-mouth (WOM) and customer loyalty. Having social media post or any comment about small-and medium-sized enterprises (SMEs) can increase the potential to have an impact on their services and rating profile.

3. Beneficial Usage of Social Marketing for the small-and medium-sized enterprises (SMEs)

According to Raphael et. Al. (2017), social media and social networking sites have become a leading platform for managing and communicating activity with people as one of the main activities in their firms. (Kaplan and Haenlein, 2010; Kumaret al., 2016), (Ashley and Tuten, 2015).

Nowadays marketing will drive emerging markets in future, or the future of marketing practices will be driven by firm activities from emerging markets (Guet al., 2008; Sheth, 2011). Gross domestic products of most emerging markets are driven by the economic activities through Facebook and Twitter for instance enables interactivity among its publics by offering a relationship-building kind of communication that is often lacking from websites (Safferet al., 2013).

3.1 Performance Benefits of Using Social Marketing

Social media usage has shown positive and significant influence on performance benefits obtained by business companies for instance increased sales. In this article, they have evidenced the benefits by using social media provided by other scholars (Wamba and Carter, 2014; Aladwani, 2015).

However, user behaviours vary on social media sites such as Instagram, Facebook (Hugheset al., 2012), that signifies any possible differences in outcomes across the enterprises. Nevertheless, by manufacturing these usage outcomes, it is evident that the principal goal of social media usage is to enhance organizational performance, in both financial and non-financial terms (Aininet al., 2015). Increase in sales transactions, number of customers and brand visibility of the products and services. With regards to performance benefits of using social marketing, a big positive impact is experienced by the business companies. In order to increase brand awareness and profits, the concept of social media is consequently defined in this study following the description by Safko (2010), as an extension of traditional media which employs a more sophisticated set of tools, techniques and technologies for connecting, building relationships and social interactions.

3.2 Factors that Impact the Benefits of Using Social Marketing

3.2.1 Interactive

Fisher (2009) highlighted that among the numerous decisions for marketing managers most of the time is the pressure to justify preferences for online communications over the use of traditional advertising tools. (Weinberg and Pehlivan, 2011). However, a variety of free or low-cost solutions are currently available that can be effectively used. As compared to the typical traditional media, social media strategy may not require any forms of budgeting (Hanna et al., 2011). Scholars have recommended social media outlets as cost-effective and efficient platforms available to marketers and granted that such outlets have become relatively free in terms of accessibility for both company and consumers. (Aininet al., 2015) (Hannaet al., 2011).

3.2.2 Cost effectiveness

It is compatible when an innovation fits a potential adopter's existing values, previous uses and current needs stated (Severin and Tankard, 2001; Chong and Chan, 2012) which meets consumer's preferences and market needs. By integrating social media activities in business operations in a manner consistent with organizational values and objectives, company durable to niche their target customers effectively and efficiently via sharing their product or service contents almost instantly (Derhamet al., 2011). The social media platform may save cost relating to time and effort in marketing, branding and customer service effectively rather than using traditional media.

3.2.3 Compatibility

According to the theory, users of social media are active, as well as goal-oriented, and are usually motivated to choose a medium that best gratifies their needs (Roy, 2009). Notable uses of social media are the quests to attract new customers, cultivate relationships, increase awareness, communicate the brand online, as well as receive feedback from customers and business partners (Michaelidouet al., 2011). The usage also benefits in Increasing movement of their websites, in quest of identifying new business opportunities and building direct relationships with existing and prospective clients (Breslaueret al., 2009; eMarketer, 2013). By doing so, social media is compatible and easy for the business process and operations. It is also easy to use as transactional medium and any integration.

4. Methodology

Researchers used the quantitative method to understand the relationship between the independent variable and also the dependent variable. The researchers also used the convenience/accidental sampling for 100 respondents among Malaysian and Singaporean who live at Nusajaya, Johor. Questionnaire was selected as a survey method that consisted of two sections that used scale method and also the multiple choices. The questionnaires were distributed at the area of Nusajaya however, only 100 respondents answered the questionnaires and returned to the researchers.

5. Findings

Category	Items	Percentage
Gender	Male	30 %
	Female	70%
Age	20-30 years	35%
	31-40 years	5%
	42-50 years	31%
	52-60 years	25%
	61 years and above	4%
Occupation	Student	24%
	Business	9%
	Engineer	4%
	Housewives	5%
	Others	58%

Figure 1: Demographic data
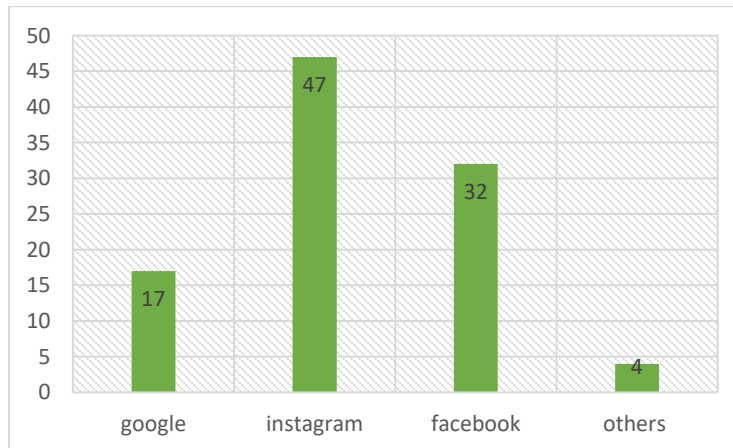
Figure 2: Social Media that suitable for Social Marketing

		Interactivity	Cost Effectiveness	Compatibility	Performance Benefits
Interactivity	Pearson Correlation	1	-.225*	.128	-.206*
	Sig. (2-tailed)		.024	.204	.040
	N	100	100	100	100
Cost Effectiveness	Pearson Correlation	-.225*	1	.295**	.366**
	Sig. (2-tailed)	.024		.003	.000
	N	100	100	100	100
Compatibility	Pearson Correlation	.128	.295**	1	-.031
	Sig. (2-tailed)	.204	.003		.757
	N	100	100	100	100
Performance Benefits	Pearson Correlation	-.206*	.366**	-.031	1
	Sig. (2-tailed)	.040	.000	.757	
	N	100	100	100	100

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

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

Figure 3: Correlation analysis

Based on figure 3, it shows the correlations between the dependent variables performance benefits and the strategy that creates benefits of using social marketing for a company. This indicates the result from the correlation test to determine the size of correlation between the interactivity, cost effectiveness and compatibility on the performance benefits of using social marketing in a company. From the test that has been analysed, it shows that the correlation between the performance benefits and the cost effectiveness has the highest value which is n=0.366 but the result showed low correlation. The next result of the correlation between performance benefits and interactivity, compatibility shows little if any correlation result based on table 6 which is value n=-0.206 and n= -0.031.

The result that has been analysed shows that the performance benefits of using social marketing in a company can be improved with the strategy of social marketing in interactivity, cost effectiveness and compatibility regardless they have negative relationship between the negative result of Independent variable Interactivity, Compatibility and dependent variable, Performance Benefits. The results shows that the performance benefits of using social marketing was dependent towards its independent variables which are the interactivity, cost effectiveness and compatibility. The correlation

data based in Figure 3 shows a low correlation between the dependent variable and independent variable.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.406ᵃ	.165	.139	.4207

Figure 4: Regression Analysis

Conferring to the rule of thumb, it has stated that the R2 that is more than 0.85 (85%) can be considered as good and also acceptable which can also be used for the forecasting purposes. Besides that, the R2 shows the percentage of the variance in the dependent variable that can be explained by the variation of the independent variables.

Based on the results in table 10, the value is R2=0.165. It means that only 20.0 percent of changes in the dependent variable can eventually be explained by all the independent variables while the other remaining 80.0 percent cannot be explained due to some other variables.

Coefficientsᵃ

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.746	.740		5.062	.000
	Interactivity	-.103	.097	-.103	-1.055	.294
	Cost Effectiveness	.299	.080	.381	3.749	.000
	Compatibility	-.176	.135	-.130	-1.306	.195

Figure 5: Coefficients Analysis

Figure 5 indicates overview of coefficients resulted from SPSS. Overall, the content of this particular table shows the value of the unstandardized coefficient (B and Standard Error), standardized coefficients (Beta), T-value and also p-value the significant value for answering the only research objective.

A low p-value which is less than 0.05 (p<0.05) indicates that the significant addition to the model as of the changes in the predictor's value that are related to the changes in the response variable.

Based on Figure 5, the interactivity seems to be an insignificant variable towards the performance benefits as the amount of the p-value is 0.294 which is higher than 0.05. The amount should be less than 0.05 (p<0.05) for it to be significant. Nevertheless, the value of Beta for Interactivity is Beta= -0.103, it shows negative relationship between the

performance benefits and the interactivity. Therefore, this Interactivity should be removed from this model.

In Figure 5, the cost effectiveness seems to be significant variable towards the performance benefits as the amount of p-value is 0.000 which is lower than 0.05. The cost effectiveness Beta also shows positive relationship between the performance benefits and cost effectiveness which the value is B= 0.299.

According to Figure 5, the compatibility strategy is not a significant variable to the performance benefits as the amount of p-value is 0.195 which is higher than 0.05. The amount should actually be less than 0.05 ($p<0.05$) in order for it to be a significant value. Regardless of its insignificant value, it also shows negative relationship with Beta= -0.1761. Since the p -value and Beta value for this variable is not significant, the compatibility should be removed from this model.

Therefore, from this research it shows that only one variable indicates a significant p-value with the performance benefits. The cost effectiveness only shows a significant p-value which is 0.000. The other two variables which are the interactivity and compatibility are insignificant since their p-values are 0.294 and 0.195 which is higher than (p-value <0.05). This concludes that the two variables cannot be considered as the factors and strategy that influence the performance benefits of using social marketing in the company since the p-value is more than 0.05.

6. Conclusions

Based on the findings, this concludes that the demographic, gender, age and occupation are parallel to their perceptions of social marketing for a company. Most of them have similar use of social media regardless of their gender, age and occupation such as Instagram, Facebook and others. Most of them also use Google+ as another search engine to find products and services, so they are required to advertise at Google+ too.

The scale showed in Figure 3 indicates the result from the correlation test to determine the size of correlation between the interactivity, cost effectiveness and compatibility on the performance benefits of using social marketing in a company. From the test that has been analysed, it shows that the correlation between the performance benefit and the cost effectiveness has the highest value which is n=0.366 but the result shows low correlation. The next result of the correlation between performance benefits and interactivity, compatibility shows little if any correlation result based on table 6 which is value n=-0.206 and n= -0.031. It has no significance in the correlation analysis.

The result that has been analysed shows that the performance benefit of using social marketing in a company can be improved with the strategy of social marketing in interactivity, cost effectiveness and compatibility can be improved. The result shows that the performance benefits of using social marketing are dependent towards its independent variables which are the interactivity, cost effectiveness and compatibility. The correlation data based on table 6 shows a low correlation between the dependent variable and independent variable.

Lastly, the researcher concludes that R2 is more than 0.85 (85%) can be considered as good and also acceptable which can also be used for the forecasting purposes. In this research, researcher analysed the R2 shows value of R2=0.165. It means that only 20.0 percent of changes in the dependent variable can eventually be explained by all the independent variables while the other remaining 80.0 percent cannot be explained due to other variables. Regardless, it is still acceptable.

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Factors Affecting Accounting Student's Interest in Pursuing Careers at Sharia Financial Institutions

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Abstract

The research aims to investigate and analyse factors affecting accounting students' interest in pursuing careers at sharia financial institutions. In this research, we have modified previous research by adding independent variables. We examined religiosity factor, sharia accounting knowledge, intrinsic motivation, extrinsic motivation, third party influence, and career exposure. We also added gender as the control variable. Research sample consisted of all accounting students from either state or private universities in Riau. Taken by applying the purposive method sampling, the research sample was accounting students concentrated in sharia accounting in Riau. According to the field data, there were two universities having an accounting major with a sharia accounting concentration, i.e. Universitas Islam Negeri (UIN) Suska and Universitas Muhammadiyah Riau (UMRI). Meanwhile, students were allowed to take sharia accounting during 6th and 8th semesters. The number of samples that could be statistically processed was 235 people. Moreover, data were analysed by using SEM assisted by a statistic assistance tool WarpPls version 6.0. The findings argued that both intrinsic and extrinsic motivations became fundamental factors affecting students' interest in working at sharia financial institutions, and hence the hypothesis is accepted. Religiosity, sharia accounting knowledge, third party, career exposure, and gender did not give any significant effect to student's interest in pursuing careers in sharia financial institutions.

Keywords: Sharia Accounting, Sharia Financial Institution, Career Interest at Sharia Financial Institution

1. Introduction

Business world in Indonesia is developing rapidly, either small enterprises or the big ones, certainly adding more job fields for prospective employees or labour force. Sharia enterprise constitutes one of the developing business sectors. The development covers a wide area from banking to other sectors; such as *baitul mal*, sharia insurance, sharia pawnshop, even sharia hotels. Such institutions are called sharia financial institutions. Sharia financial institution is a financial institution that issues sharia financial products and has obtained an operational permit as a sharia financial institution.

OJK (*Otoritas Jasa Keuangan,* Financial Services Authority) 2018 clarifies that the number of sharia commercial banks (*Bank Umum Syariah*, BUS) had developed. Although it was only 12 in numbers in 2015, it became 14 in 2018. The rapid development is also

experienced by sharia unit offices (*Unit Syariah*, UUS). In 2015, the number of the offices was only 311, but grew to be 347 in 2018 (OJK, 2018)

Such development shall always be responded by good education system, especially that in sharia accounting to create qualified sharia accounting bachelors that are ready to work. To realize the goal, sharia accounting education design shall be relevant to the working world of their graduates (Merdekawati and Sulistyawati, 2011).

The rapid development shall be equipped by sufficient infrastructures including expertise in sharia enterprise, as improvement of human resource capacity is necessary to accelerate the growth of sharia finance in Indonesia. However, the current development of sharia finance institution in Indonesia has not been accompanied by the adequate number of sharia human resources there. About the issue, the Chairman of the Board of Commissioners of OJK, Muliaman D. Hadad believes that in actual, sharia financial industries in Indonesia has been improved by sharia financial sectors, but the development has not been complemented by qualified sharia human resources. There are always conventionally graduated employees working at sharia financial institutions. Therefore, we need human resources that master sharia principles (Jabarpos, 2018).

Massive development of sharia banks in Indonesia definitely triggers competitions among those banks. The competition does not only occur between conventional banks and sharia banks, but also occurs between sharia banks as institutions that have their own features and market share. It demands the banks to massively enhance their performances. Moreover, the development shall also be supported by qualified sharia human resource management, because without it, there will be no successful sharia bank (Siti, 2016)

One of the cases faced by sharia banks today is the problem in their human resources. Various sharia banking in Indonesia is not equipped by sufficient human resources, especially the human resources with educational background of sharia banking (Siti, 2016).

Sharia economic system greatly depends on the trust given by the society as the stakeholders. They demand both transparency and accountability, therefore, supports from qualified and trusted sharia accounting labour are necessary to maintain sharia entity (Ikatan Akuntan Indonesia, 2007). The labour may actually be created by universities. Nowadays, there have been many universities offering the program of study of sharia, either state universities or private universities. Introduction and learning about sharia accounting are expected to be able to develop students' interest to pursue careers at sharia financial institutions.

Career interest of accounting students may help academicians to make a curriculum and more effective teaching-learning activities in accordance with the career interests. Interest is a preference to some matter or activity without anyone asking for it (Djamarah, 2010). Interest in looking for a job of accounting students is greatly different, as we have explained before, since they also have different factors/backgrounds.

Referring to an argument conveyed by an 8th-semester accounting student, by the massive development of sharia, there are many institutions that offer sharia enterprise, drawing students to pursue careers in such institutions. As a prospective accountant, knowledge

about the values of sharia enterprise, including Islamic values, sharia transaction paradigm, sharia transaction principle, and sharia accounting standards obtained during their study draw more interest to have careers at sharia financial institutions. They have already planned their future, designed another alternative step that may be taken after graduating.

Sharia accounting students have a bigger opportunity to work at various sharia institutions, because of minimum sharia human resources in Indonesia. It will indirectly open up more opportunities to fill in positions at the institutions. Additionally, there are still only few universities offering sharia concentration that highlights the university or students having knowledge on it (Barbara: Accounting lecturer at Universitas Muhammadiyah Yogyakarta).

Factors affecting students' interest in pursuing careers at sharia financial institutions are challenging. By identifying their career preference, we will know the reason. Accounting science may design a curriculum that is in accordance with the working world demand, so when students have completed their education or graduated, they shall customize their ability to the work demand more easily. Besides, educational institutions may earn some benefits from this research. They can refer to it when they are designing a more effective curriculum and teaching-learning activities in accordance with students career interest.

The research analyses factors influencing accounting students' interest in pursuing careers at sharia financial institutions. It is a modified research from research conducted by Yen Hong Ng *et al.* (2017) examining factors affecting career paths of accounting students in Japan. They investigated four variables, i.e. intrinsic motivation, extrinsic motivation, third party influence, and career exposure.

The modification is in a form of independent variable addition. The variables are religiosity, sharia accounting knowledge, and thus the independent variables of this research are religiosity, sharia accounting knowledge, intrinsic motivation, extrinsic motivation, third party influence, and career exposure. The research also adds a control variable, namely gender. Another modification is that to alter the dependent variable that was initially public accountant into accounting students' interest in pursuing careers at sharia financial institutions. We consider such modifications, since there have been a lot of research on students that opt to be public accountants; whereas research on students that prefer to pursue careers at sharia financial institutions is still minimal.

2. Literature Review

2.1. Theory of Planned Behaviour

Theory of planned behaviour is the result of the further development of the theory of reasoned action developed by B. Ajzen in 1980. The old theory defines that an individual shows a certain behaviour, as s/he has an interest or desire in it. Interest will determine individual's behaviours. Meanwhile, the theory of reasoned action describes interest as a function of attitude and subjective norm on a behaviour.

The new theory is the theory that has been applied to predict various behaviours, one of that is to predict consumers' behaviours. Regarding students' interest in profession selection, they are like consumers that will choose an institution to develop their careers.

2.2. Religiosity and Interest in Pursuing Careers at Sharia Financial Institutions (X_1)

Religiosity attitude is a complex integration among religious knowledge, emotions, and actions in an individual (Jalaludin, 2010). It can be observed in religious activities done by someone routinely and consistently. The activities occur not only when individuals perform a rite (praying), but also when they are conducting another activity encouraged by other motivation. The activity may not only be invisible or visible, but also invisible that happens in one's self. Based on the attitude, human shall do activities in accordance with their religion and God's commands to get His blessings.

Findings of the research performed by Suryani (2015) explain that religiosity significantly affects students' interest to work at sharia banking. In accordance with the above explanation, the first hypothesis is:

H_1 = Religiousity significantly affects accounting students' interest in pursuing careers at sharia financial institutions

2.3. Sharia Accounting Knowledge and Interest in Pursuing Careers at Sharia Financial Institutions (X_2)

To determine a career at sharia financial institutions, sharia accounting knowledge may be the base for decision making. It indicates that the more literate the person on sharia transaction and sharia financial institutions, the more possible the person to pursue careers at sharia financial institutions. Therefore, sharia accounting knowledge is possible to be regarded as a variable, as it may affect career preference at sharia financial institutions.

Linda (2011) mentions that accounting knowledge has a significantly positive relationship with students' interest to join PPAk. Referring to the above explanation, the second hypothesis is:

H_2: Sharia accounting knowledge significantly affects accounting students' interest in pursuing careers at sharia financial institutions

2.4. Intrinsic Motivation and Career Interest at Sharia Financial Institutions (X_2)

Intrinsic motivation refers to a matter or an activity conducted for the sake of personal satisfaction. Djamarah (2010) proposes that intrinsic motivation is a positive experience of individuals when they are acting out of their own interest, or a challenge appearing in individuals without any external stimulants. The motivation is not influenced by external factors; such as pressure, reward, or enforcement, but a personal satisfaction achieved by pursuing and looking for some activities.

Odia and Ogiedu (2013), in Yen Hong Ng, et.al. (2017) have investigated factors affecting career decision of accounting students at Nigeria University. The result of t-test analysis proves that intrinsic motivation is an important factor for the students. The finding reveals that the motivation may positively influence students' career paths. Students prefer accounting, because it is interesting. They are also confident in obtaining a good score

and addicted to numbers. The factors intrinsically motivate students to study accounting. According to the above explanation, the third hypothesis is formulated as follows:

H$_3$: Intrinsic motivation significantly affects accounting students' interest in pursuing careers at sharia financial institutions

2.5. Extrinsic Motivation and Career Interest at Sharia Financial Institutions (X$_4$)

Extrinsic motivation differs from the intrinsic one. Individuals may have extrinsic motivation to perform several activities, although they do not enjoy it. They are expecting a reward. Djamarah (2010) states that extrinsic motivation is some activities conducted by an externally motivated student.

The finding of this research is in accordance with a research done by Porter and Woolley (2014). It suggests that extrinsic motivation significantly influences students'interest in career preference. Based on the above explanation, the fourth hypothesis is:

H$_4$: Extrinsic motivation significantly affects accounting students' interest in pursuing careers at sharia financial institutions

2.6. Third Party Influence and Career Interest at Sharia Financial Institutions (X$_5$)

Third party influence includes friends and family. They are the closest individuals of the accounting students, and thus may directly influence their interest in pursuing careers at sharia financial institutions. Through their aspiration, family helps the students to choose a certain career by providing constructive supports and resources that may be used to make a career decision (Nana, 2017).

Meanwhile, a research conducted by Suryani (2015) and Nana (2017) argues that family and friends significantly influence accounting students' interest in pursuing careers. According to the previous explanation, the fifth hypothesis is:

H$_5$: Third party significantly affects accounting students' interest to pursue careers at sharia financial institutions

2.7. Career Exposure and Career Interest at Sharia Financial Institutions (X$_6$)

In this research, career exposure involves students' exposure to information related to sharia accountants. Most students are exposed to careers by seminars about future career exposure after graduating held at universities. Career exposure is necessary for students because they will understand the characteristics of sharia accountant job and types of offered careers. Such exposure may be obtained from their lecturers through career talks about a sharia accountant.

Ghani *et al.* (2008, in Yen Hong Ng Et Al (2017) clarify that most accounting students are exposed to careers by professional accounting boards. Ghani comments that exposure to characteristics of accounting job and types of offered careers are important for students. By wider exposure to information related to careers, individuals may make a better decision.

Moreover, a research done by Yen Hong Ng *et al.* (2017) confirms that career exposure significantly influences students' interest in pursuing careers. Based on the above explanation, the sixth hypothesis is:

H6: Career exposure significantly affects accounting students' interest in pursuing careers at sharia financial institutions

In accordance with the previous explanation, the research design is conveyed in Figure 2.1.

| Religiousity (X_1) |
| Sharia accounting knowledge (X_2) |
| Intrinsic motivation (X_3) |
| Extrinsic motivation (X_4) |
| Third party influence (X_5) |
| Career exposure (X_6) |
| Sex (control variable) |

Accounting student interests in pursuing careers at sharia financial institutions (Y)
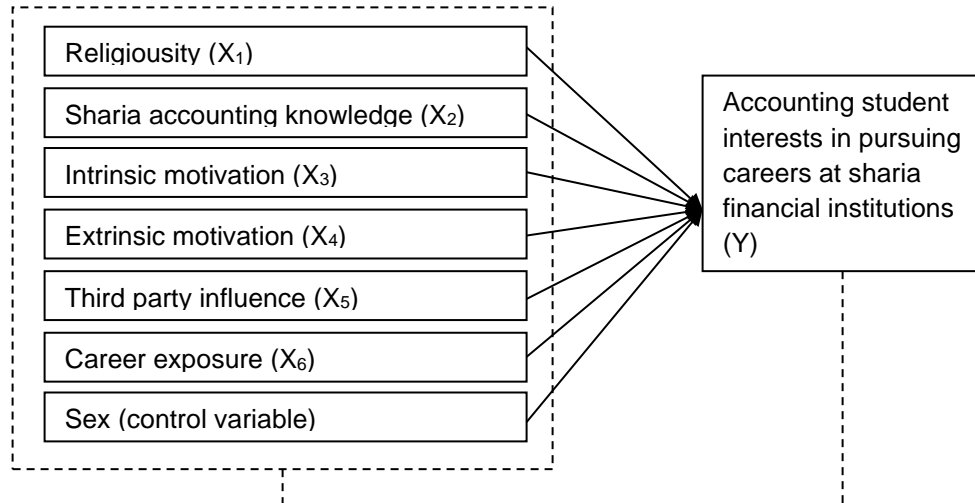
Figure 2.1 Research Design

3. Research Methods

This research is a quantitative research. The research population consisted of all accounting students from both state universities and private universities in Riau. Research sample, taken by applying the purposive sampling method consisted of accounting students concentrating on sharia accounting in Riau that had passed sharia accounting and sharia bank as a financial institution (*Bank Lembaga Keuangan Syariah*, BLKS) subjects and are final-year students that definitely have their own opinion to determine their future profession after graduating. Referring to the field data, there were two universities that have accounting major with sharia accounting concentration: Universitas Islam Negeri (UIN) Suska Riau and Universitas Muhammadiyah Riau (UMRI). Students with sharia accounting concentration are in the 6th and 8th semesters. The sample number that could be statistically processed was 235 people. Furthermore, the research used primary data gathered by questionnaires. Operational variable measurement of this research is described in Appendix 2. Data analysis methods used were descriptive analysis of percentage and Structural Equation Model (SEM) analysis assisted by WarpPLS 6.0 to justify hypotheses.

4. Empirical Results
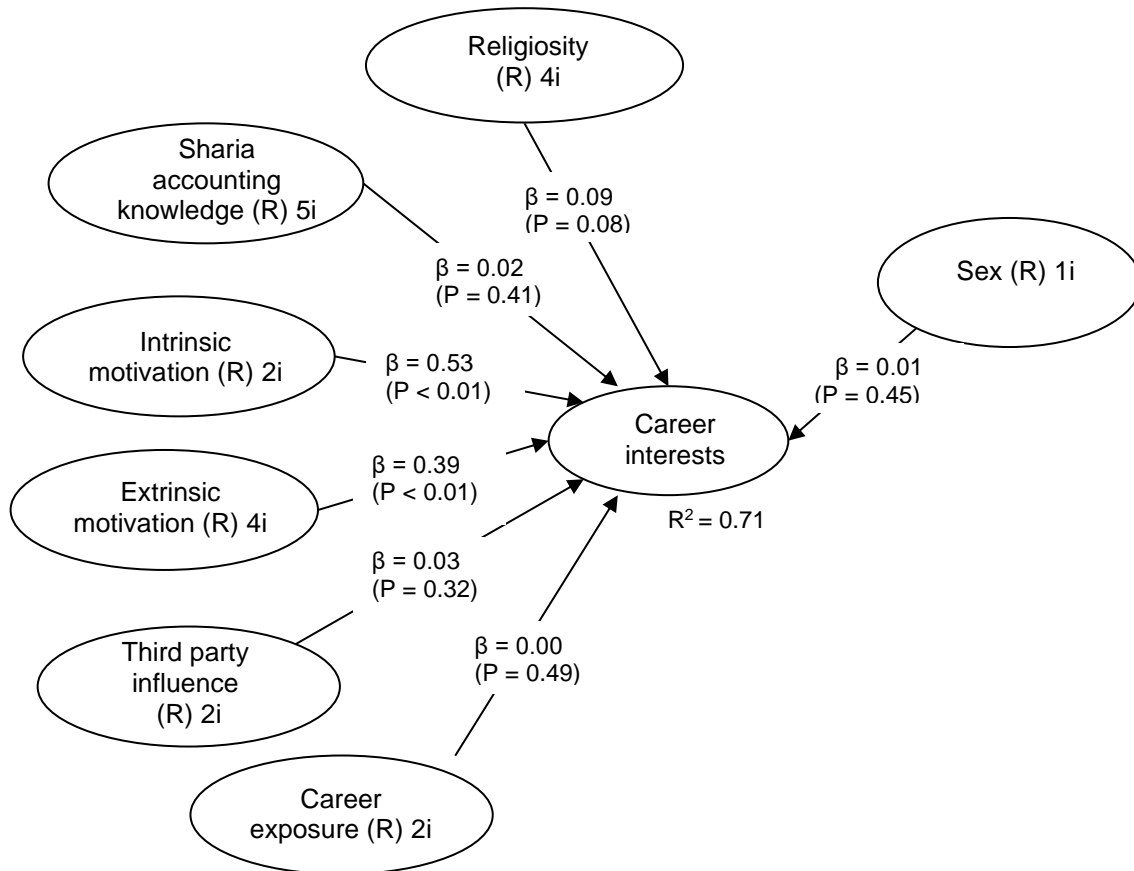
Figure 4.1 Religiosity, Sharia Accounting Knowledge, Intrinsic Motivation, Extrinsic Motivation, Third Party, and Career Exposure Affecting Accounting Student Career Interest with Sex as the Control

Figure 1 will justify each hypothesis and the results are as follows:

A. Religiosity Does Not Affect Accounting Students' Interest in Pursuing Careers at Sharia Financial Institution

Hypothesis 1 is not accepted, as the coefficient (β) is 0.088, sig = 0.085, and thus the output is more than 0.05 (> 0.05). The finding is in accordance with the research finding by Sri Rahayu Widayati (2017) arguing that religiosity level did not significantly affect accounting students' interest in pursuing careers at sharia financial institutions (a study at sharia accounting students of IAIN Surakarta. Burcu *et al.* (2017) added that religiosity dimension constituted spirituality that positively influenced materialism, but necessity of religion did not give any significant effect to materialism dimension (success, ownership, and happiness) (a case in Turkey).

Individual religiosity is manifested in their life. Religiosity is an attitude or awareness of individuals' belief and faith in a religion. Religious attitude is a condition occurring in one's

self that motivates him/her to behave in accordance with his/her religious level on his/her religion (Djalaluddin, 1995). Furthermore, religious activities do not only happen when individuals are conducting rites (praying), but also happens when they are doing another activity motivated by other urge. Activity related to the manifestation of accounting students' interest in pursuing careers at sharia financial institutions is not influenced by religiosity. Attitude or faith on their religion do not oblige students to choose careers at sharia financial institutions, as there are still other careers that dp not violate their religious's belief. Therefore, high or low religious attitudes and awareness do not determine their decision to pursue careers at sharia financial institutions because pursuing careers is only the matter of choice and opportunity.

Individuals with a high religiosity attitude are not necessarily interested in pursuing careers at sharia financial institutions. In this research, students used their high religiosity to interact with sharia financial institutions; such as saving money of spending their money in the institutions.

However, the finding of this research is different from that of Suryani's (2005) clarifying that religiosity level significantly affected students' interest in pursuing careers at sharia banking. Her research sample consisted of economic students from Universitas Sumatera Utara Medan. Her finding was supported by Mariam *et al.* (2015) confirming that religiosity level had a significant linear relationship with Islamic banks.

B. Sharia Accounting Knowledge Did Not Affect Accounting Students' Interest in Pursuing Careers at Sharia Financial Knowledge

According to the research finding, hypothesis 2 is unaccepted. The coefficient (β) value is 0.015, sig = 0.408; while the output is higher than 0.05 (> 0.05). It is in line with the finding of research done by Sri Rahayu Widayati (2017) concluding that sharia accounting knowledge did not significantly affect accounting students' interest in pursuing careers at sharia financial institutions (a study on sharia accounting students from IAIN Surakarta).

The research was performed with accounting students from the Faculty of Economics UIN Suska Riau and accounting students from the Faculty of Economics Universitas Muhammadiyah Riau (UMRI). In fact, students were observed to not completely gain knowledge on sharia accounting; such as sharia accounting system, basic assumption of sharia accounting, general principle of sharia accounting, sharia accounting characteristics, and elements of sharia financial report. The lack of knowledge was because of short period spent by the students to learn such knowledge which is only one semester. Consequently, their understanding on sharia accounting was inadequate, declining their confidence and competence to pursue careers at sharia financial institutions.

The finding was inconsistent with Permana (2015)'s conveying that sharia knowledge influenced students' interest in pursuing careers at sharia entities (the sample consisted of students from Bengkulu University). Sharia accounting knowledge become the fundamental or the main requirement to make decision whether the students would pursue careers at sharia financial institutions or the vice versa. Besides, the institutions also accepted other skills; such as skills of computer application, law, and office administration.

C. Intrinsic Motivation Affected Accounting Students' Interest in Pursuing Careers at Sharia Financial Institutions

In accordance with the research finding, hypothesis 3 is accepted with the coefficient (β) value of 0.533, sig < 0.001 and output is less than 0.05 (> 0.05). It is in line with the research findings by Setyawati (2015) and Yen Hong Ng *et al.* (2017) declaring that intrinsic motivation significantly affected students' interest in opting careers.

Intrinsic motivation is the drive that comes from an individual without any external instruction. Intrinsic motivation here involves interest, hobby, and goal. An individual who is interested in sharia financial institutions would find pleasure while studying such institutions at universities. Then, the interest grew to be a goal. An individual with personal interest would tend to give more pleasure to his/her interesting subject.

D. Extrinsic Motivation Affected Accounting Students' Interest in Pursuing Careers at Sharia Financial Institutions

Referring to the finding, hypothesis 4 is accepted with the coefficient (β) value of 0.390, sig < 0.001 and output less than 0.05 (> 0.05). It is in accordance with that of Porter and Wooley (2014) defining that extrinsic motivation significantly influenced students' interest in selecting careers.

Extrinsic motivation is the external drive. The intended extrinsic motivation here covers accessible work field, work opportunity available, and positive social opinion. The demand of job market fulfilment affected accounting students to choose careers at sharia financial institutions. Basically, an individual has the demand to fill in a job opportunity. Job that offers a wide opportunity would draw more interest than jobs with a smaller market. In this research, accounting students assumed that if the job demand is accessible, there are many job opportunities, their access to the latest sharia issues is easy, and the job is a prestigious one.

Therefore, pursuing careers at sharia financial institution does not restrict them to meet the demand of job market consideration. When someone is looking for a job, s/he should look for information about the job. Once the job is accessible, students might be able to opt a job.

E. Third Party Did Not Affect Accounting Students' Interest in Pursuing Careers at Sharia Financial Institutions

The finding rejected hypothesis 5, since the coefficient (β) value is 0.030, sig = 0.320; while the output is more than 0.05 (> 0.05). It is inconsistent with that of research performed by Suryani (2015) and Naka Naraika Namininingsih (2017) describing that family and friends significantly influenced accounting students' interest in pursuing careers. In this research, family also affected students' interest in career decision-making. Students should be encouraged and cared by their parents. When they are facing difficulties and confusion while selecting careers, parents should always provide understanding and supports and help them. Eventually, students would draw interest in pursuing careers at sharia financial institutions and they would feel satisfied once they have made their parents proud.

In their university and daily life, students are strongly influenced by friends, so is their decision-making. Friends are one of the important factors that might affect students in career choosing. Information supports are in the forms of advice, instruction, suggestion, direction, recommendation, or information provision about stuff required by students.

F. Career Exposure Did Not Affect Accounting Students' Interest in Pursuing Careers at Sharia Financial Institutions

The finding rejected hypothesis 6, as the coefficient (β) value is 0.002, sig = 0.488; while the output is more than 0.05 (> 0.05). It is not in line with that of Yen Hong Ng *et al.* (2017) explaining that career exposure did not significantly influence accounting students' interest in careers.

Career exposure is referring to information exposure related to careers at sharia financial institutions and job characteristics that would be required after graduating. Most of them obtained career exposure from seminars held in universities, from their lecturers while studying in classes, and from electronic or non-electronic media. In this research, such exposure, especially that from universities is still insufficient. Furthermore, career exposure provided by universities; such as seminars only exposed general accounting careers. Career exposure that is important to encourage students to opt for ideal careers is inadequately provided by universities. Career exposure might only be accessed through electronic or printed media. However, career exposure indirectly obtained could not directly influence students' interest in pursuing careers at sharia institutions. Therefore, career exposure did not affect accounting students' interest in pursuing sharia financial institution.

G. Gender Did Not Affect Accounting Students' Interest in Pursuing Careers at Sharia Financial Institutions

The research finding rejected hypothesis 7. The research gained the coefficient (β) value that is 0.008, sig = 0.453; while the output is higher than 0.05 (> 0.05). To sum up, careers at sharia financial institution drew accounting students' interest from UIN Suska Riau and Universitas Muhammadiyah Riau, but not based on gender. It explains that anyone might pursue careers at the institutions, once they are able to meet the institution's requirements. Therefore, gener did not influence their decision-making to select careers at sharia financial institutions.

5. Conclusion and Implications

Statistical analysis result mentioned that both intrinsic and extrinsic motivations are two fundamental factors affecting students' interest in working at sharia financial institutions and hence, some proposed hypotheses were accepted. Religiosity, sharia accounting knowledge, third party, career exposure, and gender did not give any significant effect to students' interest in pursuing careers at sharia financial institutions. It means that anyone might pursue the careers, as long as they meet the requirements. Furthermore, gender did not influence their decision regarding careers at sharia financial institutions.

Research implications are:

1. Sharia financial institutions shall prioritize alumni from Islamic universities to pursue careers there, as they have sharia basic knowledge.
2. Universities may accommodate the need of sharia financial institutions to meet labour demand that is ready to use and competent in sharia accounting by upgrading education curriculum in accordance with the demand.
3. Students with sharia basic accounting knowledge may competitively take chances to work at sharia financial institutions by completing requirements stipulated by the institutions and preparing themselves as qualified and competent alumni.

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An Integrated Accountability Reporting Model of Non-Profit Organisations (NPOs)

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Abstract

Non-Profit Organisations (NPOs) have showcased unique features in serving important social missions. In addition, they also offer accounting services at a lower cost than the government or the private sector. However, questions have been raised as to whether the performance measurement used by the government or the private sector is appropriate and applicable to the NPOs. This article underlies a conceptual framework for performance indicator in developing an Integrated Accountability Reporting Model of NPOs. Four components were found to be the essential elements of an Integrated Accountability Reporting for NPOs namely Financial Information, Governance Information, Accountability and Transparency. Integration of these four elements serves as the fundamental aspects of integrated reporting. Based on mandatory and voluntary sources of information, this integrated reporting can be developed for the benefits of NPOs. This paper contributes to the NPO accountability literature by: first, developing a framework of NPO accountability through public discourse using the ethical model of principal-agent theory; and second, advancing the understanding of the accountability reporting of NPOs in Malaysia.

Keywords: Accountability, integrated, NPOs, model, reporting

1.0   Introduction

As an entity with no commercial motive, Non-Profit Organisations (NPOs) have missions that cannot be quantified in dollars and cents. Due to NPOs social missions, there is

increasing concern about performance measurement, as outlined by Razek et al. (2000) and Andreja (2018) whom stated NPOs are different from that of other organisations in terms of: (i) their purposes of operation without earning profit, (ii) their efficiency and effectiveness which cannot be determined by means of income measures, and (iii) their act of receiving large amounts of resources from donors who do not expect monetary benefits in return.

Performance measurement has become an essential issue in NPOs. Many NPOs are facing funding cuts and reduction in voluntary donations during the current economic environment. In ensuring the sustainability of these organizations, the Malaysian government is currently promoting collaborative efforts between the government, social organisations and the private sector in providing social services (Barman, 2017; Nurfarahin et al., 2017). Nonetheless, a serious concern about the current performance measurement is that NPOs do not share the same goal as a business entity which is the *"bottom line"* measurement of profit or loss or generating profits for the owners. NPOs, which have no specific owners, often provide goods and services to their stakeholders without any charges. They seek resources from organisations as well as willing individuals who do not expect economic benefits in return for their assistance (Glynn, 2003). As a result, the bottom-line principle is not applied in any of the activities conducted by NPOs. For this reason, NPOs need to develop better instruments for performance measurement to evaluate their work and achievements. One approach to evaluate the performance of an NPO is to measure the amount of resources spent on program services that are conducted to accomplish its purposes. A higher percentage of resources that is consumed on programme services than on administration are considered a positive performance indicator. Despite the lack of performance measures magnitude for NPOs, surveys such as that conducted by Financial Accounting Standards Board (1989) have shown that performance measures based on the resources spent on programme services also helps to identify the performance of an organisation by detecting financial anomalies and focusing attention to the organisational issues. NPOs' performance can also be assessed by analysing the information provided in traditional financial statements in order to meet the requirements of stakeholders who need to examine NPOs accountability for decision making in terms of social and economic aspects.

The stakeholders also need the information to assess the NPOs' stewardship of resources, including evaluating the manner and extent to which resources are devoted to specific social missions. However, it is found that there are limitations of traditional financial statements in assessing NPO performance (Gray et al., 1996). In pronouncement issued by the Financial Accounting Standards Board (FASB), Concepts Statement No. 4, Objectives of Financial Reporting by Non-Profit Organisations, it was highlighted that there is need for a different type of information to measure NPOs performance. An important argument that has drawn attention in the Concepts Statement No. 4 is that, in an ideal situation, NPOs should provide information about service accomplishments as a part of financial reporting. The statement calls for reporting in the financial statements about service efforts on how an NPO uses resources to provide different programmes or services to fulfil its missions. The financial reporting issues for NPOs are the integration of both statutory financial reporting and accountability reporting. Practically, the information contained in the financial statement should integrate both financial and non-financial information.

1.1 Statement of the Problem

The importance of regulating (NPOs is emphasised by the considerable importance placed on NPOs to be accountable. Increased prominence and greater influence expose NPOs to closer scrutiny and increasing demands for integrated reporting model of accountability for NPOs. NPOs are accountable when they are answerable for their performance promises to key stakeholders. NPOs may be accountable to donors who provide resources, to regulators responsible for government certifications, and to beneficiaries and clients who use their services, to allies who cooperate in projects, to staffs who invest their talents and time in organisational activity, and to members who expect the organisations to speak on their behalf. The wide range and varied interest of stakeholders create "multiple accountabilities" rather than a single, coherent, socially ratified set of coherent accountability standards for NPOs. The absence of a widely accepted method for underscores the relative importance of these different accountabilities on moral, legal or practical grounds makes the construction of a single objective social ideal for NPOs very challenging. This paper proposes an integrated reporting model accountability for NPOs as a guideline prior to accountability standards for NPOs are established.

1.2 Objectives of the Study

The objective of the study is to propose an integrated accountability reporting model of NPOs.

2.0 Review of Literature

The review of literature section of this paper elaborates the review of literature of this paper based on: (i) An Integrated Accountability Reporting Framework of NPOs; and (ii) An Integrated Accountability Reporting Model of NPOs as follows:

2.1 An Integrated Accountability Reporting Model of NPOs

Several different forms of accountability may underpin the relations between NPOs and their stakeholders. The most widely used conception is principal-agent accountability. This model assumes that principals' goals predominate, and it focuses on how to motivate agents to achieve those goals rather than their own. The Principal-Agent theory focuses on how principals can hold agents accountable for performance that meets the principal's expectation. The proposed Integrated Accountability Reporting Framework of NPOs in Figure 1 explains both the legal and moral relationship between donors as the principal and board of trustees as the agent managing the charity. This framework is adopted and modified based on a generalised accountability model by O'Dwyer (2015) and Du Rietz (2018).

The basic version of the model hypothesises a simple two-way relationship between a principal (in this case the donor, who provides resources to fund the NPO) and the board of trustees (who manages the NPO in line with its mission and objectives). Financial resources of the NPOs come from individuals, corporations, foundations or governments – who are willing to pay for delivering services to beneficiaries who cannot pay for the

services themselves. The terms of the flows between the parties and the actions and accountability required will be a function of the relationship (which might be legal and moral) between the parties. The donor is the principal because their contributions sustain the NPOs activities. The NPOs are accountable to donors for the efficient and effective use of their resources in pursuing of the organizations' mission. The law establishes the legal rights and responsibilities of NPOs and their minimum level of legal accountability. In addition to the law, there should be government regulator as a form of oversight. In the U.K. for example, the legal requirement is stated in the charity act and charity commission is formed through the act. The Inland Revenue board can also play as an oversight mechanism, which ensures that the NPOs are maintaining their status that exempts them from tax. Therefore, donors and government regulators are often positioned to get information and sanction agency which fails to live up to its promises (Andreja et al., 2018). In consequent, NPOs may often find themselves engaging in practices seemingly contrary to their missions to respond to increasingly precise requirements by government funders (Costa et al., 2011). Donors and government may ultimately withdraw their support to the NPOs that are seen as unwilling to be accountable for efficient use of resources and this can seriously harm the NPOs.
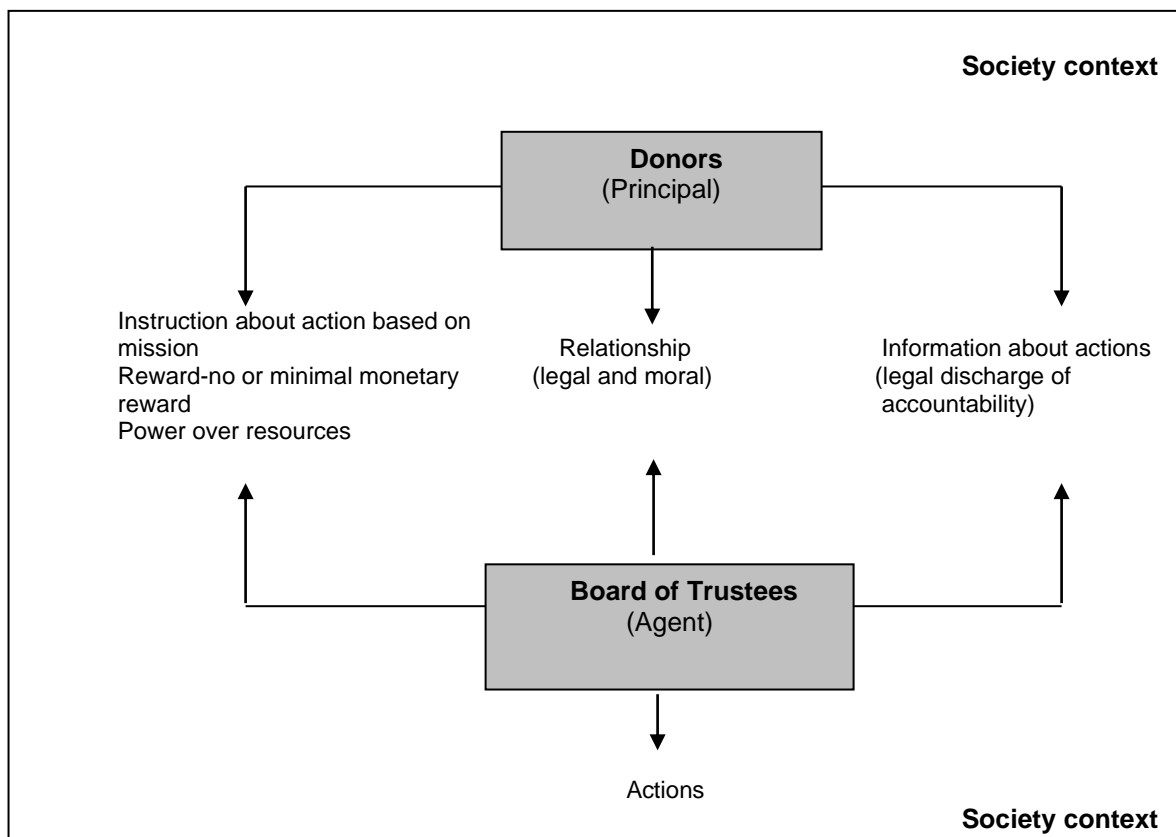

Figure 1: Proposed Integrated Accountability Reporting Framework of NPOs

2.2   An Integrated Accountability Reporting Model of NPOs

Based on stakeholders' needs for information, the framework combines the financial information, governance information, accountability and transparency. Performance information normally provided in the financial statements, however, it is only one aspect of the information. There is a lack of integration or linkage with the non-financial information such as governance information, accountability information and transparency. Accountability performance information includes both the governance and transparency aspects of information. From the integration, the real performance of NPOs is reflected in the **Integrated Accountability Reporting Model of NPOs.**

The needs of the stakeholders of the NPOs financial reports are reflected by the differences in the components of the model.   The focus of accounting and financial reporting is on the needs of the stakeholders of NPOs.   Donors are the primary stakeholders of the information in NPOs reporting. NPOs reporting are generally used by donors who emphasised accountability for resources entrusted to them.

In his major study, Paton (2003) defined accountability as gathering information about, reporting on and answering questions related to performance does not come up to the level of full accountability. Transparency in performance is a means to achieve accountability through which can be measured through NPOs' effectiveness. As noted by (8), performance is not a unitary, stable and objectively real phenomenon which exists independently of the people who formulate, deliver and are affected by the policies, programmes and services delivered. In other words, defining what constitutes performance is as much an interactive as a conceptual and analytical process. The financial reporting issues for NPOs are the integration of both statutory financial reporting and accountability reporting.   Practically, the information contained in the financial statement should include both the financial and accountability performance information.

3.0   The Components of Integrated Accountability Reporting Model of NPOs

This section of the paper explains the main components of the Integrated Accountability Reporting Model of NPOs.   The model is based on four essential components: (i) financial information, and non-financial information of (ii) governance information, (iii) accountability, and (iv) transparency. A summary of the model components is shown in Table 1 below.

Table 1: Four Essential Components

Component 1	**Sources of Funds:**
	• Membership fees
	• Individual Donation
	• Corporate Donation
	• Public Grants (Government Grants)
	• Sponsors
	• Other Revenues
Financial Information	**Uses of Funds as Percentage of Total Expenses:**
	• Programme Expenses

	• Administrative Expenses
	• Fundraising Expenses
	Regulatory Requirement by the Registry of Society:
	• Statement of Financial Position or Balance Sheet
	• Statement of Receipts and Payments

Component 2	**Disclosure Items:**
	• Name of Chairperson/President/Director
	• Chair's Profession/Affiliation
	• Board Size
	• Paid Staff Size
	• Principal Activities
	• Vision
	• Mission
	• Core Values
	• Patron's Message
	• President's Message
	• Organisational Chart
Governance Information	• Board of Trustees
	• Committee Members
	• Calendar of Events
	• Organisational Code of Conduct
	• Statutory Declaration by Honorary Treasurer
	• Internal Auditors
	• External Auditors
	• Auditors' Report
	• Executive Council Report
	• Statement of Activities
	• Volunteering
	• In-Kind
	• Corporate Partnership Involvement
	• Name List of Major Donors
	• Collaborations
	• Corporate Employee Voluntarism
	• Governance and Policies

Component 3	• Statement of Accountability
	• Related-Party Transactions
	• Accountability Partnership
Accountability	• Internal Controls
	• Risk Management

	• Statement of Transparency
Component 4	• Confidentiality and Privacy
	• Donor Privacy Policy
Transparency	• Information about Current and Past Achievements
	• Future Plans

In order to conceptualise the integration between financial and non-financial information

of this Integrated Accountability Reporting Model of NPOs, firstly, the statutory financial information required by the Registry of Societies (ROS) governed by the Societies Act 1966 (Act 335) & Societies Regulations 1984 is included in the model i.e. the Statement of Financial Position or Balance Sheet and the Statement of Receipts and Payments. Other financial information of the Sources of Funds and Uses of Funds are also included for the purpose of measuring the financial health of NPOs. Information, which is not recognised by the financial reporting, termed as non-financial information such as the governance, accountability and transparency information, is integrated with the financial information. The non-financial information serves as the indicators for the organisation's efficiency and effectiveness that cannot be determined by means of financial measures (Costa et al., 2011; Anwar et al., 2019). Through integration, these four components of information can act as foundations for performance-innovation model as featured in Figure 2.

Figure 2: Components of Information

4.0   Conclusions and Recommendations

The development of the Integrated Accountability Reporting Model of NPOs is not without challenges and limitations. It is common to expect that social and unregulated environment of NPOs in Malaysia would make certain segments of the people involved to be mildly interested in the integrated reporting or even tend to be sceptical of it. The introduction of the model may be seen as unnecessary since it is costly especially for small NPOs as they are dependent upon support and resources from individuals or corporate donors or other organisations for their operations and activities. Small NPOs also need to obtain support from outside the organisation of the monitoring bodies such as ROS, governmental oversight bodies and legislative bodies. In particular, the accountants need to play a substantial role in helping the management and staffs of NPOs to give them assistance and advice in preparing the integrated reporting. In the same breath, the management of NPOs also need to take proactive actions to support these NPOs.

This paper has highlighted and given an account of the conceptual framework about the preliminary steps before the Integrated Accountability Reporting is applicable into the context of NPOs. Later, this model can be used as valuable input to build an integrated system of NPOs. The actual development of the system become the next step for the stakeholders of NPOs who have already defined and confirmed with the system requirement. Taken together, it is important to involve the management of NPOs for the development of the system for better linkages between resource decisions and the outcomes the organisation wishes to achieve. Understanding the nature of accountability reporting in NPOs has important implications for preparers and policy makers involved in furthering the NPO agenda. Neverthelss, considerably more work on field-testing the performance indicators will need to be done before the implementation of the system can be implemented.

With the enhanced demand on organisational creativity and institutional adaptability, the application of the proposed framework and model of the Integrated Accountability Reporting Model of NPOs could render a positive contribution to sustainable practices and also add value in terms of stakeholder engagement strategies.

Acknowledgements

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Performance in Organisational Behaviour: Strength of Work Discipline and Employee External Motivation

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Abstract

In principle, operating companies have continued expectations of financial and non-financial developments that are supported by human resources performance in organisational behaviour. Analysing phenomenon, this study aims to examine organisational behaviour, namely global leadership, work discipline and external motivation on improving employee performance. Experimental research was carried out through case studies on employees of PT. Ispat Bukit Baja Bekasi. A total of 69 employees were involved in filling through a quantitative questionnaire, by analysing data through Structural Equation Model. The results of the study conveyed that work discipline and external motivation are employee behaviours that are able to improve employee performance, in contrast to global leadership. However, the role of leadership in providing direction and giving examples in behaving act as a key performance indicator of the company. Work discipline and external motivation need to be used by management to strengthen organisational guidelines. In the end, important organisational behaviour is considered by the company, in relation to the performance of the company.

Keywords: Global Leadership, Work Discipline, External Motivation, Employee Performance

1. Introduction

International companies need global managers who have the ability to transfer technology to local cultures, manage local staff and adapt business practices according to local

conditions (Tiina Jokinen, 2005). Global leadership is a new concept that leads to the evolution of multinational companies into entities that are not bound by the state, which are currently moving rapidly with operations covering the entire world. Individuals make significant positive changes in the organisation by building communities through developing trust and regulation of organisational structures and processes in contexts involving various stakeholders across borders, various sources of external cross-border authority, and diverse cultures under conditions of temporal, geographical and cultural complexity (Bird & Mendenhall, 2016). Leadership is always identified with management, whereas in terms of practice is different. Management concerns matters concerning planning, organising, actuating and controlling while leadership is more about overcoming changes (Thorn, 2012).

Work discipline is a tool used by managers to communicate with employees to change behaviour and efforts to increase one's awareness and willingness to comply with all applicable company regulations and social norms. Sequence is the main characteristics of the organisation and discipline is one method to maintain that order (Batara, Fathoni, & Minarsih, 2019). The main purpose of the discipline is to increase efficiency as much as possible by preventing waste of time and energy. In addition, the discipline seeks to prevent damage or loss of property, machinery, equipment and work equipment caused by negligence, banter or theft (Abrams & Nolan, 2006). Discipline tries to overcome mistakes and negligence caused by lack of attention, disability, and delay. Discipline strives to prevent the emergence of work that is slow or open at the beginning of work due to delay or laziness. Discipline also seeks to overcome dissent among employees and prevent non-compliance caused by misunderstandings and misinterpretations.

Literally, the term motivation comes from the Latin word movere, which means moving which shows a process that begins with a physiological or psychological deficiency that drives behaviour or impulse that is indicated for purpose or incentive, so to understand the process of motivation depends on understanding and the relationship between needs, encouragement, and incentives (Setyawati, 2013).

According to Kuvaas, Buch, Weibel, Dysvik and Nerstad (2017), motivation is often interpreted as a driving factor for someone's behaviour, and the driving factor is none other than a person's needs and desires to carry out an activity. If someone wants something, then he will be compelled to do certain activities to get what he needs. In a company, motivation is very necessary, both motivation from superiors and motivation that rise from themselves (Georgeon et al., 2016).

The study aims to examine organisational behaviour, namely global leadership, work discipline and external motivation on improving employee performance in PT. Ispat Bukit Baja Bekasi.

2. Literature Review

2.1 Global Leadership

Leadership is not just an expression of a position in the hierarchy or chain of command. So, leadership is defined as a form of ability that influences and a type of interaction between the initiative taker and a follower. It is also defined as the ability to influence a

group towards achieving goals. In practice, leadership establishes the vision that will be achieved and communicates it to the group so that it can be implemented. Management plays an important role in terms of realising the vision made by the leader. Thus, there are similar roles and leadership competencies between global leaders and domestic leaders (Bird & Mendenhall, 2016; Thorn, 2012). The leaders of all organisations will face challenges to lead on the global stage. People from various backgrounds, languages, beliefs, and mindsets move around the world. So, developing a leader who is able to handle diversity is very important for all organisations. A diverse environment provides opportunities for critical understanding of differences and enhancing corporate culture (Tubbs & Business, 2006). Globalisation has increased complexity and ambiguity in organisations. Global leaders need to develop their skills, knowledge and leadership abilities in a multicultural environment with various groups. Keefe (2018) identifies a global mindset as "the ability to influence individuals, groups, organisations, and systems that have intellectual, social and psychological knowledge or intelligence that is different from yours".

2.2. Work Discipline

Work discipline according to Abrams and Nolan (2006) , is interpreted as follows: "A person's awareness and willingness to obey all company rules and prevailing social norms. Another opinion about disciplinary factors that affect performance was stated by Mangkunegara and Octorend (2015), who stated that personal factors, indicated by the level of skill, competence, motivation, and individual commitment. Individual commitment is a great desire to work and can be realised with discipline. According to Akbar Dwi Permana and Putra (2016), discipline is the awareness and willingness of employees to comply with all applicable company rules and social norms. Discipline shows a condition or respect that is in the employee's rules and regulations. According to Harley, Sargent, and Allen (2010), a good form of discipline will be reflected in the atmosphere, namely:

a) The high sense of care of employees towards achieving company goals.
b) The high enthusiasm and passion of work and the initiative of the employees in doing work
c) The amount of responsibility of employees to carry out their duties as well as possible
d) The development of a sense of belonging and a high sense of solidarity among employees.
e) Increased efficiency and work productivity of employees

Discipline action for employees must be the same as its implementation. Here the disciplinary action applies to all, does not choose, sort out and side with anyone who violates will be subject to disciplinary sanctions that are the same including for managers or leaders, because leaders must set an example for their subordinates. According to Mangkunegara and Octorend (2015), the form of work discipline is: Realizing organisational goals based on agreed plans.

2.3. External Motivation

In a company, motivation is very necessary, both motivation from superiors and motivations that rise from themselves. To work together for the interests of the company without motivation, the goals set will not be achieved because the motivation to work is

very influential for the high and low productivity of the company. Kuvaas et al (2017) defined that motivation as a process that takes into account the intensity of one's direction and perseverance towards achieving goals, while general motivation is related to efforts towards any goal, motivation to work is very important for the high and low productivity of the company. According to Georgeon et al. (2016), one's work motivation is influenced by external factors, namely factors that come from outside the individual such as promotion, rewards, salary, working conditions, company policies, and jobs that contain responsibility.

Employees will be motivated if there is support from management and a conducive work environment which in turn has an impact on job satisfaction. Meanwhile UNTARI, AVENZORA, DARUSMAN, PRIHATNO, & ARIEF (2018) suggests that one's work motivation is influenced by system needs, such as: a). Leader, b). Coworkers or social world, c). Physical facilities, d). Policies and regulations, e). Rewards for money and non-money services, f). Types of work and challenges.

2.4. Employee performance

Performance is a real behaviour displayed by everyone as the work performance produced by employees in accordance with their role in the company Akbar Dwi Permana and Putra (2016). Performance actually has a broader meaning, not only work, but also covers how the work process takes place. Performance is the result of work that has a strong relationship with the organisation's strategic goals, satisfaction and contribution to the company. Performance is about what to do and how to do it. According to Harley et al. (2010), to measure the performance of an employee there are five criteria that result from his work, namely:

a) Quality, Quality is the degree to which the final results achieved are near perfect in the sense of meeting the expected goals
b) Quantity, Quantity is the amount produced which is expressed in terms of a number of work units or is the number of cycles produced.
c) Timeliness, the level of activity completed by the work at the desired initial time.
d) Effectiveness, Effectiveness is the level of knowledge of organisational resources in order to increase profits.
e) Independence, Employees can perform their work functions without assistance from others.

3. Research Method

3.1 Samples and Data Analysis

This research was included in an experimental study with a case study at PT Ispat Bukit Baja. The population taken was 69 maintenance employees at PT Ispat Bukit Baja. The research method in this study is a quantitative research method using the PLS-SEM program. Data collection is done by using a questionnaire, that is a method of collecting data by giving or distributing a list of statements to respondents.

3.2. Hypothesis

In this study explained the alleged relationship between exogenous variables namely Global Leadership (GL), Work Discipline (WD) and External Motivation (EM), endogenous

variables namely Employee Performance (EP). Schematically, this can be illustrated in Figure 1.
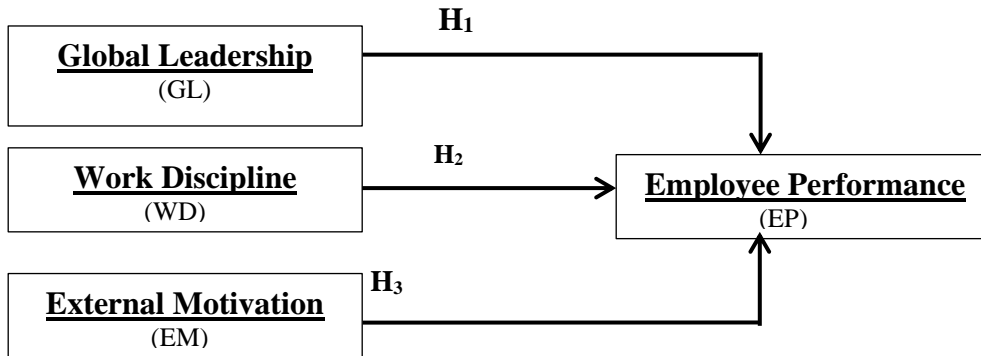
Figure 1: Thinking Framework

Examining Figure 1, the design of the research hypothesis is presented as follows:

H_1 : Global Leadership can influence Employee Performance
H_2. : Work Discipline can influence Employee Performance
H_3 : External Motivation can influence Employee Performance

4. Result and Discussion

In testing the instruments and hypotheses in this study using the help of SEM-PLS software, there are several steps that must be analysed from data processing, the processed data is presented in Figure 2.
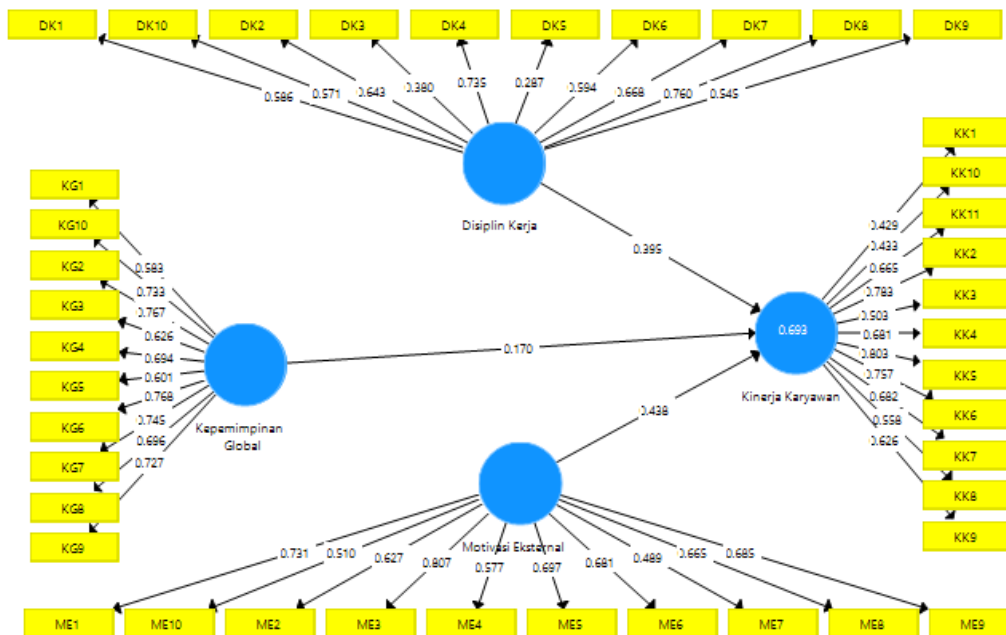
Figure 2: Design of the Research Structure Model

Below is the result of the process of reducing several indicators that do not behave in support of the formation of the Cronbach's Alfa value, and composite reliability above the AVE criteria> 0.5. Where this is very important as an indication that the construct has been declared reliable for further analysis, this is illustrated in Figure 3.
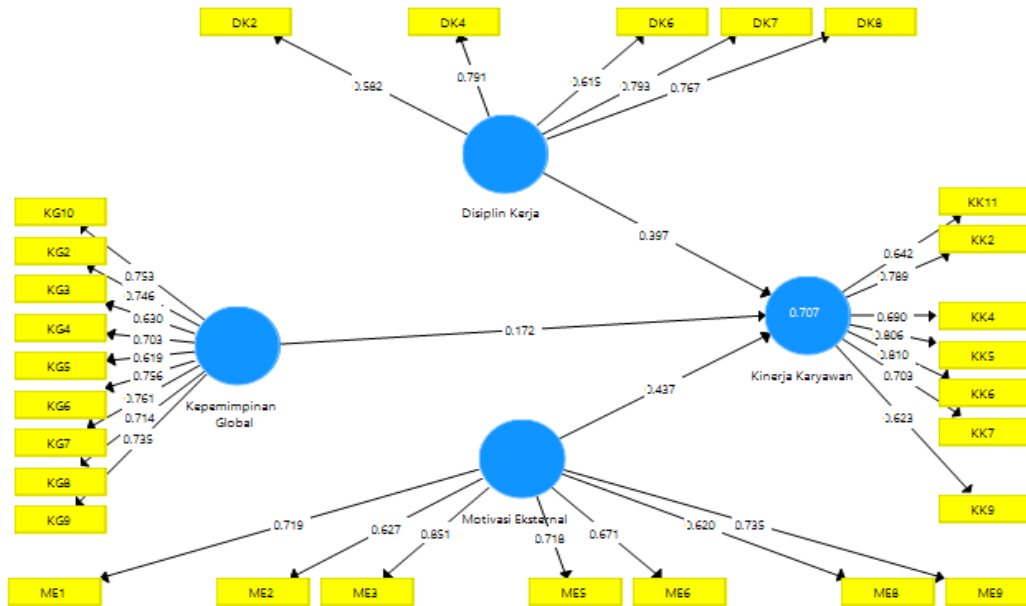
Figure 3: Structure of Modified Results Model

The next step is to process data that supports the structural model by performing an algorithm process. From the algorithm process, the information obtained is information on the construct of reliability and validity as presentedin Table 1.

Table 1: Validity and Reliability Test Results

Matrix	Cronbach's Alpha	Rho_A	Composite Reliability	Aearage Variance Extracted
Work Discipline	0.802	0.810	0.857	0.501
Global Leadership	0.924	0.942	0.936	0.596
Employee Performance	0.881	0.890	0.905	0.516
External Motivation	0.878	0.905	0.901	0.508

After the agreement was stated to be reliable and valid, it was followed by a structural model testing. This test is intended to get results that can be used to test predetermined hypotheses. The evaluation of the structural test results of the model aimed at obtaining your reference determines the ability of the model to predict one or more target constructs. The first step that must be done is the bootstrap process in the SmartPLS programme for the structural design of the model. The following is a picture of the structure of the research model from the Bootstrapping process in the SmartPLS program. Figure 4 shows the structure of the bootstrap results research model.
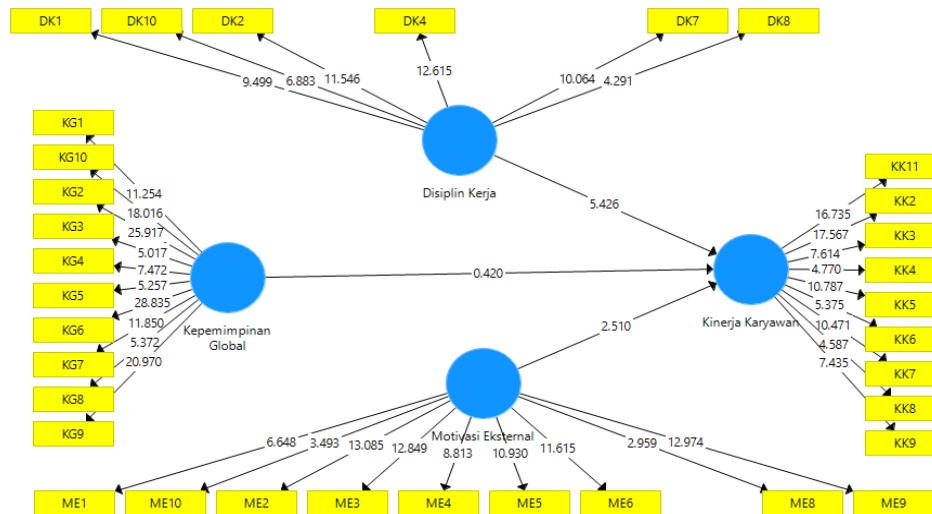
Figure 4: Structure of the Bootstrap Results Research Model

Figure 4 contains information that is very important, namely the path coefficient of each relationship between constructs. As an example; path coefficient between constructs of work discipline towards employee performance as contract target of 5,428. The path coefficient is an indication of the significance of the relationship between work discipline to employee performance. Declare the relationship of constructs of significant work discipline to employee performance? This needs to be tested, by comparing it to the criteria of significance.

The next step is to determine whether a structural design model is feasible to be used as a tool to analyse hypotheses. Several tests must be carried out, including construct colinearity test, significance test, and others. Following is the testing process. The criteria for testing colinearity is the value of Variance Inflation Factor (VIF). Collinearity test is prioritised when the type of outer model / measurement model is formative. So, in this study, the priority of the colinearity test was not prioritised, because the type of the outer model in this study was reflective. In processing data with a reflective type measurement model, it is considered that there is no problem of collinearity. Collinearity criteria are VIF values must be smaller or equal to five (5), (VIF <5). If we are curious to prove that the construct design of this research does not have a problem of collinearity, please see Table 2.

Table 2: Results of Collinearity Statistics

Outer VIF Values	Inner VIF Values			
	Work Discipline	Global Leadership	Employee Performance	External Motivation
Work Discipline			1.520	
Global Leadership			2.575	
Employee Performance				
External Motivation			2.608	

Path coefficient testing is done by comparing the coefficient relationship of each construct/variable with the value of the T-value set. T-value to test the significance of the relationship between constructs was determined at 1.2946 (Coefficient Path (T) > 1.2946 declared significant). The T-Statistic value as a parameter of significance relates to each predictor variable with the target variable determined according to Table 3.

Table 3: T-Value

Path	Path Coefficient	T-Value Criteria	Result Test	Significant	P-Value	P-Value Criteria	Result Test	Significant
WD to EP	5.426	> 1.295	Fulfilled	Yes	0.0000	< 0.05	Fulfilled	Yes
GL to EP	0.420	> 1.295	Un fulfilled	No	0.674	< 0.05	Un fulfilled	No
EM to EP	2.510	> 1.295	Fulfilled	Yes	0.012	< 0.05	Fulfilled	Yes

From Table 3, it is found that the T-value of each relationship between predictor variables and the target varials has a significant relationship. For example, the path coefficient between WD, has a path coefficient of 5.426 for the EP construct. The path value of the correlation coefficient between WD is greater than T-value (1.2946). Thus, the relationship between the two constructs is concluded to be significant. Likewise the relationship between EM and EP is significant with the path coefficient value 2.510 > 1.2946.

The level of significance of the relationship between the two constructs is also determined by the path coefficient value, can also be determined by the p-value, wherethe criteria for p-value must be smaller than 0.05 (p-value < 0.05). This terminated coefficient serves to assess the level of accuracy of predictions towards endogenous constructs. The criteria are qualitative values, substantial, moderate, and weak.

Assessing high, medium, and weak accuracy is very difficult. Thus Hair, Ringle and Sarstedt (2011) also Hensler (2009) provide a score commonly used in marketing studies, where the value of $R^2 > 0.75$ has a high predictive accuracy, $R^2 > 0.5$ has a medium prediction accuracy level, and $R^2 > 0.25$ has a weak predictive level. In this research construct, R^2 is obtained as in Table 4.

Table 4: Value of R2

Construct Endogen	Value of R2	Criteria	Level of accuracy	Accuracy of predictions
Employee performance	0.674	Not 0 and Max 1	> 0.20, weak > 0.50, moderate > 0.70, substantial	**Moderate**

The above test results state that the accuracy of EP predictions is a construct target of WD, GL and EM. As a predictor construct with moderate accuracy, R^2 whose value is 0.674 greater than 0.5, is an indication that employee performance has a moderate prediction accuracy rate.

In addition to measuring the R2 of an endogenous variable, effect size f2 is needed to measure the power/influence of each predictor construct on its target construct, the indication is seen from the change in R2 value when the predictor container is omitted. Criterial effect size (f 2) is in the form of qualitative values in the small, medium, and influential categories. Cohen (1998) gives a guide The value of influence f 2 is said to be small when the value is > 0.02, the medium value is > 0.15, and has a large effect when the value is > 0.35. Table 5 shows the clarity test results.

Table 5: Clarity Test Results

Construct	Employee Performance	Criteria	Test Result
Work Discipline	0.763	> 0.02 Weak > 0.15 Moderate > 0.035 Substantial	Work discipline predicts employee performance to be **substantial**
Global Leadership	0.008	> 0.02 Weak > 0.15 Moderate > 0.035 Substantial	Global leadership predicts employee performance to be **weak**
External Motivation	0.162	> 0.02 Weak > 0.15 Moderate > 0.035 Substantial	ME predicts employee performance to be **moderate**

In the summary of the effect size (f2) test results above, it is concluded that each predictor variable has a certain level of influence (weak, moderate, substantial) on the target variable. This is done by looking at changes in the determinant coefficient, R2 when one of the predictor variables is omitted. As an example; work discipline which represents constructs can change the value of R2 from employee performance with the level moderate. This means that the level of accuracy of the predictive power of the target construct, employee performance, is influenced by the work discipline predictor variable with a strong effect. Work discipline predicts employee performance substantially.

This hypothesis is part of a series of research processes to prove the truth of the prescribed hypotheses. Furthermore, the results of this hypothesis testing will be used to analyse the influence of global leadership, work discipline, external motivation on the performance of maintenance employees at PT Ispat Bukit Baja Bekasi. The series of testing of this hypothesis is to prove that the Employee Performance of the maintenance section at PT Ispat Bukit Baja Bekasi is influenced by Work Discipline and External Motivation

H1-1: Global leadership influences the employee performance of maintenance section in PT Ispat Bukit Baja

H1-0: Global leadership does not have an effect on the employee performance at the maintenance section of PT Ispat Bukit Baja

From the results of data processing, it was found that the coefficient of significance (path coefficient), the relationship between constructs of global leadership and employee

performance T-value was set at 1.2946. Because the coefficient of significance of global leadership with employee leadership is 0.420 (<1.2946), the hypothesis, H1$_{-1}$ is rejected, means that global leadership does not affect employee performance.

H2$_{-1}$: Work discipline affects the employee performance of maintenance section at PT Ispat Bukit Baja Bekasi

H2$_{-0}$: Work discipline affects the employee performance of the maintenance section at PT Ispat Bukit Baja

The significance coefficient of the relationship between constructs of work discipline and employee performance is 5.426. The T-value is set at 1.2946 because the work discipline significance coefficient for employee performance is 5.426 and the value is greater than 1.2946 (> 1.2946), then the hypothesis is accepted. Work discipline has a significant influence on employee performance.

H3$_{-1}$: External motivation affects the employee performance of maintenance section at PT Ispat Bukit Baja Bekasi

H3$_{-0}$: External motivation affects the employee performance of maintenance section at PT Ispat Bukit Baja Bekasi

The results of the statistical process, the coefficient of the relationship between the constructs of external motivation and employee performance is 2,510. The T-value is set at 1.2958. Because the coefficient of the relationship between external motivation to employee performance is 2.510, and the value is greater than the T-value of 1.2946 (> 1.2946), it is concluded that (H3-1) is accepted. This means that the alleged employee performance is influenced by external motivation.

5. Conclusion

Based on the results of the analysis of the discussion of the data, the authors obtained conclusions that can be drawn from the research on the Influence of global leadership, work discipline and external motivation on employee performance of the maintenance section at PT Ispat Bukit Baja Bekasi. From the conclusions outlined, the researcher proposes several suggestions with great expectations that can be considered as an effort to improve the performance of employees at PT Ispat Bukit Baja, so that the future employee performance will be better. The global leadership variable proved to be insignificant towards the variable performance of maintenance department employees at PT Ispat Bukit Baja Bekasi. Work discipline variables proved significant to the variable employee performance at the maintenance section of PT Ispat Bukit Baja Bekasi. The external motivation variable proved to be significant towards the variable. Performance of the maintenance staff at PT Ispat Bukit Baja Bekasi. Based on the results of this study, PT Ispat Bukit Baja could focus on improving activities. Work discipline and external motivation could be viewed as a first step to improve employee performance. This can be seen from the high level of mediation of work discipline and external motivation on employee performance.

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Debt Monitoring Mechanism in SOE's: Evidence from Indonesia

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Abstract

This study aims to examine the role of independent boards (commissioners) characteristics in monitoring the impact of debt on value of state-owned enterprises' (SOE's). This study used 125 observations of SOEs that are listed on Indonesia Stock Exchange during the period of 2010-2017 as a final sample. The variable of independent commissioner's characteristics is analysed by identifying whether they have political connection with political party in Indonesia or not and whether they have adequate professional background. Using panel data analysis, the results show that there is a different effect of independent commissioner's characteristics in monitoring the impact of debt on value of SOE's. If independent commissioners do not have political connection, but have adequate professional background, they could conduct debt monitoring effectively, thereby increasing the value of SOE's. On the contrary, if independent commissioners do not have political connection, but also do not have adequate professional background, they could not conduct debt monitoring effectively, thereby decreasing the value of SOEs. The results suggest that the goverment should consider the professional background of independent commissioners who have political connection with the rulling party.

Keywords: Capital structure, independent commissioner, state-owned enterprises' (SOEs), debt monitoring and firm's value.

1. Introduction

The deputy of business restructuring and development of Indonesia Ministry of SOE's has stated that SOE's debt has been increasing since 2017 of 13.43% to IDR 4,830 Trillion and this position of debt may reduce the value of SOE's. Then, there is one issue- that the ministry of SOE's has appointed ordinary members of political parties to become independent commissioners, such as member of PDIP like Dwi Rembulan and Pataniari Siahaan, each as an independent commissioner at PT. Bank Mandiri (Persero) Tbk and PT BNI (Persero).

The characteristics of independent commissioners who have political connections have the potential to have a conflict of interest in the form of prioritising their own goals or political parties. As a result, they did not supervise the use of state-owned debt, giving negative signals to investors, thereby reducing the value of Susilo (2013).

Based on the description above, it can be concluded, first, there has been no research in Indonesia that has examined the influence of political connections on the value of the company for the past 10 years. Second, there is no research that has conducted research in the context of SOEs. Therefore, this study intends to examine the three limitations by means of examining the effect of capital structure on firm value on state-owned enterprises, and testing the effect of capital structure on firm value with the characteristics of independent commissioners who have political connections as moderating variables.

2. Theoretical basis

2.1 Literature Review

2.1.1 Pecking Order Theory

This theory is a development of capital structure theory expressed by Franco Modigliani and Merton Miller (MM) in 1958 which was repeated by Modigliani and Miller in 1963. The theory states that capital structure can affect the value of the company due to the effect of taxes arising from use of debt which will increase interest costs. The addition of these costs will reduce the tax paid and will lead to tax saving that can increase the value of the company.

In 1984, Myers developed a capital structure theory called Pecking Order which was lifted from Donaldson's statement in 1961. This pecking order theory states that funding decisions that will form a capital structure, are based on a sequence of logical preferences for investors on the company's prospects and consistency on purpose.

2.1.2 Expectancy Theory

The Theory of Hope was first revealed by Victor H. Vrom in 1964 in a book entitled "Work and Motivation". According to this theory, motivation is the result of a result of what the employee wants to achieve and according to the employee that the actions he performs will lead to the desired results. In the sense that if the employee wants a way and reaches it openly, then the person concerned seeks to get it. Simply put, the expectation theory

explains if an employee wants something and the expectation of getting something is big enough, then the person concerned will be motivated to get what he wants. Conversely, if the expectation of getting what he wants is thin, his motivation to try will be low (Priansa, 2014).

2.2 Hypothesis

According to pecking order theory, profitable companies use less debt and this will affect the value of the company because it will provide a signaling (signaling theory) to investors to invest their shares in the company. The results of this study are supported by previous research examined by Pantow, Murni, and Treng (2015) which states that the capital structure has a positive influence on firm value.

Based on the above, the hypothesis proposed is:

H1: Capital structure affects the value of the company.

Expectation theory explains that if an individual wants something and hopes to get something is big enough, then the person concerned will be motivated to get what he wants (Priansa, 2014). In the characteristics of this independent commissioner, decisions taken by a commissioner must not have a conflict of interest. However, the placement of independent commissioners in 2014-2019 is doubtful competence and there is doubtful conflict of interest because it comes from political parties and the Ministry of SOEs allows ordinary members of political parties to become commissioners.Based on the above, the hypothesis proposed is:

H2: Characteristics of independent commissioners influence the value of the company.

Expectancy theory states that someone will hope to realize his desires when the road to that goal is open. The hope of someone like an independent commissioner depends on the goal of maximising the company to maintain a professional reputation or just for its own sake because the placement of independent commissioners in 2014-2019 is doubtful in its competence and doubtful conflict of interest because it comes from political

In a previous study conducted by Javeed et. al. (2017) shows that independent commissioners can moderate significantly positively between the effect of capital structure on the value of companies in the non-financial sector. Based on the above, the hypothesis proposed is:

H3: Characteristics of independent commissioners can moderate the influence of capital structure on firm value.

3. Research methodology

3.1 Research Object

Data in this study uses secondary data obtained from *www.idx.co.id*. The data obtained are as many as 19 companies listing on the Indonesia Stock Exchange according to SOEs websites in 8 periods so that they have 152 total observations. However, there is 1 company that does not IPO on the Indonesia Stock Exchange from 2010 which will reduce the number of observations and make its observations to 144 observations. Furthermore, there are state-owned companies that publish their financial statements in USD but only in the period 2012-2017 so that the company that publishes financial statements in rupiah in the period 2010-2011 continues to be taken and adds the total observations to 126 observations. Then, there is one company whose data information related to the variables in this study is incomplete, thus reducing the number of samples and making the sample to 125 observations.

In addition to fulfilling the above criteria, this study will analyse data based on samples which will be categorised into 3 parts, namely:

- a) Full Sample
- b) Sufficient Background BC
- c) Non-sufficient Background BC

3.2 Data Analysis Methods

3.2.1 Company Value Variables

Company value as an independent variable is measured by using Price to Boook Value (PBV), which is the ratio of stock prices to the book value of the company. PBV shows how much the value of the share price is compared to the book value of the company per share (Wongso, 2013). The stock price used is the stock price at the closing (closing price) at the end of each month averaged per year. If the PBV ratio is higher, investors will be increasingly interested.

The formula is :

$$PBV = \frac{Stock\ Price/\ Share}{Book\ Value/Share} \ ....(1)$$

Source : Wongso (2013)

3.2.2 Independent Variable

The measurement of capital structure for this research is using leverage proxy, to see how far the financing of assets financed by debt. The measurement used is using the Deb Equity Ratio (DER). DER is a comparison of the amount of long-term debt with company equity (Rompas, 2013).

The formula for DER is as follows :

$$DER = \frac{Total\ Debt}{Total\ Equity}\ \text{........................(2)}$$

Source : Rompas (2013)

3.2.3 Moderation Variables

3.3.3 Moderation Variables

The moderating variable in this study is the Characteristics of Independent Commissioners. POJK Number 33 / POJK.04 / 2014 explains that, Independent commissioners are commissioners who come from outside the company and do not have internal relations either directly or indirectly. In this study, the characteristics of independent commissioners were measured using a dummy variable. If one of the independent commissioners came from a political party, the value will be 0, and if the independent commissioner was not from a single political party, the value will be 1.

3.3.4 Control Variables

3.3.4.1 Company Size

Company size is the level of identification that determines the size or size of a company. The size of the company is measured using the logarithm of the total assets of a SOEs company in the current year (LNSIZEi, t). The measurement of the company uses total assets as a proxy by considering the company's total assets are relatively more stable compared to the market capitalisation value and the amount of sales (Widyaningsih, 2017).

3.3.4.2 Growth of Profitability

The profit growth of a company is the increase or decrease in profits of a company from the previous year (Andriyani 2015). the calculation of profit growth is calculated by subtracting the current period profit from the previous period profit then divided by the previous period profit. Then, the formula used is:

$$GP = \frac{Net\ Profit_{(t)} - Net\ Profit_{(t-1)}}{Net\ Profit_{(t-1)}}\text{..............(3)}$$

 (Source : Andriyani, 2015)

3.3.4.3 Dummy Year

The measurement used is to give the number "0" for the second period, namely the year 2015-2019 and give the number "1" for the first period namely 2010-2014.

3.3.4.4 Dummy Industry

The measurement used is to give the number "1" to the non-financial industry and give the number "0" to the financial industry.

4. Analysis and discussion

In addition to testing hypotheses, this study tested the classical assumptions first. Then the results is no heterocedastisty, no multikolinieritas, no autokorelasi, and the data has normally distributed. The result of other tests in this study can be summarised into a table that contains an explanation of the results of the hypothesis test as follows:

Table 1: Hypothesis Testing Results for Multiple Regression Models

Variable	Full Sample			Sufficient Background BC			Non-ufficient Background BC		
	Coefficient	t-Stat	Prob.	Coefficient	t-Stat	Prob.	Coefficient	t-Stat.	Prob.
C	1,215	0,9279	0,3554	10,712	2,053	0,0449	-3,863	-0,849	0,3992
LEV	0,013	0,3606	0,719	0,0529	0,347	0,7302	-0,017	-0,216	0,829
KI	-0,035	-2427	0,8086	0,0856	0,1074	0,9149	0,606	2,245	0,0287
SIZE	-0,0602	-1,172	0,2473	-0,407	-1,962	0,0550	0,1567	0,94	0,3504
GP	-0,169	-0,1712	0,8644	0,6013	1,202	0,2347	-0,2558	-1,466	0,1481
Dt	0,2175	1,45	0,1496	1,489	2,134	0,037	-0,305	-0,985	0,3287
Di	0,5859	2,1	0,0379	0,463	0,424	0,673	2,1902	2,498	0,0154

Source : Data Proceeds

Table 2: Hypothesis Testing Results for the Moderation Regression Model

Variable	Full Sample			Sufficient Background BC			Non-Sufficient Background BC		
	Coefficient	t-Stat.	Prob.	Coefficient	t-Stat.	Prob.	Coefficient	t-Stat.	Prob.
C	1,335	1,0082	0,3155	13,297	2,544	0,0139	-4,948	-1,012	0,2755
LEV	-0,005	-0,1096	0,9129	-0,231	-1,12	0,2681	0,0772	-0,829	0,4105
KI	-0,1387	-0,6392	0,5240	-1,728	-1,44	0,1567	1,1326	2,902	0,0053
LEV_KI	0,0328	0,643	0,5214	0,4416	1,968	0,0543	-0,206	-1,8346	0,0719
SIZE	-0,064	-1,235	0,219	-0,472	-2,316	0,0244	0,1991	1,209	0,2315
GP	-0,021	-0,2124	0,8321	0,4801	0,982	0,3305	-0,244	-1,427	0,1592
Dt	0,26	1,58	0,1156	2,226	2,8789	0,0057	-0,464	-1,473	0,1462
Di	0,602	2,15	0,0338	0,54	0,51	0,6122	2,09	2,43	0,0183

Source : Data Proceeds

In the hypothesis 1 based on table 1 and 2, the results of the t test (partial) for three criteria samples show us that H_0 is accepted and Ha is rejected. It means that capital structure can't affect the value of SOEs and does not change even though it is supplemented by the independent commissioner moderation. But, for the hypothesis 2, we found that the probability value for the independent commissioner variable is 0.0287 which is below the 5% significance level (0.0287 <0.05) which means that H_0 is rejected and Ha is accepted. It means that independent of commissioner can affect the value of SOEs for the company that place Independent of Commissioner are not in accordance with the Background of

Education and Experience. Then, the Effect will be stonger if we add the moderating variable. We can see that the probability is 0.0053.

For the hypothesis 3 based on table 1 and 2, the results of the t test (partial) for three criteria samples show us that H_0 is accepted and Ha is rejected. It means that independent of commisioner as moderating variables can't moderate the effect of capital structure on the value of SOEs.

5. Conclusions and Suggestions

Variable capital structure with proxy leverage does not affect the value of companies in the three categories of samples. This is because the possibility of state-owned companies investors not worrying about the debt owned by state-owned companies because most of the shares are owned by the government with large revenues such as taxes and must have a going concern nature.Then, variables of independent commissioners who have political connections have an influence on the value of the company in a sample of SOEs companies that do not place independent commissioners in accordance with their educational background and experience. This shows that the importance of the independence possessed by the supervision of state-owned companies so that there is no conflict of interest because the independent commissioners are from political parties but do not have the appropriate educational background and experience. Independent commissioner variables have an effect on company value and are positive. These results indicate that independent commissioners who do not have political connections can increase the value of the company even though they are not placed in accordance with their educational and experience background. We also found that the moderating variable of the independent commissioner cannot moderate the effect of capital structure variables on firm value because of the nature of the SOEs company itself which allows that the capital structure will not affect investors. For the next research, we suggest that it is better to add variables that can affect company value such as dividend policy, ownership structure, and others. Then, future studies can use other measurements to measure company value such as Tobins' Q.

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A Study on Consumer's Attitude Towards Viral Advertising on Social Media: A Case Study in An Ice Cream Manufacturing Company

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Abstract

With the explosive growth of social media in recent years, viral advertising seems the best tool to release promotional message activities through an interactive network-based channel. This study investigated the effect of viral advertising as a marketing strategy used by an ice cream manufacturing company, Al Jazeera Sdn Bhd. The company had very little experience in viral advertising and has been relying on conventional marketing strategies for many years. Thus, it is crucial for the company to assess consumer's perception towards their current advertising strategy, which plays a crucial role in brand awareness of the company. This study aimed to determine relationships between factors such as the perception of informative, entertainment, irritation and source credibility on consumer's attitudes towards viral advertising. In the study, data were collected from 115 respondents, which questionnaires were distributed on social media platforms. Then, the data were analysed using SPSS (Statistical Package for the Social Sciences). The findings revealed a significant relationship between consumer's attitudes and two of the factors being studied which were informative and entertainment perceptions. In conclusion, marketers need to understand the effect of viral advertising because it will shape the dynamics of the business marketing strategy. Hence to cope with the rapid advancement of technology, marketers need to be more creative in conveying the messages that would reach their consumers.

Keywords: Viral Marketing, Consumer Attitudes, viral advertising.

1. Introduction

Marketers should consider changing from conventional to digital marketing. In recent years, consumer demands have shifted and responded to changes in the digital ecosystem. For the organization to be known and for the promotional activities to reach their targeted segmentation, consumers' preference must be taken seriously. As compared to conventional marketing, viral marketing offers additional benefits, which includes lower-cost, closer firm, client relationship, redesigning distribution and among others (Dixit & Kesarwani, 2018). These would advantage the company and more potential customers can be reached. While indirectly increase brand awareness of the business, the organization could utilize viral marketing to the most. In doing so, the company needs to be well equipped on the appropriate strategy of viral marketing while taking into consideration of their consumers' feedback**.**

1.1 Background of the Company

Al-Jazeera Ice Cream Sdn. Bhd is an ice cream manufacturer that was established since 2005 and Located in Batu Caves, Selangor. In 2012, the ownership of the company was taken over by 100% Bumiputera Muslim.

The products were manufactured according to the high-quality procedure. The company has been accredited by Good Manufacturing Practice (GMP) certification and Hazzard Analysis and Critical Control Points (HACCP), which is an international certification in the food industry. Furthermore, Al-Jazeera Ice Cream Sdn Bhd has Halal certification for all products and had launched its brand of ice cream in 2016, which is Hadji Ice Cream. Nevertheless, before 2016, the company only focuses on business to business (B2B), which supply ice cream to Hotels, Restaurants, and Café around Malaysia. The company sells ice cream in 6- litre tub of ice cream for B2B customers. Other than that they also sell ice cream, soft ice cream, and syrup especially to B2B customers.

To expand their business, they decided to have their brand of hard ice cream. The brand offers two (2) series of ice cream which is Essential Series and Natural Series. The best seller ice creams were Durian King and Double Chocolate. Since then, the company participates in event marketing to introduce the brands to potential customers. Usually, the events were held under private company and Ministry of Trade, Co-Operatives and Consumerism (KPDNKK). Other than that, the company had also promoted their product on social media such as Facebook.

1.2 Problem Statement

As technology advances, social media marketing including word of mouth, as well as advertising campaign are used to induce brand awareness that results in increased sales and revenue. Unlike conventional marketing, target consumer could be reached accurately provided an appropriate strategy. However, many marketing professionals find it difficult to measure the extent of which these social media advertisement can produce effective interactions among social network user especially in assessing their perception

towards the advertisement (Lee & Hong, 2016). To be effective in delivering the advertising message, the company must able to lead a favourable response from the users toward advertising activities. This is because the user's positive responses are likely to help spread the message and contribute to the increase of awareness of the featured brand.

In this regard, the present research was carried out to gauge the effect of the advertising message on the consumer's attitude. A few studies have examined the predictors of user's attitude towards viral advertising, but they offer little assistance in predicting attitude of the positive response from the users that could help improve the brand awareness on social network (Huang, Su, Zhou, & Liu, 2013, Lee & Hong, 2016). Therefore, it is imperative to understand the factors that drive online user's favourable behaviour towards the viral advertisement. Also, without information on the effect of t viral marketing may affect the s image and reputation of the business (Hayes, King, & Ramirez, 2016). Therefore, to increase the potential effectiveness of the advertising campaign, a study on the consumer's attitude towards advertising is demanded, hence, a case study targeted on the specific firm was useful. Thus, to gain insight into the predictors of viral advertising, four factors namely informative perception, entertainment perception, irritation perception and source creditability were selected in the proposed conceptual framework. These predictors, believed to play a sizeable role in affecting the consumer's attitudes towards viral marketing, were drawn from the literature. Therefore, findings of this research would offer useful implication, seeking a favourable return on investment in the viral advertisement.

2. Literature Review

2.1 Definition of Viral Marketing

Viral marketing can be described as any tools or strategy that encourages individuals to pass on a marketing message to other people (Camarero & San Jose, 2011). It also helps the organization to create growth opportunity in terms of brand exposure and able to influence other people. Viral marketing can also be called in terms of viruses where one message that is going viral can be reached to thousands and millions of people. It can also be called as infection disease where people will get infected with one another.

2.2 Consumer Attitude

Early conceptions of attitude were largely restricted to specific predispositions or mental sets (Fishbein & Ajzen, 1975). From a business perspective, consumer attitudes are responsible for an evaluation of a product or service and consequently the purchase or not of this product or service (Fishbein & Ajzen, 1975). Attitude can be defined as a continuing organization of cognitive, perceptual, emotional and motivational processes concerning some feature of surroundings (Trevarthen, 2017). Consumer attitudes are a composite of three elements including cognitive, affective and behaviour towards product and services. Attitude refers to positive or negative feelings and knowledge about activity or object.

2.3 Factor of Consumers' Attitude

Informative Perception

The message in advertising serves as a purpose to inform consumers about the product that can influence the consumer to make a purchase (Can & Kaya, (2016).The advertising objective is to inform the consumers about the new product in the market and increase the brand awareness of the product (Kotler & Keller, 2006). The Effectiveness of the message relies on the information provided by the advertiser. Informative can be expressed as the ability of the organization to convey the message or information they intended to the consumer regarding different ranges of product to maximize the consumers" satisfaction (Waldt et al.2009). Besides, according to Tarabashkina, Quester, & Tarabashkina, (2018), perceived informative can be defined as the usefulness of the information and how up-to-date the information is. Good information can help the customer to decide whether or not to purchase the products. Informative perception has a significant impact on consumer's attitudes towards online marketing (Muzaffar and Kamran, 2011). According to (Muzaffar and Kamran, 2011) revealed that there is a relationship between advertisement information and consumer attitudes towards SMS advertisements. According to Taecharungroj, (2017), information is considered as a precious inspiration that leads receivers to respond positively towards marketing.

Advertisements should contain interesting and customized information that matches customer preferences which will result in their positive attitude towards mobile advertisements (Shaouf, Lü, & Li, 2016). Consumers can possess adequate information through viral marketing and believed that email, internet blogs provides more information about products and services. It is essential that comprehensive information is important to consumers (Bhardwaj, 2017).

Entertainment Perception

Entertainment can be defined as something entertaining, enjoyable and pleasing (Vieira, & da Silva, 2017). Entertainment can also be defined as "the ability to fulfil an audience's need for escapism, diversion, aesthetic enjoyment or emotional enjoyment" (Yang, Huang, Yang, & Yang, 2017). Entertainment is considered as an important and the strongest determinant for digital marketing messages acceptance among consumers. According to Zernigah & Sohail (2012) entertainment content of viral marketing messages does affect consumers" attitudes towards viral marketing and is able to generate positive responds towards viral marketing, In addition, according to Sharma, & Kaur, (2016) they stated that entertainment would be able to add value for customers and increase customers' loyalty thus resulting in positive attitudes towards viral marketing. People will start viral the product or information if they find those videos or pictures are interesting enough to share it with others. In conclusion, the effective advertisement will be achieved if the content can give pleasure and excitement to the consumers and audience.

Most of the consumers regardless of their age level have considered entertainment factor as one of the most important factors in affecting the consumer attitude (Chen, & Lin, 2018). It shows that entertainment had positive attitudes towards mobile advertisements among consumers. Message that is concise and funny will immediately capture the consumer's attention (Ahmed, 2018).

Irritation Perception

According to the Cambridge Dictionary, irritation means that the feeling of being angry or annoyed or something that makes you feel like that. In marketing terms, making the consumer annoyed or offended will make them irritated with the marketers. Consumers will feel irritated and generate negative attitudes towards viral marketing when the messages become extremely manipulative (Lin, Hsu,., & Lin, (2017).

Irritation is one of the negative factors for consumer attitude (Aslam, Batool, & Ul Haq, 2016). Irritation in advertising can make the consumer feel irritated and annoying (Ahmed, 2018) Mobile advertising may provide an array of information that confuses the recipient and can be distracting and overwhelming the consumer with information.

Source Credibility

Credibility is the quality of being trusted and believed in on something. The consumer must know the reliability of the messages that need to be delivered from the company. Source credibility was affirmed to be extensively related to the marketing value of viral marketing (Sharif, Ahmad & Ahmad, 2016). The higher the source credibility that consumers believe, the higher consumers can accept the advertising (Muzaffar and Kamran, 2011). Source credibility is consumer perception towards the company or the brand itself (Sharma, & Kaur, 2016).

The company credibility and reputation can influence the credibility of the advertisements (Gruber, Kaliauer, & Schlegelmilch, 2017). Some studies acknowledge that there is a positive relationship between consumer perceptions of the source credibility and consumer attitudes towards marketing (Hussain, Ahmed, Jafar, Rabnawaz, & Jianzhou, 2017). The consumers tend to feel insecure and have no privacy concern when they receive marketing messages from their social network (Cvach, Kahsay, & Shamoun, 2018). So, the higher the perceived credibility of the marketing tools, the higher is the impact on consumer attitude (Djafarova, & Trofimenko, 2018).

3.0 Methodology
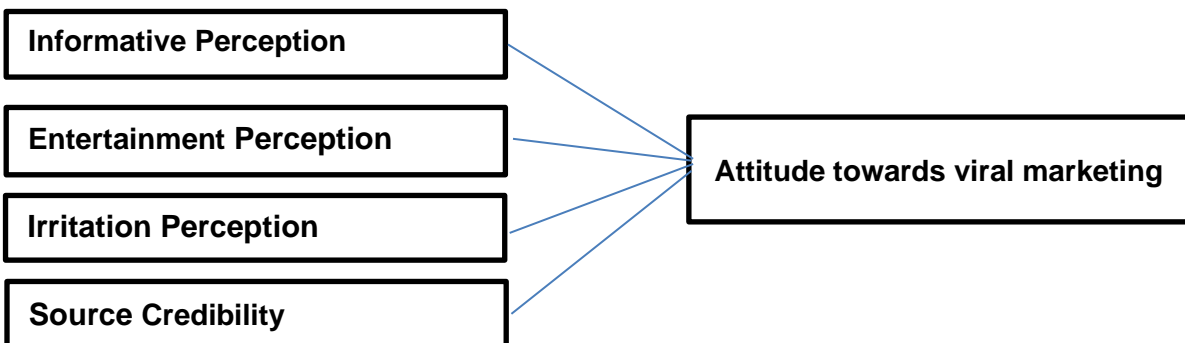
Figure 1: The conceptual framework

2.5 Definition

Research Hypotheses

H1: There is a significant relationship between **informative perception** and consumer's attitudes towards viral marketing

H2: There is a significant relationship between **entertainment perception** and consumer's attitudes towards viral marketing.

H3: There is a significant relationship between **irritation perception** and consumer's attitudes towards viral marketing.

H4: There is a significant relationship between **source credibility** and consumer's attitudes towards viral marketing.

Data Collection

Primary Data

The data collected in this study was using primary data through questionnaires given to the respondents of the study.

Secondary Data

The researcher used secondary data through electronic journals. The secondary data was easy to collect and obtained. The data also did not require high cost and accessibility is easy.

Research Instruments

Questionnaire
This study used questionnaire to investigate the consumer attitude towards viral marketing. The questionnaire consists of three (3) sections which is Section A, Section B and Section C. The total number of question in the questionnaire is 29 questions. The instrument used a five-point Likert Scale and the questions were close-ended questions.

Sampling

Sampling Frame

The sampling frames for this research are internet users in Malaysia. The questionnaire was only given to the respondents who were exposed to viral marketing and internet.

Population

This study sample size is 115 respondents and the questionnaires were distributed using internet platforms such as Facebook, WhatsApp's and Messenger. The sampling method used is convenience sampling technique.

Data Analysis

Data collected were transferred to SPSS (The statistical Packages for Social Science) to run the analysis of the result. All data collected were keyed in the SPSS program to get the result of the study.

4.0 Result and finding

Demographic profile

61.7% of the respondents are female meanwhile male respondents represent 38.3% of the sample. Majority of the respondents are from 20-24 years old which are 50.4%. 32.2% of the respondents are from 25-29 years old while 10.4% from 30-35 years old. The respondents from 35-39 years old are 4.3% and the rest are from 40 years old and above.

Majority of the respondents are Malay respondents which are 73.9 %. 13.9% of the respondents are Indian respondents while another 12.2 % are Chinese respondents. The highest education levels among respondents are 13% represent SPM while 9.6% represents STPM / A-LEVEL education. For Diploma holder, there are 33% while for Bachelor Degree holders are 42.6% of the respondents. There is only 1.7% of the respondents are Master Degree holder.

Main Variables

Table 1: Cronbach's Alpha

VARIABLES	CRONBACH'S ALPHA
Consumer Attitudes	0.749
Informative Perception	0.740
Entertainment Perception	0.603
Irritation Perception	0.744
Source Credibility	0.872

Table 1 above showed the reliability test of the questionnaire. The question for the dependent variable which is Consumer attitudes towards viral marketing consists of three items that can measure the variable itself.

Table 2: Correlation between construct

	Consumer attitude	Informative Perception	Entertainment Perception	Irritation Perception	Source Credibility
Consumer Attitude	1	.556**	.522**	.115	-.139
Informative Perception	.556**	1	.541	.150	-.194*

Entertainment Perception	.522**	.541**	1	.157	-.407**
Irritation Perception	.115	.150	.157	1	-.392**
Source Credibility	-.139	-.194*	-.507**	-.392**	1

Table 2 above showed the result of the correlation value between dependent value (Consumer Attitude towards viral marketing) and independent value (informative perception, entertainment perception, irritation perception and source credibility). This value will show the net strength relationship between the two variables.

Table 3: Multiple regression analysis

Model	R	R Square	Adjusted R Square	Std Error
1	.620	.385	.362	.41189

The results of R square implied that all the independent variables were explained by 38.5% of the variance in the dependent variable. 61.5% of the variance in the dependent variable is not explained by an independent variable in this study. It shows that other independent variables are not included in this study.

Based on the coefficient calculated in this study,

Hypothesis1
H1: There is a significant relationship between **informative perception** *and consumer's attitudes towards viral marketing.*
H0: There is no significant relationship between **informative perception** *and consumer's attitudes towards viral marketing*
The P-value shows that informative perception has a significant relationship with consumer's attitudes towards viral marketing. Since the p-value of informative perception was 0.000 which is the p-value less than 0.000.
Therefore, this study accepts H1.

Hypothesis 2
H2: There is a significant relationship between **entertainment perception** *and consumer's attitudes towards viral marketing.*
H0: There is no significant relationship between **entertainment perception** *and consumer's attitudes towards viral marketing.*
The P-value shows that entertainment perception has a significant relationship with consumer's attitudes towards viral marketing. Since the p-value of entertainment perception was 0.000 which is the p-value less than 0.05.
Therefore, this study accepts H2.

Hypothesis 3

H3: There is a significant relationship between **irritation perception** *and consumer's attitudes towards viral marketing.*
H0: There is no significant relationship between **irritation perception** *and consumer's attitudes towards viral marketing.*
The P-value shows that irritation perception has no significant relationship with consumer's attitudes towards viral marketing. The p-values for this variable is 0.637 which is more than 0.05.
Therefore, this study failed to reject H0.

Hypothesis 4

H4: There is a significant relationship between **source credibility** *and consumer's attitudes towards viral marketing.*
H0: There is no significant relationship between **source credibility** *and consumer's attitudes towards viral marketing.*
The P-value shows that source credibility has no significant relationship with consumer's attitudes towards viral marketing. The p-value for source credibility is 0.302 which is more than 0.05.
Therefore, this study failed to reject H0.

5.0 Discussion and Conclusion

In conclusion, four factors will affect the consumer's attitude towards viral marketing (Gunawan, & Huarng, 2015). The factors are informative perception, entertainment perception, irritation perception and source credibility. The questionnaire was distributed through the online platform such as Facebook and WhatsApp's. A set of 115 respondents were collected among internet user.

Based on the data collected, the informative perception has a significant relationship with consumer's attitudes toward viral marketing. The result is consistent with previous research. According to Shareef, Mukerji, Alryalat, Wright, & Dwivedi, (2018), informative perception generates positive consumers' attitude towards viral marketing. It showed that information in conveying the message is important in viral marketing and it will determine consumers' attitude towards it. The findings of the study showed that informative perceptions play important roles in consumers' attitudes towards viral marketing. Provided adequate and informative messages of viral marketing, the consumers were able to show a positive attitude towards the messages. The information provided should help the consumer to have the product or brand easily.

The second variable analysed in the study was entertainment perception. The findings showed that entertainment perception has a significant relationship with consumers' attitude towards viral marketing, which was consistent with the results of the previous study. According to Zernigh & Sohail, (2012), the entertainment content of viral marketing messages does affect consumers' attitude towards viral marketing and was able to generate positive response among them. This result proved that Internet users in Malaysia have positive responses towards viral marketing whenever an element of entertainment was included. This suggests that consumers in Malaysia preferred advertisement that contains an aspect of humour and entertainment, which the messages would be shared

with others if the message were interesting. This confirmed a positive attitude towards viral marketing messages and entertainment is very important factors that will lead the consumers to accept the messages and able to share the message with others.

The third variable is irritation perception. The result of this study indicates no significant relationship between irritation perception and consumer's attitude toward viral marketing. The results are in agreement with the previous study conducted by Zernigah & Sohail, (2012), which stated that irritation has no significant impact on consumers' attitude towards viral marketing. This revealed that internet users were not irritated with viral marketing content such as spam on the email that they may receive. Hence, the irritation does not affect the consumers' attitudes toward viral marketing. The respondents in the study show that they did not felt irritated toward unsolicited emails and they will nevertheless ignore the emails or SMS received through viral marketing. Since the internet users in Malaysia were not exposed to their rights as a consumer, the users did not take any action towards any misuse of the internet. They also did not concern about their private information online.

Lastly, source credibility shows that they are no significant relationship with consumers' attitude towards viral marketing. Nevertheless, the results were inconsistent with the previous study done by Zernigah & Sohail, (2012), which stated that source credibility does have an impact on consumers' attitude towards viral marketing. This concludes that the respondents in Malaysia are not concern about the information that they received through viral marketing compares to respondents in Pakistan. Other than that, they also did not concern about the reliability of the information received even the sources are unsure

6.0 Recommendation

Based on the findings and the conclusion of the study, several recommendations can be considered. Since viral marketing become one of the marketing activities, the company need to understand the factors of consumer's attitude towards viral marketing. Viral marketing will help the company to increase its brand awareness.

According to the result of the study, consumers prefer more if the messages or advertising content in viral marketing is informative. So, the company needs to provide adequate information about the brand or product itself. The company must make sure the information will be helpful towards consumers. Inconsistent information will lead to negative consumers' attitude towards advertising. Consumers will viral the messages if the information is good and give knowledge to them.

Secondly, based on the result, it shows that entertainment in viral marketing has a positive attitude towards viral marketing. The company must ensure the message in viral marketing has some entertainment or humour element in it. The study shows that internet user in Malaysia prefers entertainment in any advertising messages. For example, if the company produces a video or content, they need to make sure that there are entertainment elements in the video. Consumers will participate in viral marketing if the video or content is entertaining. They will share the video and make other users see the video too. So the company must be creative to cater to the consumer's wants. The boring or not interesting message will lead to negative acceptance toward it.

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Analysis of Sharia Accounting Implementation in Bmt (Baitul Maal wat Tamwil) Alif Yogyakarta

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Abstract

This study aims to analyse the implementation of Sharia Accounting at BMT Alif Yogyakarta. From the financial reporting presented by BMT Alif, it can be seen the financial reporting system used and applied by BMT Alif Yogyakarta. Is it in accordance with the application of Sharia accounting in Indonesia and guided by PSAK (guidelines for financial accounting standards) 101 issued by the Indonesian Experts Accountants (IAI).This study used a comparative descriptive research methodology, which is a quantitative method in the form of numbers obtained from the financial statements presented and qualitative methods based on the results of the financial section interview at BMT Alif Yogyakarta. The findings indicated that BMT Alif Yogyakarta understands the standards of Sharia accounting applications in Indonesia and has implemented sharia accounting financial statement, this can be seen from the implementation of financial reporting and also appropriate financial reporting standards, in accordance with applicable SFAS 101. This can be seen from the financial reporting presented. Financial statements are in the form of balance sheets, income statements, cash flow statements, retained earnings reports (equity), reports on changes in limited investments, and the separation of reports on sources and uses of zakat funds and social funds, reports on sources and uses of qardh funds and notes to financial statements.

Keywords: Sharia Accounting, PSAK 101 and BMT Alif Yogyakarta.

1. Introduction

Accounting is basically a recording media calculation of economic activities including the variety of transactions. Thus, between recording and avoiding can be considered to be related to the meaning of the account, measure, assess, evaluate and compute. The history of science, including economics, was initially discovered and developed in the heyday of Islam with the main goal being Falah (the final happiness of the world materially and spiritually) and its main basis is Tawhid which originates from the laws of the Qur'an and the Sunnah which teach about One God Allah SWT, Choudhury (2005).

Today, in most countries of the world, it has responded positively to the development and practices of Islamic economics, Islamic finance, and Sharia accounting. Many Islamic economists from the outside have developed, researched and applied it (Choudhury, 2005). In Indonesia there are many experts in the fields of Islamic economics and Sharia

accounting (Barbara, 2008; Hidayat, 2002; Isgiyarta, 2009, Muhammad, 2002; Triyuwono, 2006; Wiroso, 2008).

The development of Sharia accounting in Indonesia began through academic studies and research carried out by Islamic economists, both related to the technical recording of transactions, conception and methodology. The development of Islamic accounting standards in Indonesia is a revival of Islamic Economics, where the beginning of the development of Islamic Economics has begun to grow since the time of the Prophet Muhammad.

Describing the development and practice of sharia accounting in Indonesia, it will be clearer when considering business practices in services or business organizations that are service-oriented, as well as financial institutions. Nonbank financial institutions such as leasing, factoring, consumer financing, venture capital or joint venture, pawning and guarantee. In bank financial institutions, especially Islamic banks, have practiced sharia, namely: ijarah, hawalah / hiwalah, murabahah, musyarakah, rahn, and kafalah (Wiroso, 2008).

Islamic accounting will be increasingly conducive to be developed when in a region or country that practices sharia or Islamic understanding in full. Where regulations and legal sources are purely in the Qur'an and Sunnah and do not apply regulations and sources of law with socialist or capitalist ideals, while people as human beings are not differentiated between race, ethnicity, and religion or their beliefs and even the existence of such differences. Because in Indonesia this is not an Islamic state, so the practice of Islamic economics, Islamic finance, and sharia accounting is still at the level of choice, and is sometimes a minority choice of the majority of Muslims in this regard, and even with the misuse and limited knowledge of Islam or sharia, this can be used as the practice of a conventional economy or a capitalist who uses or names sharia or Islam.

Islamic economic practices, Islamic finance, and sharia accounting in Indonesia have become more interesting and have their own challenges for thinkers, researchers, and of course practitioners. Because Indonesia is a minority Muslim community, but those who are experts in Islamic Economics are still few and there are still many people who do not understand the meaning of Islam in a holistic way. Indonesian society with more diverse races, tribes and religions will certainly produce more complete Islamic economic practices of the truth tested in terms of diversity and national understanding of the Republic of Indonesia. In closing, sharia practices in the field of service products, especially Islamic banking, have grown rapidly, so researches and practices challenge academics and practitioners in developing sharia practices in the field of economics, social, cultural, manufacturing or goods production in Indonesia. .

BMT ALIF is a BMT that in its operation applies financial reporting based on existing Islamic Accounting PSAK and in its operation, this BMT also has several types of products related to savings and financing, among the types of deposit products available at BMIF ALIF are wadiah deposits (deposits) including: hajj savings, Education deposits, and qurban savings. While financing products include murabahah, mudarabah, ijarah, hiwalah and qardh (Brochure BMT Alif).

BMT ALIF is an organization engaged in the Islamic economy and also provides services and products that are in accordance with Sharia to help the economy in the Region and Indonesia.

2. Literature Review

2.1 Sharia Accounting

Accounting (accountancy) comes from the word to account, which means ''count'''. Technically, accounting is interpreted as a process of recording (recording), classification (classifying), summarizing (financial summarizing) measured in units of money, and reporting (reporting) results (Mursyidi, 2003).

APB (Accounting Principles Board) Statement No. 4, Harahap (2007) Islamic Accounting (shari'a accounting) is a new field in accounting studies developed based on values, ethics and Islamic Sharia, therefore it is also known as Islamic Accounting.

The definition of Islamic Accounting if viewed etymologically is called "Muhasabah" which comes from the word hasaba, hasiba, muhasabah or another wazan is hasaba, hasban, hisabah, meaning to consider taking into account, registering, or calculating carefully or thoroughly recorded in certain books.

Islamic Accounting is the domain of ''muamalah'' in Islamic studies. This means that it is left to the ability of the human mind to develop it. Because accounting is a muamalah affair, the development is left to human policy and the legal basis. In the Al-Qur'an is explained in Surat Al-Baqarah verse 282:

يَا أَيُّهَا الَّذِينَ آمَنُوا إِذَا تَدَايَنْتُمْ بِدَيْنٍ إِلَىٰ أَجَلٍ مُسَمًّى فَاكْتُبُوهُ ۚ وَلْيَكْتُبْ بَيْنَكُمْ كَاتِبٌ بِالْعَدْلِ ۚ وَلَا يَأْبَ كَاتِبٌ أَنْ يَكْتُبَ كَمَا عَلَّمَهُ اللَّهُ ۚ فَلْيَكْتُبْ وَلْيُمْلِلِ الَّذِي عَلَيْهِ الْحَقُّ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا يَبْخَسْ مِنْهُ شَيْئًا ۚ فَإِنْ كَانَ الَّذِي عَلَيْهِ الْحَقُّ سَفِيهًا أَوْ ضَعِيفًا أَوْ لَا يَسْتَطِيعُ أَنْ يُمِلَّ هُوَ فَلْيُمْلِلْ وَلِيُّهُ بِالْعَدْلِ ۚ وَاسْتَشْهِدُوا شَهِيدَيْنِ مِنْ رِجَالِكُمْ ۖ فَإِنْ لَمْ يَكُونَا رَجُلَيْنِ فَرَجُلٌ وَامْرَأَتَانِ مِمَّنْ تَرْضَوْنَ مِنَ الشُّهَدَاءِ أَنْ تَضِلَّ إِحْدَاهُمَا فَتُذَكِّرَ إِحْدَاهُمَا الْأُخْرَىٰ ۚ وَلَا يَأْبَ الشُّهَدَاءُ إِذَا مَا دُعُوا ۚ وَلَا تَسْأَمُوا أَنْ تَكْتُبُوهُ صَغِيرًا أَوْ كَبِيرًا إِلَىٰ أَجَلِهِ ۚ ذَٰلِكُمْ أَقْسَطُ عِنْدَ اللَّهِ وَأَقْوَمُ لِلشَّهَادَةِ وَأَدْنَىٰ أَلَّا تَرْتَابُوا ۖ إِلَّا أَنْ تَكُونَ تِجَارَةً حَاضِرَةً تُدِيرُونَهَا بَيْنَكُمْ فَلَيْسَ عَلَيْكُمْ جُنَاحٌ أَلَّا تَكْتُبُوهَا ۗ وَأَشْهِدُوا إِذَا تَبَايَعْتُمْ ۚ وَلَا يُضَارَّ كَاتِبٌ وَلَا شَهِيدٌ ۚ وَإِنْ تَفْعَلُوا فَإِنَّهُ فُسُوقٌ بِكُمْ ۗ وَاتَّقُوا اللَّهَ ۖ وَيُعَلِّمُكُمُ اللَّهُ ۗ وَاللَّهُ بِكُلِّ شَيْءٍ عَلِيمٌ

''Believers! Whenever you contract a debt from one another for a known term, commit it to writing. Let a scribe write it down between you justly, and the scribe may not refuse to write it down according to what Allah has taught him, so let him write, and let the debtor dictate; and let him fear Allah, his Lord, and curtail no part of it. If the debtor be feebleminded, weak, or incapable of dictating, let his guardian dictate equitably, and call upon two of your men as witnesses, but if two men are not there, then let there be one man and two women as witnesses from among those acceptable to you so that if one of the two women should fail to remember, the other might remind her. Let not the witnesses refuse when they are summoned (to give evidence). Do not show slackness in writing down the transaction, whether small or large, along with the term of its payment. That is fairest in the sight of Allah; it is best for testimony and is more likely to exclude all doubts. If it be a matter of buying and selling on the spot, it is not blameworthy if you do not write it down but do take witnesses when you settle commercial transactions with one another. And the scribe or the witness may be done no harm. It will be sinful if you do so. Beware of the wrath of Allah. He teaches you the Right Way and has full knowledge of everything (Q.S. Al-Baqarah: 282)''.

The second letter in the Qur'an to 'double entry' or pairing, as follows:

وَمِن كُلِّ شَيْءٍ خَلَقْنَا زَوْجَيْنِ لَعَلَّكُمْ تَذَكَّرُونَ

And of everything We have created two pairs so that you may concentrate and understand. (Q.S. Ad-Dzariyat: 49).

2.2 Baitul Mal wa Tamwil (BMT) Alif

BMT is an Integrated Independent Business Center, a Microfinance Institution (MFI) that operates based on sharia principles. The main business of BMT is to provide financing and services that do not use interest but use a profit-sharing system whose products are based on the Qur'an and hadith.

Etymologically, the term Baitul mal means money, while Baitul tamwil means housing finance. Therefore the ''Baitul Maal'' aspect is in common with the Amil Zakat Agency, therefore in this aspect it is encouraged to be able to function proportionally as an Institution that collects zakat, infaq, sodaqah and waqf which are sources of religious social funds and at the same time improve the life of fuqora wal masakin in accordance with the provisions of the Islamic rule, this can be used as a legal basis for Law No. 38 of 1999 concerning Zakat. From the aspect of ''Baitul Tamwil', emphasized as a Sharia-based business institution whose business activities in the financial sector are partnership (savings and loans) with sharia patterns and therefore the founders and managers of BMT must understand Islamic finance and contracts. Sharia contract and most likely at this time the legal entity "Cooperative" according to the Decree of the Minister of Cooperatives and SMEs No. 91/Kep/M.KUKM/IX /2004 concerning guidelines for implementing the business activities of Sharia financial services cooperatives, both Sharia Savings and Loan Cooperatives (KSPS) and Multipurpose Cooperatives (KSU) with Sharia patterns.

Andri (2014) The existence of BMT can be seen as having two main functions, namely as a media channelling the utilization of worship assets such as zakat, infaq, alms and endowments, and can also function as an institution engaged in productive investment as

a bank. In this second function it can be understood that in addition to functioning as a financial institution, BMTs also function as economic institutions. Like financial institutions.

BMT is a nonbank Islamic financial institution that is operated with the principle of profit sharing and strives to develop micro business in order to raise the degree and dignity and defend the interests of the poor.

2.3. Sharia Accounting at BMT

Sri Indarti (2017) reveals that there are many peculiarities from the BMT Institution that we know, these characteristics are as follows:

1. BMT functions from this institution to collect and distribute usury-free funds.

2. In practice the majority of BMT customers come from the informal sector and BMTs become an alternative access to funding from informal businesses that cannot be directly related to Islamic financial institutions.

3. The potential of funds that may be absorbed by BMT is very large (Muslim population is a potential source of capital).

4. BMT is a Sharia financial institution whose operations are based on Islamic economic principles.

In accordance with the above characteristics, the operational principles of BMTs must be free of usury, socially oriented (helping the weak and needy) and able to encourage people to practice Islamic teachings. The BMT fund collection and distribution activities are different from Sharia Banks as described above, but accounting BMT is the same as Sharia Banks. The BMT working mechanism uses a revenue sharing mechanism. These financial institutions must operate strictly based on sharia principles which of course are very different from the principles adopted by non-sharia financial institutions. The principles referred defined:

      a. Prohibition of applying interest to all forms and types of transactions
      b. Running business and trade activities based on fairness and legal benefits
      c. Take out zakat from the results of their activities
      d. Prohibition of running a monopoly
      e. Cooperate in building communities, through business and trade activities that are not prohibited by Islam.

The benefit of sharia institution is that it also provides deposit and credit facilities to all sectors that need funds. In accordance with the functions and types of funds that can be managed by Islamic institutions that develop an interest-free concept, then produce various types of products for collecting and channelling funds by sharia institutions. Islamic financial institutions with profit sharing systems are designed for the establishment of togetherness in carrying out business risks and sharing the results of business between: fund owners (rabbul maal) who keep their money institutionalized, institutions as fund managers (mudharib), and people who need funds that can borrow funds or business manager. Accounting standards based on sharia principles are the key to success for Islamic banks / financial institutions to run their systems in order to serve the community. The accounting standard will be reflected in the accounting system that is used as the basis for making a financial reporting system. At present IAI (Indonesian Institute of Accountants) has issued Sharia Financial Accounting PSAK No. 101 and the Basic Framework for Preparation and Implementation of Sharia Financial Reports which contain the Objectives of Financial Accounting, Objectives of Financial Statements, Basic Assumptions of Basic Accrual Recording Systems, Qualitative Characteristics of Financial Statements and Elements of Financial Statements. PSAK No. 101-106 contains Recognition and Measurement.

3. Previous Research

Naimah and Ridwan (2014) conducted a study with the title of Analysis of Sharia Accounting Implementation at Holy BMT, the results of the research showed that the implementation of Sharia accounting in the implementation of Holy BMT financial statements was not fully in accordance with PSAK 101. This is because the balance sheet did not separate between obligations with Temporary Syirkah Funds (DST). In addition, Holy BMT also still uses the terms 'ZIS Fund Source and Use Report' and ard ard Qardhul hasan Fund Sources and Uses 'Reports' whereas in PSAK 101 the term is no longer used.

Richa Rosiyanti (2013) in her research find out the application of Sharia accounting conducted at KSU BMT AMAN UTAMA. The research conducted showed the results that KSU BMT AMAN UTAMA has not applied Sharia accounting in accordance with PSAK 101. The financial statements presented are balance sheets and income statements. Whereas according to PSAK 101, the financial statements of Sharia entities consist of 9 elements, namely, balance sheet, income statement, cash flow statement, statement of changes in equity, report on changes in bound investment funds, report on reconciliation of income and profit sharing, reports on sources and uses of zakat funds, reports source and use of virtue funds, and notes to financial statements.

Anindita (2013) in his research examined the perceptions of accountants about the application of PSAK 101 to BMT in Klaten Regency. The results of his research showed that BMTs in Klaten District have applied PSAK 101 in the preparation of Islamic financial reports. Bookkeeping and financial statement planning as part of the management's responsibility in managing BMTs are in accordance with the standards that apply to Islamic financial institutions. From the perception of accountants BMT, recognition, measurement and disclosure and implementation of BMT financial statements are in accordance with the standards of PSAK 101 concerning the implementation of Islamic financial statements.

R. Sanjaya (2012) examined the application of PSAK 101 to the Financial Statements of BMT Al-Ittihad Rumbai Sharia Cooperative, Pekanbaru. From the results of research conducted at BMT Al Ittihad Rumbai - Pekanbaru, there are several problems including: financial statements presented are only balance sheets and profit and loss, temporary syirkah funds are combined with liabilities on the balance sheet of BM It Al Ittihad Rumbai - Pekanbaru, BMT Al Ittihad Rumbai - Pekanbaru do not make reports on the sources and uses of zakat funds and reports on the sources and uses of funds of virtue. Financial statements of BMT Al Ittihad Rumbai - Pekanbaru are not in accordance with PSAK 101, BMT Al-Ittihad Rumbai Pekanbaru referring to PSAK 59, but not fully in accordance with the PSAK.

4. Research Methodology

4.1. Types of research

The type of research used by the writer is descriptive comparative research method. The research method used is qualitative and quantitative research methods in the form of numbers obtained from financial statements presented which explain the application of Sharia accounting at BMT ALIF Yogyakarta with the applicable Islamic accounting PSAK, whether it is in accordance with applicable standards.

4.2. Types and Data Sources

In conducting research, data is needed to be used as a basis for conducting analysis discussions. The types of data used in this study are qualitative data and quantitative data. The data sources used are primary and secondary data where data is directly obtained from the source by conducting interviews with sources and from, in this case the manager of BMT ALIF Yogyakarta. In addition, secondary data sources are available data such as financial reports and literature books related to this research.

4.3. Research sites

The research location is at BMT ALIF Yogyakarta, which is located at Jl. Gedong Kuning, Yogyakarta.

4.4. Data Analysis

Analysis of the data used in this study is qualitative analysis using descriptive comparative methods. In this study, the authors described the application of Sharia accounting applications in ALIF Yogyakarta BMT, then analysed by comparing the recording of

financial statements applied by BMT ALIF with sharia principles contained in PSAK No.101 concerning Sharia Accounting.

5. Result Finding

5.1. Islamic Accounting Application at Alif Yogyakarta BMT

Islamic Accounting is an accounting field that emphasizes accountability and financial reporting in Islam. Accountability is reflected in tauhid, which is carrying out all economic activities in accordance with the provisions of the law and Islamic law. While reporting is a form of accountability to ALLAH SWT, humans and organizations (businesses), BMT Alif is a BMT in the center of the silver industry in Yogyakarta, which has the goal of being able to help micro businesses around it and help introduce a system of savings and loans in Islamic law, to be able to play a role in improving the development of Islamic economics, especially in Yogyakarta. The following can be seen in the implementation of the Financial Reporting Balance Sheet from BMT Alif.

Table 1: Balance Sheet BMT ALIF (July 2018)

AKTIVA			PASIVA	
Aktiva Lancar			**Kewajiban Jk. Pendek**	
1. Cash	Xxx		1. Saving (Murabahah)	xxx
2. Saving Bank of Indonesia	Xxx		2. Saving (Mudharabah Alif)	xxx
3. Debt - Murabahah - Salam - Istishna Pembiayaan - Mudharabah - Musyarakah - Murabahah	Xxx		3. Temporary funds - Giro Wadiah - Wadiah - Profit sharing of funda - Investing funds	xxx
4. Pendp. Margin Ditangguhkan	Xxx		4. ZIS funds	xxx
5. Investasi/Penyertaan	Xxx		1. Dana Qard Hasan dan dana Sosial	xxx
2. Persediaan	Xxx		**Jumlah Kw. Jk. Pendek**	xxx
3. Istishna dalam Penyelesaian	Xxx		**Kewajiban Lain-lain**	xxx
4. Pinjaman Qardh	Xxx		6. Dana Mudharabah	xxx
5. Biaya Dibayar Dimuka	Xxx		7. Tabungan Mudharabah	xxx
Jumlah Aktiva Lancar	Xxx		1. Deposito Mudharabah	xxx
Aktiva Tetap			**Jumlah Kewajiban Lain-lain**	xxx
6. Inventaris Kantor			**Modal Sendiri**	
7. Ak. Peny. Inventaris Kantor	Xxx		9. Simpanan Khusus	xxx
8. Kendaraan	Xxx		10.Simpanan Pokok	xxx
9. Ak. Peny. Kendaraan	Xxx		1. Simpanan Wajib	xxx

10. Gedung Kantor	Xxx	2. Simpanan Penyetaraan	xxx
11. Ak. Peny. Gedung Kantor	Xxx	3. Modal Penyetaraan	xxx
12. Tanah	Xxx	4. Modal Donasi	xxx
Jumlah Aktiva Tetap	Xxx	15. Cadangan Umum	xxx
Aktiva Lain-lain		16.Cadangan Resiko	xxx
1. Ijarah	Xxx	13. SHU Tahun Berjalan	xxx
2. Aktiva	Xxx	**Total Asset**	xxx
Jumlah Aktiva Lain-lain	Xxx	**Total Equity**	xxx
Jumlah Aktiva	Xxx	**Total Pasiva**	xxx

From the table of the Balance Sheet above, the Sharia accounting application was applied then Alif BMT made financial reports in accordance with the standards of PSAK 101. In the Sharia accounting implementation, there is an Unrestricted Investment (ITT) column which includes mudarabah savings. ITT is not an obligation for Islamic financial institutions to return it. Sharia accounting uses the cash basis principle, cash basis is to provide information not only past transactions but also future cash payment obligations and sources of funds that present cash that will be received in the non-coming period.

In the analysis of the Sharia accounting application carried out at BMT Alif revealed that the implementation of financial statements and profit-sharing calculations using cash basis where in consideration of the receipt of income received by Islamic financial institutions. Sharia financial institutions such as BMT Alif habya will recognize the existence of revenue sharing for something that is certain to be BMT income rights, because in the Qur'an there is no certainty of how much will be received tomorrow. In the Sharia Accounting Balance Sheet, there is a non-binding investment obligation (ITT) post that does not include liabilities such as Mudharabah Deposits and Murabahah savings. The following is the Profit and Loss Report made by BMT Alif Yogyakarta:

Table 2: Income Statement BMT ALIF (July 2018)

1. Pendapatan:

1.	Pendapatan Bagi Hasil Murabahah		xxx
2.	Pendapatan Margin Mudharabah		xxx
3.	Pendapatan Jasa Ijarah	xxx	
4.	Pendapatan Administrasi		xxx
5.	Pendapatan lain-lain		xxx
	Jumlah Pendapatan	xxx	

2. Beban – Beban Usaha

1.	Beban bagi hasil Murabahah		xxx
2.	Beban Bagi Hasil Simpanan Mudharabah		xxx
3.	Beban Bagi Hasil Dana Pihak Ketiga		xxx
4.	Beban Administrasi Dana Pihak Ketiga	xxx	
5.	Beban Tenaga Kerja		xxx
6.	Beban Kesejahteraan		xxx
7.	Beban Umum		xxx
8.	Beban Sewa Wadiah		xxx
9.	Beban Promosi	xxx	
10.	Bbeban Perlengkapan Kantor		xxx

11. Beban Organisasi		xxx
12. Beban Penyusutan		xxx
13. Beban Penyisihan Penghapusan Pembayaran		xxx
14. Beban Operasional Lain	xxx	
15. Beban Non Operasional	xxx	
16. Beban Zakat		xxx
17. Beban Pajak		xxx
Jumlah Beban	**xxx**	

3. Sisa Hasil Usaha

1. SHU Bulan ini		xxx
2. Sisa Hasil SHU		xxx
Total SHU Tahun Berjalan		**xxx**

Based on interviews with finance manager of BMT Alif, the implementation of financial statements was made by referring to the Sharia Accounting Standards Guidelines applicable in Indonesia. Operation of BMT Alif always refers to Islamic values and avoids usury because the system in Islamic Accounting is a system that supports justice for BMT Alif and its customers. All products offered to customers are products that are in accordance with the contracts in Islam, namely: murabahah, mudharabah, ijara, wadiah, qardh hasan and other contracts.

There are many specialties of BMT Alif, the first is the function of this institution to collect and distribute usury-free funds. Second, in practice the majority of BMT customers come from the informal sector in the Kota Gede region which is famous for its Silver handicrafts. BMT is an alternative access to funding from micro businesses. Third, the potential of funds that BMT Alif is very large (Muslim population is a potential source of capital). Fourth, BMT is a sharia financial institution whose operational system is based on Islamic economic principles. In accordance with the above characteristics, the operational principles of BMT Alif must be free from usury, socially oriented (helping the weak and needy) and able to encourage people to practice the teachings of Islam. The BMT fund collection and distribution activities are different from Sharia Banks as described above, but accounting BMT is the same as Sharia Banks. Its mechanism of action BMT uses a revenue sharing mechanism. The principles referred to at BMT Alif are:

1. Prohibition of applying interest to all forms and types of transactions that are given to customers.
2. Carrying out business and trade activities based on fairness and lawful profits and the appropriate sharing of results
3. Take out zakat from the results of their activities
4. Cooperate in building communities, through business and trade activities that are not prohibited by Islam, which is free from usury.

Sharia institution also provides facilities for depositing money and giving credit to all small business sectors that need funds. In accordance with the functions and types of funds that can be managed by Islamic institutions that develop an interest-free concept, then produce various types of products for collecting and channelling funds by sharia institutions. BMT Alif implements profit sharing system designed to carry out business risks and share the

results of business between fund owners (rabbul maal) who keep their money in institutions, institutions as fund managers (mudharib), and people who need funds who can borrow funds or business manager.

6. Conclusions

Based on the results of the study of Sharia accounting applications at BMT Alif, it can be concluded that the Sharia accounting application in BMT Alif in the implementation of financial statements is in accordance with PSAK 101 concerning the Implementation of Sharia Financial Statements. This can be seen from the financial statements presented and notes on the financial statements made. BMT Alif has made the implementation of reports in accordance with the applicable Sharia standards, this can be seen from the financial statements made, namely: balance sheet, income statement, cash flow statement, retained earnings or equity report, changes in limited investment reports, source and use reports zakat funds and social funds, reports on sources and uses of funds in qardh and notes to financial statements. A financial report is useful if the information presented in the financial statements can be understood, released, reliable and understandable.

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The Impact of Business Ethics Behaviour on the Customers' Loyalty in Beauty Industry among University Students' in Malaysia

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Abstract

The beauty industry had humble beginnings, starting from centuries ago, the perceptions on beauty products fluctuated from being used only by the wealthiest of people to be a completely taboo subject. In recent years, the beauty industry has been incriminated because of the business practice which includes unethical behavior such as the use of harmful ingredients, animal testing, child labour and excessive advertising. This study will be done by using an existing research articles and the data will be collected using questionnaire. Thus, this study aims to determine the relationship between business ethics behaviour towards customers' loyalty. This study is useful to determine the impact of business ethics behaviour which influences customers' loyalty in the beauty industry. A proposed framework and implementation will be presented in this paper.

Keywords: Business Ethics Behavior, Beauty Industry, university students, loyalty

1. Introduction

Business ethics is the study of business situations, activities, and decisions where issues of right and wrong are addressed (Crane, Matten 2010) Business ethics covers commercial businesses, government organisations, charities and other organisations. It is critical for businesses to resolve ethical concerns. Businesses have impact on individuals and society. Businesses should seek ways to make positive contributions on society. If employees and stakeholders face challenges with ethical standards, business ethics will help them to compromise these issues. Business ethics also determines basic rules for employees and customers. Businesses have ethical expectations that should be followed on working days. Business ethics will help accept different professional behaviours,

occupational identities and maturities. Companies should promote ambitious standards and the self-evaluation for employees. (Munjal 2016).

Businesses also suffer from ethical issues with marketing. Companies are criticised for encouraging consumption of unnecessary products. Customers are sent messages over the internet, including voicemail, email, and SPAM. Businesses meddle into customers' privacy by gathering information about them. Companies also set ambiguous pricing to products and enhance wasteful packaging. (Dennis, Harris 2005) Marketing faces problems with globalization, competition and designing system in ethical way. Businesses face problems on producing, monitoring and distributing goods. Marketers should focus on keeping ethical values and principles in businesses. (Brenkert 2008) Companies are being accused of treating their business customers badly, encouraging and manipulating consumers to buy products they do not necessarily need, and destroying local businesses. Many companies want to be the biggest and most profitable in the industry. If company is highly profitable, it can give message to people that company is ruthless and greedy (Arnold 2010).

Since businesses have significant impact on how consumers understand the brand, companies should avoid unethical practises. Businesses sometimes use unethical marketing tools like exploitation and bad mouth competition. Companies should avoid using scare tactics and focus more of the value of the products rather than criticising their competitors. Businesses should be more humane, and not just pretend to be caring towards the society. (Anastasia 2015) Businesses should behave ethically towards their customers and investors since positive feedback can create positive outcomes for the company. Customers' negative attitudes are hard to overcome. Companies will have financial issues, if investors won't invest in their savings. (Keith et al. 2008) Business ethics is the study of situations and issues which may occur in business life. Businesses should follow rules to maintain ethical working environment. Companies should avoid exploitation, bad mouth competition and scare tactics.

1.1. Statement of Problem

In more recent years, the beauty industry has been criticized for practices surrounding false claims and misleading advertisements, the unethical sourcing of ingredients, child labour, the use of harmful ingredients, animal testing, and excessive packaging. Some of these issues are more publicized than others, leading to unequal awareness of all problems. What they may not be aware of is that animal testing in the United States is not banned, and unless a product is labelled cruelty-free, it may have been tested on animals (Kangas,2017), The situation gets even more complicated when you take into consideration the laws surrounding animal testing in other countries. While the European Union has banned the sale of any products tested on animals in finished form, the Chinese government actually requires the use of animal testing before sale in the country. Many well-known brands, including Estee Lauder and Clinique, admit they will let their products be tested on animals if required by law in the country of sale (Kangas, 2017). In order to be considered cruelty free, a company must abstain from animal testing at all points of production and sale.

Another well-known topic of unethical behavior is the false claims and misleading advertisements commonly associated with the beauty industry. A recent study examining

three categories of claims including scientific, performance, and subjective showed that more claims are classified as deceptive rather than truthful (Carlson, Fowler, & Reisenwitz, 2015). Although unsettling, this fact would not surprise many consumers.

Protecting the environment, recyclable packaging and animal welfare were all listed as top ethical issues by consumers, while 43 per cent of those surveyed said they would consider a brand's ethical stance before buying for the first time. Roshida Khanom, Mintel's associate director for beauty and personal care, says consumers are becoming more and more sceptical about large, global corporations making "ethical" promises. She explains: "If a brand claims to stand for something, then they need to stay true to this. And in the age of social media, consumers are quick to call them out.

2. Literature Review

2.1 Business Ethnics Behavior

Existing research on relationship business ethics and CSR related to brands is based on several different perspectives. First, there is research about attitudes toward ethical products (Peloza et al., 2013) and ethical consumption (Davies & Gutsche, 2016). This stream of research can examine the preference for brands that are promoted through appeals to social responsibility and business ethics. To date, most research about ethical brands is associated with social responsibility (White et al., 2012). Ethical brands are usually identified as doing something good for society or the consumer such as, organic ingredients, fair trade, or in some way addressing the needs and desires of stakeholders. Fan (2005) defines an ethical brand as promoting the public good with attributes such as honesty, integrity, quality, respect, and accountability.

Ferrel (2018) suggested that the impact of a customer's expectations of business ethics has a stronger relationship with how a customer responds to the company. This may be because the unethical behaviours are more directly related to brand and product attitudes that could impact performance expectations of business ethics strongly influence customer perceptions.

2.2 Business Ethics Behaviour towards Brand Attitude

The proposed measurement of relative brand attitude explored the nomological network of the construct. Two outcomes were highlighted: satisfaction and repeat purchase loyalty. Dick and Basu (1994) suggested that relative attitude measures are likely to provide a stronger indication of repeat purchase than attitude toward a brand measured in isolation. The empirical studies have shown that attitudinal differentiation is considered to result in a higher discriminatory power than non-relative attitudes (Olsen, 2002). In fact, empirical research has often used high relative attitude as a proxy for brand loyalty (Yi and Jeon, 2003).

2.3 Customer Loyalty

The concept of customer loyalty is central to marketing scholarship (Toufaily et al., 2013); from a practitioner's perspective, it is among the most enduring assets possessed by a company. Creating and maintaining customer loyalty helps companies develop long-term, mutually beneficial relationships with customers (Pan et al., 2012); these loyal customers exhibit attachment and commitment toward the company, and are not attracted to

competitors offerings (So et al., 2013). Furthermore, loyal customers are willing to pay more, express higher buying intentions and resist switching (Evanschitzky et al., 2012). In this sense, it is imperative for companies to have loyal customers.

2.4 Individual Moral Capacity

According to Ferrel (2018), future research should consider a framework developed by Schwartz (2016) to explore moderators that may influence brand attitude. Toward this end, the I-EDM model attempts to collate together all individual factors into one general overarching main construct: "one's moral capacity" (Hannah et al. 2011). There are two inter-related but distinct components that comprise an individual's moral capacity which are moral character disposition and integrity capacity. Moral capacity is defined as the ability of an individual to avoid moral temptations, engage in the proper resolution of ethical dilemmas, and ultimately engage in ethical behavior. In other words, one's moral capacity is based not only on one's level of moral maturity and the core ethical values they possess, but the extent to which they will cling to those values even when faced with pressure to act otherwise.

3. Methodology

This study focused on beauty industry and the respondents involved were students aged 18 years old and above. This study will be done by using an existing research articles and the data will be collected by using questionnaire. Questionnaires will be distributed to students at the universities. A Likert-scale will be used ranging from 1 (strongly disagree) to 5 (strongly agree). The collected data will be analysed by using descriptive analysis and to identify the model fit we used Factor Analysis in SPSS and Smart-PLS

4. Conclusion and Recommendation

The purpose of this study is to investigate the effects of unethical practices on consumers" perceptions and judgements in the cosmetic industry. More specifically, the study is designed to investigate the extent to which consumers' ethical perceptions and decision making can be influenced and if heuristic appeals or systematic appeals are more persuasive. The study is to see whether the customer consider ethical issues when purchasing a cosmetics product.

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Fraudulent Financial Reporting Trough Financial Ratios: Case of Banking Sector in Indonesia

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Abstract

Bank is a sector that has the most suspensions list in Indonesia from 2015-2017. This study aims to determine and analyze the financial ratios that influence the Fraudulent Financial Report for bank listed in IDX period 2015 – 2017. Financial ratios suspected to affect Fraudulent Financial Report are leverage, profitability, composition asset, liquidity and capital turnover. The final sample of this research are 40 banks. The technique analysis used in this research is logistic regression analysis. The hypothesis in this study was based on previous research and various other supporting theories. The results of this study showed that leverage and profitability had no significant effect on Banks Fraudulent Financial Report. Composition asset, liquidity and capital turnover has a significant effect on Banks Fraudulent Financial Report. There are no significant different financial ratios between bank with or without suspension, but there are different between fraudulent bank base on suspension data on OJK and fraudulent bank base on Beneish M Score.

Keywords: fraudulent financial report, financial ratios, banking sector, beneish m score

1. Introduction

Every year cases of *fraud* in Indonesia are not relenting the problem of each company. *Fraud* or cheating may occur in the field of finance. According to Zainudin and Hashim (2016), fraud is an action that can cause harm to certain parties or institutions and activities that are not always revealed. Cheating can be described as intentional regretted action in a certain way to others. Incorrect actions can be differentiated in a variety of ways depending on the class of the violation.

Fraud is a growing problem these days. Fraud not only impairs the trust between management and investors but also lowers the results of the accounting itself (ACFE, 2016).

According to the OJK, The bank is determined by the status of frozen bank business activities if the bank meets the requirements that the bank's condition decreases very sharply or the bank's dissemination program cannot be resolved by the bank within the term of certain time. Due to fraud in financial statements, the result of which the company

obtained in the form of suspension sanctions from OJK. This Research is using the banking sector because the suspension in Indonesia most is in the banking sector, based on the data of OJK suspension 2015-2017.

Financial reporting Fraud (FFR) can occur anywhere and it is increasingly prominent in the public eye as well as regulators of the world because it can be done by individuals in all professions. (Dalnial, Kamaluddin, Sanusi, and Khairuddin, 2014). Financial statements often give results that are not in accordance with the actual state of the company because they want to be declared as company assets. Financial report fraud can be found when auditors become suspicious about their accounting or lack of management explanation regarding transactions and balances. However, it is often discovered because of the difficult company's finances that could eventually bring bad influence for the company or the company failed (Brennan & McGrath, 2007).

One of the measuring instruments of financial report fraud (FFR) is the M-Score (Beneish M-Score). M-Score developed a statistical model used to detect fraudulent financial statements with various matrix. After that, the result of suspension in OJK will be compared with the results of M-Score to be seen whether there is any statistically different.

This research is a replication of previous research. The previous research used as a reference to this study was the research conducted by Zainudin and Hashim (2016).

The main results of this study are as follows. First, leverage and profitability have no effect on fraudulent financial reporting, on the other hand asset composition, liquidity, and capital turnover have a significant effect on fraudulent financial reporting. Second, result of independent analysis sample t test for all five variable of leverage, profitability, asset composition, liquidity, and capital turnover between suspension and non suspesion bank in OJK are indifferent. Third, suspension average between Beneish M- Score and Suspension bank in OJK are different, it looks like Beneis M Score Model are not appropriate tools for predicting fraud for banking sector in Indonesia.

The reminder of this paper is organized as follows. Section 2 reviews related literature about fraud. Sections 3 and 4 describe the methodologies and data, respectively. Section 5 analyze the fraud model logistic and partial regression analysis provides and also additional discussions on the advantages and disadvantages of fraud measures Section 6 employs a novel and simple approach to evaluate the ability of the proposed measures in explaining movements in manajerial implications. Section 7 concludes.

2. Related Literature About Fraudulent Financial Report

Fraud

Generally, cheating will always happen if there is no accurate detection and prevention. The conduct of fraud in the presentation of financial statements is important to the attention that this action can be detected and eliminated so that financial statements can be trusted by interested parties. (Ulfah et al, 2017). Meanwhile, research on fraud in the public sector is still a little. One obstacle in understanding fraud in Government activities/programs is that the data is at least valid and reliable, while another obstacle is

the agreement on one definition of common fraud (Larson, in Wijaya 2016). . Usually, actors are people whose functional tasks do not only run internal control systems, but also operate an agency or enterprise operating system.

Financial Statements Fraud

Financial fraud reports are usually done by management with their knowledge. Elliott and Willingham (in Intal and Do, 2002) argue the financial report is as cheating a management fraud i.e., "deliberate cheating can be made by the detrimental management of investors and creditors through financial statements Misleading ". Thus, it can be defined that fraud in general and financial report fraud in particular is intentional and detrimental to other parties.

Model Financial Statement Fraud

One measuring tool that can be used in assessing the financial fraud of the company is M-Score. According to Beneish (1999), the model for detecting profit manipulation uses a sample manipulator and an industry-appropriate company in its period and evaluates the performance of the model on sample disagreements during the period. The M-Score measuring instrument can predict the suspension of the company. Beneish M-Score is a probabilistic model, so it will not detect fraud with 100% accuracy.

One measuring tool that can be used in assessing the financial fraud of the company is M-Score. According to Beneish (1999), the model for detecting profit manipulation uses a sample manipulator and an industry-appropriate company in its period and evaluates the performance of the model on sample disagreements during the period. The M-Score measuring instrument can predict the suspension of the company. Beneish M-Score is a probabilistic model, so it will not detect fraud with 100% accuracy. The Formula Beneish M-Score is the following:

Table 1: Variable operations M-Score

Rasio	Detail	Rumus
DRSI	Days' Sales in Receivables Index. This ratio measures the sales of days in receivables over the previous year as an indicator of revenue inflation	$DRSI = \dfrac{account\ receivables_{(t)}/sales_{(t)}}{account\ payable_{(t-1)}/sales_{(t-1)}}$
GMI	Gross Margin Index. This ratio is measured as a Gross margin compared to the previous year. Companies with smaller prospects then nudge can manipulate profit.	$GMI = \dfrac{gross\ profit_{(t-1)}/sales_{(t-1)}}{gross\ profit_{(t)}/sales_{(t)}}$
AQI	Asset Quality Index. The quality of the asset is measured as a ratio of non-current assets in addition to factories, Proberti, and equipment to total assets compared to the previous year. This ratio intends to measure the likelihood of a company's risk to take advantage of costs.	$AQI = \dfrac{\frac{(1-CA_t+PP\&E_t)}{Total\ asset_t}}{\frac{(1-CA_{t-1}+PP\&E_{t-1})}{Total\ asset_{t-1}}}$

Rasio	Detail	Rumus
SGI	Sales Growth Index. This ratio measures the sales compared to the previous year. While Growth Sales are not a measure of manipulation, but evidence suggests that the company's nudge companies find themselves under pressure to manipulate by maintaining its appearance.	$SGI = \dfrac{sales_t}{sales_{t-1}}$
TATA	Total Accruals to Total Asset. Total accruals are counted as changes in the working capital accounts other than in the depreciation of cash. It measures the risks that are related to the accrual policy used as a financing mechanism for losses.	$\dfrac{operating\ profit_{(t)} - activity\ cash\ flow_{(t)}}{total\ asset_{(t)}}$

(source: Beneish, 1999)

Definition:
If the value of M-Score < -2.22 then indicates that the company will not be a manipulator. Conversely, if the value of M-Score > -2.22 most likely the company will be a manipulator. (Beneish, 1999)

3. Measuring Financial Performance and Fraudulent Financial Report

3.1 Processing techniques and Data analysis

To process the data on this research using SPSS 21 application. The data analysis techniques used are statistic descriptive analyses; Goodness of Fit; Overal Test; Negekerke R Square; and Classification Plot. The methods of data analysis conducted are logistic regression models, hypothesized testing techniques using T-Tests (partial test) and independent sample T-Test tests.

3.2 Research Equation

$$\text{Ln}\ \frac{\text{FFR}}{1-\text{FFR}} = \alpha + \beta_1 \text{DAR}_{i,t} + \beta_2 \text{NPM}_{i,t} + \beta_3 \text{KA}_{i,t} + \beta_4 \text{LIQ}_{i,t} + \beta_5 \text{CTO}_{i,t} + \varepsilon \quad (1)$$

Where:
$\text{Ln}\ \frac{\text{FFR}}{1-\text{FFR}}$ = Fraudulent financial reporting
α = konstanta
DAR = Total Liabilities / Total Assets
NPM = Net Profit / Revenues
KA = Current Assets / Total Assets
LIQ = Working Capital / Total Assets
CTO = Revenue / Total Assets
ε = error

This Model was chosen on the grounds that the data used in this study is non-metric in the dependent variable (FFR), while independent variables are some financial ratios. Logit analysis is used to analyse qualitative data that reflects two options or often called binary logistic regression.

4. Data

The study aims to determine the influence of financial ratios on fraudulent financial reporting. The research object used is a banking subsector service company listed on the Indonesia Stock Exchange (IDX) in the period 2015 to 2017. The reason for use of the sector and the period of research is due to the suspension data issued by the OJK that most are in the banking sector. In addition, the period selection of 2015 to 2017 to provide updated results because it uses the current period.

The dependent variables used in this study were the financial reporting fraud measured by the OJK suspension report as the Y variable. Cheating financial reporting is measured by dummy variables i.e. 0 score: If the company performs Not cheating on financial reporting and scoring 1: If the company is cheating on financial reporting.

5. Advantages and Disadvantages Result

5.1 Logistics and partial test regression analysis Results

Here are the results of a regression analysis of logistic along with partial tests conducted in this study:

Table 3: Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I.for EXP(B)	
								Lower	Upper
Step 1[a]	DAR	-.375	1.239	.092	1	.762	.687	.061	7.791
	NPM	.010	.016	.401	1	.526	1.010	.979	1.042
	KA	1.881	.873	4.641	1	.031	6.557	1.185	36.288
	LIQ	-2.017	.928	4.722	1	.030	.133	.022	.821
	CTO	-12.263	5.961	4.232	1	.040	.000	.000	.560
	Constant	-1.704	1.122	2.308	1	.129	.182		

a. Variable(s) entered on step 1: DAR, NPM, KA, LIQ, CTO.
Source: Output data SPSS 21 (2018)

Leverage influence on fraudulent financial reporting

Leverage influence on fraudulent financial reporting with proxy debt to asset ratio on table 3 shows leverage results have no effect on fraudulent financial reporting. These results are contrary to previous research such as Zainudin and Hashim (2016) where leverage

has no effect on fraudulent financial reporting. Leverage that is proscribed with debt to asset ratio indicates results have no effect on the financial reporting fraud that the higher the leverage will cause the company has a lesser chance of doing Financial reporting Fraud (Dani, 2013). Leverage proved to have no effect on the risk of cheating financial statements because the company has the ability to restore the debt so as not to be a pressure for management to manipulate. The reason for the results of this research is that the company can take loans with two reasons, namely the occurrence of unpredicted earnings decline and operational financing for the development of the company.

Effect of profitability on fraudulent financial reporting

Based on the tests that have been conducted, the results of this study showed that the results of profitability that were proscribed with net profit margin did not affect the fraud of financial reporting. This suggests that more banking is not subjected to suspension than the affected suspension. This research is contrary to Widyanti and Nuryatno, (2018) where the profitability that is proscribed with net profit margin is influential with financial reporting fraud. The research is also supported by Haqqi et al, (2015) which states that profitability has no effect on the fraud of financial reporting. The smaller the ratio, the more likely the company is predicted to fraud financial statements. In terms of manipulation of financial statements, the management of the company has the possibility of making financial report engineering for a certain period so that it does not affect the company's long-term profits. Low company performance does not affect the occurrence of fraudulent financial reporting.

Effect of asset composition on fraudulent financial reporting

Based on table 3, the variable asset composition has a significant influence on fraudulent financial reporting. This shows the current assets are largely comprised of receivables and supplies. The greater the receivables on the company then the greater to do fraud on the financial statements. According to (Ansori & Fajri,2018) Investors assess the composition of the company's assets to consider the decision to invest because the better the assets owned by the company, the better the company in operating its operations. It can attract investors to invest their shares and become a trigger for company management to conduct fraudulent financial statements by manipulating data related to the assets owned by the company. This study differed from Ansori and Fajri, (2018) that the influence of asset composition has no effect on cheating financial reporting.

Impact of liquidity on fraudulent financial reporting

The influence of Lliquidity has an influence on fraudulent financial reporting. According to Sartono, (2008) liquidity can be a reference for both internal and external enterprises in making decisions. Internal companies use the liquidity ratio as a reference to evaluate the extent of the company's ability to pay off its obligations. In operation, the company certainly expects the ease of obtaining a loan to support its performance. This can be one of the factors that encourages management to perform manipulations related to the liquidity ratio so that the company seems to have a good ability to pay off its obligations. These results are contrary to previous research such as Listyawati (2016) and Haqqi & Tarjo, (2015) where liquidity has no effect on fraudulent financial reporting. The research is supported

by Kreutzfeldt and Wallance (1986) which states that the problem of liquidity in the company gives a significant influence on errors in financial reporting compared to companies in conditions not Experiencing liquidity problems.

Influence of capital turnover against financial reporting fraud

Based on table 3, capital turnover variable against financial reporting fraud has a significant influence. The management of the company does its inefficiencies to the use of all existing assets. This is influential when the inability of the company to compete successfully can be an incentive to engage in fraudulent financial reporting. The research is supported by Wadyanti and Nuryatno, (2018) stating that the management that is cheating on the company will lower its competitive level compared to those who do not commit fraud in using assets to Earning revenue. The study differed from the previous Ansori and Fajri, (2018), Listyawati (2016) stating that capital turnover has an effect on fraudulent financial reporting.

5.2 Results independent analysis Sample T-Test

Comparison of no suspension and suspension to OJK

Table 4: Independent sample t-test

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
DAR	Equal variances assumed	.420	.518	-.219	117	.827	-.06379	.29110	-.64029	.51271
	Equal variances not assumed			-.731	115.595	.466	-.06379	.08721	-.23654	.10896
NPM	Equal variances assumed	.448	.505	-.285	117	.776	-9.91105	34.72076	-78.67370	58.85159
	Equal variances not assumed			-1.002	109.003	.319	-9.91105	9.89280	-29.51826	9.69615
KA	Equal variances assumed	2.217	.139	-.704	117	.483	-46.58756	66.20686	-177.70677	84.53165
	Equal variances not assumed			-2.470	109.000	.015	-46.58756	18.86386	-83.97511	-9.20001
LIQ	Equal variances assumed	2.190	.142	-.724	117	.470	-46.88905	64.72368	-175.07090	81.29280
	Equal variances not assumed			-2.543	109.016	.012	-46.88905	18.44193	-83.44029	-10.33781
CTO	Equal variances assumed	1.065	.304	-.531	117	.596	-1.71609	3.22942	-8.11180	4.67961
	Equal variances not assumed			-1.865	109.011	.065	-1.71609	.92016	-3.53982	.10763

It is known that the DAR variable has no significant difference in the comparison of no suspension and suspension to the OJK. Similarly, the profitability variables that are proscribed with NPM and the capital turnover that have a significant result paired more than 0.05 are no difference in the suspension or suspension of financial ratios. But the results of asset composition and liquidity have a result of less than 0.05. On average these five ratios have a paired result that is more than 0.05 hence the result of the mean also has a difference of both which is considered meaningless to deduced both differ in real.

Suspension comparison of M-Score with OJK suspension

Table 5: Independent Samples Test

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
									95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
SUSPENSI	Equal variances assumed	90.763	.000	-4.272	238	.000	-.20833	.04877	-.30440	-.11227
	Equal variances not assumed			-4.272	196.416	.000	-.20833	.04877	-.30450	-.11216

Source: Output data SPSS 21 (2018)

Based on the above results it is known that suspension in OJK and suspension on M-Score There is a significant difference. The average of the OJK suspension is 0.0833, while the average suspense of the M-score is 0.2917 which means that the difference between the two can be considered significant to be deduced is different in real.

6. Managerial Implications

Based on the results of analysis and discussion on the influence of leverage, profitability, asset composition, liquidity and capital turnover against the financial reporting of fraud in the banking sector period 2015-2017, obtained results that can be Consideration and can be utilized by investors and other stakeholders to know the influence of leverage, profitability, asset composition, liquidity and capital turnover against financial reporting fraud. From the results of regression analysis of leverage, profitability, asset composition, liquidity and capital turnover found that only variable asset composition, liquidity and capital turnover are influential in the financial reporting fraud Significant effect, and other variables have no significant effect on leverage and profitability. And for the result of the Independent sample hypothesis test T-Test There are differences in the comparison between OJK suspension and M-Score. However, there is no difference financial ratios between the company's with suspension and without suspension.

7. Conclusions

7.1 Conclusions and Further Research

Based on the results of the analysis and the discussion that has been described, it can be concluded that variable leverage (DAR) and profitability (NPM) have no significant effect on the financial reporting fraud. However, in asset composition variables (KA), Liquidity (LIQ), and capital turnover (CTO) have significant effect on fraudulent financial reporting. And the comparison between suspension and no suspension to OJK is no difference in financial ratios. However, the ratio of suspension obtained by OJK and suspension on the calculation of M-score is a difference.

This research has limitations that can be considered for further researchers to be able to do better research. In this study there were two independent variables that had no significant effect on the financial reporting fraud, namely leverage and profitability in the banking sector which year 2015 to 2017. So it can not be used as a factor that affects the fraud of financial statements especially in the banking sector. And also the disclosure of data about the cheating financial statements in Indonesia is very lacking when compared to data cheating financial statements of the company in the overseas scope. Also for further research in suspension case in Indonesia banking sector can try to use other fraud model than Beneish M Score.

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Cultural Effects, Work Propriety and Values in Perspective Trust Level in The Ministry of Education and Culture

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Abstract

Culture, propriety and organizational values are part of important human resources in the work process in every aspect of activities, this will bring the level of public trust as stakeholders holding people's sovereignty to choose democratic leaders to improve better services, therefore the ministry must make policies and rules that are able to accommodate employees to be motivated to work well. This research method uses a quantitative approach using the personally administered questioner method, which is direct questionnaire distribution to face-to-face respondents because among independent variables with dependent variables there is an influencing mediation, while the purpose of this study is to explain the relationship of causal effects of several variables. The results showed that the organizational culture variable showed a number of 0.132 (13.2%), while the work propriety variable showed a number of 0.159 (15.9%), and the organizational value variable showed a number of 0.238 (23.8%), so that the variable significantly affected the level public trust is 23.821 and the equation model is as follows the multiple regression equation that describes the relationship of the influence of culture organization, work propriety and organizational value to the trust level of organization as follows $Y = 23.821 + 0.132X1 + 0.159X2 + 0.238X3 + e$.

Keyword: Organizational culture, work propriety, value, level of trust.

1. Introduction

Digital technology and communication that has penetrated in Indonesia is being felt and increasingly fast, the Government in this case must be able to provide solutions in the form of training for human resources in the future both regarding digital skills training and training, given the civilization of a nation determined by education and human skills in it, so that the role of human resources in a company can be seen from the work performance of employees in the company. There are factors that influence work

performance according to Handoko (2001) are motivation, compensation system, physical condition of work, job satisfaction, stress level, and job design, because human

beings are truly capable of answering every challenge of technology and industry itself, in the face of technology and the industry must also be able to communicate well if it can master perfectly so that every activity can be carried out smoothly without harming or violating an existing norm. Conversely, the organization of a place where humans take shelter is a means and place to achieve common goals in the form of survival, therefore, the existence of communication organizations, digital technology will produce a massive and advanced economic civilization, especially beneficial for every human being and humanity that will come, such as 4.0 digital era technology that is able to answer every need, desire and consumer expectations, otherwise the organization wants employees who are productive so that it is optimal in supporting organizational performance in achieving common goals, because in principle anyone who is able to adapt to the company's environment is able to become a winner, because it is cheaper and faster, besides the information obtained, is very necessary in order to achieve organizational goals because information is an important part of supporting the company's administrative work process.

One of the important things that must be possessed by the organization is the culture, level of trust and values of the human resources that are able to deal with changes both from external and internal, but many cases are found that companies fail in managing the company caused by lack of supporting facilities and infrastructure facilities in a company and employee work performance in the company. Human resources are a very important factor in achieving company goals. The organization will not run well if there is no interference by human labor. They should join in an organization, they carry the unique values and behavior they have ever gotten, this must be in line with the expectations of the organization's success with the quality of work of its employees, this is in accordance with Simamora in (Utomo, 2018), who said that Employee performance refers to a person's performance measured by standards and criteria set by the company, and in harmony with according to Mudjiati in (Irfiani, 2015), the term performance is often identified with the term achievement. Performance is organizational behavior that is directly related to work activities, achievement of tasks where the term assignment comes from thought activities needed by workers, while according to Mangkunegara (2002) work performance is the work result in the quality and quantity achieved by an employee in carry out their duties in accordance with the responsibilities they provide. Management to achieve the performance of high human resources is intended to improve the company as a whole so that the organization is required to always develop and improve the performance of its employees. One of them with culture, level of trust, value in a disciplined organization will lead to good and proper work. According to David in (Arianty, 2014), arguing that organizational culture is a pattern of behavior developed by an organization learned when experiencing external adaptation problems and internal integration, which has been proven to be good enough to be authorized and taught to new members as a way to realize, think and feel.

Regarding the appropriateness of employee performance, the Directorate General of the Ministry of Education & Culture of the Republic of Indonesia as part of Civil Servants has rules which has been established by law to support the operational activities of the institution. One of them is by paying attention to the culture, level of trust, and value towards the appropriateness of organizational performance. Because, the

appropriateness of organizational performance can affect the feasibility and skills of employees in carrying out their daily duties in running the government in general and specifically in the ministry, while the level of trust is very important because when

employees get trust they will always work well and properly, and bring satisfaction, especially society as stated by Atmaja (2018) argues that, "Community Satisfaction is a feeling of pleasure or disappointment someone who results from comparing the performance or results perceived by a product or service with expectations", even providing a dependent goal, namely public trust, leadership must be able to carry out the task is well done by directing, giving motivation to the employee, while the results obtained are values, such as those suggested by Oliver (1990) have reviewed a theory about the relationship between work values and commitment. The value theory shows that the state of commitment is a manifestation of what an individual has, and consideration of values that give rise to commitment is a reflection of the standard values that is the basis of one's existence (Kidron, 1978).

In the author's observation, there are allegations that the appropriateness of employee work is still not optimal, such as services that are not optimal from the outermost schools in Indonesia, this is understandable given the inadequate facilities and infrastructure, leadership performance reports that have not matched performance expectations, not synchronized data with parties related to determining policies such as the Office of Education and District / City Government, this is the basis for conducting further research related to the mechanism and workings of employees in equalizing employee perceptions related to culture, value, level of trust in performance appropriateness perspectives in Ministry of Education and Culture. Related to the above review, researchers provide a strong reason for researchers to conduct research on culture, level of trust and work values that are associated with work propriety, the extent to which culture, level of trust and work values will influence the proper work performance of the employee organization where they work.

2. Research Methods

This research was conducted using the nature of observational research in the field and using the method of personally administered questioners, namely direct questionnaires to the respondents in this case the manager or staff, so that the return rate of the questionnaire (respond rate) was 100% by collecting data in the form of questionnaires and list of questions and the researcher conducted a questionnaire distribution that was structured, the distribution and collection of questionnaires were carried out directly, the independent variables used in this study were: organizational culture (X1), work propriety (X2), and organizational value (X3) while the dependent variable, i.e. the level of trust (Y), while the research hypothesis is as follows:

H1: It is assumed that the organizational culture variable (X1) has a significant effect on the level of trust;

H2: It is assumed that work propriety variable (X2) have a significant effect on the level of trust;

H3: It is assumed that the organizational value variable (X3) has a significant effect on the level of trust.

While the level of trust was measured using the job satisfaction level scale developed by researchers based on the Minnesota Satisfaction Questionnaire (MSQ) compiled by Weiss, Dawis, England and Louquist (1967), in this study a short version of MSQ was

used which consisted of several questions. From each variable in the form of a Likert scale, while the measure will be used in this study. Data collection process was carried out on July 2017 until July 2018, respondents numbered 90 employees obtained from all the total population, the sample in this study were employees of the Ministry of Education and Culture located in Jakarta, both male and female.

This research was carried out using the Path (Path Analysis) technique that was used. The sampling technique used is purposive - incidental nonrandom sampling, i.e. employees with a minimum work period of 1 (one) year. Assuming that the subject has begun to internalize the conditions contained in the organization. The test uses the validity and reliability of the data collection tool while the reliability testing of the measuring instrument is tested again using an analysis of the Cronbach alpha variant. Data analysis to find out the coefficients of validity and reliability is done using the help of a computer program SPSS version 21.0 for Windows, while the regression equation used is multiple regression as follows:

$Y = a + b1X1 + b2X2 + b3X3 + e$
Where:
Y = Trust Level
a = Regression constant
b1, b2, b3 = Regression Coefficient
X1 = Organizational Culture
X2 = Work Propriety
X3 = Value
e = Error

3. Results and Discussions

3.1. Analysis of Organizational Culture Variables

The following is the distribution of research respondents about the organizational culture variables in table 3.1. as follows:

Table 3.1: Analysis of Organizational Culture Variables

No	Average Statement	Average	Criteria
1	Innovative in completing personal tasks	3.88	Doubt
2	Showing personal competence and abilities	4.03	Agree
3	Prioritize the results of the assignment process	4.41	Agree
4	Be careful in calculating the impacts that occur	4.54	Agree
5	Result oriented in each activity between employee teams	4.57	Agree
6	Always has the desire to achieve promotion and leadership	4.52	Agree

Source: data processed

Interpretation

In table 3.1 it is known that there are six questions related to organizational culture variables in the study, it can be interpreted that the one question is known that the employees at the time of distributing questionnaires answered lack of innovation in completing tasks given such as incomplete work, tasks completed at home, some other

reasons, so that it cannot reach 4 only 3.88, this shows employees still cannot work optimally, this is because policies or rules that have not been revised related to the ability of employees to innovate in completing their tasks, while five other questions related to organizations such as competency statements , results oriented, careful in completing tasks and the desire to achieve promotion, generally employees have the same attitude, this is indicated by a value above the average of four, from 4.03 - 4.57 so that the score results satisfy all parties. related to this culture the employees before joining the ministry had to pass the selective recruitment process in the interviews conducted so that in their work they had no difficulties even though they had to comply with policies or rules that have been bound, which they may not be able to do much in completing work because The specified deadline cannot be fully applied, this is in accordance with the results of the above interpretation. Related to this culture the employees before joining the ministry had to pass the selective recruitment process in the interviews conducted so that in their work they had no difficulties even though they had to comply with policies or rules that have been bound, which they may not be able to do much in completing work because the specified deadline cannot be fully applied, this is in accordance with the results of the above interpretation.

3.2. Work Propriety Variable Analysis

Distribution of respondents of this study if viewed from the level of propriety work can be seen in table 3.2. as follows:

Table 3.2: Analysis of Work Propriety Variable

No	Average Statement	Average	Criteria
1	Always complete the number of jobs with employee load and time	4.12	Agree
2	Always be given facilities and master the field for optimal results	4.34	Agree
3	Unfinished work is always charged by subordinate employees	4.36	Agree
4	Always every task completion is oriented to the leader's standard results	4.48	Agree
5	Ensure every physical and material safety in the employee work environment	4.66	Agree

Source: data processed

Interpretation

In table 3.2. related to the results of the above interpretations there are five questions about the appropriateness of employees such as the stipulated time load, facilities, incomplete task authority and work safety, when distributing questionnaires and several questions in interviews generally employees at the ministry are well above average with the results of the score are four, which is between 4.12 - 6.44, so that the results of the score can satisfy all parties of the leadership and the general public who are related to

the administration of employee work so that directly the employee's compliance with duties and obligations and responsibilities no need to be doubted.

3.3. Analysis of Organizational Value Variable

Distribution of respondents in this study if viewed from organizational values can be seen in table 3.3. as follows:

Table 3.3: Analysis of Organizational Value Variables

No	Average Statement	Average	Criteria
1	Planning		
	Conduct initial planning of each activity according to the SOP to determine policy objectives and actions	4.44	Agree
2	Investigation		
	Collect and prepare activity information for organizational work records and reports	4.44	Agree
3	Coordination		
	There is an exchange of information related to alignment in other parts of the organization in order to adjust the program to run well	4.52	Agree
4	Evaluation		
	Assess and measure employee performance observed and reported according to standard procedures	4.53	Agree
5	Program Priority Selection		
	Able to identify the priority program form	4.56	Agree

Source: data processed

Interpretation

In table 3.3. can be seen, related to the results of the above interpretation there are five questions about organizational values such as work planning, information gathering, information exchange, measuring performance and identifying programs appropriately from questionnaire distribution data and interviews with employees in the ministry for getting a satisfactory score where all the values above the average of four, namely the value between 4.44 - 4.56 the research of organizational value is certainly better than the score of the appropriateness variable of previous work variables, because the lowest value is at 4.44 so that the employee is worthy of carrying out tasks, also gets good grades fully from the relevant leadership and the community which is directly related to the administrative work of the employee so that the employee is quite capable of the activities and tasks given, but some are constrained by the importance of innovation in completing the task so that deadlines can be enforced, such as research on cultural variables, the author can assess that employee participation needs to be involved so that employee innovation/creativity emerges and is able to complete each task.

3.4. Trust Level Variable Analysis

Distribution of respondents of this study if viewed from the level of public trust can be seen in table 3.4. as follows:

Table 3.4. Trust Level Variable Analysis

No	Average Statement	Average	Criteria
1	Always transparency and accountability for every transaction or policy	4.08	Agree
2	Always publish results of achievements carried out routinely in electronic media and the official web of the organization	4.50	Agree
3	Always provide access to relevant and reliable information	4.05	Agree
4	There is a guarantee of legal sanctions in violations in the discipline	4.41	Agree
5	Always comply with the rules, duties and functions of employees at all times	4.53	Agree
6	Always submitting / uploading information is fast, intact, and timely on the organization's web	4.44	Agree
7	Ensure online / offline electronic media functions well in every suggestion and public complaint	4.50	Agree
8	Always follow up on any suggestions and complaints from the community in 3 x 24 hours	4.45	Agree

Source: data processed

Interpretation

Table 3.4. can be seen, related to the results of the above interpretations, there are eight questions about transparency / accountability, achievement results, access to information, guarantee of legal sanctions, propriety with rules, uploading information on the web, guaranteeing electronic media, following up on any suggestions / complaints from data collected the author through questionnaires and interviews with employees in the ministry, achieving satisfactory results by getting a good score, where all the values above the average of four, namely the value between 4.08 - 4.5. The value of organization is certainly better than the score of appropriateness variable work and previous organizational values, in addition to the questions asked by more respondents, also because the lowest value is at 4.08 so that the employees are not only worthy of carrying out their duties, they also receive full trust from the relevant leadership and the community directly related to the administrative work of the employee.

3.5. Data Testing

3.5.1. Test Validity and Reliability

Validity testing in this study was carried out using Pearson validity correlation, i.e. testing the validity of each variable with the product moment technique by giving scores for each item and correlating with the total score as for processing techniques using the SPSS Version 21 program, while reliability testing using the same program i.e. by processing data in accordance with measurements to obtain reliable or real research objectives, this

is in accordance with the opinion of Sujianto in (Yuliantari, 2016) and the results of this study are as follows:

Table 3.5: Validity Test Results

Correlations

		Cultureof Organization	WorkPropriety	Valueof Organization	Levelof Confindence
CultureofOrganization	Pearson Correlation	1	.410**	.324**	.321
	Sig. (2-tailed)		.000	.002	.845
	N	90	90	90	90
WorkPropriety	Pearson Correlation	.410**	1	.483**	.320
	Sig. (2-tailed)	.000		.000	.853
	N	90	90	90	90
ValueofOrganization	Pearson Correlation	.324**	.483**	1	.324
	Sig. (2-tailed)	.002	.000		.243
	N	90	90	90	90
LevelofConfindence	Pearson Correlation	.021	.020	.124	1
	Sig. (2-tailed)	.845	.853	.243	
	N	90	90	90	90

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

Source: data processed

From table 3.5. above shows the correlation value of each variable from organizational culture (0.321), work propriety (0.320), organizational value (0.324) and trust level (1) and the indicator r value of all are greater than r table in 90 respondents with four variables (90 - 4 = 86), the r table value is 0.207 which means that all the indicators are reliable measuring instruments to obtain valid data, while the recapitulation table is as follows:

Table 3.6: Recapitulation of Validity Test Results

Variable	R Result	R Table	Information
Cultureof Organization	0.321	0.207	Valid
Work Propriety	0.320	0.207	Valid
Value Of Organization	0.324	0.207	Valid
Level of Confidence	1.00	0.207	Valid

Source: data processed

Based on table 3.6 explains that the results of the study show that testing validity is done with Pearson validity by comparing the r count with r table so that the calculation results obtained that the calculated r value of each variable is greater or> than r table so it can be concluded that the study is stated valid, then the author conducts reliability testing, to find out that the data processed is real and objective and can be trusted, while the data technique using a reliability value that must meet the conditions set bring the value of r count must have a value>Cronbach Alpha (α) in the test SPSS version 21 statistics, as for the results of processing data as follows:

Table 3.7: Reliability Test Results

Reliability Statistics

Cronbach's Alpha	N of Items
.644	4

Source: Data processed, 2018

Table 3.8: Recapitulation of Reliability Test Results

Variable	r-result	*Cronbach Alpha* (α)	Information
Culture of Organization	0.644	0.60	Reliable
Work Propriety	0.644	0.60	Reliable
Value of Organization	0.644	0.60	Reliable
Level of Confidence	0.644	0.60	Reliable

Source: data processed

Based on tables 3.7 and 3.8, it is known that the influence of culture organization, work propriety and value organization on the level of organization can be declared reliable or real and objective and can be trusted (Sugiyono, 2014), which states that the reliability value must meet the stipulated requirements, i.e. having a value of r-count> cronbach alpha (α) greater than 0.6 while the value of r count is 0.644 then the research is a reality so that it can continue processing the next research.

3.5.2. Multiple Linear Regression Analysis

This study will use multiple linear regression test, this study shows that the variables studied influence each other both simultaneously or with each other, following the results of the data processed,

Table 3.9: Results of Multiple Regression Analysis between Variables

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	23.821	5.900		4.037	.000		
	CurtureOrganization	.132	.148	.095	.892	.375	.966	1.035
	WorkPropriety	.159	.141	.119	1.126	.263	.977	1.023
	ValueOrganization	.238	.123	.204	1.935	.056	.982	1.018

a. Dependent Variable: LevelConfidence

Source: data processed

From table 3.9. it is known that multiple regression equation describe the relationship of influence of culture organization, work propriety and organizational value to the trust level of organization as follows: Y = 23.821 + 0.132X1 + 0.159X2 + 0.238X3 + e, so that from the equation it can be seen that the correlation coefficient between the independent variables, i.e. culture, propriety and value has a positive value, meaning that if the value of the independent variable rises then the value of the independent variable (level of trust) will rise. Conversely, if the value of the independent variable goes down or minus then the value of the dependent variable will tend to go down, it can also be interpreted that, in the value of β in the unstandardized coefficient the cultural variable shows a number of 0.132 (13.2%), while the value of β in the unstandardized coefficient of propriety variable shows a number of 0.159 (15.9%), and unstandardized value coefficient variable shows a number of 0.238 (23.8%), the results vary, it appears that the value variable shows a greater number than the propriety and culture variables. Propriety variable indicated a greater number than cultural variables, so it is necessary to improve cultural policy first by revising some things that need to be considered

important, by giving or inviting employee participation which is deemed necessary to change, related to propriety, the author will take conclusion that, if culture has worked well in a system then propriety will follow the cultural system, and will produce good value in carrying out the duties, propriety and culture of employees in the Ministry of Education and Culture Republic Indonesia, from the analysis that has been described multiple regression, the author has made the results R square to find out the coefficient of determination which is useful for predicting and seeing how much the influential contribution is given between independent variables simultaneously with the dependent variable as follows,

Table 3.10. Results of R Square Between Variables

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.245[a]	.600	.027	1.940	.060	1.828	3	86	.148

a. Predictors: (Constant), ValueOrganization, WorkPropriety, CurtureOrganization

b. Dependent Variable: LevelConfidence

Source: data processed

From the table above interpretation table 3.10. explains that the level of influence between variables, in the above data shows Adjusted R Square = 0.027 this means that the independent variables i.e. organizational culture, propriety and work values to the level of public trust have a strong relationship and positive so that the research data can be concluded:

1. R = 0.245 means that the independent variable has an effect on and or has a strong and significant relationship with the dependent variable is also positive for all the variables above, it is in accordance with the rules or requirements if the value is closer to 1, then the research is able to show the value good between variables with each other.

2. While the value of R Square shows a strong value is also related between free variables bound between one another, while the R-square value is 0.600 which means 60% shows there is a strong influence on the relationship of organizational culture (work organization), work propriety and organization value (level of organization), able to explain between related variables and have a high enough value that is close to 100%, while the remaining value is 40% influenced by other independent variables which are not included in this research.

3.6. Discussion of Path Aanalysis Results

The following are presented tables that have been processed by linking each variable from organizational culture, work propriety and organizational value to the level of public trust as follows:

Table 3.11: Test Results of Organizational Culture Path Coefficient (X1) on Trust Level (Y)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	16.252	3.985		4.078	.000			
	CultureofOrganization	.139	.110	.134	1.262	.210	.143	.134	.133
	LevelofConfidence	.080	.079	.107	1.014	.314	.119	.108	.107

a. Dependent Variable: VAR00002

Table 3.12: Test Results of Work Propriety Path Coefficient (X2) on Trust Level (Y)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	22.340	3.438		6.498	.000			
	WorkPropriety	.129	.102	.135	1.262	.210	.143	.134	.134
	LevelofConfidence	.051	.077	.070	.660	.511	.086	.071	.070

a. Dependent Variable: VAR00002

Table 3.13. Test Results of the Value Path Coefficient (X3) on the Trust Level (Y)

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	24.966	3.009		8.297	.000			
	ValueofOrganization	.006	.084	.098	.074	.941	.017	-.008	-.008
	LevelofConfidence	.064	.080	.089	.797	.427	.086	.085	.085

a. Dependent Variable: VAR00002

Source: data processed

Direct Effect (DE) = Culture
= 0,134
= Propriety
= 0,135
= Value
= 0,980
Indirect Effect (IE) = Culture× Level of Confidence
=0,134×0,107
= 0,014
Indirect Effect (IE) = Work Propriety × Level of Confidence
= 0,135× 0,070
= 0,009
Indirect Effect (IE) = Value × Level of Confidence
= 0,098 × 0,089
= 0,008
Total Effect (TE) = Culture + Work Propriety + Value
= 0,014+0,009+0,008
=0,031

Based on the results of the above calculations, it was found that the Indirect Effect of culture organization, work propriety and organizational value on the level of organization so that the total effect of Employee Compensation on Work Achievement Employees of 0.031.

3.6.1. Results of Path Analysis of the Relationship between Organizational Culture (X1) and Trust Level (Y).

Organizational Culture (X1) has a positive and significant influence on the level of trust (Y). These results are based on the results of research that show beta coefficient value of 0.014. The level of significance obtained is 0,014 smaller than 0.05 (0,014<0,05). Positive results indicate that if the culture provided by the ministry has been felt to be quite high by employees, it will have an impact on the emergence of employee motivation.

3.6.2. The Results of Path Analysis of the Relationship between Work Propriety (X2) and Trust level (Y).

Work propriety (X2) has a positive and significant influence on the level of trust (Y). These results are based on the results of research that show a beta coefficient value of 0.009. The level of significance obtained is 0.009 smaller than 0.05 (0.009<0.05). Positive results indicate that if the propriety provided by the ministry has been felt to be quite high by employees, it will have an impact on the emergence of employee performance.

3.6.3. The Results of Path Analysis of the Relationship between Value (X3) and Trust Level (Y).

Organizational value (X3) has a positive and significant influence on the level of trust (Y). These results are based on the results of research that show a beta coefficient of 0.008. The level of significance obtained is 0,008 smaller than 0.05 (0,008<0,05). Positive results indicate that if the organizational value is increased, work performance will increase.

4. Conclusion and Suggestion

4.1. Conclusion

Good governance in a country is a necessity. Both central and regional governments are required to apply the principles of implementing good governance principles in running the government, including rules in the field of state financial management or regional budgets that are manifested in the form of applying good governance principles. The Ministry of Education and Culture must have a reliable management system, such as good procedure policy, with good personal management support so that it can grow and develop in accordance with the expectations of the community in the field of development in managing the budget. In addition, the ministry is also required to improve culture organization relations, work propriety and organizational value to the level of trust in organization, so that simultaneously able to improve quality in carrying out administrative activities quickly and precisely so that it can apply check and

balancing work in it. In this study it can be concluded that the variable organizational culture, work propriety and organizational value for the level of organization have a value of R-square of 0.60, which means 60% which means that 60% showed a strong influence, the assessment observed had a strong and significant relationship with the dependent variable. While the regression equation is obtained from the relationship of organizational culture, work propriety and organizational value to the level of trust as follows: $Y = 23,821 + 0.132X1 + 0.159X2 + 0.238X3 + e$; so from the regression equation it can be seen that the regression coefficient between the independent variables i.e. culture, propriety and values have a positive meaning can be interpreted if the independent variables increase by one (+1) then the value of the variable level of trust will follow up as well and vice versa.

4.2. Suggestion

Related to the research above that has been carried out, the author suggests that building human resources within the Ministry of Education and Culture Rupublic Indonesia is very important, given their contribution as the wheels of government in carrying out development, because the results of descriptive analysis show that the culture organization, work propriety and the value of the organization for the level of organization is quite high and good, so the ministry continues to maintain and make better policies in the field of variables by inserting the value of benefits in the form of increased performance allowances and promotion to create motivation in work, also providing non-financial compensation in the form of additional official travel and tours. There is a feeling that doing work wholeheartedly as a State party is obedient to laws and government.

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Workload, Job Control, Work Relationship, and Work-Related Stress among employees in Sungai Buloh, Malaysia

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Abstract

In Malaysia, by 2030, depression has been predicted to be the number one disability and is expected to decrease workplace productivity. Deputy President of Malaysian Mental Health Association, Datuk Dr Andrew Mohanraj mentioned that depression has already dominated the Malaysian workforce and this issue has become a big problem to the country since it is difficult to identify due to its hidden symptoms. The author also made a comparison between employees and entrepreneurs in SME industry. Those entrepreneurs have more commitment to work as they had to work longer hours and tend to have more work-family conflict, compared to normal employees. Therefore, it has been confirmed that those entrepreneurs in SME industry contributed to a large part of employee turnover, poor well-being and the reduction in job's performance. This study was conducted to find out the impact of work-related stress on SME workers in Sungai Buloh. The objectives of the study are to identify the relationship between workload, job control, work relationships and work-related stress. This objective of the study is also to determine which factors (workload, job control and work relationships) are most influenced by work-related stress.

Keywords: Job Control, Malaysia, Stress, Workload, Work Relationship, Work-related Stress

1. Introduction

The Mental Health Foundation (MHF) has conducted a survey and the result shows that millennials aged between 18 and 38 feel more under pressure at work than their baby boomer colleagues. According to Richard Grange (2018), the Mental Health Foundation mentioned that the impact of mental health due to work can follow workers home. According to an article by Cocker et al. (2013), SME organizational features such as long work hours may increase job stress or work-related stress. Besides, it also mentioned that employees in SME industry who suffered high psychological distress lead to higher absenteeism and lower productivity on workplace. Other research by Omrane, Kammoun and Seaman (2018) mentioned that entrepreneurs or employees in SME industry has contributed a great number of professional stressors due to their work activities. Thus, it might lead them to be potential candidates for burnout. Their work activities lead them to the phase of occupational stress. Next, a journal by Tahar has mentioned that entrepreneurs that face work-related stress have given negative impact on their physical and psychological health.

2. Literature Review

2.1 Work-related Stress

According to Blaug, Kenyon and Lekhi (2007), work-related stress occurs when the demands from the job, resources and capabilities of the worker to meet those demands were mismatched. Besides, Salami (2010) stated that occupational stress or work-related stress can be defined as when employees experienced negative emotions such as anxiety, tension, frustration, depression and anger due to work. The National Institute for Occupational Safety and Health (NIOSH 2008) defined occupational stress or work-related stress as the situation where the requirements of the job do not match the capabilities, resources, or needs of the work that might create harmful physical and emotional response.

NIOSH has ranked occupations according to their stress levels. These stressful occupations show that those employees have insufficient control over work because they feel that they are trapped in jobs that require them to work like machines rather than as people (Michailidis & Georgiou, 2005). Siu, Lu and Copper (2002) mentioned that the strongest indicator of productivity which is psychological well-being has been negatively impacted by work-related stress. Balducci (2012) and Notelaers et al. (2010) stated that work-related stressors can be seen as factors that influence bullying because excessive job demands, resource inadequacies and a lack of job control can lead to severe bullying perceptions.

2.2 Workload

Workload has contributed to work-related stress as it is one of the factors that influence work-related stress found in many cases nowadays. According to a journal titled "Occupational and Employee Stress in Small Businesses" by Dr. Yuhshy and Chuang, previous studies suggest that uncertainty, over load, personal problems, understaffing

and lack of sufficient experience can occur due to work-related stress occurred in SMEs. As mentioned in a journal by Wai et al. (2013), accounting workplaces have been known as one of the environments with high level of stress due to work overload during the peak period. Previous studies stated that employees have been exposed to long working hours or work overload, high demands and low support, high effort and work-family imbalance (Niedhammer et al., 2012).

Besides, Houtman (2007) reported that work-related stress can influence employees that work under pressure deadlines and at a very high speed. As stated by Kauppinen et al. (2013), when employees are hurried to do their works and unable to complete those works due to other intervening tasks, it can cause psychosocial overload. It has been verified that majority of the employees reported that feeling hurried on the job is one of the causes of psychosocial overload. Houtman (2007) also proved that workload is one of factors that influenced work-related stress the most. The author has mentioned that high quantitative demands or work overload have caused stress.

2.3 Job Control

Job control has contributed to work-related stress because it is one of the factors that influenced work-related stress found in many cases nowadays. According to Doby and Caplan (1995), inadequate feedback, lack of control, lack of training, and lack of knowledge can lead to excessive levels of worker stress. Archer (1979) stated that employees who feel unable to control important outcomes may suffer anxiety. Based on a Swedish study, Karasek (1990) found that when job control has increased, there was a significant positive association with decrease in worker stress, absenteeism, depression, and heart disease. So, it has been verified that job control is one of the most factor that can influenced work-related stress.

Based on Karasek's psychosocial work factors (1970), low control and high demand have been shown to predict high rates of cardiovascular disease as well as high rates of sickness absence. There are strong evidences that high job demands, low colleagues and supervisor support, low job control and low procedural and relational justice can be the results of work-related stress (Nieuwenhuijsen et al. 2010). Besides, Houtman (2007) has classified that work factor that caused stress are autonomy or job control, learning opportunities and reward. As stated in "Working on Stress" (2002) article, factors such as work control, material and moral support, interesting work and comfortable and safe working conditions can reduce the effect of stress.

2.4 Work Relationship

Work relationships have contributed to work-related stress as it is one of the factors that influenced work-related stress found in many cases nowadays. One of the significant factors in increasing workplace stress was lack of opportunity to interact with co-workers or managers. Jobs that are often judged to be boring and repetitive such as assembly line work or computer data entry, tend to increase employee stress levels as these jobs tend to make workers isolate from their colleagues (Karasek & Theorell, 1990). Houtman (2007) has classified that lack of social support at workplace can lead to stress. A general definition defined that co-worker relationships occur whenever there is some form of contact between two or more employees.

Co-worker relationships can exist between staff, managers, directors and executives. As stated in a journal titled "Workplace Relationships, Stress, Depression and Anxiety in a Malaysian Sample" by Khodarahimi, Intan and Norzarina (2012), proposed that satisfaction and involvement that occurred in a relationship usually based on how fair the distribution of costs and benefits are for each partner. A previous study speculated the significance of relationships in the workplace is a phenomenological issue and it might influence the arising of stress, depression and anxiety in the workplace.

2.5 Research Framework

The framework as per Figure 1 shows factors that influenced work-related stress based on researcher's study. Those three variables were the common most influenced factors based on previous researchers and studies. Thus, based on those three factors that influenced work-related stress, researcher has proposed some hypothesis for this study. These hypotheses has been developed based on the previous studies that been concluded by significant previous researchers. Those three hypotheses are:

H1   There is a positive relationship between workload and work-related stress.

H2   There is a positive relationship between job control and work-related stress.

H3   There is a positive relationship between work relationships and work-related stress.
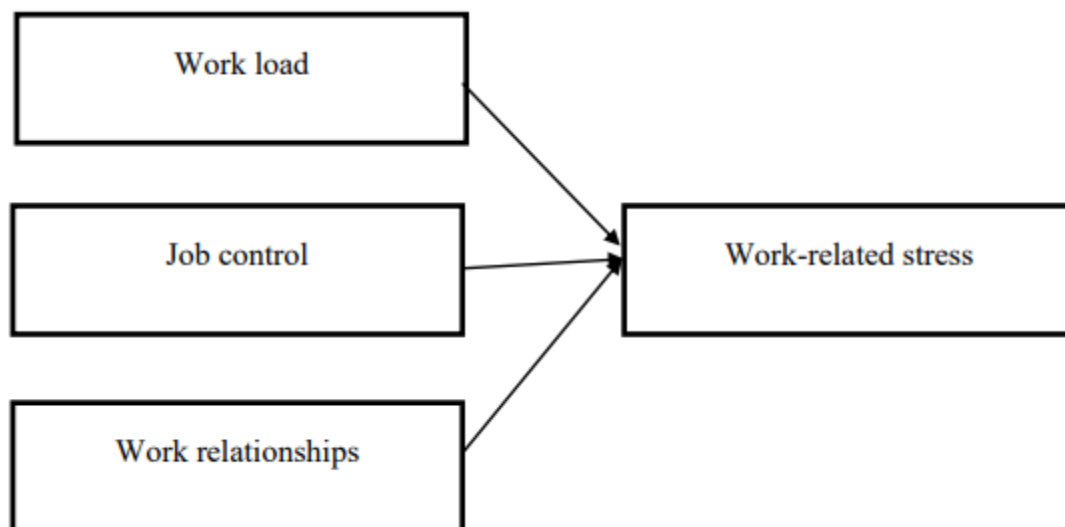
Figure 1: Research Framework

3. Research Methodology

For this study, researcher chose quantitative technique using a 7-point Linkert scale with convenience sampling technique for the questionnaire that been distributed to SME workers in Sungai Buloh. The questionnaire use in this study was design by adopting research question items used by Ferneta et al. (2016), Khairuddin, Salim, Saidun and Hashim (2016), Lewis, Megicks and Jones (2017), Kinnunen (2016), and Petarli et al. (2015). The questionnaire was divided into five (5) parts, namely Section A-Demographic Profile, Section B-Work-related Stress, Section C-Workload, Section D-Job Control and Section E-Work Relationships. An interval 7-point Linkert scale use in this study as research process measurement to identify the extent or degree of each item's practice within the organization. It also enables data analysis through factor analysis, correlation analysis and multiple regressions. The questionnaires were distributed using printed questionnaire to employees in the organization and email using online questionnaire via google form. Online questionnaire helps this study to gather much faster information. It also provides much higher reliability of the data collection where the data collected could be directly extracted from the online database without any human intervention key-in the data for data analysis purpose.

4. Results and Discussion

From the questionnaire that been distributed, 48.4 percent of the respondents are within the age of 18-24 years old. This followed by 31.1 percent within the age of 25-34 years old, 10.7 percent within the age of 35-44 years old and 9.8 percent within the age of 45 years old and above. Besides, female has larger number of frequencies that consists of 73 respondents with 59.8 percent compared to male which consists of 49 respondents with the 40.2 percent. Next, Malay respondents have contributed the largest percentage, which is 95.1 percent compare to Chinese with 1.6 percent and Indian with 3.3 percent. Muslim respondents have contributed the largest percentage, which is 96.7 percent. This is followed by other religion with 1.6 percent, Christian with 0.8 percent and Buddhist with 0.8 percent. Besides, single respondents have responded to this study with 59.0 percent. This is followed by married respondents with 41.0 percent. Thus, there is no respondent with divorcee status. Besides, respondents that have Bachelor Degree with 45.9 percent have responded to this study. This is followed by respondent that have Diploma with 25.4 percent, SPM with 18.0 percent, STPM with 6.6 percent and Master Degree with 4.1 percent.

Next, 60.7 percent of respondents have less than 5 years' experiences in the organization. This is followed by 16.4 percent with 6-10 years of experience, 8.2 percent with 11-15 and 16-20 years, 2.5 percent with 21-25 years, 3.3 percent with 26-30 years and only 0.8 percent with years of experience more than 30 years. Most of the respondents with 56.6 percent worked 5-8 hours per day. Next, 33.6 percent of respondents worked 9-12 hours per day and 4.9 percent of respondents worked less than 4 hours and more than 12 hours per day. Most of the respondents with 22.1 percent worked 41-45 hours per week. Next, 21.3 percent of respondents worked 36-40 hours per week, 18.9 percent worked more than 50 hours, 13.1 percent of respondents worked less than 30 and 30-35 hours and lastly 11.5 percent worked 46-50 hours per week. 50 percent of the respondents have income of RM 1,000-2,000. This is followed by 21.3 percent with income of RM 2,001-3,000, 14.8 percent with income of RM 3,001-

4,000, 5.7 percent with income of RM 6,001 and above, 4.9 percent with income of RM 4,001-5,000 and 3.3 percent with income of RM 5,001-6,000.

Table 1 below showed the descriptive statistics of all study variables. The mean of work-related stress was the lowest with the value of 3.77. Work relationships was the highest mean with 4.92 follow by job control 4.63 which these indicate that most SME workers were highly agree on work relationships and job control item has been asked in the questionnaire. While workload with 3.90 has average mean value which indicated that average workers were neither agree or disagreed to the item has been asked in the questionnaire regarding workload. Pearson Correlation was used to analyse the strength of association between all variables in this research study. The table illustrated that there is a significant and greater positive relationship between workload and work-related stress (r=0.845**). Therefore, higher workload score lead to higher work-related stress score. Next, there is less significant and negative relationship between job control and work-related stress (r=-0.198*). Therefore, lower job control score lead to lower work-related stress score. Lastly, there is a significant and negative relationship between work relationships and work-related stress (r=-0.369**). Therefore, lower work relationships score lead to lower work-related stress score.

Table 1: Descriptive Statistic, Cronbach Alpha and Pearson Correlation

Variable	Mean	Standard Deviation	Work-related Stress	Workload	Job Control	Work Relationships
Work-related Stress	3.77	1.85	(0.913)			
Workload	3.90	1.81	.845**	(0.908)		
Job Control	4.63	2.55	-.198*	-.138	(0.847)	
Work Relationships	4.92	1.61	-.369**	-.229**	.473**	(0.935)

Note: **. Correlation is significant at the 0.01 level (1-tailed). Entries in parenthesis indicate Cronbach Alpha values.

Table 2 below describes the result for multiple regression analysis performed for the framework proposed in this study. Based on multiple regression model with all predictors produced R Square=0.746. The 0.746 of R Square represent that there is 74.6% of variation of work-related stress can be explained by three independent variables which are workload, job control and work relationships. Meanwhile, the remaining 25.4% of the variation of dependent variable was interpreted by other factors which there are other additional variables that are important effect on work-related stress have not been considered in this study. Table 2 also shows also shows that workload and work relationships were fit on the study model which significant value that are less than 0.05 (p<0.05) with F value of 115.734. Table shows that most independent variable that influenced work-related stress is workload. 80.2% of workload explain work-related stress and there was a significant relationship (beta=0.802, p=0.00, p<0.005). This was followed by job control where 0% influenced work-related stress with less significant relationship (beta=0.00, p=0.996, p<0.05). Lastly, only -18.5% of work relationships influenced work-related stress but there was a significant relationship (beta=-0.185, p=0.001, p<0.05).

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Table 2: The results of Regression Analysis for Work-related Stress

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
Constant	15.377	3.263		4.713	.000
Workload	1.013	.060	.802	16.838	.000
Job Control	.000	.063	.000	.006	.996
Work Relationships	-.185	.054	-.185	-3.463	.001
F value			115.734		
Sig.			0.000		
Adjusted R square			0.740		
R square			0.746		

5. Conclusion

The main objective of this study was to examine the factors that affecting work-related stress among SME workers in Sungai Buloh. The result of this study has answered the objectives of this study. It has been decided that only one hypothesis can be accepted which is H1, there is a positive relationship between workload and work-related stress as it has positive and significant relationship. The significant relationship between workload and work-related stress was identified using multiple regression analysis. Workload was found the most critical success factor from the regression analysis. Based on Table 2, it indicated that standardized coefficient beta for workload was higher than job control and work relationships. Therefore, this study concludes that workload was the strongest factor that affected work-related stress. Based on the results, researcher can suggest that employees should ensure that they are given task that been agreed to be done within a specific time. Besides, the manager or supervisor can offer something attractive to attract employees do extra tasks. Furthermore, if employees were given something in exchange, they will feel appreciated and their tasks have been recognized.

Organizations might have the initiative to take actions on how to overcome this problem but it may cost them in the other hand. So, employees should take one step ahead to overcome this problem because it might be difficult to reduce it. Next, even though work relationships hypothesis has been rejected, but it has significant relationship with work-related stress. So, it might be one of the important factor that influence work-related stress. A psychologist, Shelley E. Taylor (2002) has discussed that social ties are the cheapest medicine that we have. According to this psychologist, people who are always be with their social group in other to give and receive support are less likely to experience stress. So, employees have to ensure that they have good relationships in the organization so that they can perform their responsibility with less stress.

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The Impact of Diversification Strategy, Leverage, IOS on Real Earnings Management

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Abstract

This study examines the impact of diversification strategies, the level of use of debt (leverage) and the investment opportunity set (IOS) on the performance and earnings quality of diversified firms. Earnings quality is measured by real earnings management. Diversification level is measured by Herfindahl index and number of corporate segments. The diversification strategies in this study are divided into 2 groups, namely related and unrelated diversification. Samples of this study are 120 multi-segment companies (1,320 firm years) listed in Indonesia Stock Exchange for an 11-year period from 2002 to 2012. The results of the study also find that multi-segment strategy affect positively real earnings transactions (via discretionary costs of production and abnormal operating cash flow). The option to perform transactions in real earnings management is significantly influenced by the increase in the number of segments and the level of debts as well as the use of investment opportunities set (IOS).

Keywords: Diversification Strategies, Leverage, Investment Opportunity Set.

1. Introduction

1.1 Background

In Indonesia, there are growing numbers of large corporations that choose to implement multi-segment strategy. This strategy can be executed through internal growth with business expansion and common use of asset, while external growth is executed through merger and acquisition. Xia (2007) reckoned that internal corporate growth can give a more positive impact in comparison to relying on external growth through mergers and acquisitions. Research by Munter (1999), Thomas (2002), Lim (2007) as well as Perez and Hemmen (2010) showed that managers tend to be more aggressive in performing earnings management on diversified companies. It is suspected the aggressiveness was caused by the creation of internal capital market without the obligations to respect debt covenant. Also, resource misallocations and poor selection of investment with positive NPV also triggers earnings management (Stulz, 1990; Matsusaka and Nanda, 2002; McNichols and Stubben, 2008). Earnings management can be performed through accruals and real transactions (Roychowdhury, 2006; Zang 2007 dan Cohen *et al.*, 2008). This research will study earnings management performed through real transactions.   Based on the studies above, it is interesting to know further whether multi-segment diversification strategy increase real transactions earnings management.

1.2 Research Questions

Research question that will be studied, based on the background above is as follow: "Is diversification strategy (multi-segment), both related and unrelated, leverage, and companies investment opportunity set affecting on real transactions earnings management on public companies in Indonesia?"

2. Literature Review

2.1 Diversification

Diversification is one of many strategies to compete in business environment. Diversified companies are corporations that has many business segments (multi-segmented) or conglomerations. Business expansion is done through creation of strategic business units (SBU) or subsidiaries, both in similar business line or different line of business with its core. Business line or business segment that are similar with the core business is classified into related segments, and if they are very different from their core business, such segmented are classified into unrelated segments (Palepu, 1985; Mohindru *et al.*, 2007).

2.2 Agency Theory

According to Jensen and Meckling (1976), corporation is a nexus of contract between principals and agents. In the said contract, principals delegated authority of managing the corporation to agents, and agents receive rewards upon their service. The end result expected by the principals is maximisation of corporate values which leads to the ability of companies to maintain their sustainable growth.

2.3 Earnings Management

Earnings management are activities performed by management in choosing transactions recording activities through common accounting treatment for a specific objective (Belkoui *et al.*, 2006). Scott (2012) stated that the objective of earnings management practices are based on bonus motivation, debt covenant, tax, CEO turnover, IPO, and financial statement publication specifically for investors. Based on earlier researches, earnings management can be performed through accrual discretions (Dechow and Skinner, 2000) and real transactions (Roychowdhury, 2006; Cohen *et al.,* 2008; Zang, 2007). This research use one category of earnings management measurement, which is corporates' real transactions activities. Real transactions earnings management are defined by Roychowdhury (2006) as deviation in normal corporate operating activities, performed by management to emit misleading information to various stakeholders, as well as giving the impression that the objective of financial reporting has been achieved through normal corporate operational activities. Real transactions earnings management are performed through real corporation activities manipulation (Roychowdhury, 2006) to alter the reported earnings through time adjustments and corporate scale of operation in their business activities. Manipulations can be performed through sales discounting to achieve annual sales target, overporduction to reduce production cost, as well as

reduction of discretionary expenses such as advertisements and other expenses not directly related to production output.

3. Hypothesis Development

In the recent period, earnings management has developed not only through discretionary accrual but also through real transactions. Accrual earnings management have been a subject of auditor verification, which leads the management to perform earnings management in form of real activities (Ewert and Wagenhofer, 2005). On diversified companies with accelerated business expansion and high demand on third parties financing source are thought to cause earnings management through corporate real activities. Graham et al. (2005) found that earnings management through real activities are harder to detect in comparison with accrual earnings management. Real activities performed by management such as operation expenses reduction, overproduction, or looser sales discount policies are difficult to be distinguished, whether these are earnings management in action or simply considered as optimal business decision. Munter (1999) and Lim (2007) tries to assess the effects of diversification strategy to earnings quality. The results showed that managers are more aggressive in doing earnings management practices on diversified companies in comparison with specialised companies. This research tries to test the relationship between diversification strategy,both related and unrelated, on earnings quality, in which earnings quality are measured through real transactions earnings management. Hypothesis which are to be tested are as follow:

Hypothesis 1a: Diversification strategy positively affect real transactions earnings management through abnormal cash flow from operation in multi-segmented companies.
Hypothesis 1b: Diversification strategy positively affect real transactions earnings management through abnormal production costs in multi-segmented companies.
Hypothesis 1c: Diversification strategy positively affect real transactions earnings management through abnormal operation expenses in multi-segmented companies.
Hypothesis 1d: Diversification strategy positively affect total real transactions earnings management in multi-segmented companies.

Researches by Rhouland and Zhou (2005) and Berger and Ofek (1995) showed their support on the hypothesis that on multi-segmented companies, leverage affected earnings quality. Debts are used in financing various investment opportunities and partially used in subsidising weaker segments. This condition tends to trigger earnings management which affects earnings quality, since managements want to look succeeded in managing segments under their ownership. This research tries to test the effect of use of debts on earnings quality measured through real transactions earnings.

Therefore, the hypothesis to be tested:
Hypothesis 2a: Leverage positively affected real transactions earnings management through abnormal cash flow from operation on multi-segmented corporations
Hypothesis 2b: Leverage positively affected real transactions earnings management through abnormal production cost on multi-segmented corporations
Hypothesis 2c: Leverage positively affected real transactions earnings management through abnormal operation expenses on multi-segmented corporations

Hypothesis 2d: Leverage positively affected total real transactions earnings management on multi-segmented corporations

McNichols and Stubben (2008) proved that another reasons corporations manipulate their earnings are so that they can over-invest. Testing was performed using discretionary revenues, which found that there is a relation between earnings management and excess investment. Prior researches by Biddle and Hilary (2006), Verdi (2006), and Bushman et al. (2006) in McNichols and Stubben (2008) also showed that financial report information affects the accounting earnings mentioned. Diversification can also be chosen for opportunistic purposes, which related to agency cost due to available free cash flow or chosen to utilise excess financing by creating internal capital market. According to Krishnan and Kumar (2005) as well as File and Kwak (2006), companies with high IOS are characterised by low contemporaneous earnings, therefore managers in high IOS companies will tend to perform earnings management which aimed to decrease income, so that they can promise earnings to investors in the future. However, there are researches which disagrees with that thesis (Gull et al, 2003), which stated that companies with high IOS will try to deliver credible information upon the condition of the companies, which means that earnings management are driven more by efficiency rather than opportunistic. Based on those arguments, there are more researches which argues that earnings management increase in companies with high investment opportunities. Desire to grow, followed by strict corporate control which mandated management to maintain performance into positive directions, are the reasons that management with high investment opportunity to conduct earnings management. This research aims to test the effect of such investment opportunity on earnings quality measured through real transactions earnings management. Referring to McNichols and Stubben (2008), hypothesis proposed are as follow:

Hypothesis 3a: IOS negatively affecting real transaction earnings management through abnormal cash flow from operations on multi-segmented companies.
Hypothesis 3b: IOS negatively affecting real transaction earnings management through abnormal production cost on multi-segmented companies.
Hypothesis 3c: IOS negatively affecting real transaction earnings management through abnormal operation expenses on multi-segmented companies.
Hypothesis 3d: IOS negatively affecting total real transaction earnings management on multi-segmented companies.

4. Research Method

4.1 Research Population and Samples

This research used companies listed in Indonesia Stock Exchange (IDX) as samples. Samples are taken from all companies in every industry, except financial industries and other industries which does not have minimum 5 specialised companies, referring to Berger and Ofek (1995) Companies must have complete financial report, including segment reporting and its explanations. Observation period as well as data included are from 2002 – 2012 (10 years).

4.2 Empirical Research Model

The models stated below are used to test H1 to H3, which test the earnings quality proxied using earnings management. This research examines the relations between diversification strategy alongside leverage and IOS to real transactions earnings management. Real transaction earnings management are used 3 different measurements, including abnormal cash flow from operation (ABCFO), abnormal production cost (ABPROD), and abnormal discretionary operation expenses (ABDISCEXP).

4.2.1 Hypothesis 1a, 2a, and 3a testing model

$ABCFO_{it}= \beta_0 + \beta_1 DIVER_{it} + \beta_2 LEV_{it} + \beta_3 IOS_{it} + \beta_4 RISK_{it} + \beta_5 FCF_{it} + \beta_6 SIZE_{it} + \varepsilon_{it}$............(Model 1a)

$ABCFO_{it}= \beta_0 + \beta_1 DDIVER_{it} + \beta_2 LEV_{it} + \beta_3 IOS_{it} + \beta_4 RISK_{it} + \beta_5 FCF_{it} + \beta_6 SIZE_{it} + \varepsilon_{it}$..........(Model 1b)

4.2.2 Hypothesis 1b, 2b, and 3b testing model

$ABPROD_{it}= \beta_0 + \beta_1 DIVER_{it} + \beta_2 LEV_{it} + \beta_3 IOS_{it} + \beta_4 RISK_{it} + \beta_5 FCF_i + \beta_6 SIZE_{it} + \varepsilon_{it}$.............(Model 2a)

$ABPROD_{it} = \beta_0 + \beta_1 DDIVER_{it} + \beta_2 LEV_{it} + \beta_3 IOS_{it} + \beta_4 RISK_{it} + \beta_5 FCF_{it} + \beta_6 SIZE_{it} + \varepsilon_{it}$..........(Model 2b)

4.2.3 Hypothesis 1c, 2c, and 3c testing model

$ABDISCEXP_{it} = \beta_0 + \beta_1 DIVER_{it} + \beta_2 LEV_{it} + \beta_3 IOS_{it} + \beta_4 RISK_{it} + \beta_5 FCF_{it} + \beta_6 SIZE_{it} + \varepsilon_{it}$.......(Model 3a)

$ABDISCEXP_{it} = \beta_0 + \beta_1 DIVER_{it} + \beta_2 LEV_{it} + \beta_3 IOS_{it} + \beta_4 RISK_{it} + \beta_5 FCF_{it} + \beta_6 SIZE_{it} + \varepsilon_{it}$.....(Model 3b)

4.2.4 Hypothesis 1d, 2d, and 3d testing model

$REM_{it} = \beta_0 + \beta_1 DIVER_{it} + \beta_2 LEV_{it} + \beta_3 IOS_{it} + \beta_4 RISK_{it} + \beta_5 FCF_{it} + \beta_6 SIZE_{it} + \varepsilon_{it}$……..........(Model 4a)

$REM_{it} = \beta_0 + \beta_1 DDIVER_{it} + \beta_2 LEV_{it} + \beta_3 IOS_{it} + \beta_4 RISK_{it} + \beta_5 FCF_{it} + \beta_6 SIZE_{it} + \varepsilon_{it}$.................(Model 4b)

Legends:

Independent variable

ABCFO   Abnormal cash flow from operation, which are measured:

$$\frac{CFO_{it}}{ASSETS_{it-1}} = K1 \frac{1}{ASSETS_{it-1}} + K2 \frac{SALES_{it}}{ASSETS_{it-1}} + K3 \frac{\Delta SALES_{it}}{ASSETS_{it-1}} + \varepsilon_{it}$$

ABPROD   Abnormal production expenses, measured:

$$\frac{PROD_{it}}{ASSETS_{it-1}} = K1 \frac{1}{ASSETS_{it-1}} + K2 \frac{SALES_{it}}{ASSETS_{it-1}} + K3 \frac{\Delta SALES_{it}}{ASSETS_{it-1}} + \frac{\Delta SALES_{I, it}}{ASSETS_{it-1}} + \varepsilon_{it}$$

ABDISCEXP   Abnormal discretionary expenses:

$$\frac{DISCEXP_{it}}{ASSETS_{it-1}} = K1 \frac{1}{ASSETS_{it-1}} + K2 \frac{SALES_{I, t-1}}{ASSETS_{it-1}} + \varepsilon_{it}$$

REM Total real transactions earnings management, which was formed as sum of ABCFO, ABPROD, and ABDISCEXP; in case of summation between ABCFO and ABDISCEXP, each individual amount was multiplied by -1 to avoid offsetting which may lead to misinterpretation (Zang, 2007), therefore the formula is stated as follow:

$$(-1 * ABCFO) + ABPROD + (-1 * ABDISCEXP)$$

Legends: CFO *it* (Cash flow from operation on company i, period t); **Assets***i,t-1* (Total asset on company i, period t-1); **ΔSALES** *i,t* (Change of sales between year t and t-1 (t – t-1)); **SALES** *i,t* (Total sales of company i, period t); **PROD** *it* (Production cost on company i, period t); **ΔSALES***i,t-1* (changes in sales between year t-1 and t-2 (t-1 – t-2)); **DISCEXP**it (Discretionary

expenses of company i, period t); **SALES*i,t-1*** (Total sales of company i, period t-1); **ε *it*** (error term)

Dependent variable

DIVER Diversification level of the companies, measured using 1) Herfindahl Index, 2) Number of segments, and 3) dummy variable, 1 if the diversification is related to core business and 0 for other than that, referring to Rhouland and Zhou (2005) and Galvan (2007). Herfindahl Index shows how concentrated a company in their respective business segments. The more concentrated the business, Herfindahl Index will be approaching 1 (Berger and Ofek, 1985; Setionoputri et al., 2009), which indicated that sales is concentrated on specific segments only. Herfindahl Index is calculated using the following formula: **HI = ΣSeg Sales² / [Σ sales]²**

Legends: Seg Sales (Sales per individual segment); **Sales** (Total annual sales)

Related and Unrelated diversification are determined using methods previously used by Palepu (1985), in which using Entropy Index (Jacquemin and Berry, 1979) stated in the following formula:

Related Diversification (RD):

$$RD = \sum_{j=1}^{M} \sum_{i=1}^{N_j} s_i^j \ln\frac{s^j}{s_i^j}.$$

Unrelated Diversification (UD):

$$UD = \sum_{j=1}^{M} s^j \ln\frac{1}{s^j}$$

Legends: M (Number of companies operating within two digits of SIC industry classification, indexed by j); N (Number of companies operating within four digits of SIC industry classification (N≥M), indexed by i); Nj (Number of companies operating in j group); S_i^j (i market capital to j based on total sales); S^j (Market capital of each companies in group j based on total sales)

After RD and UD values are obtained, dummy are determined based on the margin between the two values. If (RD – UD) > 0 (positive), dummy value of 1 shall be given, and dummy value of 0 will be given if the margin is negative.

LEV (Leverage of the companies); IOS (Investment opportunity set. The formula for each set are):
MVA : **(asset *t* – total equity *t*) + (*shares outstanding t* * share closing price t*) / total asset**
Sales Growth : ***sales t – sales t-1 / sales t-1***

5. Analysis

5.1 Hypothesis Testing result 1a, 2a, and 3a

Empirical evidence on Model 1a and 1b (Table 5.1) concluded that number of segment is significantly and negatively affecting (α = 10%) on ABCFO. This means that the more segment that the companies have, especially when they are related with core business, the number of real transaction earnings management is increased with the decrement of companies operational cash flow. Abnormality of cash flow from operation (ABCFO) is one of real earnings management from by the companies, through sales discount policies and softer loan terms, to increase number of sales. Although sales do increase, since the sales was boosted by softer loan terms, this does not come with appropriate increment of cash flow.

Management of multi-segmented companies' have the ambition to always capable of developing their business through operations segments that they have. The goal of adding new segments, both related and unrelated, are to expand their corporate business empire. The success of segment addition should be proven with creating new sales on those segments. To increase sales per segment, which indicates success and

efficiency, therefore the companies are adopting soft loan policy. Consistent with model 3 testing result, the increase in numbers of segments (QSEG) and numbers of related segments (DQSEG) will increase real transaction earnings management through ABCFO, that comes from abnormal decrease of cash flow from operation, since the increase of sales is not followed with fair increase of cash inflow.

Table 1: Hypothesis 1a, 2a, and 3a testing result

Model 1a: $ABCFO_{it} = \beta_0 + \beta_1 DIVER + \beta_2 LEVERAGE + \beta_3 IOS + \beta_4 RISK + \beta_5 FCF + \beta_6 SIZE + \varepsilon_{it}$								
Model 1b: $ABCFO_{it} = \beta_0 + \beta_1 DDIVER + \beta_2 LEVERAGE + \beta_3 IOS + \beta_4 RISK + \beta_5 FCF + \beta_6 SIZE + \varepsilon_{it}$								
Dependent Variable: ABCFO								
Ind Var	Pre dict	(1)		(2)		(3)		(4)	
		coeff	p-value	coefficient	p-value	coeff	p-value	coeffi	p-value
C	+/-	-0.088887	0.3866	-0.100106	0.3334	-0.098679	0.3304	-0.096686	0.3327
HI	-	-0.007172	0.5815						
DHI	+			0.004243	0.6054				
QSEG	+					-0.005016	0.0507*		
DQSEG	-							-0.003199	0.0663*
LEV	-	-0.071757	0.0000***	-0.072465	0.0000***	-0.070251	0.0000***	-0.069903	0.0000***
IOS	-	-0.008075	0.0180**	-0.008037	0.0215**	-0.007242	0.0366**	-0.007456	0.0264**
RISK	+	-0.001412	0.3491	-0.001236	0.4164	-0.001348	0.3692	-0.001506	0.3159
FCF	+	0.102076	0.0000***	0.103094	0.0000***	0.102271	0.0000***	0.100299	0.0000***
LNTA	+/-	0.005290	0.1496	0.005453	0.1431	0.005967	0.1067	0.005640	0.1193
R-squared		0.684579		0.683859		0.686412		0.685425	
Adj R-sqr		0.651557		0.650762		0.653582		0.652492	
***, **,* is the each level of significance on 1%, 5%, and 10% (*two-tailed test*)								

For debt use and investment opportunity, testing results found that leverage (LEV), at α=1% and IOS with MVA as proxy (α=5%) is sigificantly and negatively affecting ABCFO. The aforementioned testing result shows that the larger debt usage and investment opportunity of the company, real transaction earnings management will increase. Companies with multi-segments strategy have high growth opportunity, but often experienced handicap in fund availability (Ferris et al., 2002). Sales growth and investment opportunities in form of NPV-positive projects require massive financing. When internal funding is not sufficient, then the funding source will be seek from external entities, therefore, management is concerned in presenting good level of performance to the creditors. High use of debt, with strict debt covenant monitoring, along with obligation of timely interest and loan principal payment, cause the management to be able to present the creditors that the companies are in healthy sales condition. One of the method is by soften their credit schemes that increase sales, but these are not followed by cash inflow from sales, creating abnormality on cash flow from operations (ABCFO).

5.2 Hypothesis 1b, 2b, and 3b testing results

Model 2a and 2b (table 5.2) testing shows that HI and DHI variables are significantly and negatively (α=5%) affecting ABPROD, whilst QSEG and DQSEG are significantly and positively (α=1%) affecting ABPROD. HI and DHI negative coefficients indicate that as companies are diversing through the number of segments that they have (although related with their core business), this will increase ABPROD. Cohen and Zarowin (2010) found that companies will try to look efficient through increasing their production volume up to more than their supposed level, so that cost of goods sold will decrease due to factory overhead that looks more efficient from what it should be due to pseudo-efficiency scale of production. The result which looks contradictive at a glance indicates that diversification with dispersed sales in multiple segments (decreasing HI), will increase ABPROD. On diversification strategy, not all segments are performing positively, therefore managers tend to cover the set backs from less productive segments through abnormal volume of production. This practice can be surpressed by implementing diversification strategy which are focused and related to their core business, and not dispersing on many segments, as well as concentrated sales which was shown by high value on HI will decrease ABPROD. Leverage (LEV), investment opportunity (IOS) and companies' size (LNTA) showed significant effects on ABPROD. Usage of debt (LEV) is significatly and positively, at α=1%, affecting ABPROD. This finding can be interpreted that massive financing needs on multi-segment companies are mostly met using external financial sources when internal financing is not anymore sufficient. To smoothen the process of earning debts, management will try to create a positive impression on the creditors. Using abnormal level of production (overproduction), management wants to show that companies as debtors have good capability in fulfilling their obligations as stated in debt covenant, assuming that the products can be sold. This result is inline with Roychowdhurry (2006) that stated that companies with high debt level will manipulate their real activities through abnormal cost of production.

Table 2: Hypothesis 1b, 2b, and 3b testing result

Model 2a : ABPROD$_{it}$ = β$_0$ + β$_1$ DIVER +β$_2$ LEVERAGE +β$_3$ IOS +β$_4$ RISK +β$_5$ FCF + β$_6$ SIZE + ε$_{it}$								
Model 2b: ABPROD$_{it}$ = β$_0$ + β$_1$ DDIVER +β$_2$ LEVERAGE +β$_3$ IOS +β$_4$ RISK +β$_5$ FCF + β$_6$ SIZE + ε$_{it}$								
Dependent Variable: ABPROD								
Ind Var	Pre dict	(1)		(2)		(3)		(4)	
		coeff	p-value	coeff	p-value	coeff	p-value	coeff	p-value
C	+/-	0.692170	0.0005***	0.663941	0.0011***	0.680795	0.0005***	0.651409	0.0005***
HI	-	-0.061660	0.0108**						
DHI	-			-0.038224	0.0262**				
QSEG	+					0.011910	0.0083***		
DQSEG	+							0.006935	0.0075***
LEV	+	0.039278	0.0047***	0.032475	0.0194**	0.038761	0.0064***	0.044340	0.0011***
IOS	-	-0.017763	0.0020***	-0.017440	0.0031***	-0.017607	0.0021***	-0.010907	0.0355
RISK	+	0.001246	0.6337	0.000639	0.8102	0.001701	0.5326	-0.000286	0.9138

FCF	-	-0.010787	0.2824	-0.014196	0.1642	-0.017482	0.0930*	-0.013553	0.1740
LNTA	+/-	-0.019519	0.0064***	-0.019061	0.0097***	-0.021863	0.0022***	-0.020462	0.0029***
R-squared		0.718882		0.711509		0.712744		0.713843	
Adj R-squared		0.689451		0.681306		0.682671		0.683885	
***, **,* is the each level of significance on 1%, 5%, and 10% (*two-tailed test*)									

IOS variable testing result shows significant and negative effect upon ABPROD on α = 1%. Diversification strategy creates high growth opportunity, thus creating investment demand to increase production capacity. Use of fund are more focused on investment financing in the future. Companies' commitment to allocate fund for increasing production capacity discourage management to conduct real transaction earnings management through overproduction since this action will disrupt the companies' cash flow. Therefore, ABPROD will decrease accordingly to the increase of IOS. This result contradicts with Roychowdhurry (2006) which stated that growth opportunities will encourage the increase of abnormal cost of production. Overall, from model 2a and 2b testing, it can be concluded that in diversified companies, there are factors that can trigger cost of production discretion (ABPROD) through real transactions practices. Those factors included diversification strategy concentration level (HI) and its relation with core business (DHI), number of segments (QSEG) and related segments (DQSEG), and debt usage (LEV). Factors which can discourage cost of production discretion included investment opportunities (IOS) proxied with MVA, free cash flows (FCF), as well as companies' size (LNTA). This means that increase of IOS, FCF and SIZE of the companies will lower abnormal cost of production (ABPROD).

5.3 Hypotheses 1c, 2c, and 3c testing results

Testing result on model 3a and 3b showed in table 5.3 indicates significant and negative effect (α = 1%) between numbers of segment (QSEG) and operating expense discretion. This implies that with increasing number of segment, number of real transaction earnings management done by companies will also increase. This finding is inline with Graham et al. (2005) and Rowchowdhurry (2006), which stated that with larger number of segments, companies will manipulate production volume to create sense of efficiency through decrease of COGS, yet abnormal cost of production (ABPROD) will remain due to the increase of production volume. This condition encourages companies to streamline operation expenses by cutting promotional expenses, general and adminstrative expenses, as well as other expenses related to research and development, and this will be visible from the amount of operation expenses discretion. From leverage variable testing, the result finds a significant and negative (α=5% dan α=10%) connection between leverage and ABDISCEXP. Increasing use of debt from external parties obliged the companies to show performance improvement from each of their operation segment. To create the necessary accounting performance, which later will be reviewed and appraised by creditors, management will undertake operation expenses discretion, which include cut in promotion expenses, general and administrative expenses, R&D expenses as well as other operation expenses, since this practice can improve current year corporate performance (contemporaneous earnings). Holding back operation expenses which are not directly linked to production output is

necessary in order to support companies' performance so that they can fulfill the terms and conditions stated by the creditor in the debt covenant. Investment opportunity is significantly and positively affecting ABDISCEXP (α=1%), showing that the larger the investment opportunity for the company, they will experience less real transaction earnings management due to the decrease of operation expenses abnormality. Companies with high IOS tend to allocate their fund on capital expenditure and aggressively opening more segments while hoping for better profit stature in the future. In this condition, companies will require more operation expenses such as advertising expenses and new market/products promotions expenses, general and administrative expenses to serve new segments, R&D expenses, as well as other operation expenses. Therefore, it can be understood that on the researched companies, when IOS increase, the tendencies are operation expenses will also increase and real transactions earnings managemet through operating expenses abnormalities are not generally happening.

Table 3: Hypothesis 1c, 2c, and 3c testing result

Model 3a: ABDISCEXP$_{it}$ = β_0 + β_1 DIVER +β_2 LEVERAGE +β_3 IOS +β_4 RISK +β_5 FCF + β_6 SIZE + ε_{it}								
Model 3b: ABDISCEXP$_{it}$ = β_0 + β_1 DDIVER +β_2 LEVERAGE +β_3 IOS +β_4 RISK +β_5 FCF + β_6 SIZE + ε_{it}								
Dependent Variable: ABDISCEXP								
Ind Var	Pre dict	(1)		(2)		(3)		(4)
		coeff	p-value	coeff	p-value	coeff	p-value	coeff	p-value
C	+/-	0.079374	0.0552*	0.080094	0.0551*	0.110141	0.0098***	0.083765	0.0424**
HI	-	0.005894	0.2652						
DHI	+			0.005287	0.1717				
QSEG	+					-0.002924	0.0017***		
DQSEG	-							-0.000860	0.1591
LEVERAGE	-	-0.005556	0.0679*	-0.005157	0.0940*	-0.006982	0.0225**	-0.006322	0.0376**
IOS	+	0.005224	0.0001***	0.005402	0.0000***	0.006039	0.0000***	0.005190	0.0001***
RISK	+	-0.001965	0.0001***	-0.001938	0.0002***	-0.001883	0.0003***	-0.001994	0.0001***
FCF	-	-0.000569	0.7608	-0.000562	0.7635	-1.08E-05	0.9955	-0.000562	0.7651
LNTA	+/-	-0.003793	0.0119**	-0.003801	0.0128**	-0.004467	0.0044***	-0.003722	0.0139**
R-squared		0.994135		0.993988		0.993976		0.994119	
Adj R-squared		0.993521		0.993359		0.993346		0.993503	
N		1320		1320		1320		1320	
***, **,* is the each level of significance on 1%, 5%, and 10% (*two-tailed test*)								

5.4. Hypothesis 1d, 2d, and 3d testing result

Model 4a and 4b, as shown in table 5.4 test the effect of diversification strategy, leverage, and IOS on total Real Earnings Management (REM). REM value is the sum of ABCFO, ABPROD, and ABDISCEXP, after multiplying ABCFO and ABDISCEXP with -1 (minus one) to avoid misinterpretation when summed with ABPROD (Zang, 2007). REM can be undertaken through sales management, cost of production, as well as discretionary decrease of expenses. All three activities can be executed simultaneously or partially by management.

Table 5.4: Hypothesis 1d, 2d, and 3d testing result

Model 4a: $REM_{it} = \beta_0 + \beta_1 DIVER + \beta_2 LEVERAGE + \beta_3 IOS + \beta_4 RISK + \beta_5 FCF + \beta_6 SIZE + \varepsilon_{it}$								
Model 4b: $REM_{it} = \beta_0 + \beta_1 DDIVER + \beta_2 LEVERAGE + \beta_3 IOS + \beta_4 RISK + \beta_5 FCF + \beta_6 SIZE + \varepsilon_{it}$								
Dependent Variable: REM								
Ind Var	Pre dict	(1)		(2)		(3)		(4)	
		coeff	p-value	coeff	p-value	coeff	p-value	Coeff	p-value
C	+/-	8.017842	0.0176**	7.613462	0.0202**	7.136454	0.0241**	7.176590	0.0239**
HI	-	-0.744223	0.0922*						
DHI	+			-0.221099	0.4233				
QSEG	+					0.118017	0.0727*		
DQSEG	-							0.101290	0.0607*
LEV	+	1.130115	0.0004***	1.107899	0.0005***	1.110613	0.0005***	1.130330	0.0004***
IOS	+	0.013455	0.8577	0.028173	0.7101	0.022377	0.7680	0.023118	0.7607
RISK	+	-0.079778	0.1305	-0.080518	0.1318	-0.079549	0.1312	-0.076196	0.1446
FCF	-	0.194623	0.3141	0.178020	0.3587	0.167730	0.3859	0.201678	0.2974
LNTA	+/-	-0.286601	0.0180**	-0.285205	0.0185**	-0.285007	0.0182**	-0.283114	0.0184**
R-squared		0.431336		0.429582		0.430786		0.431670	
Adj R-squared		0.371802		0.369865		0.371195		0.372172	
***, **,* is the each level of significance on 1%, 5%, and 10% (*two-tailed test*)								

Multi-segment strategy implementation tends to increase operational complexity between each segment. Performance result of each segment also greatly varies, which means strong and dominant segment must grow alongside with weaker and less performing segments. The obligation to convince owners that segments are growing well encourage managers to perform real transactions earnings management. Model 6a and 6b testing result finds that real earnings management (REM) will increase together with addition of new business segments whose sales dispersed to many segments. It is found that the more diverse and equal are their sales to multiple segments, which was shown by the decrease of herfindahl index (HI), REM in multi-segment companies will increase as well. This result is also consistent when QSEG and DQSEG is used as proxies for diversification, which showed that the increase of number of segments also significantly and positively encouraging the increase of REM (α=10%). Increase in REM slows down when diversification is related to its core business (related diversification). Else than

creating a more complex operation between individual segments, diversification strategy also increase the needs of third parties financing sources to finance the development of each segment, which encourage to manipulate real transactions to look good in the eyes of the creditors. Testing results find that leverage give significant and positive impact on REM increase (α=1%). Inline with Rhouland and Zhou (2005); Perez and Hemmen (2010), the result showed that increase in debt within capital structure composition, will increase along with profit manipulation done by managers. Tendecies are that profit discretion happened through increasing income o companies that loan aggressively. Det covenant monitoring from creditors and size of interest expense caused the management to be careful in managing their profit. On all testing related to the effect of debt on abnormality of cash flow from operation, production cost, and operation expense showed significant and positive impact on all testing models. This finding signifies that debt usage dominated real transactions manipulation thorugh sales policy, production cost, and discretion suppression of operating expenses, which also indicates that companies with increasing debt opt to perform real transaction discretion through sales policy and production cost. Difficulties to perform discretion on operation expenses is expectd to be caused by needs of operating expeses from multiple division within multi-segment strategy, in comparison with companies which are focused on specific segments only. This finding supports Graham et al. (2005), which stated tht companies prefer to perform earnings management through real transactions to discretionary accrual. The consideration behind companies' favour of performing discretionary through real transactions (especially thorugh discretions on cash flow from operations and production cost) rather than discretionary accrual is that real transaction manipulation are harder to be detected and cannot be differed for various optimal business decision. Meanwhile, discretion through accrual transactions are limited by generally accepted accounting principles as well as obligation to disclose oeprational segments activities on segment reporting.

6. Conclusion

6.1 Research Conclusion

This research is aimed to examine the effect of main variables (diversification strategy, leverage and IOS) on earnings quality of multi-segmented companies. Earnings quality are measured using level of abnormality in cash flow from operation, production cost and operational expenses. From the results above, it is concluded that the research found that diversification strategy affects real transactions earnings management. On companies with various segments, yet sales are concentrated, real transactions earnings management tend to be higher. Such manipulation was performed to improve performance in every segment to make the look efficient. Examination also found that real transactions earnings management are primarily performed through loose sales policy and overproduction policy, which impacted on the cash flow from operation and production cost abnormality in multi-segmented companies. The results also indicated that real transactions earnings management performed better in capturing opportunistic behaviours from managers in multi-segment companies. There is a tendency that management use real transaction earnings management in diversified companies. Also,

it is concluded that real transactions earnings management is more superior in measuring earnings management rather than discretionary accrual.

6.2 Recommendation for further researches

It is recommended for further researches to develop diversification which might lead to geographical segmentation, national and international. Further researches should also include companies from service industry and mining industry, so that all sectors can be represented in the research samples Also, future researches might consider using other alternatives in measuring IOS which consider macroeconomics condition and impact of financial crisis on testing period. Furthermore, risk can also be measured using other alternatives, such as the use of total risk or cash flow volatility to test the consistency of testing models.

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Driver and Inhibitor of Organic Food Adoption: A Study on Indonesian Consumers

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Abstract

This study aims to empirically examine the role of health consciousness and environmental concern as a driver of attitudes towards organic food. In addition, this study also tries to empirically test the positive influence of attitudes toward organic food on the intention to buy together with perceived price and perceived availability. The study was conducted through a descriptive research design based on the cross-sectional data, collected from consumer samples in Indonesia. The sample was selected using a convenience sampling technique. The data were collected through online surveys. While Data analysis and hypothesis testing were carried out quantitatively using the Structural Equation Model (SEM) approach. In general, health consciousness, environmental concern, perceived prices, and perceived availability are proved as driving factors of intention to buy in the context of organic food on Indonesian consumers.

Keywords: organic food, sustainability marketing, green purchase, health consciousness, environmental concern.

1. Introduction

Today, the products or services created by promoting social responsibility are increasingly considered important, as evidenced by their growing presence (Tully & Winer, 2014). Related to this condition, organic food is one of the products that get the attention of consumers and marketers as an alternative product that is safer for health and the environment, compared to products produced by food industrialization today (Hughner, McDonagh, Prothero, II, & Stanton, 2007). In the past ten years, consumer demand for organic food has increased compared to conventional food, because it is perceived as healthier and safer for the environment (Yadav & Pathak, 2016). Accordingly, marketers also respond to the evolution of this consumer demand by trying to offer organic alternatives in their product lines. This phenomenon occurs in the network of fast food restaurants (Shin, Moon, Jung, & Severt, 2017), and the retail industry (Daunfeldt & Rudholm, 2014).

Regarding the choice of organic food as an alternative to conventional food, it does not necessarily mean that all consumers switch completely to the choice of organic food. A number of factors such as health, safety, and concern for the environment are driving consumers to prefer organic food. On the other hand, high prices, the unavailability of

supplies and current buying habits, are the inhibiting factors for consumers to switch to organic food alternatives (Hughner et al., 2007). Considering the individual and social benefits of organic food, which is more than conventional food, it is important to examine consumer decision-making processes for organic food choices. A deeper understanding of this decision-making process is expected to encourage faster consumption conversion to alternative organic foods.

Until now, there has been a considerable amount of research conducted to examine the processes and driving factors of consumer decision making related to the adoption of organic food. Health and safety aspects become one of the important drivers of consumer choice for organic food (Padel & Foster, 2005; Tarkiainen & Sundqvist, 2005; Yadav & Pathak, 2016). The aspects of concern for environmental sustainability are also considered to be the main driver of consumer choice for organic food (Lee & Yun, 2015; Shin et al., 2017; Yadav & Pathak, 2016). Meanwhile, aspects of price and availability, to a certain extent, are inhibiting factors for the adoption of organic food (Hughner et al., 2007; Tarkiainen & Sundqvist, 2005). In previous studies, the drivers of adoption of organic food and the inhibiting factors for the adoption of new organic foods were partially examined. This study seeks to examine these two streams, driving the adoption of organic food along with its inhibiting factors, in a more comprehensive empirical model in order to get a more comprehensive picture of how consumer intention to choose organic foods is formed.

2. Literature Review and Hypotheses

Health consciousness can be interpreted as a high degree of low attention and integration of health aspects in the daily life of an individual (Jayanti & Burns, 1998). One of the main motivations that encourages consumers to buy organic food is because organic food is perceived as healthier (Hughner et al., 2007; Tarkiainen & Sundqvist, 2005). Consumers also perceive that organic food is more reliable (Shin et al., 2017). Consumers who care about health aspects, including in terms of choosing food, tend to be more positive towards organic food (Yadav & Pathak, 2016).

H1. Health consciousness has a positive effect on attitude toward organic food

Environmental concern is the degree of one's awareness of environmental problems and their support for efforts to resolve them (Yadav & Pathak, 2016). Environmental concern is one of the factors forming a positive attitude towards organic food (Hughner et al., 2007). Environmental concern is one aspect that influences one's view of how he will behave in relation to the potential impact on the environment (Leary, Vann, Mittelstaedt, Murphy, & Sherry, 2014). Someone with a high level of environmental concern tends to be more positive about organic food (Yadav & Pathak, 2016).

H2. Environmental concern has a positive effect on attitude toward organic food

Attitude towards organic food can be interpreted as the level of support or agreement someone has towards organic food (Yadav & Pathak, 2016). The higher the level of one's approval of organic eating, the higher the tendency to buy organic food (Tarkiainen & Sundqvist, 2005). In line with Theory of Planned Behaviour, someone with a high level of positive attitude towards organic food tends to have a higher intention to buy organic food

(Yadav & Pathak, 2016), and even to a certain degree is willing to buy it at a higher price (Shin et al., 2017).

H3. Attitude towards organic food has a positive effect on intention to buy

One aspect that prevents a person from choosing organic food compared to food in general is the relatively higher price (Hughner et al., 2007). The level of perception of the price of organic food will slightly affect one's view of the choice of organic food (Lee & Yun, 2015). The problem of high prices is a barrier for someone to choose to buy organic food, especially for consumers with lower income levels (Tarkiainen & Sundqvist, 2005). Consumers with these conditions are faced with a choice of trade-offs between choosing organic foods that are seen as healthier and safer for the environment with the opportunity to save money for other needs. In the reverse viewpoint, there are consumers who feel that the price of organic food is reasonable if associated with its benefits (Laroche et al., 2001). At this point of view, the more the price can be received by consumers, the higher their desire to buy organic food.

H4. Perceived price has a positive effect on intention to buy

Another aspect that prevents a person from adopting the choice of organic food is its availability, or the level of ease of obtaining it (Hughner et al., 2007). Perception will be difficult to get organic food that makes consumers feel uncomfortable will make them maintain their habits, buy conventional food products (Padel & Foster, 2005). In the opposite perspective, the easier organic food is obtained, the more likely consumers are prone to buy organic food (Vermeir & Verbeke, 2007).

H5. Perceived availability has a positive effect on intention to buy
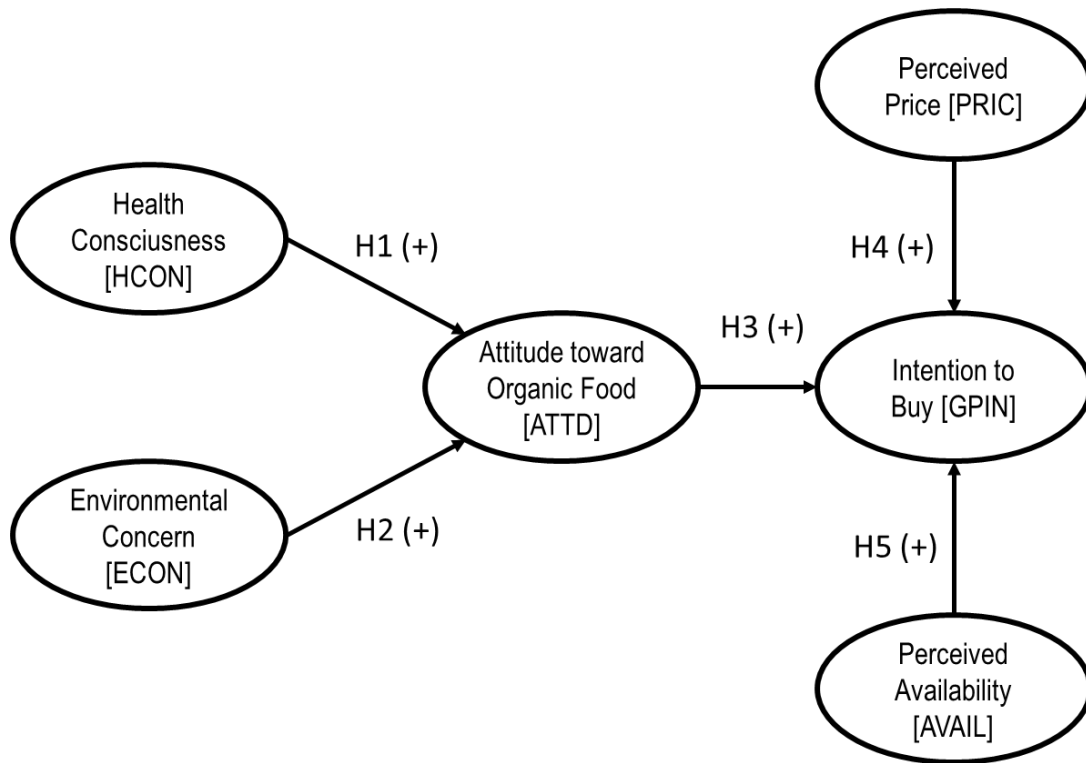
Figure 1: Research Model

3. Research Methodology

Data collection in this study was carried out through online survey techniques. Collection of field data produced 173 data of respondents aged 26 years and above. Hypothesis test analysis was modelled through the Structural Equation Modeling (SEM). This study involved four exogenous variables and two endogenous variables. Exogenous variables consist of Health Consciousness, Environmental Concern, Perceived Price and Perceived availability. Meanwhile, what acts as an endogenous variable is Attitude towards organic food and Green Purchase Intention.

Data were collected by capturing respondents' responses through a Likert scale 1-7. Health Consciousness and Attitude variables toward organic food were measured by 3 indicators adopted from the previous studies (Yadav & Pathak, 2016). Environmental Concern was measured by 4 combined indicators from two previous studies (Shin et al., 2017; Tsarenko, Ferraro, Sands, & McLeod, 2013). Perceived Price was measured by 3 indicators from the previous studies (Laroche et al., 2001). Purchase Intention was measured by 3 indicators from the previous research (Mostafa, 2009). Meanwhile Perceived availability was measured by 3 indicators from previous studies (Vermeir & Verbeke, 2007).

4. Result

Based on the estimation on the measurement model, the standardized loading factor of all indicators was above the cut-off value of 0.5. In most models the standardized loading factor of 0.5 or more can still be accepted to be said to have a fairly good level of validity (Wijanto, 2008). The value of average variance extracted (AVE) of each variable was above the value of 0.5, while the composite reliability (CR) of each variable was above the cut-off value of 0.7. The estimation results of the structural model indicate the normed chi-square value is 2,621 (good fit), RMSEA is 0.097 (marginal fit) and CFI is 0.904 (good fit), thus it can be concluded that overall, the research model has an adequate goodness of fit.

Table 1: Hypothesis Test Results

Path	Coefficient	P-value	Conclusion
HCON → ATTD	0.46	0.000	H1 supported
ECON → ATTD	0.43	0.000	H2 supported
ATTD → GPIN	0.59	0.000	H3 supported
PRIC → GPIN	0.28	0.000	H4 supported
AVAIL → GPIN	0.19	0.003	H5 supported

Based on the summary in the Table 1, it can be concluded that in general, all proposed hypotheses are proven based on the data collected. In terms of the order of importance it is seen that in general, a positive attitude towards organic food is a dominant factor in order to encourage the intention to buy organic food, followed by a price factor and finally the problem of the availability of organic food in the eyes of consumers. This is relevant to the Theory of Reasoned Action (TRA) and Theory of Planned Behaviour (TPB) that attitudes are antecedents of intention. Another alternative explanation for this dominance is that for consumers in big cities such as Jakarta, the price of organic food is considered reasonable and it is quite easy to obtain.

On the side of forming attitudes towards organic food, it appeared that the aspect of Health Consciousness plays a role that is slightly more prominent than the Environmental Concern. This is quite logical considering the majority of consumers will tend to think of direct benefits for themselves and then think of benefits for aspects other than themselves. As a practical implication for marketing managers, in order to encourage consumer adoption of organic food, it can provide a major emphasis on the health aspects of marketing communication efforts undertaken. The next thing is the aspect of concern for environmental sustainability, followed by aspects of price and availability.

5. Conclusions

Broadly speaking, this study found several things. First, this research proves that health consciousness and environmental concern are the dominant drivers of attitude formation toward organic food. Second, this study empirically proves the impact of attitude toward organic food on intention to buy. Third, this study also empirically confirms the role of perceived price and perceived availability as aspects that have the potential to inhibit intention to buy for organic food.

Departing from the findings in this study, there are still opportunities for conducting further studies to strengthen and expand the results of this study, especially in terms of the research context. This research was carried out limited to adult consumers in one of the major cities in Indonesia. Research on other age groups, such as adolescents, as well as research on cities with consumer purchasing power that is not as large as Jakarta consumers, is expected to open a deeper understanding of consumer adoption behaviour towards organic food.

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Impact of Brand Awareness, Brand Equity and Brand Slogan towards Product Advertisement:
A Case Study in Advertising Industry

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Abstract

Brand awareness is a company's competitive advantage and is a part of a marketing strategy which helps to spread information about a selected company and their products and services. It is crucial that customers remember and recognize a favorite brand every time they want to buy a product. In today's fast evolving marketing scenario, technology has been used to capture a wider target market as almost all product information is at the fingertips of consumers. Through good marketing campaigns such as using social media apps, strong brand awareness can be created, and customer loyalty maintained. Technically, brand slogan is about ideas and themes of the company. Sometimes, the name of the company does not represent the products of the company. Thus, the slogan will help users understand more about the products of the company. In addition, brand slogan helps each company to highlight the unique value propositions which means every tagline has its own meaning. Hence, the slogan that will help the company to reflect its mission statement is short and catchy to attract customer's attention and can be understood clearly. Brand equity is the value of the brand itself which means it can be described as having a well-known brand name, able to generate revenue which can lead to brand recognition. Brand equity is crucial in increasing profit margins, create customer loyalty, expand business opportunities and competitive advantage.

Keywords: Brand awareness, brand equity, brand slogan, product advertisement.

1. Introduction

Advertising is very important nowadays as advertisers and marketers indicate that all consumers have similar needs and desires as the global market is growing. Cesario et al (2008) stated that advertisements will be successful when they match with individual focus, while creating regulatory relevance will influence information processing and persuasion. Besides, the compatibility between the advertisement and the regulatory focus of the consumer should increase the relevance of the message to a person's motivations, which should lead to greater effectiveness (Cesario et al, 2008). Moreover, Florack and Scarabis (2006) indicated that, the most important thing is the compatibility effects have been found for short advertising claims in addition to lengthy messages and product descriptions. According to Cowart, Fox & Wilson (2008) and Jamal & Al Marri (2007), effects of advertising can be influenced through brand image and self-image.

A brand is emotional, has personality and captures the hearts and minds of the consumer. Great brands survive attacks from competitors and market trends because of the strong connections with their customers. Romaniuk and Nencyz-Theil (2013), reported that brands help to create meaningful associations that can increase feelings of confidence and loyalty in the minds of the customer. Earlier research on B2B branding has highlighted the role of brand as a product differentiator. Besides reaching customers, B2B branding also reaches all stakeholders that include investors, employees, partners, suppliers, competitors, regulators or members of the local community. In a company-centered approach to B2B branding, the brand is considered as a valuable market-based resource critical to a company's performance and its capacity to maintain competitive advantage. In addition, following the recent world economic crisis and the associated decrease in demand, some B2B companies are aiming to leverage the brand image of their products to increase both their market share and profitability (Viardot, 2018).

2. Problem Statement

Company A is a middlemen company who prints and delivers pictures to customers for free. It brings together merchants and sponsors featuring a range of attractive sales promotional activities that can make customers' life even more magical. Customers download this company's app from Google Play Store. They log in using their Facebook accounts and then they will receive tickets to redeem a few free pictures. Subsequently the customer will receive a free ticket every forty-eight hours. This company will deliver the pictures to the customer for free since their merchants will support the printing cost and they will also use the flipside of each picture or envelope to advertise relevant sales promotional offers to the customers. If the customers prefer to have their pictures printed without any sales promotional offers, they will have to pay for their pictures.

Many merchants are unsatisfied with the service of this brand name because they did not achieve satisfying promotion response rate from their customers. This study's objective is to identify the major factors that can increase merchants' satisfaction in using this brand's advertising method which is using 4R printing photo.

3. Literature Review

3.1 Advertising

Nowadays, advertising is crucial as consumers' needs and wants are becoming more similar globally. Cesario et al (2008) stated that an advertisement is successful when it matches individual focus while creating regulatory relevance that will influence information processing and persuasion. In addition, the compatibility between an advertisement and the regulatory focus of the consumer should increase the relevance of the message to a person's motivation, which should then lead to greater effectiveness. Advertisement plays an important role in developing brand image at either the corporate, retail or product level. It assists the consumers on the brand's functional capabilities while at the same time saturating the brand with symbolic values and meaning relevant to the consumer. In imagery advertising, it is identified as one of the principal components of image creation. According to Cowart, Fox & Wilson (2008), the effects of advertising can be influenced by brand and self-image. Brand familiarity plays a significant role in the international advertising strategy standardization issue. Consumers tend to favor, pay more attention and remember better product information when the brands are well-established (Kent & Allen, 1994; Moorman, 1990; Shapiro et. al.1997). In contrast, for newer and less-known brands, advertising appeals must be more creative and culturally compatible in each market. Thus, brand familiarity is essential for product acceptance and implementing a higher level of advertising standardization.

3.2 Brand Awareness

Chung et. al., (2013); Huang and Sarigolu (2011) and Norazah (2013) confirmed that brand awareness impacts decision making whereby consumers generally use it as an experiential decision which benefits the customer-based brand equity. In the B2B sector, brand awareness is defined as the ability of the decision-makers in organizational buying centers to recognize or recall a brand and the attributes of the brand that are communicated to the industrial customers are usually implanted in their memory.

3.3 Brand Slogan

Slogans are phrases in the advertisement that have been used widely since modern brand messaging began. According to Strutton (2018), associated brands will deliver slogans that command attention, inspire lasting impressions and favorable memories about specific attributes or value. It is part of creative messaging aimed at building branding power or recall. Mitchell et. al., (2007) stated that successful brand slogans often evolve in cultural touchstones brandished wielded in social contexts that are completely different from their original purchase or usage occasions. A slogan's ability to establish the share of mind depends on four characteristics which are memorability, substance, novelty and usefulness (Fisher, 1998).

3.4 Brand Equity

Keller (1993) stated that customer-based brand equity is driven by brand knowledge of customer along two dimensions which are brand awareness and brand image. Customers will become familiar with a brand and make a brand different and has a positive association with the brand in their mind. Brand equity is intended as a set of brand assets and liabilities. It is also linked to the brand's name as a symbol and can provide value to the customer and firm. Assets of brand equity include brand loyalty, brand name awareness, perceived brand quality, brand associations and perceived quality. In addition, there are proprietary brand assets such as patents, trademarks and channel relationship. As stated by Ling (2013), firms with high brand equity gain more competitive advantage and enjoy the opportunity for successful extensions, resilience against competitors, promotional pressures and creation of barriers to competitive entry.

4.0 Research Objectives

The main objective of this research is to analyze the effectiveness of B2B advertisement for a not well-known brand name. The objectives are: i) to study the importance of brand awareness for B2B advertisement among the merchants, ii) to identify the effectiveness of brand slogans for B2B advertisements among the merchants and iii) to ascertain the effectiveness of brand equity for B2B advertisement among the merchants.

5.0 Research Methodology

For this study, a qualitative research method was carried out. Interviews were conducted with several of the brand's customers. Participants are asked questions using structured interview protocols whereby they are asked specific questions in an organized order. This process encouraged them to answer the questions as accurately as possible. Besides face to face interviews, emails and WhatsApp were other methods used to retrieve information from the participants.

5.1 Interview questions

The participants were asked questions regarding the effectiveness of advertisements by this company towards brand awareness, brand equity and brand slogan of the merchant's business. Brand awareness: 1) Based on your understanding, what is the importance of brand awareness? 2) Do you think that this business helps to create brand awareness for your company? 3) Do you achieve your target sales by using this business's advertisement? As for Brand slogan: 1) Do you have brand slogans for your company? 2) Do you think brand slogan is important in developing brand awareness? 3) How can your brand slogan grab the customer's attention when using this business's advertisement? Brand equity: 1) how well does this business help your company to develop your equity in your business? 2) Do you have any suggestions on how to improve this company's advertisement to help you in the future?

6.0   Findings

RO 1: To study the importance of brand awareness for B2B advertisement among the merchants.

6.1   What is the importance of brand awareness?

All respondents (R1, R2, R3 and R4) gave good feedback to the question asked. They understood the importance of brand awareness since it is important for their company. Customers will remember their company and it is easier to sell their products and services. Brand awareness also conveys a message about the product offered. This company has the responsibility of creating brand awareness for each business customer and one method is to print advertisement of their business customer's products on the flip side of each user's picture. Users will see and remember the advertisement when they receive their pictures. Besides that, on the advertisement itself, a QR Code is provided for a price discount and users can redeem it at the merchant's shop.

6.2   Do you think that this business helps to create brand awareness for your company? R1 and R2 agreed that this business helps them to create brand awareness for their company although the results are quite limited in terms of reaching the target consumers. R3 claimed that this business did not help them to reach their target customer while R4 said that he has not received any feedback from his target customer. The business failed to help the respondents in achieving brand awareness because it itself does not have a strong brand name due to its status as a startup company.

6.3   Are you able to reach your target consumer by using this business advertisement platform?

R1 said that this business has helped them to reach out to their target customers. Since this business is a unique platform that combines digital and physical marketing, it helps to target their customer group and the physical marketing site helps their customers to remember who they are. R2 said that it did not really achieve the target consumer as it is more about letting the users know about the whereabouts of their business. R3 said that it does not really work as the target consumer is a small niche of the market segment. And it is difficult to reach out to the target market. R4 said that his company has not reached the target market yet. This company's target market is around Johor and Singapore since all the merchants are based in Johor Bahru although their users are all over Malaysia.

RO 2 To identify the effectiveness of brand slogans for B2B advertisements among the merchants.

6.4   Do you think brand slogans are important in developing brand awareness?

All respondents agreed that brand slogan is important for their business since customers can remember and recognize their business. It can also remind them about their business products.

6.5   How can your brand slogan grab customers' attention when using this business's advertisement?

This business's product is a unique application where they can help to advertise products and services through digital and physical pictures. Unfortunately, R2 and R3 said that this business is not effective in targeting the right market and is not the right tool for her company. This is because the idea of receiving printed photos is no longer relevant and not ecofriendly. The pictures are also not of a high quality. R4 has not seen the results of this business's advertisement towards his products so he is not sure how this business can help them in grabbing the attention of the customers with their own slogan.

RO 3: To ascertain the effectiveness of brand equity for B2B advertisement among the merchants.

6.6   How well does this business help your company to develop your brand equity?

R1 said that this business is very targeted, therefore they are able to target their customers well while R2, R3 and R4 said that this business in not really helpful in

developing their company's brand equity because this business does not have a strong brand name and it is using a beta version website.

6.7   Do you have any suggestions on how to improve this business's advertisement to help your product in the future?

R1 stated that they really hope that this business can grow and expand their business all over the country as well as neighboring countries. R2 suggested that this business should do more promotions on Facebook. R3 does not agree on the concept of printed pictures as the quality of the pictures is not good. R4 suggested that this business follow up with all the merchants that are committed to this business.

7.0   Conclusion and Recommendation

Brand awareness is part of a marketing strategy that helps to spread information about a selected company and their products and services. In addition, it is crucial to let customers remember the company and it will be a competitive advantage if users are aware of and recognize this brand. Nowadays, technology has been used to capture a wide target consumer as all information is at the consumers' fingertips. Various types of social media have been used to help create a company's brand awareness and once the company is successful, customers will be loyal and trust the company's brand image. Subsequently, with a good marketing campaign, the merchants can narrow down their target market and thus able to create a strong brand awareness. However, traditional marketing is still needed in order to create brand awareness. This is done through distribution of flyers, print advertisement and other methods. Technically, a brand slogan talks about ideas and themes of a company. It also helps the users to understand more about the products and services offered. In addition, it also helps to highlight the unique value propositions of a company, is short and can be easily understood. Brand equity is the value of the brand itself which means it can be described as having a well-known brand name, able to generate revenue that leads to brand recognition, create customer loyalty, expand opportunities and ultimately competitive advantage.

This company needs to upgrade its services to create more brand awareness through their website, social media and physical marketing activities. As of now what they post in social media is not related to their services. They should also keep in touch with their merchants. Since this business has already created an application in Google Play Store and App Store, they should attempt to broaden their target market. This is because this business is the first company in Malaysia that creates and offers free photo printing apps. As for now, their target market is around Johor and Singapore only. They should try to approach merchants from other neighboring countries in order to expand their target market. For the time being, this company only generates revenue when customers request for pictures that have no advertisement printed on the flip side. They can try to gain more revenue by offering pictures printed on phone cases, magnets or canvas.

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Earning Response Coefficient:
The Indonesia Stock Exchange Case

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Abstract

This research examines the effects of profitability, systematic risk, leverage and earnings persistence on Earnings Response Coefficient (ERC) in companies listed in LQ45 at the Indonesia Stock Exchange (IDX). The objects of this research are companies that are consistently listed in LQ45 in the year of 2015-2017. This study uses panel data regression analysis using the software, Eviews. The empirical results of this research showed that systematic risk and earnings persistence has a significantly negative effect on ERC, leverage has a significantly positive effect on ERC, while profitability does not have an effect on ERC. The results of the research show that the factors of systematic risk, leverage and earnings persistence owned by the company have an effect on investment decisions made by investors.

Keyword: CAPM, Earnings Response Coefficient, Systematic Risk

1. Introduction

According to the Capital Asset Pricing Model (CAPM) of Sharpe (1964), Lintner (1965) and Black (1972), beta is the only determinant for systematic risks - this reflects the sensitivity to variations in the return of market portfolios of all risky assets. Systematic risk is a risk that affects many companies (Husnan, 2005). Fauzan and Purwanto (2017) revealed that, according to the theory of Capital Asset Pricing Model (CAPM), if there is a company in the market with a high level of risk information in the future, the company will most likely to receive a good response from investors. That is because one of the theoretical assumptions says that investors are risk averse, so the value of earnings response coefficient will weaken. The announcement of financial information that contains high risk related information becomes a signal for investors, which results the response to weaken and result in the ERC value going down. The high CAPM must be associated with low ERC, indicating a negative relationship between these parameters. The reason behind this relationship is that risk is the company's expected return in the future, thus the value is lower for investors who avoid risk.

Easton and Zmijewski (1989) examined variations in stock market responses between companies for accounting earnings announcements. The results of their research indicate that Earnings Response Coefficient (ERC) is negatively related to systematic risk. Likewise, the research conducted by Collins and Kothari (1989) showed that risks are negatively related to Earnings Response Coefficient (ERC). According to Halim (2005), systematic risk is a risk that cannot be eliminated by diversifying asset portfolio formation,

because this risk fluctuation is influenced by macro factors that can affect the market as a whole. This risk is general and applies to all shares.

The riskier the order of return that the company expects in the future, the lower the value is for investors who reject risk. Investors will tend to buy if the company recently released good news regarding revenue and issued securities that have high beta. Reduced demand implies a lower increase in market prices and stock returns in response to good news, hence ERC is lower than it should be when it can be higher. This high-risk effect will affect stock prices (and stock returns) through the discount rate in the valuation model. Therefore, "because investors view current earnings as an indicator of a company's future performance and stock returns, the riskier this return will be in the future, the lower investor's reaction to the amount of unexpected income will be" (Scott, 2012, p. 163). Thus, the CAPM has a negative denominator effect on the earnings-return association.

However, Chambers et al. (2005) advertised that this negative relationship is based on a strong assumption that beta CAPM is stable. In particular, derivation assumes that CAPM does not (or should not) change from time t-1 to time t. In result, Chambers et al. (2005) argued (and reported evidence) that the current income is informative with regard to coefficients (λit + k) that connect dividend expectations with reported earnings.

In particular, Ariff et al. (2013) and Collins and Kothari (1989) reported negative coefficients between ERC and CAPM, while Cready et al. (2001) reported a significant positive relationship. On the other hand, Easton and Zmijewski (1989), Ghosh et al. (2005), and Warfield et al. (1995) did not find a consistent and significant relationship between ERC and CAPM. The CAPM methodology is based on the premise that market participants assimilate new information efficiently, in addition to having homogeneous expectations. Usually, the empirical literature considers, for the purpose of simplicity, the CAPM constant the whole time.

This research is also to find out whether the Capital Asset Pricing Model (CAPM) exists and its ability to explain the Income Response Coefficient (ERC) in companies listed in LQ45 at the Indonesia Stock Exchange (IDX). Because the Indonesia Stock Exchange (IDX) is highly concentrated in several large companies that are responsible for most market liquidity. Most small and medium-sized companies do not have the sufficient stock liquidity. Machado dan Medeiros (2012) found that CAPM is incapable in explaining the stock return and liquidity effect on the liquidity of the Brazilian market. Combining the Indonesian stock market has a smaller free-floating problem and lower trading activities. Therefore, the results show that CAPM beta causes errors in risk measurement, which is consistent with under-diversification of the local stock market index and also recent empirical evidence (Amorim et al., 2012; Simon et al., 2014). This theoretical and empirical conflict about CAPM and ERC motivates this research, especially in the case of Indonesia.

2. Literature Review

2.1 Capital Market Theory of Efficiency

Theory of market efficiency or Efficient Market Hypothesis (EMH) states that the market will react quickly to new information, so that for a moment and after the financial

statements are published, information about earnings will affect investors' behaviors (Scott, 2009). According to Tandelilin (2001), efficient markets are markets where the prices of all traded securities have reflected all the available information, which includes past information, current information, as well as information that is opinion or rational opinion that can influence the changes in price. The faster the new information is reflected in the price of securities, the more efficient the capital market is.

In an efficient market, no relevant information is ignored. So, when there is information on profit (loss) in the securities market that has valuable content, which then results in a change of prices, then the price formed is a reflection of information on profits (losses) in the securities market (Millatina, 2012). In efficient market theory, accounting information is in a competitive position with other sources of information such as news in the media, financial analysts, and even market prices themselves. As a mean of conveying information to investors, accounting information will be useful only if the information is relevant, reliable, timely, cost effective and relative to other sources of information. In reality, financial information is the basis to form opinions from other information.

Tandelilin (2001) classified efficient forms of markets into three Efficient Market Hypotheses (EMH), 1) Efficient in the form of weak, which means that all information in the past (historical) will be reflected in the current prices, 2) Efficient in the form of mediocrity, is a more comprehensive form of market efficiency because in this form the stock price in addition is influenced by market data (stock prices and trading volume in the past) and also by all published information, such as earnings, dividends, announcements stock split, issuance of new shares, and financial difficulties experienced by the company, and 3) Efficient markets in the strong form, where all the information either published or unpublished, have been reflected in the current securities prices.

2.2 Earnings Response Coefficient

Earnings Response Coefficient (ERC) research aims to determine the difference in market response to earnings information announced by companies (Scott, 2009). Earnings response as measured by Earnings Response Coefficient (ERC) calculates the level of securities abnormal returns in response to unexpected components from company earnings announcements; in other words, there are variations in the relationship between company earnings and stock returns. The strong market reaction to earnings information will be reflected in the high ERC value, and vice versa (Kartadjumena, 2010).

The rationale for ERC is that investors have their own profit expectation calculation well before the financial statements are issued. The profit forecasting period can reach one year before the announcement of the company's profit figures. Towards the issuance of financial statements, investors will have more information in making an analysis of periodic earnings figures. This can happen because information leakage ahead of the issuance of financial statements often happens (Ambarwati, 2008).
Cho and Jung (1991) in Yanti (2015) defined ERC as the effect of every unexpected dollar earnings on stock returns and are usually measured by the slope of the coefficients in the abnormal return on regression and unexpected earnings. Thus, ERC is a coefficient that shows the magnitude of the market reaction to accounting profits announced by the company. The reaction given depends on the quality of profits generated by the company. And the high or low of Earning Response Coefficient (ERC) is very much determined by

the responsive strength reflected in the information (good / bad news) contained in the profit. Earning Response Coefficient (ERC) is one measure or proxy used to measure earnings quality (Collins et al., 1984 in Paramita and Hidayanti, 2013).

The reaction given by investors depends on the content of the information in the profits of each company, so that the resulting Earnings Response Coefficient (ERC) differs from one company to another. The several factors that cause differences in Earnings Response Coefficient (ERC) are systematic risks which are measured using beta, a leverage that is a proxy from the capital structure, profit persistence where the ability to generate profits permanently will cause ERCs to be different for each company, growth opportunities, the similarity of investor expectations, and the informativeness of price which is proxied by firm size (Scott, 2009).

It is good news when the company announces that the actual annual profit is higher than the profit prediction, thus investors will decide to buy the stock. Conversely, investors will decide to sell the company's shares if the profit forecasted is higher than the actual profit because it would mean that the company's performance is not as good as expected. Theoretically, the volume of shares will change after the company announces its profit. If there are more investors who are happy with company's performance, then there will be an increase in the market price of the shares of the company concerned. If it is the other way around, then there will be a decrease in the share price which will accumulate in the Cumulative Abnormal Return (CAR) of each company stock.

2.3 Systematic Risk (CAPM)

Systematic Risk is measured using systematic risk (beta) obtained through Pefindo Beta Stock, with calculations as follows:

1) $R = \alpha + \beta Rm + e$

Where as: R   = stock return
            B   = Beta stock (systematic risk)
            Rm = Market Return

According to Jogiyanto (2008) in Arif (2016), beta is a measure of securities return volatility on market returns. Volatility can be defined as a fluctuation in the return of a security in a given period of time. Therefore, beta is a measure of systematic risk of security against market risk. Beta can also be a measuring tool to determine the investment that will be made. The higher the beta of a security, the more sensitive the security is to market changes. So, if a company whose stock prices fluctuate relatively broadly (which will produce high beta), the future income that investors will get is correlatively unpredictable. Companies that have a higher risk will cause investors' expectations of company profits to be smaller. So, the higher the beta risk of a company, the lower the investor's reaction to unexpected earnings and the lower the level of Earnings Response Coefficient (ERC) of a company. Thus, the relationship between risk and ERC will be negative and significant. This study examines the effect of profitability, systematic risk, leverage, and earnings persistence as independent variables, on earnings response coefficient as the dependent variable. Based on the theoretical framework, the research hypothesis can be described as follows:

H1: Profitability affects earnings response coefficient (ERC)
H2: Systematic risk affects earning response coefficient (ERC)
H3: Leverage affects earning response coefficient (ERC)
H4: Earnings persistence has an effect on earnings response coefficient (ERC)

2.4 Construction Operationalization

2.4.1 Earnings Response Coefficient (Y)

Earning Response Coefficient (ERC) is the coefficient obtained from the regression results between Cumulative Abnormal Return (CAR) as a proxy for stock prices and Unexpected Earning (EU) as an accounting profit proxy used to explain the difference in market reaction through stock prices on earnings information. ERC is a coefficient that measures investors' responses to earnings announcements. ERC is obtained from the regression results between the relationship of CAR and EU, which is calculated from the slope α1 in the relationship between CAR and EU.

2) $CAR_{it} = \alpha_0 + \alpha_1 UE_{it} + \varepsilon_{it}$

Where as: CAR_{it} = Cumulative Abnormal Return on firm x at period t
UE_{it} = Unexpected Earnings at company x at period t
α_0 = Constants
α_1 = Earning Response Coefficient indicated by the coefficient
ε_{it} = Error

The first step to measure ERC is to calculate CAR. Cumulative Abnormal Return (CAR) is a proxy of stock prices or market reactions (Soewardjono, 2005). Market adjusted model is used to calculate the Abnormal Return (AR). Stock prices in stock exchanges tend to move on certain days or events, so we will not encounter difficulties by using the market adjusted model because trading tends to be more frequent around the announcement day (Junaedi, 2005). CAR is the sum of abnormal returns. CAR is the dependent variable in the measurement of ERC. The variables used in calculating CAR in this study are the data of the company's stock closing price and the company's stock closing price with the period during reporting. The steps for calculating CAR are as follows:

Calculating the company's Actual Return on day t with the formula:

3) $Rit = \frac{(Pit - Pit-1)}{Pit-1}$

Where as: R_{it} = Actual company return i on day t
P_{it} = Closing Price of stock i on day t
P_{it-1} = Closing Price of stock i day t-1

Calculate the daily market return with the formula:

4) $Rmt = \frac{(IHSGt - IHSGt-1)}{IHSGt-1}$

Where as:　Rm$_t$　　= Daily market return
　　　　　　IHSG$_t$　= Cumulative Stock Price Index on day t
　　　　　　IHSG$_{t-1}$ = Cumulative Stock Price Index on day t-1

Calculating Abnormal Return.

Abnormal Return is one of the indicators used to see the market conditions that occur. Abnormal return (AR) is the difference between the actual return and expected return. In this study, abnormal returns are calculated using the market adjusted model. Calculation of abnormal returns is as follows:

5)　$AR_{it} = R_{it} - Rm_t$

Where as:　AR_{it} = Abnormal company return i in the t-period
　　　　　　R_{it}　= Actual Return of company stock i in the t-period
　　　　　　Rm_t = Market return in the t-period

Calculating Cumulative Abnormal Return (CAR)

Calculation of CAR in this study is done when accounting earnings that are published referred to the research of Delvira and Nelvirita (2013) and Anggraini (2015), which calculates the CAR in a short window of 11 days (5 days before the announcement of financial statements audit, 1 day during the announcement of financial statements audit, and 5 days after the announcement of the financial statement audit). CAR can be obtained by the formula as follows:

6)　$CARit\,(-5,+5) = \sum_{t=-5}^{+5} ARit$

Where as:　CAR_{it} (-5, + 5) = Cumulative abnormal return of company i during the
　　　　　　　　　　　　　　observation period ± 5 days from the date of publication
　　　　　　　　　　　　　　of financial statements year t.
　　　　　　AR_{it}　　　　　= Abnormal company return i on day t

Unexpected Earning (EU), in this study, was calculated using measurements of earnings per share with a random walk model (Delvira and Nelvirita, 2013). Measured by the formula as follows:

7)　$UEit = \frac{EPSt - EPSt-1}{EPSt-1}$

Where as:　UE_{it}　　= Unexpected earnings of company i in period t
　　　　　　EPS_{it}　= Earnings per share of company i in period t
　　　　　　EPS_{it-1} = Earnings per share of company i in the previous period

2.4.2 Profitability

Companies that have a high level of profitability will be able to attract investors to invest their funds, this is because investors consider the potential high dividend that they might

receive. Conversely, if the level of company profitability is low, it will cause investors to withdraw their funds. Research conducted by Naimah and Utama (2006) and Setyaningtyas (2009) shows that companies that have a high level of profitability also have high ERC values. In this study profitability is proxied using ROE.

2.4.3 Leverage

Scott (2009), states that high level of company leverage will cause low ERC coefficient. Companies that have a high-level leverage have a debt greater than capital. Therefore, the profit will flow more to the creditor so that the good news on the profit will be given to the creditor rather than the shareholder, because the creditor has confidence that the company is able to pay the loan and principal interest on the loan. So that information on earnings announcements was reacted quickly by creditors but was responded negatively by investors because investors assumed that companies preferred debt more than dividend payments. Therefore, Earnings Response Coefficient (ERC) in companies with large debt levels will be lower than companies with less debt.

Harris and Raviv (1990) in Etty (2008) stated that the amount of debt shows the quality of the company and the prospects that are not good in the future. For companies with large debts, increased profits will strengthen the position and security of debtholders rather than shareholders. Thus, if there is an increase in profits, the debtholders are benefitted (Scott, 2009). Previous research conducted by Dhaliwal and Reynolds (1994), Moradi, Salehi and Erfanian (2010), Hapsari and Simorangkir (2013) found that leverage was significantly negative with respect to ERC. In this study leverage is proxied by the Debt Equity Ratio (DER).

2.4.4 Profit Persistence

According to Soemarso (2005) in Delvira and Nelvirita (2013), profit is the difference in income over expenses related to business activities. On the basis of persistence, quality earnings are profits that are permanent and not transitory. Earning persistence is earnings capability to be used as indicators for future earnings produced by the company repeatedly in the long term (Imroatussolihah, 2013). According to Wijayanti (2006) in Fanani (2010), persistent profit is profit that can reflect the continuation of earnings in the future, which is determined by the accrual component and cash flow. Whereas according to Sunarto (2010), earning persistence is profit that has the ability of future earnings indicators produced by the company repeatedly. Profit is said to be persistent if the current profit can be used as a measure of future earnings. Lipe (1990) used a regression coefficient from the regression between current period accounting earnings and the previous period as a proxy for earnings persistence. Earning persistence indicates how current profits will continue to appear in the future (permanent) so that they have implications for future valuations and market reactions. In contrast to the transitory nature, which means that the components of earnings are variable, they cannot be predicted to appear in the future so that they cannot be used as valuations for the future (Ambarwati, 2008). Scott (2009) said that the more permanent the changes in earnings over time, the higher the earnings response coefficient. Higher market reactions to earnings information are expected to be consistent in the long term rather than temporary.

The value of Earnings Response Coefficient (ERC) is predicted to be higher if the company's earnings are more persistent in the future. Earning persistence reflects the

quality of company earnings and shows that the company can maintain profits from time to time and not just because of a particular event. Earning persistence is found to have a positive relationship with Earnings Response Coefficient (ERC). The more persistent or more permanent earnings of the company is, the higher the Earnings Response Coefficient (ERC), this condition indicates that the profits obtained by the company increase continuously. Market reactions tend to be higher for information that is expected to be consistent in the long term rather than temporary earnings information. This is consistent with the research conducted by Delvira and Nelvirita (2013), Mulyani, Asyik and Andayani (2010) found consistent results that earning persistence has a positive effect on Earnings Response Coefficient (ERC). Investors will be more responsive to profits for companies that have high persistence levels. Earnings persistence can be determined by the formula:

8) $X_{it} = \alpha + \beta X_{it-1} + \varepsilon_1$

Where as: X_{it} = Company profit i in year t
X_{it-1} = Company profit i in year t-1
β = Regression result coefficient (earnings persistence)

3. Method

In this study, researchers used secondary and quantitative data, namely by conducting a study of the data or information obtained as well as providing an assessment of these problems. Secondary data in this study were obtained from summary statistics of LQ45 company performance reports, financial statements of companies listed in LQ45 on the Indonesia Stock Exchange during 2015-2017, daily stock price data per company, daily Cumulative Stock Price Index (IHSG), and beta data shares per company. The data is obtained from www.pefindo.com, www.idx.co.id, www.finance.yahoo.com, and or on the website of each company. The population used in this study were companies listed in the LQ45 Index on the Indonesia Stock Exchange during 2015- 2017. The total companies that fit the criteria were 30 companies, so the total research data for 3 years amounted to 90 data with reduced data outliers as many as 24, so the total unit of analysis (N) studied in this study is 66 data.

3.1 Validity and Reliability

There are three approaches (models) consisting of Common Effect, fixed effect approach, and random effect approach in estimating model parameters with panel data. To choose the most appropriate model, the F test must first be done, which consists of Chow Test, Hausman Test and Lagrange Multiplier Test. Chow test is used to determine the fixed effect or common effect model that is most appropriate to use in estimating panel data. The Hausman test is used for statistical testing to choose whether the fixed effect or random effect model is best used in estimating panel data. The Lagrange Multiplier test is used to choose whether to use the random effect or common effect model. While testing this classic assumption is intended to find out and test the feasibility of a regression model to ensure that in the regression model used there is no multicolonity, autocorrelation and heteroscedasticity. Tests of classical assumptions that are used are Normality Test, Multicollinearity Test, Autocorrelation Test and Heteroscedasticity Test.

In this study, the model used is panel data regression analysis. It is used to test the relationship and influence that result from several independent variables on one dependent variable. The regression model used to test the hypothesis in this study has been formulated as follows:

9) ERC = β0 + β1ROE + β2BETA + β3DER + β4PRST + Ɛ

Where as: ERC   = Earnings Response Coefficient
            ROE   = Profitability
            BETA   = Systematic Risk
            DER   = leverage
            PRST   = Earning Persistence
            β0   = Constant
            β1,2,3,4 = Coefficient of variable
            Ɛ   = Error Component

Meanwhile Panel Data Regression Analysis is also used with the help of the software, Eviews analysis tools, to help process research data in the form of panel data.

4. Result & Discussion

To determine the fixed effect model or the most common effect that is best used in estimating panel data, the author performs the Chow Test. Based on the results of data processing, it shows that the probability of cross section F is 0.2129 or > 0.05, which means that H0 is accepted, and Ha is rejected, so it can be concluded that the 'common effect' model that is used in this study is compared to fixed effects to estimate panel data. The next step, the Lagrange Multiplier Test is used to choose whether the random effect or common effect model is best used. Based on the results of data processing, it shows that the probability value of the Breusch - Pagan cross section is 0.6970 > 0.05 therefore H0 is accepted and Ha is rejected, which means that the common effect model is properly used compared to the random effect to estimate panel data. The Hausman test is not carried out because the chosen model is a common effect model.

Meanwhile based on the results of the Classic Assumption Test and data processing, the results of the normality test after the outlier show that there are 66 valid samples. To find out whether the data are normally distributed or not, the probability value of Jarque-Bera is compared to alpha level of 5%. The normality test that has been done shows that the probability value of Jarque-Bera is 0.4303493 > 0.05, meaning that the data is normally distributed. Whereas in the Multicollinearity Test, which is included in table 4.1 below, it can be seen that the figures for Profitability (X1), Systematic Risk (X2), Leverage (X3) and Earnings Persistence (X4) < 0.80. The test results identified that there was no multicollinearity among the independent variables of the study.

Table 4.1: Multicollinearity Test Results

	ROE	BETA	DER	PRST
ROE	1.000000	-0.314676	0.058675	0.134775
BETA	-0.314676	1.000000	0.299473	-0.209151
DER	0.058675	0.299473	1.000000	0.022556
PRST	0.134775	-0.209151	0.022556	1.000000

In the Heteroscedasticity Test, the results of data processing show that the probability value of profitability variables, systematic risk, leverage and persistence of earnings are 0.4838, 0.0772, 0.2139 and 0.7128 respectively. These results indicate that the significance value of all the independent variables with absolute residuals is more than 0.05, it can be concluded that the data in this study have similarities in the variance in the regression function or there is no occurrence of heteroskedasticity. For the Autocorrelation Test, the Durbin-Watson value in this study was 1.852517. The number of samples used in this study is 66 samples with the number of independent variables tested is 4 so that the dU value in the Durbin-Watson table is 1.7319 and the 4-dU value is 4-1.7319, which is 2.2681. The DW value in this study lies between the dU and 4-dU values, namely 1.7319 < 1.942 < 2.2681. These results indicate that research is free from problem of autocorrelation. The empirical results will be presented below using regression analysis, to confirm four hypotheses (H1, H2, H3 & H4) above, especially to assess the relationship between the independent variables and the dependent variable used in this study.

In the univariate technique, t-test is used to test the statistical significance of the difference between the mean values of the four groups and is used to test the factors that distinguish individuals from the ratio between groups. The empirical study found that the four mean values of the four significant one-tail variables at the significance level were 0.25. The value of 't' of the four variables is greater than the value of 't' tabulated. In table 4.2 below, it can be seen that the coefficient of profitability as measured by Return on Equity (ROE) shows a positive relationship to ERC. To obtain t table, the formula used is (a / 2; n-k-1) = (0.05 / 2; 66-4-1) = (0.025; 61). Profitability has a t count of 0.616555 < t table value of 1.99962 with a probability value of 0.5398 > α = 0.05. So, it can be concluded that H0 is accepted and Ha is rejected, which means that profitability has no significant effect on ERC.

The systematic risk coefficient measured by beta indicates a negative relationship to the ERC. Systematic risk has a t count of 2.2446459 > t table value of 1.99962 with a probability value of 0.0283 < α = 0.05. Therefore, it can be concluded that H0 is rejected and Ha is accepted, which means that systematic risk has a significant effect on ERC. The leverage coefficient as measured by the Debt Equity Ratio (DER) shows a positive relationship to the ERC. Leverage has a t count of 2.632122 > t table value of 1.99962 with a probability value of 0.0107 < α = 0.05. Thus, it can be concluded that H0 is rejected and Ha is accepted, which means that leverage has a significant effect on ERC; and the earnings persistence coefficient shows a negative relationship to the ERC. Earnings persistence has a t count of 2.217877 > t table value of 1.99962 with a probability value of 0.0303 < α = 0.05. So, it can be concluded that H0 is rejected and Ha is accepted, which means that earnings persistence has a significant effect on ERC.

Table 4.2: T-Test Results Statistics

Variable	Coefficient	Std. Error	t-Statistic	Prob.
ROE	0.053662	0.087035	0.616555	**0.5398**
BETA	-0.126334	0.056237	-2.246459	**0.0283**
DER	0.039213	0.014898	2.632122	**0.0107**
PRST	-0.032640	0.014717	-2.217877	**0.0303**
C	0.132392	0.079355	1.668361	**0.1004**

After analyzing and recognizing discrimination and predictive power based on univariate, the next attempt was to test the hypotheses mentioned above based on multivariate analysis. Efforts to obtain linear combinations of variable characteristics are best used. After the discriminant coefficient value is determined, it is possible to calculate the discriminant to one group based on the score produced.

4.1 Earnings Response Coefficient (ERC)

Overall regression shows the direction of influence of each variable in the research model. The results of data processing obtained F count value of 3.480, while the F table can be searched with df1 (number of variables-1) = 4 and df2 (n-k-1) = 61 which obtained F table amount of 2.52. From the table above, it shows that F count 3.480 > F table 2.52 with a significance level of 0.012628. The significance level is smaller than 0.05, which can help conclude that the regression model that is reasonably feasible is used to explain the effect of profitability, systematic risk, leverage and earning persistence on Earnings Response Coefficient (ERC).

The test results of the coefficient of determination indicate that the adjusted R2 value is 0.132402 and the R-squared value is 0.185793. The r-square value ranges from 0-1. The result of r-square which approaches 0 means that the independent variable has a very weak power in explaining the dependent variable. Adjusted R2 value is 0.132402 or 13.24% which indicates that the Earnings Response Coefficient (ERC) variable can be explained 13.24% by profitability variables, systematic risk, leverage, and earning persistence in this study. While the remaining 86.76% is explained by other variables outside of this study, such as auditor specialization, company growth, CSR disclosure, growth opportunities, company size, timeliness of information and others. Based on the hypothesis testing that has been done, the multiple linear regression equation of this study are as follows:

10) Y(ERC) = 0.132 + 0.054 (ROE) − 0.126 (BETA) + 0.039 (DER) − 0.033 (PRST)

Based on the tests that have been conducted, the results of this study indicate that the variable profitability (ROE) has a significance level of 0.540 greater than 0.05. Therefore, the first hypothesis (H1) is rejected, meaning that profitability does not have a significant effect on Earnings Response Coefficient (ERC). This shows that companies that have high profitability measured by equity do not necessarily have a high ERC because investors are not fixated to take economic decisions only by profitability factors. The results of this study are in line with research conducted by Alkartobi (2017), Fauzan and Purwanto (2017), and Tania (2018) who found that profitability did not significantly influence ERC. The results of this study contradict the theory which states that the market response is

influenced by the amount of high profitability. It claimed that the higher the profitability, the market response to the company also increases. This research proves that the rate of return on equity does not affect investors in making decisions, regardless of the size. The results of this study are different from the results of research conducted by Mulianti and Ginting (2017) who found that profitability significantly affects ERC.

Based on the testing that has been done, the results of this study indicate that the systemic risk variable (BETA) has a significance level of 0.028 smaller than 0.05. Thus, the second hypothesis (H2) is accepted, meaning that systemic risk has a significant effect on Earnings Response Coefficient (ERC). A negative sign on the regression coefficient indicates that systematic risk has a negative relationship with ERC. The results of this study are in line with the research conducted by Delvira and Nelvirita (2013) and Imroatussolihah (2013) which found that systematic or beta risk had a significant and negative effect to ERC. The results of this study are different from the results of research conducted by Fauzan and Purwanto (2015) and Yanti (2015) who found that systematic risk did not have a significant effect on ERC.

This study indicate that the leverage variable (DER) has a significance level of 0.011 smaller than 0.05. Hence, the third hypothesis (H3) is accepted, meaning that leverage has a significant effect on Earnings Response Coefficient (ERC). A positive sign on the regression coefficient indicates that leverage has a positive relationship with ERC. The existence of this significant influence indicates that leverage affects market reactions at the time of the announcement of financial statements. This result is in accordance with the theory put forward by Etty (2008) that high leverage does not only mean that debtholders will be benefitted, but shareholders will also get a share of the company's profits. Because regardless of the size of profits obtained by the company, debtholder will receive a relatively fixed interest, so that the amount of profits the company will receive will be responded positively by the shareholders. The use of debt can provide benefits in the form of tax protection (Delvira and Nelvirita, 2013). This is because interest payments are a tax deduction, so the profits obtained by investors will be greater. Companies use leverage to aim for profits obtained to outweigh the cost of assets and sources of funds. In other words, the greater the debt is, the higher the ability of the company to increase their profits obtained, so that it will also affect the profits that will be obtained by shareholders.

The results of this study are in line with the research conducted by Arif (2016), Alkartobi (2017), and Lukman (2014) who found that leverage has a significant and positive effect on ERC. This is in accordance with the tradeoff theory which assumes that to maximize market value, companies use debt in financing their additional investments because financing with debt can obtain tax deductions while maintaining the number of outstanding shares. According to Fitriyana (2011), investors will not always react negatively to the increase in profits of the company that has high debt. This is because investors also consider the prospects and performance of the company in the future instead of just looking at the debt level of the company. The results of this study are different from the results of research conducted by Romasari (2013) who found that capital structure (leverage) did not significantly influence ERC.

The results of this study indicate that the earnings persistence variable (PRST) has a significance level of 0.030 smaller than 0.05. Thus, the fourth hypothesis (H4) is accepted,

meaning that earnings persistence has a significant effect on Earnings Response Coefficient (ERC). A negative sign on the regression coefficient indicates that earnings persistence has a negative relationship with ERC. The results of this study are in line with the research conducted by Wulandari (2016) and Arif (2016). This is because some companies in this study obtained a decrease and increase in profit drastically from year to year during the study period, so that the resulting earnings persistence is negative and investors tend to prefer short term when it comes to obtaining capital gains, so that earning persistence negatively affects ERC. This is different from previous studies which stated that earnings persistence has a positive effect on ERC. The results of this study are different from the results of research conducted by Imroatussolihah (2013) and Romasari (2013) which found that earnings persistence had no effect on ERC with the explanation that investors did not respond to earnings changes even though the company had shown positive earnings persistence for the future.

5. Conclusion

Based on the results of the study, it can be concluded that profitability does not significantly influence Earnings Response Coefficient (ERC). This shows that companies that have high profitability measured by equity do not necessarily have a high ERC and influence investor decisions. Systematic risk has a significant negative effect on Earnings Response Coefficient (ERC) because companies that have high risks tend to have a small reaction from investors when its financial statement is announced, so the resulting ERC will be lower. Leverage has a significant positive effect on Earnings Response Coefficient (ERC). This is in accordance with the tradeoff theory which assumes that to maximize market value, companies use debt in financing their additional investment because financing with debt can obtain tax deductions. These findings indicate that investors will not always react negatively to the increase in profits of a company that has a high debt, but rather consider the prospects and performance of the company in the future compared to just looking at the company's debt level.

Earnings persistence has a significant negative effect on Earnings Response Coefficient (ERC). The argument that can be explained here is that several companies in this study have drastically reduced and increased profits over the years during the study period so that the resulting earning persistence is negative, and investors tend to focus on the short term to obtain capital gains. The results of this study can hopefully be used as useful additional information in setting policies related to investment in each company to improve company performance and then can be used as an evaluation tool for its performance so far. For investors and prospective investors, it is recommended to consider matters relating to investment decision making, because investors will be faced with a large investment risk if they want large profits, because almost all investments contain uncertainty.

6. Future Research

For future research, the authors expect the next researchers to use a sample of research from all public companies that are in the Indonesia Stock Exchange. Because by not focusing on one type of company or industry, it is expected to obtain coefficients that

reflect the reaction of the capital market as a whole. Likewise, to extend the period of observation, add variables to be used such as auditor specialization, company growth, disclosure of CSR, growth opportunities, company size, timeliness of information and other variables, so the results will enrich the discussion of earnings response coefficient.

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Customer Loyalty on Sharia Banking: The Effect of Brand Image and Customer Value

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Abstract

This study aims to determine the effect of brand image on customer loyalty both directly and through customer value on sharia banking operated in the city of Pekanbaru. Data collection was done by using a questionnaire distributed to sharia bank customers in Pekanbaru, Indonesia. The data that have been collected were tested for validity and reliability, and then to find out the relationship between the variables the data were processed using structural equation modeling. The results found that brand image and customer value have a positive and significant effect on customer loyalty. In addition, the brand image also has a positive and significant effect on customer value. The direct effect of brand image on customer loyalty is smaller than the indirect effect of brand image on customer loyalty through customer value. Based on the calculations, it is evident that customer value is a partial mediation for the influence of brand image on customer loyalty. The results of this study state that in order to maintain customer loyalty, sharia banking must continue to strengthen the brand image and customer value that have become their hallmark and mainstay to win the competition.

Keywords: Brand Image, Customer Loyalty, Customer Value, Sharia Banking

1. Introduction

Customer loyalty is an important factor that determines the company's sustainability. Loyal customers will not only become regular customers but will also be a free promotional tool for companies when consumers recommend companies to other consumers. Consumer loyalty is influenced by various factors. This study aims to find out two factors based on previous research that affect customer loyalty, namely brand image and customer value. This study also wants to test whether customer value is a variable that mediates between brand image and customer loyalty.

2. Literature Review

Overall, this paper starts with discussions on the dependent variable first, customer loyalty. Subsequently, the two independent variables are discussed to show their influence on customer loyalty based on previous research.

2.1 Customer Loyalty

The basic concept of marketing states that to increase customer retention, companies must identify customer needs and satisfaction (Day, 1994). However, a more desirable measure of true loyalty is that customers voluntarily recommend a brand or store to others and are committed to products or services throughout time (Bloemer & De Ruyter, 1998). Creating a loyal customer, in the era of competitive market, is the main goal of all companies. According to Boora and Singh (2011), creating loyal customers includes finding and maintaining them. The benefit of loyal customer consists of lower price sensitivity, lower cost of new customer acquisition, and higher profitability. Loyalty can be measured in three ways. First, customer loyalty is measured by stochastic approach. It is absolutely behavioural. The second measurement uses deterministic approach that believes loyalty is an attitude. The last measurement is composite loyalty, a measurement that is a mixture of attitudinal and behavioral approaches. Considering the differences in measuring customer loyalty, Benneth and Bove (2002) recommended to combine attitudinal and behavioural loyalty to make marketing efforts more specific to the underlying factors. There are many factors that become the antecedents of customer loyalty. Trust, commitment, satisfaction, communication, and conflict handling are among variables that affect customer loyalty (Boora & Singh, 2011). Customer loyalty is not only to a product or service, but it can also be loyalty to the store. Research by Swimberghe, Sharma, and Flurry (2009) found that consumer religious commitment significantly influences store loyalty and complaint intentions.

2.2 Brand Image

Brand image is a reflection of a brand held in consumer memory (Saleem & Raja, 2014). Products or services that provide the same benefits will sometimes differ in value when a brand is attached to it. The addition of a certain name or logo on a product or service will increase economic benefits many times for the company that produces it. In a brand, colour also plays an important role in consumer buying decisions (Ghaderi, Ruiz, & Agell, 2015). There are two kinds of image relating organization type. According to Mohajerani and Miremadi (2012), image of service organization is different, and consequently, each customer has distinct types of expected impression, experiences and contacts with the organization, and that leads to a different image acceptance. Brand image can be formed from the type of distribution channel used by the company. Research conducted by Blom, Lange, and Hess (2017) found that companies that use omnichannel-based promotion increase not only purchases, but also brand image. In the context of banking services, research by Ahmad, Rustam, and Dent (2011) found that brands are one of the important factors in choosing Islamic banks in addition to ease of use and quality of interaction with consumers. Brand image influences customer satisfaction in the context of hotel industry (Lahap et al., 2016), customer loyalty in telecommunication services (Sirapracha & Tocquer, 2012), and consumer buying behavior (Malik et al., 2013). Other companies that are also engaged in services are airlines. Dirsehan and Kurtulus (2018) found the importance of increasing flight comfort, training cabin crew, providing free appetizers,

improving service quality, and ensuring timely departures in creating and sustaining a positive brand image.

2.3 Customer Value

Literature review by Chen (2015) summarizes that customer value is well recognized for its contribution to maintenance varied business relationship. To form a competitive customer value proposition, the company needs to understand what customer value is. There are two ways to understand customer value. Firstly, by finding out the comparison between the benefits and costs incurred by the customer, and secondly, by conceptualizing the main outcome of expenditure represented by the dimension of customer value (Rintamaki & Kirves, 2016). Merz, Zarantonello, and Grappi (2018) said that value, in general, is established by the beneficiary through perceived use value. Hong and Zhuqing (2012) stated that customer perceived value is established in value transmission mechanism of its rear, which is based on the role of consumption values. There are different terms for customer value used in the research. Some scholars use value, and others use customer economic value. This is because the meanings of customer value are described from different angles. Potra et al (2017) tried to restrict consumer value between the perception in pre-purchase and post-purchase. They extracted the first concepts a new model needs for measuring the value perception of the customer before use/purchase. To have a pleasant experience, customers combine their functional and emotional value. Cretu and Brodie (2007) summarized past research and found that customer value will influence customer loyalty.

2.4 Proposed Model and Hypotheses

Based on literature review, the model as illustrated in Figure 1 is proposed. According to the model, brand image and customer value have positive influence on customer loyalty. Besides the direct effect, there is also indirect brand image on customer loyalty through customer value.
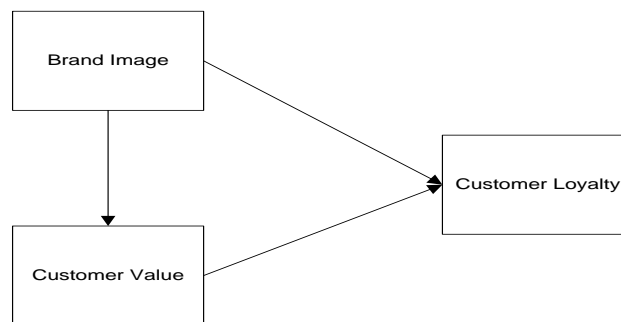
Figure 1: Proposed Model

The hypotheses in this research are:
H1 : brand image has a positive impact on customer loyalty
H2 : customer value has a positive impact on customer loyalty
H3 : brand image has a positive impact on customer value
H4 : brand image has indirect impact on customer loyalty through customer value

3. Method

The sample in this study was sharia banking customers in Pekanbaru City. The sampling technique used was purposive sampling with the criteria of being a sharia banking customer. The questionnaire in this study consisted of four parts of questions about demographics, brand image, customer value, and customer loyalty. Variable measurements were carried out using a five-point Likert scale. A total of 200 questionnaires were distributed and only 194 questionnaires were feasible for further analysis. Validity testing was done using Pearson correlation, while reliability testing was done using Cronbach's Alpha. After testing the validity and reliability, the data were processed using structural equation modeling with AMOS Graphic software.

4. Result and Discussion

Respondents in this study consisted of 78 (40.2%) men and 116 (59.8%) women. The age range consisted of respondents aged 18 to 65 years with a mean of 29 years. Before further analysis, the data collected were analyzed for validity and reliability. The results of testing the validity and reliability can be seen in Table 1. Based on the data in Table 1 it is proven that the data collected were valid and reliable.

Table 1: Validity and Reliability Tested

Variable	Item	Validity	Reliability
Brand Image	BI01	0.738	0.850
	BI02	0.774	
	BI03	0.660	
	BI04	0.810	
	BI05	0.792	
	BI06	0.772	
Customer Value	CV01	0.891	0.839
	CV02	0.864	
	CV03	0.873	
Customer Loyalty	CL01	0.719	0.613
	CL02	0.749	
	CL03	0.600	
	CL04	0.662	

The next test is the goodness of fit model. The test results using AMOS graphic shows the value of CMIN/DF of 2.047, GFI of 0.905, AGFI of 0.860, TLI of 0.918, CFI of 0.935, and RMSEA of 0.074. Next Table 2 shows the results of testing structural equation modeling. It appears that all hypotheses have a positive and significant influence. The most dominant influence is the brand image to customer value, followed by customer value to customer loyalty.

Table 2: Hypothesis Testing

			Estimate	S.E.	C.R.	P	Label
Customer_Value	<---	Brand_Image	.920	.120	7.655	***	par_13
Customer_Loyalty	<---	Brand_Image	.332	.165	2.020	.043	par_11
Customer_Loyalty	<---	Customer_Value	.455	.140	3.254	.001	par_12

Furthermore, Table 3 shows the direct and indirect effects of brand image on customer loyalty. Based on the data in Table 3, it can be seen that the brand image affects customer value by 58.3% and then brand image and customer value affect customer loyalty by 53.4%. The direct effect of brand image on customer loyalty is smaller than the indirect effect of brand image on customer loyalty through customer value (0.292 <0.369). This study found a positive and significant effect between brand image and customer value. However, Cretu and Brodie (2007) in their study found no significant support for this relationship. Furthermore, brand image also has a positive and significant effect on customer loyalty. This is in line with their research in which there was no significant influence between brand image and customer loyalty. As for the effect of customer value on customer loyalty, this study contradicts the two previous findings but confirms the findings of Cretu and Brodie (2007) who found that between customer value and customer loyalty there is a positive and significant effect. A research by Chen (2015) stated that there is a variable that moderates this relationship. His research found that competition is a moderator of the relationship between customer value and customer loyalty both from the consumer perspective and employee perspective. Table 3 depicts the direct and indirect effect of the relationship between brand image, customer value, and customer loyalty.

Table 3: Effect of Brand Image on Customer Loyalty through Customer Value

Variable	Direct Effect	Indirect Effect	Total Effect
Brand Image	0.292	(0.763 x 0.483) = 0.369	0.661
Customer Value	0.483		

To find out whether customer value is a mediating variable, it is done by testing the value of Variance Accounted For (VAF). Mediation testing is done by comparing the value of indirect effects with total influence. The criteria for determining whether full or partial mediation are VAF> 0.8 means full mediation, between 0.2 - 0.8 means partial mediation, and VAF <0.2 means not a mediating variable. Based on this formula, brand image → customer value → customer loyalty = 0.369 / (0.369 + 0.292) = 0.56. This means that customer value is partial mediation. Because the direct effect is smaller than the indirect effect, we may conclude that there is a role of customer value on the relationship between the brand image and customer relationship. If consumers feel the value of a product, the impact of the brand image on customer loyalty will be stronger.

5. Conclusion

The results of this study confirm the previous research that brand image and customer value are important factors that affect customer loyalty. This study also found that the customer value variable only partially mediates the indirect influence between brand image and customer loyalty. Product innovation is currently growing because it is

supported by very rapid technological developments. The emergence of various competing products will threaten the sustainability of a company. For this reason, it is important to maintain customer loyalty with a variety of efforts which this study proves as the strong influence of brand image and customer value. Therefore, the company should pay close attention to the brand image and the value that will be given to the customers to maintain loyalty.

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Financial Accountability and Budgeting of *Waqf* Institution in Malaysia

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Abstract

This paper aims to explore the relationship of accounting and accountability for a *waqf* institution, where it addresses the manner in which accounting practices may aid in the achievement of accountability. Budgeting is believed to be a type of accounting practices undertaken to achieve accountability as it reflects an institution's annual financial planning. A single case study is used to meet the research objective. Focusing on a single *waqf* institution allows an in-depth exploration of budget practices and elements that may subsequently influence the practice. The findings show that accountability is positively understood by members of the organisation, as well as their responsibilities as a *mutawalli* in achieving the financial accountability. This research provides an insight into accountability perceptions which can impact accounting practices in *waqf* institutions.

Keywords: Accountability, budgeting practices, financial accountability, *waqf* institution, Islamic Accounting

1. Introduction

The role of *waqf* as an Islamic financial tool should be perceived as a potential element towards empowering the economy of the *ummah*. Hassan and Shahid (2010) argued that despite the importance and potential of *waqf* in Islamic socio-economic development, the present state of *waqf* institutions as a body entrusted with *waqf* management is primarily unsatisfactory. This is supported by studies conducted by Ihsan and Adnan (2009), Siraj and Karbhari (2013), and Saleem (2009) respectively, which have indicated that the institutions are poorly managed. These vulnerabilities ultimately affect the society, due to factors like unskilled workers, non-standardized accounting practices, and inefficient *waqf* management. As a *waqf* trustee in Malaysia, the financial accountability of these organisations remained to be a concern. Among financial management activities available in *waqf* institutions, budgeting is believed to be a type of accounting practices undertaken to achieve accountability as it reflects an institution's annual financial planning.

Budgeting can be referred as any formalised system of forecasting, planning, monitoring and controlling the use of resources (Abraham *et al.,* 2008). It is an important tool utilised to evaluate the effectiveness and efficiency for resources usage, whereby in this case is pertaining to the use of *waqf* fund. Waqif (i.e. person who gives *waqf*) is personally

concerned with the manner in which their funds are being managed, whether it is in line with their objectives or not. Such management methods of public funds may result in either direct or indirect influence on the waqif's decision for future contribution. *Mutawalli* (i.e. person who manages *waqf*) should be held accountable for the fund entrusted to them. In light of this, an implementation of appropriate financial management tools is needed as *waqf* institutions are responsible for the management of *waqf* assets. Atrill and McLaney (2009) explained that due to budgets being a direct derivative of corporate objectives, budgeting drives managers to be better motivated. This is achieved by them being able to relate their particular role in business to its overall objectives. Hence, the financial accountability of these *waqf* institutions is enhanced, by the execution of their *waqf* planning and fulfilling the *waqf* deeds. However, despite information presented in budgets is vital in aiding managerial decision-making, little is known regarding the financial accountability of *waqf* institutions. Even less is known about its budget practices, as there is limited literature discussing the practices in such organisations. The discussions concerning *waqf* institutions have typically and largely focused on the management of *waqf* (Hassan & Shahid, 2010; Ihsan, 2012; Kahf, 2003; Ramli, Mohd Salleh, & Muhamed, 2015). Therefore, study of financial management of *waqf* institutions is neglected, resulting in insignificant contributions towards the welfare of the *ummah*.

This research provides the much-needed insight into accountability and accounting practices in *waqf* institutions alike. The paper is commenced with a review of relevant previous literature to elucidate the fundamental idea of the work. The subsequent sections discuss the research methodology and discussion of the findings. Finally, the paper is concluded by an explanation regarding the significance of the study and further suggestions for future research.

2. Literature Review

Gray and Jenkins (1993) define accountability as "the duty to provide an account (by no means necessarily financial) or reckoning of those action for which one is held responsible". Accountability is a state of being accountable or liable. It can also be referred to as the quality or state of being accountable, especially as an obligation or willingness to accept responsibility or to account for one's action. In ethics and governance, accountability is the answerability, blameworthiness, liability and the expectation of account giving. It exists when there is a relationship where an individual or body, and the performance of any tasks or functions by that individual or body, are subjected to another's overseeing, direction or request that they provide information or justification for their actions (Stapenhurst & O'Brien, 2006). In religious organisations, the issues of accountability are far more challenging due to their unique nature of being bounded by religion itself. Abdul Rahman and Goddard (2003) have stated that it mainly revolves around the perceptions as to whom accountability is due to and its extent, and by what means it should be demonstrated. Afifuddin and Siti Nabiha (2010) also concluded that the access to financial information is useful for philanthropic organisations, thus, accountability and accounting have become key components for long-term trust in any relationship.

Lewis (2001) outlines the primary objective of accounting, which is to aid accountability. Those in charge of economic resources must give account of their stewardship, irrespective of whether the transaction and resources in question are of governmental organisations or private sector entities. A study conducted by Ihsan and Ibrahim (2011) has explored the major themes constituting the basis of accountability for *waqf,* allowing

a clear definition of the types of information that should be provided by the *mutawalli* to various stakeholders. This has been supported by Yaacob and Petra (2012), who stated that Islamic accounting concepts have emphasised that accounting and reporting as per *Shariah* are more than just numbers and some qualitative aspects. The spirit of '*ibadah*' has rendered the accountant liable towards reporting any fact-based information

Financial accountability can be defined as being held accountable to ensure that an organisation is financially sound and efficient through proper implementation of policies and financial activity. Siraj and Karbhari (2013) have explained that the system practised by an organisation is normally linked to the implementation of appropriate financial management system to ensure proper use of financial resources. For an organisation that is largely dependent on public donations, an adequate amount of financial resources planning, monitoring and evaluating, as well as reporting their usage are crucial elements to ensure timely decision-making for future sustainability. In organisations involved with managing public funds, the presence of a good system for organisational financial accountability is vital in predicting its foreseeable future. Moreover, the impact will be measurable in case of any financial mishap (Abraham, 2003).

Budget, in particular, is utilised as internal information to help managers making decisions. It is inclusive of strategic financial planning towards achieving financial and non-financial goals set by an organisation. Financial accountability requires information that can be used to assess "the economy, efficiency, effectiveness of entity operations". Due to the importance of donated resources, financial managers are required to determine fund raising targets and identify the best instruments that meet donor's requirement (Keating & Frumkin, 2001). Accountability matters due to many people viewing the concept as the final scorecard that answers the question regarding success or failure in performing duties and responsibility. However, this is not the reason it is highly promoted in *waqf* institutions, but rather the realistic understanding that it should serve as a principle in guiding them towards achieving their missions. Thus, ensuring that financial accountability is appropriately discharged is imperative. Out of all instruments utilisable to ensure the responsibilities and duties are in line with the goals, budgeting is the pre-eminent accounting practice that explains the concept of accountability (Goddard, 2004).

Unfortunately, budgeting in religious organisations has received little to no attention. Several works conducted by Siraj (2012), Goddard (2004), and Siraj and Karbhari (2013) respectively have looked into the budget practices employed by these institutions. This is due to issues of accountability being among the main interest of researchers concerning religious organisations. Siraj and Karbhari (2013) in particular have explained that donors and contributors expect that their donations are managed in compliance with religious precepts and towards accomplishing their altruistic intentions. Adequate planning of financial resources, monitoring and evaluating, as well as reporting the usage of these resources are the typical activities of budgeting, which seek to ensure donor and contributor expectations are met. Iit can be concluded that with good budget practices, effectiveness in *waqf* deliveries to its beneficiaries and the public can be improved. This in return may serve as a performance evaluation for *waqf* management.

3. Research Method

This study is an extension of Mohd Salleh and Ramli (2018) which focuses on budget practices of a waqf institution. The selected institution has been deemed adequate to establish an understanding of financial accountability and *waqf* budgeting. Consistent with

Mohd Salleh and Ramli (2018), Waqf Institution ABC has been picked to represent the population due to their credibility in managing *waqf* in Malaysia. Details background of *Waqf* Institution ABC can be referred to Salleh and Ramli (2018). Structured interviews are used for data gathering as the technique allows the use of the same set of questions in each interview. The interviews have been carried out on the 21st of February 2016, with each interview lasting an hour and a half on average and have been audio taped to provide an accurate transcription of the conversations. This study has aimed towards obtaining practical insights into financial accountability throughout the budgeting practices. Therefore, the interviewees are Chief Executive Officer (CEO) of the *waqf* institution, finance officer/accountant of the *waqf* department and administration officer/personnel involved in budget process.

4. Results and Discussion

Perceptions of accountability may shape the behaviour of an individual towards accounting practices. The concept as perceived by the managers and members of the organisation accordingly may determine whose responsibility, to whom they are responsible for and how the account is delivered (Goddard, 2004). Accountability relationship can be divided into two types, which are upward and downward. Firstly, Osman (2010) categorised upward accountability as the accountability towards the *waqif* as the fund donor. Abraham (2003) explained further that sources of accountability are derived from an internal need for charity-based institutions to be well-managed due to the nature of its mission. Meanwhile, its external demand is also present as donors expect these organisations to utilise sources in a manner that is in line with its mission.

There are consensus among all interviewees is that the primary accountability relationship is directed towards the effectiveness of *waqf* management towards the *waqif*. The comments below have illustrated the perceptions of the interviewees regarding who they are accountable to and how accountability can be achieved:

> *In conventional management, the stakeholders are the people who are renting the waqf property. But, ultimately our stakeholders are the waqif. Of course Allah the Almighty is our primary stakeholder… In conventional management's interpretation, waqf beneficiaries are their stakeholders…. But for us, the people who donated waqf are our stakeholders (Manager 2)*

In agreement with the above statement, another interviewee has added:

> *For me, Waqf Institution ABC is accountable to perform well and to be more transparent. We want to prove to our waqif that we are doing our best to manage waqf…to develop the Muslim economy, generate income and most importantly, fulfilling the waqif's deed (Manager 1)*

In order for the institution to manage *waqf* effectively, understanding their overall role as a *mutawalli* is crucial because they have been entrusted with the responsibility and authority to manage *waqf* in Malaysia. Thus, one participant has explained:

> *Our accountability is how far we carry out the amanah and responsibility, and preparing ourselves the best we could to discharge the duty…but to help and make sure waqf is effectively managed and well developed with accountability, thus State Islamic Religious Councils are established. So to evade mismanagement, the law has vested upon us as the sole trustee (Manager 2)*

The implementation of Islamic laws under the Malaysian Constitution has been fortified by SIRCs with regards to the management and development of *waqf* assets. As the sole *waqf* trustees at the state level, *Waqf* Institution ABC's roles as a *mutawalli* is undeniably paramount. Daud *et al.* (2011) have explained that a *mutawalli*: (i) has a religious duty to protect and maintain *waqf* assets; (ii) maintains the controlling function of the record keeping; and (iii) has a commercial function in managing *waqf* property, lease management, *waqf* investment and *waqf* development. The duty to maintain and protect these *waqf* assets is hence achieved through the implementation of the *waqf* deeds, specifically by gaining profitability results and subsequently distributing the benefits to the beneficiaries.

The institution must first understand its role as a *mutawalli* on order to discharge their accountability to the *waqif*. The interviewees have unanimously agreed that *Waqf* Institution ABC as a *mutawalli* needs to be responsible in governing *waqf*. As the sole *waqf* trustee in Malaysia, they have indicated that they do not solely focus on profit maximisation (though admitting that without it, survival is impossible), as managing *waqf* involves socially oriented and ethically based mission. In general, the results have reported that the prime responsibility of *Waqf* Institution ABC is towards public service delivery. From the *mutawalli'*s point of view, the accountability perception towards the *waqif* is synonymous with concerns regarding avoidance of misconduct and ensuring funds are used properly. Overall, the upward accountability mainly encompasses the managerial responsibility of the institution as a fund trustee.

Downward accountability according to Osman (2010) is the accountability to partners, beneficiaries, staff and supporters. In agreement with this, one particular information that has been collected indicate that:

> *We are accountable to everyone. To our BODs, Yang Di-Pertuan Agong, the secretary, staffs, and officers…everyone has a responsibility at all levels…In my concept, everyone has a duty. In terms of accountability, everyone has an accountability…At my level of management, what is my planning? What have I done to overcome the problem with tenants who refuse to pay the rent? What is my planning? What is my target? What is my strategy? (Manager 2)*

> *In terms of waqf, we are responsible to waqif. But at the same time, we are also accountable to our shareholders. Firstly, for a state not governed by a Sultan, it's the Agong (that we must be accountable to)…next, to the state government, EXCO of Islamic Affairs…YDP, and secretary (CEO)*

Although the downward accountability has not been clearly perceived by the members of *Waqf* Institution ABC, the relationship has occurred regardless of the budget process directly involving these individuals. At the management level, the Secretary, YDP, and BODs play a crucial rule in approving the budget. Then, the State's Finance Officer, State's Treasury, the Director of Zakat and Sahibus Samahah Mufti of the state are among those of the external parties representing the downward accountability of *Waqf* Institution ABC. Nevertheless, the perceived downward accountability is clearly understood by *Waqf* Institution ABC, as the rigorous process of budget approval cannot be passed without the involvement of these parties.

Financial accountability is linked with the concern regarding the amount of money being used and the manner they are managed. Budget information is an example of reliable accounting practice for control and monitoring. Budgeting specifically is a type of accounting information used by managers to aid managerial decision making, while also utilised as a control mechanism in determining the amount that can be spent. Accountability is the obligation to present an account of an answer regarding the execution of responsibilities to those entrusted with the responsibilities (Gray & Jenkins, 1993). In line with the roles of a budget, the tool can be an appropriate medium to translate greater transparency and accountability, especially in *waqf* institutions (Masruki & Shafii, 2013).

Islam elevates the position of accounting, reporting and accountability in the spiritual context (Nahar & Yaacob, 2011), which does not differ much from the conventional practice. Nevertheless, looking into the various ways a *waqf* institution discharges its financial accountability is crucial, which generally deals with the implementation of appropriate financial management. The budget serves as an important tool for the control and evaluation of sources and the uses of resources; thus when used as a benchmark, it allows a *waqf* institution to execute and control authorised activities. Additionally, it also allows an evaluation of the financial performance on the basis of comparisons between budgeted and actual operations. Thus, the budget is implicitly linked to financial accountability. Highlighting the utmost importance of the budget to the institution, one participant has emphasised:

> *So the budget determines our income distribution, especially 40% that are allocated to accomplish waqf deeds. If we do not achieve our targeted budget, we will have a problem with our income allocation…we need to achieve at least 30% of the total budget for the 1st quarter. That is why we went through four stages of budget review to monitor and control the budget. We will make a comparison with the previous years' achievements, and we will look into problem areas and provide reasons to justify why we did not achieve the target during the meeting. (Staff 1)*

Another participant has also affirmed:
> *Our accountability is to everyone. Besides that, to the waqif and Muslims as well. How successful the budget is will affect everyone and not the waqif alone. (Staff 2)*

The organisational desire to achieve a balanced budget is apparent. This is further compounded by the budget review being held four times annually to monitor their achieved milestones in comparison with their targeted budgets. The process is relatively crucial as *Waqf* Institution ABC will be able to determine the completion percentage of the budget and the presence of any delays of key milestone. This allows them the chance to evaluate their actual performance against targeted budget to ensure necessary steps can be taken. The process as a whole is viewed as an attempt at achieving financial accountability.

Therefore, it is evident that budget is a preeminent practice in achieving accountability, as its absence will present as a problem for *Waqf* Institution ABC in managing their expenses and income. Furthermore, another important discovery in this study is that the budget is helpful in determining 40% of income reserved for *waqf* deeds enforcement. This shows that without budgeting, they will have trouble determining the amount spent to fulfil the *waqif*'s deeds and subsequently disseminate the income and its benefits to the public. It also allows *Waqf* Institution ABC to keep track regarding the collected money usage

whether used for appropriate purposes and according to the *waqif*'s intention. This in return will shed light on the extent of them discharging their financial accountability.

5. Summary and Conclusion

Budgeting has been found to be a very important tool of management in *Waqf Institution ABC,* as it is used to control the usage of funds and the manner they are raised. It is also an alternative controlling mechanism to ensure funds gained have been used for the appropriate purposes, while also utilised to monitor expenditure patterns throughout the year to safeguard the institution from over or under-spending. The production of this accounting document is therefore seen as a major part of discharging financial accountability, as it has been proven that budgeting in *Waqf Institution ABC* has helped the institution to disseminate the usufruct from *waqf* to its immediate beneficiaries and the *Muslim* public. This in return has enhanced their performance in order to discharge the financial accountability of the institution. This research finds that there is little to no variation on accountability perceptions in *Waqf Institution ABC*. The downward, upward and financial accountability relationships respectively are clearly perceived in terms of the objective they are responsible for and to whom they must be accountable to. The budget has thus emerged as an important accounting practice to achieve financial accountability given its roles in monitoring and controlling spending, as well as allocating the income for the right purposes. Meanwhile, accountability does affect budgeting practices, but in this case, it is very minimal. This study is limited due to its small sample size. Nevertheless, the selected sample is adequate to provide a broader perspective and in-depth explanation regarding the issues being investigated. Thus, the number of institutions covered in this study may not represent all *waqf* institutions in Malaysia. However, as this study is not intended towards making an overall generalisation, where it can be illustrative in other similar cases.

Acknowledgement

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Contributing Factors Affecting Job Performance at Private Hospitals in Southern Region of Malaysia

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Abstract

This research explains the factors that affect job performance in private hospitals in the southern region of Malaysia. The objectives of the research were (1) to identify the relationship between salary and job performance, (2) to determine the relationship between supervision and job performance, and (3) to examine the relationship between coworkers and job performance. The research was conducted based on three hypothesis which were (1) there is relationship between salary and job performance, (2) there is relationship between co-workers and job performance, and (3) there is significant relationship between supervision and job performance. The research design chosen for this study was descriptive and inferential in nature. The selection of sample was based on the convenience sampling technique. The analysis shows that there is a positive and significant relationship between pay, colleagues, supervision and job performance.

Keywords: Job performance, Pay, Supervision, Co-workers.

1. Introduction

Jankingthong and Rurkkhum (2012), state that job performance was one of the most importance variables and had been studied for many decades. Employees' job performance can be affected by many factors. In addition, Jagero, Komba and Mlingi (2012) stated that employees' motivation, organizational culture and communication flow can also affect employees' job performance. Meanwhile, Sabki Suhaili and Hilda Hussin (2012) argued that leadership, training and work knowledge were the factors that can

affect employees' job performance. Pay or salary was also very important to measure the job performance of workers.

2. Statement of the Problem

This study identifies ways to improve the job performance among the employees in the private hospital organization. Job performance of employees is an important aspect for hospital organizations either public or private sectors. Jobs performance consisted of behaviors of employees that are relevant towards the organization's goals. Other than that, job performance is very important to improve the perceptions of customers such as staff and patients. However, most private hospitals faced difficulties in increasing their job performance due to lack of training, payment and lack of understanding among the co-workers. This occurs due lack of training from the upper level for staff in giving their services during medical session. They also might not perform well due their payment received which does not match with the burden of work they do.

3. Research Objectives

The purpose of this study was to determine the relationship between salary, supervision and co-worker towards job performance.
    i.   To identify the relationship between salary and job performance.
    ii.   To determine the relationship between supervision and job performance.
    iii.   To examine the relationship between coworkers and job performance.

4. Research Hypothesis

The following are the hypotheses developed:

Hypothesis 1

H0 : There is no relationship between salary and job performance.
H1 : There is relationship between salary and job performance.

Hypothesis 2

H0 : There is no relationship between co-workers and job performance.
H2 : There is relationship between co-worker and job performance.

Hypothesis 3

H0 : There is no significant relationship between supervision and job performance.
H3 : There is significant relationship between supervision and job performance.

    iv.   **Literature Review**

4.1 Job performance

Job performance is whether a person performs his or her job well and is also part of human resources management. Performance is an important criterion for organizational outcomes and success. Job performance can be defined as how well someone performs at his or her work (Berghe, 2011). In other words, job performance is the work related activities expected of an employee and how well those activities are done. Employee performance also refers to the efficiency and effectiveness of employees in achieving organizational objectives. Moreover, job performance will lead the workers to become more effective in doing their task (Nurharani Selamat, Nur Zahira Samsu & Nur Shaminah Mustafa Kamalu, 2013). Furthermore, job performance will influence the employees to be more talented to improve their ability in doing their task more successfully. According to Anuar (2011), job performance can influence the employees to make decisions in performing their job or task that will make them feel the jobs that they have done is valuable.

5.2 Pay

Pay is an important factor in job performance because most employees demand for more pay for their performance. The pay motivates the employees to give more focus and effort in their jobs. According to Chiang (2010), the impacts of PFP are twofold; it motivates employees to exert greater effort (incentive effect) and it attracts more as opposed to less productive employees. This is also supported by Kahya (2018), whose study indicated that the job point has significantly greater influence on pay level. Pay for performance is generally considered to be any potentially variable payment based on performance above a fixed amount of compensation, typically tied to the number of hours in employment (Bender & Bryson, 2013). According to Chiang (2010), employees learn to perform in an organization through reward and performance criteria. When their pay increases, they put in more effort on their job. With the high of pay, they will have the initiative to perform well in every given task. However, the employees have lower satisfaction when they pay or reward given to them are fixed and not based on their performance. (Azreen, 2014) concluded that employees have lower satisfaction and high turnover intention when paid a fixed salary, while salespeople have higher satisfaction and lower turnover intentions when given incentive.

5.3 Supervision

According to Smith (2014), supervision is a word that consists of Latin roots, *super* that means over and *videre*, to see or to watch. Supervision also shared unique functions which include teaching and counseling. Moreover, according to Beddoe (2012), since the late 19th century, supervision has become a core professional activity in social work. Supervision is functionally labeled as a supportive, educative and administrative. Supervision in administrative function describes the accountability to the policies, ethics and standard of the participants that are prescribed by both employing regulatory bodies and organizations. According to Westergaard (2013), the meaning of supervision depends on it context. Supervision terms used in helping the professions was described as a relationship between practitioners and their supervisors who may or may not also be their line-manager. Practitioners may consist of career counselor and social worker. The supervisor's roles include enabling supervisees to obey to a professional, legal and ethical

framework during their practice and assist co-workers to develop skills, knowledge and strategies in order for them to engage with clients. Supervision also helps to support them with emotional and psychological impact of work. Moreover, according to Anuar (2011), supervision can be defined as how supervisors treat their employees in terms of giving them praises due the employees' good work, encourage employees involvement in management by getting their advices, and getting to know well the nature of how employees do their work as well as becoming a good example to the employees. The results of the study indicated that managerial coaching positively influenced employees' in-role behaviors and extra-role behaviors. The results also indicated that association of managerial coaching with role behaviors was moderated by power distance.

5.4 Co-workers

According to the Tran, Nguyen, Dang and Ton (2018), there is a significant contribution to the quality of workplace relationship and nurses' performance. The social impact was illustrated to positively moderate association between healthy workplace interactions and job stress; however, it had no significant effect on job commitment. Unfortunately, job commitment was surprisingly found to not be related to performance ratings.

6. Theoretical Framework

Independent Variables   **Dependent Variable**
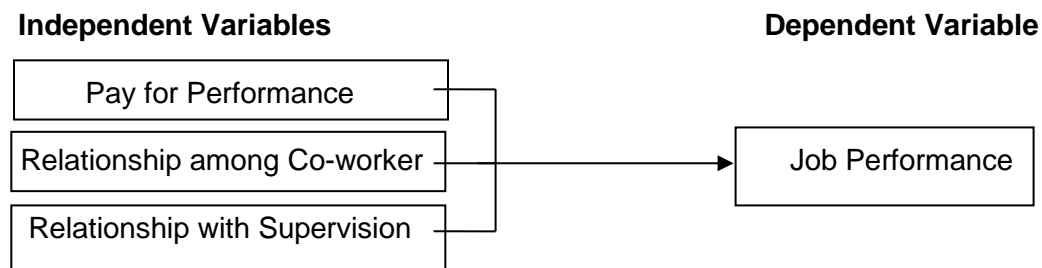
Figure 1: Theoretical Framework

This conceptual framework describes and explains the variables related to this study. The dependent variable was used to examine the outcomes of an experiment, or research project. In this study the dependent variable that has been identified was job performance. The independent variables were manipulated to determine their effect upon the dependent variable. It is also known as the factor variable. The researcher identified the values of these variables in relation to pay, relationship between co-workers and relationship between supervision. These three independent variables affect job performance.

7. Methodology

The instrument used for this study was a set of questionnaires. The questionnaire contained 42 questions which were divided into four sections. Section A comprised of six questions related to demographic information of the respondents such as gender, age, race, marital status, level education and work experience. Section B has eight questions related to independent variable - pay. Section C was made up of nine questions related to independent variables for relationship between co-worker and job performance. Section

D included eight questions on independent variables to identify relationship between supervision and job performance. Section E with eleven questions to list the dependent variables job performance.

The researcher distributed the questionnaire to 108 respondents. After collecting the data from the reliable and validated of research appliance, the data were analyzed using descriptive statistics and correlation statistical analyses. The study population was from the employees in the Private Hospitals in the southern region of Malaysia. For this study, the sampling technique that the researcher used was non-probability sampling. In non-probability sampling which in the scope of convenience sampling means the researcher obtained information from all staff in the hospital.

8. Findings

8.1 Research Question 1
RQ1: Is there any relationship between pay and job performance?

H1: There is a relationship between pay and job performance in private hospitals in the southern region of Malaysia. Table 9.1 shows that the result is a significant, positive and weak but definite relationship between pay and job performance among employees in private hospitals in the southern region of Malaysia with (r=0.309, p<0.05). According to Pearson's Correlation Coefficient, there was a positive significance (r=0.309), indicating a positive relationship between pay and job performance. There was also weak correlation between the two variables, suggesting a weak but definite relationship between pay and job performance. Therefore, the hypothesis of H1 was accepted and null hypothesis H0 was rejected.

Table 8.1: Pearson Correlations of Pay and Job Performance

		Pay Mean	Job Performance Mean
Pay Mean	Pearson Correlation	1	.309**
	Sig. (2-tailed)		.001
	N	108	108
Job Performance Mean	Pearson Correlation		1
	Sig. (2-tailed)		
	N		108

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

8.2 Research Question 2
RQ2: Is there any relationship between co-workers and job performance?

H2: There is relationship between co-workers and job performance.
The results showed that there was a significant, positive value and moderate relationship between co-workers and job performance among employees in private hospitals in the southern region of Malaysia with (r=0.551, p<0.05).
The Pearson's Correlation Coefficient was positive (r=0.551), indicating a positive relationship between relationship between co-workers and job performance. There was moderate correlation between the two variables, suggesting a moderate relationship

between the co-workers and job performance. It means that H2 was acceptable and rejected the null hypothesis H0.

Table 8.2: Pearson Correlations of Relationships between Co-worker and Job Performance

		Co-worker Mean	Job Performance Mean
Co-worker Mean	Pearson Correlation	1	.551**
	Sig. (2-tailed)		.000
	N	108	108
Job Performance Mean	Pearson Correlation		1
	Sig. (2-tailed)		
	N		108

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

8.3 Research Question 3
RQ3: Is there any relationship between supervision and job performance?

H3: There is significant relationship between supervision and job performance.
Based on the table 8.3, it was found that there was a significant, positive value and moderate relationship between supervision and job performance in private hospitals in the southern region of Malaysia with (r=0.440, p<0.05). There Pearson's Correlation Coefficient was positive (r=0.440), indicating a positive between relationship between supervision and job performance. There was moderate correlation between two variables, suggesting a moderate relationship between supervision and job performance. Therefore, the hypothesis H3 was acceptable and null hypothesis was rejected.

Table 8.3: Pearson Correlations of Supervision and Job Performance

		Supervision Mean	Job Performance Mean
Supervision Mean	Pearson Correlation	1	.440**
	Sig. (2-tailed)		.000
	N	108	108
Job Performance Mean	Pearson Correlation		1
	Sig. (2-tailed)		
	N		108

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

9. Discussion

This study found that all the independent variables (pay, co-worker and supervision) have impact on the dependent variable (job performance). Therefore, the findings of this study can improve understanding of the variables that lead to increase in job performance among employees in the private hospital sector. These findings were supported by Indradevi (2012) that job performance will affect the employees behavior resulting in them employee becoming more valuable and objective, such as become more productive and efficient to accomplish the task given. Majority of respondents agreed that bonuses and incentive will improve their job performance. This finding was supported by Chiang (2010)

- that employees learn to perform in an organization through reward and performance criteria. The respondents also agreed that salary match can increase the performance.

Majority of the respondent agreed that cordial relationship and a good working environment can increase in their job performance. In addition, the respondents also agreed that when co-workers help each other, it can gain increase the job performance in the organization. Furthermore, most of the respondents agreed that sharing ideas with supervisors increased job performance in the organization. According to Anuar (2011) supervision is how the supervisor treat the employees in terms of giving them praises due good work, encourage employees involvement in management by getting their feedback, and getting to know the nature of how employees do their work as well as becoming a good example to the employees at the same time.

10. Limitation of the Study

In conducting this research, there were several limitations and constraints faced by the researcher that might have affected the accuracy of the study. Research was limited to staff at private hospitals in the southern region of Malaysia due to convenience to meet the staff since they were always available at the hospital. To make it easier for the hospital staff to answer the questionnaire, the researchers decided to distribute the questionnaire to them. As medical professional group, the researchers assumed that they would be able to give full cooperation in responding to this study.

11. Future Research

The researchers wish to further investigate other variables that may affect job performance since this study only focused on three factors which are pay, relationship among co-workers, and impact of supervision. A similar study can also be done at another industries.

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Factors Affecting Attitudes towards Fruits and Vegetables Consumption on YouTube: A Conceptual Paper

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Abstract

Given the rapid technological advancement, social media and communication devices continue to grow exponentially. One of them is YouTube, which is a public video-sharing website where people can experience varying degrees of engagement with videos, ranging from casual viewing to sharing videos to maintain social relationships. Based on fruits and vegetables consumption, this study analyzes how YouTube participants attitudes toward fruits and vegetables consumption in Malaysia. This study includes YouTube Advertising; perceived credibility, perceived usefulness, perceived video characteristics, number of views, comments, likes and replies and attitude among university students. The Tripartite Attitude Model is adapted as to provide theoretical base to explain specific on cognitive, affective and conation. This provides better understanding on attitude and fruits and vegetables consumption among undergraduate students in Malaysia. This conceptual paper contributes to YouTube studies in non-profit settings with a theoretical stance.

Keywords: University students, YouTube advertising, Attitude, Fruits and vegetables consumption, Malaysia.

1. Introduction

The university years are a period of significant change in the lifestyles of undergraduate students (Ha & Caine-Bish, 2009). With healthy patterns during university life it may avoid chronic diseases such ischemic coronary illness, esophageal malignant growth, gastric disease and lung disease (Lock et. al,2005). Moreover, an insufficient diet during the

college students could result in unfavorable physiological consequences that could lead to diet related chronic diseases (Winkleby & Cubbin, 2004). The healthy diet patterns of university students should be a concern by health experts. It is well predictable that university students have unhealthy eating habits i.e skipping meals (Huang et. al, 1994) and eating snacks food (El Ansari, Stock and Mikolajczyk, 2012; Porto-Arias, Lorenzo, Lamas, Regal, Cardelle-Cobas & Cepeda, 2017). In addition, dietary intakes of undergraduate students appear to be high in fat, saturated fat, cholesterol and sodium (Porto et al., 2017), whereas they are low in fiber i.e vitamins A, C, and E i.e folate, iron and calcium (Chourdakis et. al, 2010). An extensive body of research reveals that a diet high inn fruits and vegetables is associated with a reduced risk of chronic diseases (Lock et. al, 2005). Fruits and vegetables consumption among university students is between 2.1 and 5.5 servings (Hiza & Garrier; 2002; Chung and Hoerr, 2005; Richards, Kattlemann and Ren, 2006), which is high the current recommendation serving intake i.e 2 times per day (Khalilah, 2017). The World Health Organization (WHO) prescribes in 400g of fruits and vegetables every and national intakes are neither near or over this objective. Furthermore, university students have less awareness than older consumers of the health benefits of fruits and vegetables consumption and effects of poor dietary practices (Chung, Hoerr, Levine and Coleman, 2006).

Although numerous of education programmes promote fruits and vegetables consumption relatively few efforts have targeted university students (Richards, Kattlemann & Ren, 2006). Kempen Suku-Suku Separuh in Malaysia has been launched by Ministry of Health Malaysia as to educate the public to consume fruits and vegetables as to reduce their calories and fats intake. The campaign was introduced in 2017 with he aims to reduce numbers of obesities particularly among children in Malaysia. The Economic Intelligence Unit's in its report on tackling obesity in Asean revealed that Malaysia has the highest obesity prevalence in South East Asia (Farezza, 2017). In addition, in 2012, a school-based nutrition survey was conducted and found that 93.7% of teenagers aged 13-17 years old do not follow the recommendation vegetables serving intake i.e. 3 servings per day and 51.7% do not follow the fruits recommendation serving intake i.e. 2 times per day (Nor Khalilah, 2017). Unhealthy food intake does not only lead to obesity problems but also can result in chronic diseases such as heart problems, hypertension etc.

A standout amongst the most mainstream video sharing destinations is YouTube, which was established in 2005. YouTube have achieved incredible growth in the number of users and videos, and Time magazine proclaimed it as the creation of 2006 (Jarrett, 2008). YouTube advertising has been used tremendously in profit settings (Waters & Jones, 2011; Ramanadhan, Kao & Viswanath, 2013) and has been induced to be effective in encouraging purchase intention (Cheong & Morrison, 2013; Paek, Kim Hove & Jung, 2013; Ramanadhan et. al, 2013). In the context fruits and vegetables consumption, previous studies were dominated in profit setting to measure the effectiveness of YouTube advertising (Anthony & Thomas, 2010; Gu, Tang & Whinston, 2012; Carryer % Nandamuri, 2014; Burgess & Green, 2018).

Although the benefits of consuming fruits and vegetables are widely known, university students face problems to maintain a healthy lifestyle when living away from home. The Malaysian government has utilised many tools to promote healthy eating and to encourage the consumption of fruits and vegetables consumption. The tools are roadshows, posters, talks and social media like YouTube. In the literature, most of the studies have investigated

the role of YouTube advertising in the profit's settings, and lack of discussion in the health context particularly in fruits and vegetables consumption. Hence, the purpose of this study is to explore the factors that could influence the consumption of fruits and vegetables intake among university students.

2. YouTube Advertising

Early conceptualisation of the YouTube advertisement is proposed by Yuksel (2016) which included perceived credibility, perceived usefulness, perceived video characteristics, number of views, likes, comments and replies. However, most of the literature by scholars, such as, See-To (2014), Gunawan and Huarng (2015), Lee and Watkins (2016) and Deghani, Niaki, Ramezami and Sali (2016) are mostly investigated the study of YouTube studies towards purchase intention in profit settings. Despite that, the scales used to measure credibility in the studies are lack of reliability and validity and hence, making it impossible to compare findings and generate conclusion.

In general, credibility of a source can be characterised as the positive highlights of the source that impacts the recipient to acknowledge the message (Ohanian, 1990). Credibility is an idea which is characterised by the judgment of the reader (Freeman & Spyridakis, 2004) and studies in the literature show that as opposed to be a source, stage or message highlight, it relies upon the receiver's perceptions (Akhondan, Johnson-Carroll & Rabolt, 2008). Perceived credibility is the trust measurement that influences the appropriation of a message in a positive or negative way and it can get changes customers' attitudes (Bouhlel et al., 2010). The reception of information as per the source credibility is in addition applicable for online environments (Cheung, Sia and Kuan, 2009).

Previous study by Davis (1989) perceived usefulness is characterised as "how much an individual trust that using a system would upgrade his or her activity execution", and it is identified with the desires that an individual plan to get at last (McKnight & Kacmar, 2007). Pavlou and Fygenson (2006) defined perceived usefulness from sites as the conviction that that data will upgrade productivity in acquiring item data. An investigation identified with web journals (Bouhlel et. al, 2010) uncovers that perceived usefulness is related with the benefits of websites and these points of interest can be preventing waste of time and accessing extra information and different perspectives about products. As per Technology Acceptance Model (TAM), perceived usefulness influences attitudes (Mir and Rehman, 2013). Bouhlel et al. (2010) underpinned this theory for blogs by showing attitudes affects perceived usefulness. Hsu, Wang and Lin (2013) additionally discovered that the usefulness of blog suggestions directly affects attitudes and indirect purchase intention. In an investigation of web benefit acceptance, Yang et al. (2010) demonstrated that perceived usefulness has both direct effect on usage intention and indirect effect on the purchase intention. In the present study, perceived usefulness of information in the videos is identified as the perception of consumers that viewing YouTube videos that will influence consumption.

Explicit highlights of YouTube videos may impact purchase intention. In the first place, the nature of the video is a factor that impacts buying choices (Woods, Satgunam, Bronstad & Peli, 2010) and high-quality videos increase user commitment (Dobrian et. al, 2013). Furthermore, the recognition about the length of the video may become one of the influences effectiveness on YouTube advertising factors. The result of an analysis on

generally shared Top 50 YouTube recordings uncover that the normal length for advertising videos is 3-3.5 minutes; however, the desire to share depends more on the quality of feelings that the video inspires from the viewers (Jarboe, 2012). In this way, not the exact length of the video but rather its impression might be a factor that influences attitudes and purchase intentions. Furthermore, the preparation and presentation of the substance is influential to consumer purchase intentions. This can influence the dimension of information the consumers acquire and lead to attitude development.

Moreover, number of views, likes, comments and replies are consumers' perceptions about a content can be influenced by interactions of other users. Comments on the online content about a product may be perceived as a sign of product popularity and can affect purchase intention (Lee & Shin, 2009). For consumers who find online information credible, number of comments increases the credibility of those information (O'Reilly & Marx, 2011). YouTube users who seek user-generated content also consider the comments and the number of comments increase the credibility and usefulness of the videos (Mir & Rehman, 2013). Ratings are also important for evaluating the credibility of online contents (Jocevar, Flanagin & Metzher, 2011), while number of likes affects the credibility of contents in forums (O'Reilly & Marx. 2011); this effect also applies to YouTube videos and the number of likes increase the popularity of videos leading to increased credibility and usefulness (Mir & Rehman, 2013). Firstly, as proposed by Mir and Rehman (2013) the number of view the content on YouTube is important towards the perception of credibility and usefulness. Therefore, it is interesting to propose that the number of replies to the comments by the video owner may also affect the perception of credibility and usefulness of the information given in the video.

Ducoffe (1996) demonstrated that entertainment, informativeness and irritation influenced attitudes toward Web advertisements. The content (informativeness) and form (entertainment) of ads are important predictors of their value and are crucial to the effectiveness of Web advertising, while irritation has negative impacts on viewer attitudes.

Although some researchers have assumed that attitudes are an important construct of internet advertising (Ducoffe, 1996), Schlosser et al. (1999) thought it also plausible that the unique characteristics of the Internet, when used primarily as an information-providing medium, might cause the underlying structure of attitudes toward internet advertising to differ. Their study viewed Internet advertisements as more informative and trustworthy. They found not only that the traditional assessments of advertising effectiveness (i.e. considering the information and entertainment value) would apply to advertising on the Web, but also that the advertisement's utility for making behavioural (purchasing) decisions would influence viewer attitudes towards Internet advertising.

Brackett and Carr (2001) thought that attitudes toward online advertisements is the aggregation of weighted evaluations of perceived attributes and consequences of products, and they developed an integrated Web advertising attitude model modified from several earlier studies. This present research also uses attitude as a mediator to test the relationship between perceived credibility, perceived usefulness, perceived video characteristics and number of views, likes, comments and replies on YouTube advertising.

The above-mentioned dimensions are so far, never been tested simultaneously in a study and the ability to know which dimensions are significant is unknown. Hence, there is a

knowledge gap necessary to address. Besides, the act of consuming fruits and vegetables are the basic needs; therefore, it will be noteworthy to know that the YouTube Advertising have significant effects towards attitudinal change in the context of consuming fruits and vegetables. Based on the discussion above, hypotheses and research framework for this study is purposed as follows:

H_1: There is a positive relationship between perceived credibility and attitude towards fruits and vegetables.

H_2: There is a positive relationship between perceived usefulness and attitude towards fruits and vegetables.

H_3: There is a positive relationship between perceived video of characteristics and attitude towards fruits and vegetables.

H_4: There is a positive relationship between number of views, likes, comments and replies and attitude towards fruits and vegetables.

Major headings are to be column centered in a bold font without underline. The top of this paragraph is an example of a major heading.
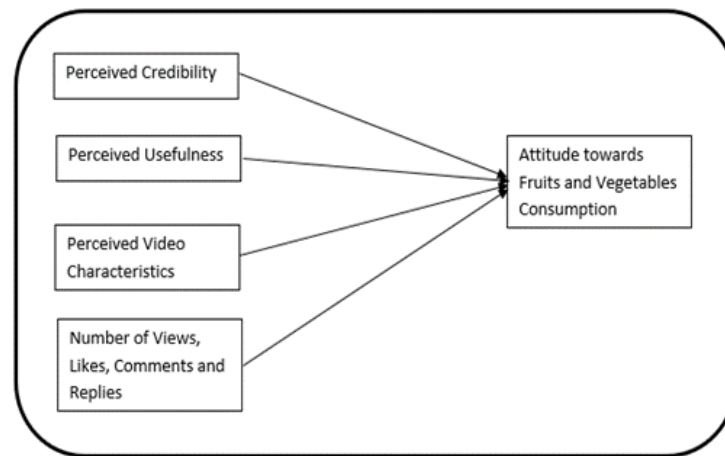
Figure 1: Purposed Research Framework

3. Conclusion

From the review, it is concluded that YouTube advertising is an effective and efficient platform to raise awareness on fruits and vegetables consumption and to increase attitude awareness of consumers of eating fruits and vegetables. Targeting university; specially university students are relevant as these groups have strong influence within their social network and thus, can encourage others to have healthy diet. Nevertheless, before creating a video advertisement of fruits and vegetables, Ministry of Health or public must conduct situation analysis to identify the right method to run the campaign. To integrate fruits and vegetables awareness campaign in universities require thorough planning and budget. Because of this, there is a call for future research to measure the effectiveness of YouTube advertising in local universities and to determine which methods are the most appropriate to be executed in Malaysian's context. Hence, this review proposes that YouTube advertising as a hopeful intervention method to raise the number of fruits and

vegetables consumption and to get people to stay healthy with the proposed research framework, the researchers intend to test the hypotheses in their future research.

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The Effect of Knowledge Management Practices on Employee Well-being in Malaysian Private Universities

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Abstract

This paper aims to propose that knowledge management (KM) practices could be a means to enhance employee well-being at work and examine how KM can develop a positive sense of employee well-being. Although employee well-being is the most researched topic in the field of organisational behavior and psychology, it was rarely approached from a knowledge management perspective. Hence, this pilot study aimed to examine the effect of KM practices on employee well-being. A theoretical model concerning the connections between four KM practices (knowledge acquisition, knowledge sharing, knowledge creation and knowledge retention) and employee well-being was proposed. A survey data set of 50 responses was collected from academic staff in selected Malaysian private universities. The result was then empirically tested with structural equation modelling by using partial least squares analysis. Findings revealed that knowledge management practices were significantly linked with employee well-being. In particular, knowledge acquisition has a strong effect on employee well-being among the academic staff, followed by the knowledge retention practices. Interestingly, knowledge sharing as the key KM practice and knowledge creation seems to have the least impact on employee well-being. The key findings of this pilot study expanded the scope of the importance of KM for managers to enhance employee well-being as a priority in the organisations.

Keywords: Knowledge Management, Employee Well-being.

1. Introduction

Individual well-being is crucial as more Malaysians are suffering from various mental health problems. As reported by the National Health and Morbidity Survey 2015, 4.2 million of Malaysians aging 16 years' old and above (29.2%) were suffering from various mental health issues. The number is alarming as it shows an increase of 11.2%, compared to the total number of such cases in 2006 and psychologists believe that the number will

continue to rise. Furthermore, based on the OECD Economic Survey reports (2016), Malaysia's position for Better-life index is still far behind the higher-income OECD countries in which the index showed weaknesses in areas such as work-life balance, jobs, income (personal earnings), safety, life satisfaction and education. The index highlighted the need to further improve the Malaysians' well-being. The above evidence was assessed based on the objective approach of well-being and this approach was adapted to measure well-being by assessing certain aspects such as economic, social and environmental statistics which will not be applied in this study Achour et al. (2017), Achour, Mohd Nor & Mohd Yusoff, 2015). Instead, a subjective approach of well-being will be applied which focuses on human feelings of happiness, quality of life and satisfaction. Consequently, this study is in tandem with the Eleventh Malaysia Plan (2016-2020) to improve well-being and accelerate human capital development.

Factors that promote well-being have been studied extensively in the field of organisational behaviour, and the validated antecedents included social support at work, high performance work system, work pressure, work-family conflict and workaholism (Caesens, Stinglhamber, Luypaert, 2014; Huang et al., 2016; Shimazu, Schaufeli, Kamiyama & Kawakami, 2015). Although employee well-being is the most researched topic in the field of organisational behavior and psychology, it is rarely approached from a knowledge management perspective. Moreover, when included in knowledge management research, employee well-being is either being treated as a secondary outcome or mediator that helps explain the knowledge management process – performance relationship (e.g., Chumg, Cooke, Fry & Hung 2014; Chumg, Cooke, Seaton & Ding, 2016).

Chumg et. al (2014) had explored the relationship between KM and employee well-being in virtual organisations of Taiwanese NGOs. Employee well-being was examined as a mediating effect on social capital and knowledge-sharing behaviour. The research findings revealed that employee well-being does have an influence on knowledge-sharing behaviour. Consistent with this argument, Chumg et. al (2016) also found a positive connection between employee well-being and knowledge sharing. Henttonen, Kianto, and Ritala (2016) found that exceptional work performance can be achieved by employees who possess a higher level of knowledge sharing-behaviour. As argued earlier, employee well-being, generally, has not been considered as an important outcome in knowledge management literature.

Universities are known as knowledge-based organisations and serve as reservoirs of knowledge. However, in this digital environment era, this institution does not solely focus on providing knowledge to students. According to Krishnan and Kasinathan (2017), education institution experiences the changing paradigm where employees are dealing with increasingly demanding working environment. Private universities' employees especially lecturers experience emotional labour because they need to cope with an increased and various workload. Hence, due to strong competitions in the private sector education industry, this study is conducted among the academic employees from Malaysian private universities. This study will provide a basis for the conceptualisation of knowledge management practices and its aim to examine the effect of knowledge management on "soft" human issues (employee well-being), (Kianto, Vanhala, & Heilmann , 2016) by investigating the relationship between knowledge management practices and employee well-being in Malaysian private university sectors.

2. Literature Review

2.1 Employee Well-being

Well-being has been discussed greatly by psychologist researchers and they have divided well-being into two different forms but with the same related perspectives, namely, hedonism and eudemonism (Chumg et. al, 2016 & Lomas et al., 2017). Hedonism, which is also known as subjective well-being, focuses on personal well-being that consists of the desire to fulfil, evading pain and subjective happiness. Psychologists who focus on eudemonism consider individual well-being as more contextual, complicated, and meaningful in life. Unlike hedonism, eudemonism is assessed through psychological well-being (Chumg et. al 2016). Salanova et. al, 2014) clarified that psychological well-being refers to people's evaluations of their life in both affective and cognitive terms. Kooij et al., (2013) explained that psychological well-being "focuses on the subjective experiences of individuals". Further, Lomas et al., (2017) indicated that individual well-being should comprise both subjective and psychological well-being which are collectively known as quality of life.

In this study, a more holistic approach to well-being is integrated which encompasses the hedonic (subjective) and eudemonic well-being (psychological) (Chumg et. al & Hung 2014; Chumg et. al, 2016). With regard to the concept of employee well-being, Huang et al. (2016) stated that it concerns with individual's evaluation on his or her life satisfaction and the overall quality of the individual's experience and functioning at workplace. Additionally, Mellor et al., (2016) described well-being as a sensation which combines and appraises three dimensions, which are: (1) life satisfaction; (2) negative aspects; and (3) positive factors. Thus, individuals may demonstrate a greater sense of well-being with life satisfaction and positive mental capital such as hope as well as low levels of negative aspects. For the purpose of the present study, employee well-being is defined as positive evaluation of one's life satisfaction and happiness (Mellor et al., 2016; Hills & Argyle, 2002) and capturing the perspective of Chumg et. al (2014) that well-being concerns with an individual's perspectives of his or her life experience, individual's satisfaction and emotional characteristics. Employee well-being in this study is incorporated with individual's feeling of greater life satisfaction, higher positive emotions and lower level of negative emotions (Chumg et. al, 2016).

2.2 Knowledge Management Practices

Knowledge management can be defined as the process of identifying and influencing the collective knowledge that contributes to organisational competitive advantage which will assist the organisation to compete in its operating market (Kianto et al., 2016). From business perspective, Martins and Martins (2012) defined knowledge management as a "collaborative and integrated approach to the creation, capture, organisation, access, and use of an enterprise's intellectual assets". While there are several concepts and categorisation on KM practices, this study proposes that KM would be divided into four main practices: knowledge acquisition, knowledge sharing, knowledge creation and knowledge retention. These four main practices are important as it is proven that there is an impact of KM on "soft" human issues that refer to employee well-being (Kianto et al., 2016).

Knowledge acquisition is one of the many aspects of KM. Knowledge acquisition refers to the collection of external sources information for an organization (Kianto et al., 2016). This is supported by Aggestam, Durst & Persson (2014) who described that knowledge acquisition is devoted to the task of transferring the knowledge from one or more sources to other users. It is similar to what had been mentioned by Hills and Argyle (2002). It is clear that knowledge acquisition is the process of transferring external knowledge to identify problem solving action or any solution to the issues raised.

Knowledge sharing. Seligman, Steen, Park and Petersen (2005) described knowledge sharing as the fundamental of knowledge management that involves employees to mutually exchange or share their knowledge with one another. In a detailed study done by Bockerman Bryson and Ilmakunnas (2012), a knowledge sharing framework has been constructed within five areas as factors that influence knowledge sharing, which include: 'organisational context'; 'interpersonal and team characteristics'; 'cultural characteristics'; 'individual characteristics'; and 'motivational factors'..

Knowledge creation. Any business that exists in today's competitive and fast growing economy needs to have a solid knowledge management and knowledge creation setup in the organisation as it is substantial in creating the competitive advantage among the players in any industry and also helps in creating opportunity in setting up one's blue ocean strategy in eliminating competition. Knowledge creation can be defined as an organisation's ability to encourage the development of proposing new or useful ideas and solutions (Kianto et al., 2016). This will embrace innovation and creative culture among employees. Implementing knowledge creation will be the backbone for organisations to generate new and innovative ideas thus acknowledging the importance in embracing methods and processes that are related to knowledge creation, which is a highly sought requirement for today's development of any organisation (Aggestam, Durst & Persson 2014).

Knowledge retention. Knowledge retention has been highlighted in numerous management papers as a strategy to enhance firms' knowledge management. At the knowledge retention stage, the changes of knowledge which are adapted in replication stage, theoretically turn into routines and being embedded into human behaviour (Kianto et al., 2016). In addition, Schaufeli et. al, 2002) identified nine key factors that influence knowledge retention which include: knowledge behaviour; strategy implementation and values; leadership; people's knowledge on loss risks; knowledge attitudes and emotions; power play; knowledge growth and development; performance management; and organisational support and encouragement. This is parallel to another research carried out by Schaufeli and Bakker (2001) that have proven the critical success factor of knowledge retention comprises the willingness of employees to contribute, the availability of work processes and IT systems and as well as the organisational knowledge itself.

2.3 Knowledge Management as a Means of Improving Employee Well-being

Prior research that discussed on the relationship between knowledge management and employee well-being is scarce in the literature. Hence, KM scholars rarely addressed the effect of KM on "soft" performance issue, such as employee well-being. There are limited papers that have explored on the relationship between KM and employee well-being. Since the term job satisfaction is closely related to the concept of well-being, past studies have revealed that there is a connection between knowledge management and job

satisfaction (Arif & Rahman, 2018; Kianto et al., 2016; Murni et al., 2018; Pruzinsky & Mihalcova, 2017). Singh and Sharma (2011) have examined the relationship between KM and employee satisfaction in Indian telecommunication sector. The results of their study demonstrated a positive association between KM and employee job satisfaction. Similar to the previous research, there is indeed a link between knowledge management and job satisfaction (Arif & Rahman, 2018). Their study on KM and job satisfaction in various industries has proven that knowledge management has an effect on employee's satisfaction. On the other hand, the study done by Koseogl, Bektas Parnell and Carraher (2011) on the relationship between KM and job satisfaction among luxury hotel employees in Turkey showed that the findings had failed to find a connection between KM and job satisfaction.

Although certain KM practices have negative correlation in their relationship with job satisfaction, more future studies are needed to enrich the findings on the relationship between KM and job satisfaction (conceptualised as well-being) so that it can be accurately proven. In general, most of the previous studies have provided an evidence that KM does have a connection with job satisfaction, which seems to be well-justified from the perspective of employee well-being and as a means of improving employee well-being (Arif & Rahman, 2018; Kianto et al., 2016; Murni et al., 2018). This is due to the fact that job satisfaction is similar to the concept of well-being and it is well-known as well-being indicators among many scholars (Caesens, Stinglhamber & Luypaert, 2014; Chumg et. al, 2016; Kianto et al., 2016; Shimazu et. al, 2015). In the same vein, Alzyoud (2016) highlighted that job satisfaction is characterised as well-being and as psychological energetic resource for individuals to increase individual's performance. However, job satisfaction is only a narrow part of employee well-being. As such, knowledge management practices have the potential to enhance employee well-being and are predicted to have a positive effect that may lead to greater employee well-being. Based on the foregoing argument, it is hypothesised that:

H1: Knowledge acquisition has a significant positive effect on employee well-being
H2: Knowledge sharing has a significant positive effect on employee well-being
H3: Knowledge creation has a significant positive effect on employee well-being
H4: Knowledge retention has a significant positive effect on employee well-being

3. Methodology

3.1 Sample and data collection

This pilot study utilises primary data collection method and a quantitative approach for data analysis. A set of questionnaire survey was used to collect data and distributed to the respondents based on stratified random sampling which consisted of academics' employees from the five selected private universities in Malaysia. Questions which were adopted from previous study were designed using mixed positively and negatively worded statement. Most of the feedbacks are from the female respondents (52%) and remaining 48% respondents are from the male group. Findings showed that most of the respondents are from the age group of 26-35 years (54%), followed by 36-45 years old (28%), 16% represent 46-55 years and only 8% for age group of 56 years old and above. In addition, majority of the respondents are Malays with 60%, Chinese 14% and Indian 2%. However, 24% of the respondents represent other races. Since this pilot study was focusing on the

academic staff of private universities, 74% respondents were with Lecturer position, 24% with Senior Lecturer position and only 2% counted for Associate Professor. In term of the education level, findings revealed that 66% from the respondents are with master's degree holder and 30% represent as a PhD holder.

3.2 Measures

The four KM practices questions were adopted from Kianto et al., (2016), which were measured by asking the respondents to answer a set of items on a scale of 1 to 7 (1=totally disagree, 7=totally agree). Employee well-being questions were adopted from Oxford Happiness Questionnaire Short-Form (OHQ) that was developed by Hills and Argyle (2002). This has been widely commended for its robust construct validity (Hills & Argyle, 2002 and Chumg et. al (2014)). Items were measured based on a 7-point Likert scale (1=strongly disagree, 7=strongly agree). Structural Equation Modeling (SEM) using partial least squares was used for the analysis of data collection and to analyse the proposed hypotheses of this study. The data was cleared from any missing data and outliers.

4. Results

4.1 Measurement Model

The evaluation of the measurement model consists of two main aspects which involve the assessment on the reliability and validity of the measurement model. The reliability test of the measurement model included assessing the reliability of each item of the instrument and estimating internal consistency by using Cronbach's Alpha and composite reliability (CR). The test of the validity of the measurement model evaluated both the convergent and discriminant validity of the instrument items by utilising Average Variance Extracted (AVE) and the square root of the Average Variance Extracted (AVE) (Chumg et. al (2014). Hair, Ringle and Sarstedt, (2011) claimed that items constructed with loadings which are greater than 0.70 or higher are statistically significant. The results of the analysis revealed that the factor loading values for most items were greater than 0.7 except two items under knowledge acquisition, KAC3 (0.600) and KAC4 (0.533). Both items of knowledge acquisition were not deleted due to the validity of average variance extracted (AVE) that achieved with more than 0.50. For AVE, validity is achieved when all items in a measurement model are statically significant at level acceptance of more than 0.50 (AVE) (Hair at al., 2011). Therefore, items with a low factor loading, <0.50 that includes EWB1, EWB8 and EWB4 were dropped from the measurement model which was then retested.

According to the composite reliability test, all the constructs showed a value above 0.8 with the value ranging from 0.87 to 0.96 as shown in Table 1, thus achieving an acceptable level of internal consistency (Nunally & Bernstein, 1994). With regard to the Cronbach Alpha values of each construct evaluated in this study, the values of all constructs were higher than 0.8, ranging in fact from 0.81 to 0.94. Subsequently, convergent validity was assessed by checking the Average Variance Extracted (AVE) value. Result revealed that each construct was found to have exceeded the level of acceptance of more than 0.5 (AVE), ranging in fact from 0.52 to 0.89. In addition, discriminant validity was tested to analyse how much variance in the indicators that could explain the variance in the construct (Afthanorhan, 2013). Discriminant validity value was obtained from the square root of AVE value (AVEs) and the results showed in Table 2 using Fornell and Lacker

Criterion revealed that validity was achieved for each construct since the diagonal elements (AVEs) were greater than the off-diagonal elements in the corresponding rows and columns (Hair, Ringle & Sarstedt, 2011). Another method of assessing discriminant validity is by using HTMT technique developed by Henseler, Ringle and Sarstedt (2015). As shown in Table 3, all the values fulfilled the criterion of HTMT.$_{85}$ (Kline, 2011) which indicated that discriminant validity has been ascertained. In sum, the model assessments gave reliable evidence of validity and reliability for the operationalisation of the research model.

Table 1: Results from the measurement model estimation

Latent Variable	Cronbach's Alpha	Composite Reliability	AVE
Knowledge Acquisition	0.809	0.865	0.521
Knowledge Sharing	0.911	0.930	0.654
Knowledge Creation	0.940	0.950	0.703
Knowledge Retention	0.939	0.961	0.891
Employee Well-being	0.874	0.907	0.662

Table 2: Discriminant Validity using Fornell and Lacker Criterion

	1	2	3	4	5
1. Employee Well-being	*0.814*				
2. Knowledge Acquisition	0.639	*0.722*			
3. Knowledge Creation	0.683	0.575	*0.839*		
4. Knowledge Retention	0.663	0.433	0.798	*0.944*	
5. Knowledge Sharing	0.580	0.620	0.766	0.582	*0.809*

Table 3: HTMT Criterion

	1	2	3	4	5
1. Employee Well-being					
2. Knowledge Acquisition	0.733				
3. Knowledge Creation	0.724	0.661			
4. Knowledge Retention	0.704	0.497	0.842		
5. Knowledge Sharing	0.608	0.725	0.823	0.616	

4.2 Structural Model

Based on the assessment of the path coefficient as shown in Table 4, the research model was able to explain 60 per cent of the variance in employee well-being. The R^2 value of 0.601 was above the 0.26 value as suggested by Cohen (1988) which indicated a substantial model. The path model was estimated to reflect the proposed relationships between KM practices and employee well-being to test the hypotheses. However, only two relationships were found to have t-value ≥ 1.645, thus significant at 0.05 level of significance. Specifically, the predictors of knowledge acquisition (β=0.382, p<0.05), and knowledge retention (β=0.351, p<0.05) are positively related on employee well-being. Thus, H1 and H4 were supported. Additionally, knowledge creation (H3) also have a positive effect on employee well-being but there are no significant relationships with

employee well-being. Moreover, the path from knowledge sharing (H2) to employee well-being was not supported due to the result is not significant and negative relationships with employee well-being.

Table 4: Hypothesis Testing

	Hypothesis	Std Beta	Std Error	p-value	Path coefficients	t-value	Significant (p<0.05)
H1	K. Acquisition -> Employee Well-being	0.382	0.160	0.009	0.382	2.389	Yes
H2	K. Sharing -> Employee Well-being	-0.003	0.183	0.493	-0.003	0.017	No
H3	K. Creation -> Employee Well-being	0.185	0.219	0.199	0.185	0.847	No
H4	K. Retention -> Employee Well-being	0.351	0.186	0.030	0.351	1.884	Yes
Employee Well-being		R Square= 0.601					

Next, the effect sizes (f^2) were assessed (Cohen, 1988). The result as shown in Table 5 indicates that knowledge acquisition (0.216) has a large effect in producing R^2 for employee well-being. Furthermore, the result indicated that knowledge retention (0.112) has a close to medium effect in producing the R^2 for employee well-being. Still, knowledge sharing (0.000) and knowledge creation (0.019) have a weak effect on employee well-being. The outcome of lateral collinearity was also presented in Table 5. All the Inner VIF values for the independent variable that needed to be examined for lateral collinearity were less than 5, indicating lateral collinearity would not be a concern in the study (Hair Hult, Ringle & Sarstedt, 2016).

Table 5: Effect Sizes and Lateral Collinearity Assessment

Construct	f^2	VIF
Knowledge Acquisition	0.216	1.691
Knowledge Sharing	0.000	2.747
Knowledge Creation	0.019	4.554
Knowledge Retention	0.112	2.769

5. Discussion

From all the four KM practices examined in this pilot study, only two (knowledge creation and knowledge sharing) have no connection to employee well-being. The finding of the non-relation between knowledge creation and employee well-being was in alignment with the previous work of Kianto et al., (2016) and Pruzinsky and Mihalcova (2017). Unexpectedly, knowledge sharing has no effect on employee well-being and this is somewhat a surprising finding. This finding contradicted with the previous work of Chumg et. al (2014), Chumg et. al 2016 and Kianto et al. (2016) who found that there is a connection between knowledge sharing and employee well-being. This might be because of the context of the study and the impact of organisational culture on knowledge sharing

practices among the academicians. In the context of Malaysia, there is still a lack of knowledge sharing culture and it remains as the biggest challenge for Malaysian organisations (Hashim, Talib & Alamen 2014). Previous work (Angelina, 2013) reported that trust is an important factor to encourage the knowledge sharing practices in an organisation and this is the main reason on why people are reluctant to share knowledge with one another. Therefore, it is important to develop a strong culture of sharing knowledge and knowledge creation to enhance employee well-being.

Nevertheless, the remaining two KM practices (knowledge acquisition and retention) do have connections with employee well-being. Specifically, the result indicated that knowledge acquisition is the largest variance that explains on improving employee well-being. Knowledge acquisition practices are probably the most important facet of KM in private universities since the nature of the job as academicians is to provide lesson and to acquire new knowledge. This finding was consistent with the previous work of Singh & Sharma (2011) which confirmed the said significant results. In the same vein, knowledge retention is the second largest variance that explained the employee well-being which was consistent with the previous findings by Kianto et al. (2016) and Pruzinsky and Mihalcova (2017). Knowledge retention has been identified as one of the main KM practices that can improve employee well-being (Kianto et al., 2016 & Pruzinsky & Mihalcova, 2017). This means that the continuous learning and preservation of knowledge among the employees are vital for safeguarding the employee well-being. Therefore, it is important to minimise the organisational knowledge loss through knowledge retention practices by improving employee well-being.

6. Conclusion

This study provided knowledge on the type of consequence of KM on employee well-being that was largely unexplored in previous research. The empirical findings illustrated that the existence of KM practices has a strong effect on employee well-being. This demonstrated that the presence of knowledge management practices in the organisation would benefit both the employees and employers. This study made concrete contributions by providing an empirical finding for understanding the effect of KM practices on employee well-being in the context of private universities. Overall, KM practices and employee well-being at work are crucial in any organisation and managers should incorporate KM practices as a priority to improve employee well-being at work.

Acknowledgments

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Analysis of Reputation Effect, Attractiveness of Advertising and Community Effects on Positive Word of Mouth with Variable Intervening Customer Values on Users of GSM-Based Cellular Cards in Palembang City

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Abstract

The purpose of this study was to analyse the impact of reputation, advertising attractiveness, and also community effect on Positive Word of Mouth (WOM). Customer' value was employed as an intervening variable. Both primary data and secondary data were employed. The secondary data were gathered using questionnaire which was distributed to the target respondents. The respondents were the users of cellular-phone cards in Palembang. Using a convenience sampling technique, a total sample of 180 respondents was obtained. Data were analyzed using Structural Equation Modeling. The results showed that only community effect had a significant impact on customer value and WOM. The result indicated that this variable i.e. community effect is an important part for the customers and is a rapid way for promoting the value of the product. Furthermore, the result showed that customer value had a significant effect on WOM.

Keywords: Reputation, Attractiveness Advertisement, Word of Mouth, Community Effect, Customer Value**.**

1. Introduction

The telecommunications industry is a company engaged in services and is currently the most developed industry in the last 10 years in Indonesia. Government deregulation of the telecommunications industry in the late 1990s was the issue of the Telecommunications Law No. 36 of 1999 had a significant impact on the development of the telecommunications industry in Indonesia. Before the existence of this Act, companies engaged in telecommunications there are only two, namely: PT. Telkom, which handles fixed line and PT Indosat TBK, handles international direct service (Ilmayanto, 2010).

Mobile cellular use both GSM and CDMA, is one of the supporting activities. Indonesia is one of the countries with the highest number of mobile users in the world. How not, the number of mobile users in Indonesia reaches 270 million (Sembiring, 2014), exceeding the total population in Indonesia which is only 253 million, according to Purnomo, 2014 (in Wijaya, 2014). So it is not surprising that Indonesia is a good cellular business field. Telkomsel, XL Axiata, and Indosat are the three largest GSM cellular operators in Indonesia in Q3 2014 (Wijaya, 2014).

2. Literature and Hypothesis Development

2.1 Reputation

Good reputation is the way for the organisation to accept and agree with stakeholders. Even organisations operating in an ethically important environment may need to maintain a positive reputation (Watson & Kitchen, 2014). So that reputation is actually the company's perception that is owned by the company's external observers (Fombrun & Van Riel, 2014). There are four indicators that affect reputation, namely reputation, credibility, good name and characteristics. These indicators form customer value (Prasmawati, 2010).

2.2 Attractiveness of Advertising

The attractiveness of advertising is defined as something that makes a company's product can be attracted and noticed by consumers (Wells et.al, 1995 in Dwityanti, 2008). Whereas Shavitt (1990) learned that consumer behavior towards products and services will vary depending on response and type of attractiveness of advertising (Drossoss, Dimitri et.al, 2007 in Prasmawati, 2010). Indicator of the attractiveness of advertisingare the content of easy-to-understand advertising material, the use of advertising, promotion and advertising styles whicht are attractive (in Prasmawati, 2010).

2.3 Community Effect

Community effects or Bandwagon effects affect people (Rohlf (2001) in Octaviasari & Widiyanto, 2014), Bandwagon effect is a benefit that someone enjoys as a result of other people who do the same thing we do. In particular, consumers enjoy the benefits of bandwidth when other people consume the same product or service that they do.

Indicators of community effects from relations show relationships with others, style, which is a fundamental and different expression of human life. This indicator can be a determinant of customer value (in Prasmawati, 2010). Community effects certainly provide a positive benefit for a Cellular Telephone Service Company with the role of the community.

2.4 Customer Value

According to Kotler and Keller (2009: 14), customer value is a combination of quality, service, and price that reflects a number of benefits and costs perceived by the customer. Kotler and Keller (2009: 136) also state customer perceived value as the difference between prospective customer valuation of all benefits and costs of an offer against the alternative. According to Sweeney and Soutar in Tjiptono (2005:298), the dimension of value consists of: emotional value, social value, quality/ performance value, price/ value of money.

2.5 *Words-of-Mouth* (WOM)

Brown et al. (2005) say Words of Mouth (WOM) occurs when customers talk to others about their opinions about a particular brand, product, service or company to others. If the

customer spreads his opinions about the goodness of the product, it is referred to as positive WOM; but if the customer disseminates his opinions about the product ugliness, it is referred to as negative WOM. The Word of Mouth (WOM) process are: content, context, carriers.
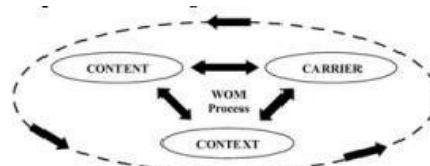

Figure 1: WOM Process
Source: Kanwar, 2002

2.6 Hypothesis

H1:There is a Reputation Effect on Customer Values; H2:There is the Influence of Ad Attractiveness on Customer Values; H3:There is the Effect of Community Effects on Customer Values; H4: There is a Reputation Effect on Positive Words of Mouth; H5:There is an Effect to Pull Advertisements on Positive Words of Mouth; H6:There Are Effects of Community Effects on Positive Words of Mouth; H7:There is a two-ways relationship between customer value and word of mouth.

3. Research Design

3.1 Population and Sample

For this study, the population involves all the people in Palembang City who use the GSM Card-based handphone. The sample in this study is part or the community of Palembang City as a GSM card user. Determination of a representative minimum sample, according to Hair et al. (1998) is dependent on the number of indicators multiplied by 5 to 10. The number of samples for this study is number of indicators x 10 = 18x10 = 180 samples.
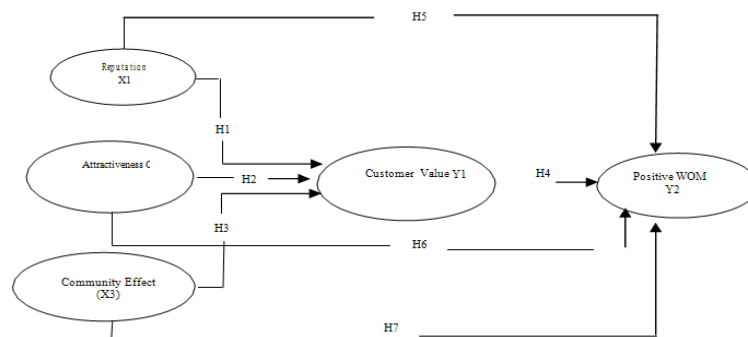
3.2 Research Framework

Figure 2. Research Framework
Source: Data processed,2019

The mindset of the research above illustrates the relationship between Reputation, Attractiveness of Advertising and Community Effects on Customer Values. Customer Value will influence Positive Words of Mouth for various products both goods and services.

Reputation, Attractiveness of Advertising and Community Effects can affect positive Words of Mouth directly in the implementation of product delivery from producers to consumers.

4. Emperical Result

4.1 Structural equations and measurement models

$$y_1 = \text{þ}_1\text{б}_1 + \text{þ}_2\text{б}_2 + \text{þ}_2\text{б}_2 + s_1$$
$$y_2 = a_1y_1 + s_2$$

4.2 Validity Test

The validity of an indicator can be evaluated with a significant level of influence between a latent variable and its indicator (Ghozali & Fuad, 2013). Validity analysis was done by looking at the t-value for each indicator > 1.96.

4.3 Realibility Test

It was concluded that the reliability value of all variables had met the requirements, which was greater than 0.70, so this research model could be accepted.

4.4 Analysis *Structural Equation Modelling (*SEM)

The results of the full model estimation output are chi-square 2662.36, root mean square error of approximation (RMSEA) 0.053, normal fit index (NFI) 0.93, Non-Normed Fit Index (NNFI) 0.97, comparative fit index (CFI) 0.97, incremental fit index (IFI) 0.97, RMR 0.04, Goodness of fit indices (GFI) 0.90, and adjusted goodness of fit index (AGFI) 0.94. This means that the model has a good goodness of fit which means that all the structural models produced are quite fit, so that it can be continued in the subsequent analysis.

4.5 The Results of Structural Equation

4.5.1   Structural Sub Equations

Customer value = 0.06 * reputation + 0.20 * ad appeal + 0.64 * community effects

Based on the structural model above, it can be explained that customer value is influenced directly by reputation variables, the attractiveness of advertising and community effects. However, only community effect variables have a significant effect on customer value.

4.5.2   Structural Equations

WOM = 0.09 * customer value + 0.27 * reputation + 0.00 the attractiveness of advertising + 0.87 community effect
        Based on the structural model, it can be explained that WOM is directly influenced by customer value, reputation, attractiveness of advertising and community effects and is indirectly influenced by reputation, attractiveness of advertising and community effects. However, only the direct effect of community effects has a significant effect on WOM while the indirect effect of community effects through WOM is significant for WOM.

4.6 The Effect of Each Variable

1. Effect of reputation on customer value

Based on the results of processed data, it can be seen that the calculation results obtained by the value of t arithmetic of 0.43 <1.96 means that reputation does not affect customer value.

2. Effect attractiveness of advertising on customer value
Based on the results of the processed data, it can be seen that the calculation results obtained by the value of t arithmetic of 1.54 <1.96 means that the attractiveness of the advertisement does not affect the customer value.

3. Effect of community effects on customer value
Based on the results of the processed data, it can be seen that the calculation results obtained by the value of t arithmetic of 3.32> 1.96 means that the effect of the community affects the value of the customer. With the existence of the Community, the ease of getting information and exchanging information is felt easier.

4. The influence of reputation on positive word of mouth
Based on the results of the processed data, it can be seen that the calculation results obtained by the value of t count of 1.54 <1.96 means that the reputation does not affect WOM.

5. The effect of ad appeal on positive word of mouth
Based on the results of the processed data, it can be seen that the calculation results obtained by the value of t count of 0.02 <1.96 means that the attractiveness of the advertisement does not affect WOM.

6. The effect of community effects on positive word of mouth
Based on the results of the processed data, it can be seen that the calculation results obtained by the value of t arithmetic of 2.97> 1.96 means that the effect of the community has an effect on WOM.

7. Two-way relationship between customer value towards WOM
Based on the results of processed data, it can be seen that the calculation results obtained by the value of t arithmetic of 0.51 <1.96 means that there is no influence between customer value towards WOM.

4.7 Analysis of Direct and Indirect Effects

Table 2: Standardised Direct Effects (Group number 1- default model)

	Reputation	Attractiveness of Advertising	Community Effect	Customer Value
Customer Value	0,06	-0,27	0,00	-
WOM	0,20	0,64	0,87	0,09

Source: Data Processed, 2019

Table 3: Standardised Indirect Effects (Group number 1-default model)

	Reputation	Attractiveness of Advertising	Community Effect
Customer Value	-	-	-
WOM	0,01	0,02	0,06

Source: Data Processed, 2019

Table 4: Standardized Total Effects (Group Number 1-Default Model)

	Reputation	Attractiveness Of Advertising	Community Effect	Customer Value
Customer Value	0,06	0,20	0,64	
WOM	-0,26	0,02	0,93	0,09

Source: Data Processed, 2019

The results of calculations in the table above show that the total effect of reputation, ad appeal, community effects and customer value on WOM shows that the community effect has the greatest total influence of 0.93 on WOM rather than the influence of total reputation of -0, 26, the attractiveness of the ad is 0.02 and the customer value is 0.09. From the results of the analysis of the calculation of direct, indirect or total influence between exogenous variables on endogenous variables in this study shows that to increase customer value and WOM, what should be done is to pay more attention to the effects of the community.

This is supported by Syahyuti (2003), a community is a group of people who live together in the same location who have developed into a group that are bound by common interests (in Octaviasari & Widiyanto, 2014) , while the value of the Customer according to Kotler and Keller (2009: 136) is customer perceived value as the difference between prospective customer valuation of all benefits and costs of an offer to the alternative, so that word of mouth can be created, which is supported by theory from Wells (1995) which states Word of Mouth (WOM) Marketing Association (WOMMA), is an attempt to forward information from one consumer to another consumer. WOM marketing according to WOMMA is to give customers a reason to discuss your product and service, and facilitate the conversation to occur. Wordsof-Mouth (WOM) cannot be created or created. Trying to make WOM is very unethical and can have the opposite effect.

Conclusions

From the results of the analysis it is obtained that Reputation (X1), attractiveness of advertising does not affect the Customer Value (Y1) and WOM. Community Effects (X3) affect WOM (Y2). Community effects remain an important part in conducting promotional activities and of course the fastest media is through WOM between GSM card communities. From the results of the analysis, it is found that there is no influence between the Customer Value of WOM, but customers will continue to repurchase the GSM card even though they do not get information from their friends or family. This WOM information is not one media that is used by customers to keep making purchases on GSM cards. For Community Effects Variables, it is expected that the GSM card company management can

improve community relations between users, by holding meetings such as the launch of a GSM starter card.

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Halal Literacy and Halal Product Purchase Dimension: A Preliminary Study

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Abstract

This study aims to do a preliminarily study on Halal literacy and dimensions associated with Halal product purchases among undergraduate students. It is to highlight the importance of Halal literacy and factors associated with purchasing Halal products to establish a kind of Halal lifestyle that influenced Halal value-chain in the future. Halal literacy was measured using 27 test questions. The proportion of correct and incorrect was used as weights in scoring to represent the difficulty items. The scoring result was analyzed with Confirmatory Factor Analysis (CFA). Scores used to classify cases into the low, middle, and upper levels of halal literacy. For the factors associated to halal product purchase, there were ten dimensions named Firmness, Awareness, Assurance, Brand Association, Certainty, Purity, Universal, Mindset, Knowledge, and Conformity were extracted using varimax Factor Analysis from four suggested variables: marketing concept; Awareness, Halal certificate; and Religiosity. Based on the results of the study, this paper suggests that Halal literacy and factors that associated with Halal product purchase have a close relationship and an impact towards Halal lifestyle.

Keywords: Halal, Literacy, Product Purchase, lifestyle

1. Introduction

The rapidly growing segment of Muslim market consumers has changed the Halal market landscape which was originally categorized as an alternative to the global market (Mohezar, Suhaiza, and Zainorfarah, 2016; Mustapa, 2015). The Global Islamic Economic Report states that the value of halal market trade is expected to increase to USD 3 trillion by 2021 which does not include the Islamic financial market (Thomson Reuters, 2016). In addition, other than Muslim population (Rizki, Ali, and Adib, 2016), the participation of non-Muslim countries in Halal market transactions (e.g. Japan, US, and China) is also a factor that helps the development of the halal market (International Trade Center, 2015). The value of halal product trade shows that Halal has been well accepted as a business and

brand practice that illustrates the quality, cleanliness, safety, and authenticity (Maulod, Sabariah, and Nasir, 2012). Salman and Siddique (2012) in Rios, Riquelme, and Yasser (2014) also show that halal in consumer perception is a brand that represents acceptance, trust, and guarantee.

Even though halal global development shows a positive trend, the world of the halal market is facing various problems and challenges. Issues of halal standards including applications process efficiency (Hadijah, Rohana, and Alwi, 2012), inconsistencies of global halal standards (Afifi and Mahyeddin, 2012), weaknesses in authorities monitoring are problems which are often discussed by halal industry players (Syazwan, Lim, and Khor, 2013). The problem of halal global standards is a challenge for industry players, especially for those who want to join the halal market (Alserhan, 2010).

Furthermore, challenges from halal product user perspectives including problems of misunderstanding and counterfeiting of halal logo (Raufu and Naqiyuddin (2014); Ashraf, Ibrahim, and Yusoff (2011); Maheran, Filzah, and Bidin, (2009) and worries of raw materials or substitute material in the production process of a product (Arshia and Mohsin, (2012); Zulkifli (2013)). Producers who use the halal logo confuse by the inconsistency of halal standards that driven globally (Syazwanand Remie, 2012; Afifi and Mahyeddin, 2012). There are 122 halal standards and certification bodies throughout a world that include government bodies, partial government, and non-governmental organizations (NGOs) (Afifi and Mahyeddin, 2012).

Fischer (2015) highlights discussions about new technologies that need to be known and understood by Muslim consumers, especially about modern biotechnology. The ability of modern biotechnology to manipulate live genes of DNA structure both plants and animals which inflict doubts regarding halal status of a product, especially foods that genetically modified (Norkhazzaina, Maisarah, and Suhaila, 2014). As well as the status of halal products that applied to cosmetics, leather goods, and glassware needs to be concerned by consumers (Aizat and Anuar, 2011). This should become an awareness for consumers of halal products.

Regarding the halal awareness, halal literacy comes as an issue to be a concern. According to Salehuddin (2010), there is a relationship between halal literacy, self-evaluation and intention to switch products. By divided the level of consumer halal literacy into low, middle and upper levels, it found that consumer education levels have an impact on increasing halal industry market share.

Moreover, the study of halal literacy and factors associated with halal product purchases will help industries to identify the right marketing patterns and strategies needed to attract new customers and retain existing ones (Kaynak and Kucukemiroglu, 1992). Well known that there is tight competition in the industry (Grady and Spencer, 1990), and the similarity of product and services offered in the market (Holstius and Kaynak, 1995), it is an

important indication for industry to identify the halal literacy and its factors that determine the reason of consumers choose a product or services. Some literature shows that much research has been done on several consumer categories to find out the ideal criteria of a product or service for consumers (Yue and Tom, 1995).

Regarding the consumer category, there is quite a promising segment that lack of attention in the market known as undergraduate students. According to Colgate et al. (1996) that focus on the undergraduate students' segment will increase the ability of a corporation to maximize the potential of this segment's consumers rather than focusing on the market that has been mature by the system. Since degree students in the category of productive age could be assumed that when this student segment has worked, they tend to have an income, and it will be potential to become promising customers. This is in line with Indonesia's demographic bonus potentials in 2030. For future growth, halal industries must understand how to maintain and grab well this potential consumer and how they live their halal lifestyle in the future.

This study proposes to do preliminarily study on halal literacy based on the previous study of halal literacy concepts and factors associated with halal product purchases among degree students. This study aims to highlight the importance of halal literacy and dimensions of factors associated with halal product purchases to establish a kind of halal lifestyle that influencing halal value-chain in the future.

2. Literature

2.1. Halal market and literacy

The development of halal market is influenced by various factors, including consumer awareness of halal concept enhancement (Faridah and Nurhafilah, 2012; Hanafi, 2016; Rezai, Mohamed, and Shamsudin, 2012), population growth and purchasing power of Muslim consumers (Oxford Analytica, 2014; Riaz and Chaudry, 2004; Tieman and Nistelrooy, 2014) and the value-added of halal practices as marketing tools (Ireland &Rajabzadeh, 2011; Rajagopal, Ramanan, Visvanathan, and Satapathy, 2011) quality control (Normalina, Suzana, and Rahimi, 2011). In addition, Muslim consumers have an obligation to adhere to consumption guidelines of halal haram as a religious necessity factor. Those understanding known as part of Islamic literacy of halal haram.

Jae and DelVecchio (2004) define literacy as the skill or ability to use written information. Adkins and Ozanne (2005) describe that literacy is not limited to skills or abilities using written information such as reading and mathematics, but also includes other variety of life abilities. Some literature shows, in the previous research, literacy discerned from various observations including advertising literacy (Livingstone and Helsper, 2006), energy literacy (Brounen, Kok, and Quigley, 2013), financial literacy (Lusardi, 2008) and

product selection (Jae and DelVecchio, 2004). However, studies that measure conceptual and practical Halal literacy are still limited.

Study of product literacy effect to figure out consumer behavior is needed to be explored further. Jae and DelVecchio (2004) found that the level of consumer literacy influences thinking styles, and simultaneously distinguish purchase decision-making styles. Results of the study said that users with low literacy levels tend to use thinking styles based on experience that comes from advertisements rather than written information.

In the context of decision-making behavior of Muslim consumers and halal products, literacy measures have not been explored properly. Salehudin (2010) puts forward the definition of halal literacy as awareness and comprehension understanding for individual Muslim to comply and adhere to Halal guidelines. Soesilowati (2010) states that Muslims generally know the obligation to obey the provisions of halal haram, although has different compliance behavior. This difference might be because there are conceptual and practical of halal literacy differences between the level of halal literacy among individual Muslims. Moore, Sumrall, Mott, Mitchell, and Theobald (2015) suggest to intensified consumer literacy development. These recommendations are consistent with the changing of market complexity as the impact of technological development and innovation in creating a product. Helmi, Kim, and Zafir (2013) explain the complexity of the current global food supply chain also challenges the halal food market. Fischer (2015) lists modern biotechnology as a technological innovation challenge in the food industry that needs to be faced by the halal market user and Muslim consumers. Changes in the current industrial landscape and global supply chains practice are encouraging this study to measure the conceptual and practical of halal literacy among degree student.

Thus, factors to deriving dimensions of halal product purchase adopted from Shaari and Shahira (2004). As mentioned, halal product purchase intention consists of marketing concept (Regenstein, Chaudry and Regenstein, 2003; Soderlund, 2006), Halal awareness (Froehle, 1994) Halal certificate (Hayati et al., 2008) Religious Belief (Weaver and Agle, 2002; Worthington et al.,2003)

2.2. Previous Study

Several previous studies found that some researchers described that consumption of Halal products has become a lifestyle (Marranci, 2012; Rezai et al., 2012; Wilson and Liu, 2010) non-Muslims have also begun to accept halal products as quality, clean products and healthy (Syazwan and Remie, 2012; Rezai et al., 2012; Zannierah, Hall, and Ballantine, 2012; Zurina and Khadijah, 2012). Those non-Muslim consumers behavior towards halal practices is one of the factors that driving non-Muslim countries such as China, Singapore, the United States, Japan, Australia, Thailand, the Philippines, and European Union Countries to expand their product to the halal market.

Raufu and Naqiyuddin (2014) found that the awareness of Muslim halal product users was at a good level by measuring the level of Muslim awareness of halal product users in Malaysia. This finding is consistent with the study of Erdem et al. (2015) which involving Muslims in Turkey where more than three-quarters of total respondents recognized for having awareness and well knowledge about halal-labeled products.

Non-Muslim consumer awareness of halal products also increased at a good level (Rezai et al., 2012). Although the component of consciousness usually defined as knowledge and understanding as stated by Randolph (2003) in Raufu and Naqiyuddin (2014). The previous study tended to measure halal awareness through a self-perception approach or a knowledge approach based on self-assessment. Based on those elaborated previous studies, this research tries to find the level of consumers halal literacy of degree student and its factor of a purchase decision.

3. Methodology

The study employed survey research methodology form a randomized sample of 231 undergraduate student, were chosen due to its potential that reflects the lifestyle of urban Muslim productive population in the future. Respondent were interviewed via structured questionnaires to gather information regarding their halal literacy, and factors that influencing purchase of halal product. The respondents were selected randomly from universities of Indonesian undergraduate students. Respondent randomly chosen based on non-probability basic sampling that respondent do not know they will be selected as a sample subject (Malhotra, 2004). Research survey were used to quantitatively gauge the level of halal literacy and understanding of general halal concept that contributes to Muslim consumer purchasing decision. The question for halal literacy were prepared using test based true-false questions and factors of halal product purchase were prepared using five-point Likert based scale to find dimension of halal product purchase dimensions. Results from the final data collection were analysed by Confirmatory Factor Analysis (CFA) using Maximum Likelihood method.

4. Result and Analysis

231 questionnaires were succesfully collected from 250 being distributed, giving 92.4% response rate. Sekaran (2000) agrees with Roscoe (1975) that for most studies, a sample size between 30 and 500 would be sufficient.

Analysis on the respondent demographic profiles, based on sex and monthly spending, reveals that majority of the respondent were female, 137 (59.3%) and most of respondent, 120 (51.9%) had 1 million to 3 million Rupiah monthly spending, 89 (38.5%) respondents were below 1 million Rupiah, while the rest of the respondent had more than 3 million Rupiah for their monthly.

4.1 Halal Literacy

Table: Descriptive statistics of Halal Literacy on Proportion of Correct and Incorrect

Halal Literacy	True	Percentage	False	Percentage	Difficulty
HL1	173	74,9	58	25,1	Moderate
HL2	77	33,3	154	66,6	High
HL3	202	87,4	29	12,5	Low
HL4	133	57,6	98	42,4	Moderate
HL5	200	86,6	31	13,4	Low
HL6	202	87,4	29	12,5	Low
HL7	147	63,6	84	36,3	Moderate
HL8	183	79,2	48	20,7	Moderate
HL9	215	93	16	6,9	Low
HL10	87	37,7	144	62,3	High
HL11	208	90	23	9,9	Low
HL12	199	86,1	32	13,8	Low
HL13	126	54,5	105	45,4	Moderate
HL14	185	80	46	19,9	Low
HL15	187	80,1	44	19,04	Low
HL16	177	76,6	54	23,3	Moderate
HL17	140	60,6	91	39,3	Moderate
HL18	170	73,6	61	26,4	Moderate
HL19	130	56,2	101	43,7	Moderate
HL20	86	37,2	145	62,7	High

N=231

Halal literacy was measured by using 20 true-false questions. Proportion of correct and incorrect answers were calculated for each item to measure item difficulties. Low difficulty items will have high proportion of correct answers and low proportion of incorrect ones. Vice versa, high difficulty items will have low proportion of correct answers and high proportion of incorrectones. Typically, proportion of incorrect can be calculated simply by subtracting the proportionof correct answers to 100%.

Useful items should have moderate difficulties, since extremely hard or extremely easy items would yield less information and have weaker power to differentiate individual differences. Items with good difficulty should have proportion of correct between 10% and 90%; thus effectively differentiate the main 80% of population. Therefore, item HL02, HL10, and HL20 can be considered as suboptimal as it has high difficulty with proportion of correct answers of less than 40%. The remaining 17 items can be classified into Low and Moderate difficulty items based on their POC. Items with POC of less than 80% are considered Moderate difficulty; while items with POC of more than 80% are considered low difficulty items. Items with POC between 40% and 79% are considered as moderate difficulty items.

4.2. Halal Product Purchase

Tables 2, 3, 4 and 5 illustrate the average scores of all items in terms of those assumed to be influential in purchasing halal products as mentioned before e.g. marketing concepts, halal awareness, halal certificates, and religious belief.

Table 2: Means for marketing concept

Variables	Mean	Std Dev.
Always make sure the product purchased is halal	4.54	.800
It is important to buy branded products	3.64	1.012
Make a purchase based on the brand	3.65	.988
Buy a product even though did not familiar with the brand	3.11	1.080
Ensuring the quality of halal products purchased	4.46	.708
Choose to buy halal products even though they are quite expensive	4.20	.799
Promos affect me in buying halal products	3.85	1.093
Consider the place when buying halal products	4.17	.852

The statement *"Always make sure the product purchased is halal"* had the highest mean of 4.54 while the lowest mean for this marketing concept variable was "*Buy a product even though did not familiar with the brand"* with 3.11.

Table 3: Meansfor Halal Awareness

Variables	Mean	Std Dev.
Ensuring the slaughter process before buying meat products	3.68	1.042
Will not buy if did not sure of the slaughter process	3.86	.995
The process of slaughter that follows Islamic rules is very important	4.64	.631
Always be aware of the ingredients in a product	4.48	.721
Knowing that certain foods contain non-halal additives	3.83	1.015
A product can contain 1% of prohibited ingredients in Islam	3.36	1.148
Will not buy halal products if the position displayed next to a non-halal product	2.98	1.325
Cleanliness and protection (of non-halal materials) are equally important	4.18	.943
Do not buy halal products if the seller does not practice cleanliness	4.07	.903

For halal awareness variable "*The process of slaughter that follows Islamic rules is very important"* Were the highest mean with score of 4.64. The lowest mean score was 2.98

for the variable *"Will not buy halal products if the position displayed next to a non-halal product "*

Table 4: Means for Halal Certificate

Variables	Mean	Std Dev.
Halal logo is important in choosing products	4.58	.711
Selecting halal products based on the halal logo on the product	4.40	.790
Buy the product without considering institutions that issue halal certification / labels	2.90	1.285
It doesn't matter who gives the halal label to the product	2.75	1.260
Knowing that there is a fake Halal logo	3.59	1.103
Able to distinguish between original and fake halal logos	3.22	1.225
Know that certain products have halal certificates from other countries	3.77	1.039
Will buy products that have a halal logo even from other countries	4.05	.881
Will always be careful when choosing products with the halal logo	4.03	.982

Table 4 Shows the means for Halal Certificate items *"Halal logo is important in choosing products"* showed the highest mean value of 4.58 while the lowest mean value was "*It doesn't matter who gives the halal label to the product"*and "*Buy the product without considering institutions that issue halal certification / labels"*. Some interesting observation detected were on the low mean scores for the items with value 2.75 and 2.90 mean score.

Table 5: Means for Religious Belief

Variables	Mean	Std Dev.
As Muslims know that every product purchased should be halal	4.62	.719
Understand that halal is important in everything	4.69	.581
Care that there are products that are forbidden for Muslims to consume	4.30	.948
Do not consume products containing non-halal ingredients	4.46	.931
Know that there are certain products are makruh	3.88	.969
Islam does not recommend using or consuming products that are in the makruh category	3.99	.906
Knowing that subhat products need to be avoided	3.94	.895
Will not buy a product if did not sure of the ingredients	4.21	.855
Realizing that everything eaten / consumed will affecting life	4.46	.733

The highest mean value under this Religious belief was *"Understand that halal is important in everything"* with 4.69, while the lowest valueof mean was that *"Care that there are products that are forbidden for Muslims to consume"* which was 3.88.

4.3 Factor Analysis

Table 6 despicts the findings for factor analysis on the four variables. Using SPSS, a principle component extraction was done to find a pattern to preliminarily halal product purchase dimensions. The KMO was 0.843, greater than the required minimum of 0.6 for a satisfactory factor analysis to be proceed further. Total variance explained was 64.7% for the suggested dimensions.

Table 6: Varimax Factor Analysis for Halal Product Purchase

	Firmness	Awareness	Assurance	Brand Associaton	Certainty	Purity	Universal	Mindset	Knowledge	Conformity
Understand that halal is important in everything	.782									
Realize that everything consumed will affect life	.600									
As Muslims know that every product purchased should be halal	.598									
Care that there are products that forbidden to be consumed by Muslims	.554									
the slaughter process that follows Islamic rules is very important	.553									
Always be aware of the ingredients in a product	.511									
Choosing halal products based on the halal logo on the product		.758								
Halal logo is important in		.727								

choosing products											
consider the place when buying halal products		.551									
Always be careful when choosing products with a halal logo		.475									
Choose to buy halal products even though quite expensive		.423									
Ensuring the quality of halal products purchased		.419									
Do not buy halal products if the seller does not practice cleanliness			.642								
Will not buy if you are not sure of the slaughter process			.643								
Ensure the slaughter process before buying meat products			.472								
Will not buy a product if not sure of			.445								

the ingredients										
Make a purchase based on the brand				.832						
It is important to buy branded products				.829						
Islam does not recommend using or consuming products that are in the makruh category					.767					
Know there are certain products that makruh					.760					
Knowing that subhat products need to be avoided					.533					
Can distinguish between original and fake halal logos						.795				
Know that there is a fake Halal logo						.745				
It doesn't matter who gives the halal label to the product							.843			
Buy products without considering							.803			

the institutions whose issue halal certification / labels										
Buy a product even did not familiar with the brand							.530			
Will buy products that have a halal logo even though from other countries								.609		
Know that certain products have halal certificates from other countries								.555		
Always make sure the product purchased is halal								.486		
Do not consume products that contain non-halal ingredients								.478		
A product can contain 1% of prohibited ingredients in Islam									.772	
Know that certain foods contain non-halal additives									.631	

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Promos affect me in buying halal products									.725
Cleanliness and protection (of non-halal materials) are equally important									.590
Will not buy halal products if the position is next to a non-halal product									.512
Eigenvalue	8.875	2.593	2.092	1.797	1.455	1.314	1.234	1.117	1.091	1.068
% of Variance	25.357	7.409	5.976	5.135	4.158	3.754	3.526	3.192	3.117	3.052
Cumulative % of variance	25.357	32.766	38.741	43.876	48.034	51.789	55.314	58.506	61.623	64.676

Source : Primary Data. Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization. Rotation converged in 16 iterations.

Distinct of Shaari and Shahira (2004) who found nine dimensions, this study found ten dimensions for halal product purchase, namely firmness, awareness, assurance, brand association, certainty, purity, universal, mindset, knowledge and conformity. Firmness confirmed that as a Muslim, understanding of halal is important and it is a must. This obligation is only relevant for Muslims because it has been mentioned in Al-Quran that as Muslim, for an entire life, they must purchase halal product that are permitted under sharia law. Furthermore, a halal label is an important thing to identify whether a product is halal or not and as source of information of ingredients contained as an awareness. Having intention to purchase halal product involve the feelings of halal assurance, by ensuring a slaughter process and cleanliness of the product. This assurance will bear in mind as a brand of association on Muslim consumer and tend to be choices in their next purchase.

Certainty on a halal product lead Muslim to know what product is not encouraged to be consumed (as *makruh*), to avoid due to *masbuh,* and unconsumable product purchased when it turned to be a non-halal product. Hence, halal logo helps Muslim to choose which product they can consume. It is important for producer to understand this dimension, to certify their halal product and having a genuine logo. It is because some Muslims are not restricted to certain country or institution issuing the logos as long as they have a certification process. This view is described as universalities in a Muslim mindset.

Knowledge is pointed out as a key ingredient to influence halal product purchase. Having educational background or such information would affect consumer to make decision on the purchase of their product. As a final dimension, conformity of a halal product is an important thing that would impact consumer purchase decision, then reflecting push strategies to create demand for consumer needs.

5. Conclusion and Recommendation

As a preliminary study, this paper has measured halal literacy of undergraduate student then deriving dimensions of their halal product purchase. The dimension proposed ten dimensions, despite the simplicity of its current nature should path the way for deeper and thorough research to find its potential impact for each other.

Main potential for implication benefits, other than shedding the light for future research would be for regulators, firms and its stakeholders to understand the scope to find the way to encourage and maintain this undergraduate potential segment. Understanding halal literacy and how consumer evaluate their halal product purchase would contribute to better halal lifestyle in creating the halal value chain to promote better and sustainable inclusive growth.

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