

AGREGAT

Jurnal Ekonomi dan Bisnis

Agregat: Jurnal Ekonomi dan Bisnis (Journal of Economics and Business) has been accredited as a scientific journal by the Ministry of Research-Technology and Higher Education Republic of Indonesia: 34/E/KPT/2018, valid until 2022. Agregat: Jurnal Ekonomi dan Bisnis (Journal of Economics and Business) is issued two times annually, i.e., in March, and September.

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STOCK PERFORMANCE BEFORE AND AFTER RIGHT ISSUE IN INDONESIA

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Received: May 10, 2019; Revised: May 25, 2019; Accepted: June 06, 2019

ABSTRACT

A right issue is the subsequent stock offerings that give priority to the existing shareholders to buy new shares at a specified price and time. There are several reasons why a firm does the right issue, for example, to raise the firm's capital, investment expansion, or to pay the debt. The objective of this study is to analyze the effect of the right issue on the abnormal return of the company. This research uses secondary data from the Indonesia Stock Exchange from 2014 to 2016. A sample of 18 firms met the criteria selection. The results show that there is no abnormal return in the days surrounding the right issue announcement. The results also find that abnormal stock return in the days after right issue announcement is not lower or equal to the days before the right issue announcement.

Keywords: *right issue, abnormal return, event study*

ABSTRAK

Right issue adalah penawaran saham susulan yang memberikan prioritas kepada pemegang saham yang sudah ada untuk membeli saham baru pada harga dan waktu tertentu. Ada beberapa alasan yang mendasari mengapa sebuah perusahaan melakukan right issue, misalnya, untuk menambah modal perusahaan, perluasan investasi atau untuk pembayaran hutang. Tujuan dari penelitian ini adalah untuk menganalisis pengaruh right issue terhadap abnormal return perusahaan. Penelitian ini menggunakan data sekunder dari Bursa Efek Indonesia dari tahun 2014 hingga 2016. Sebanyak 18 perusahaan memenuhi kriteria penetapan sampel. Hasil penelitian menunjukkan bahwa tidak terdapat abnormal return pada hari-hari di sekitar pengumuman right issue. Hasil penelitian juga menemukan bahwa abnormal return saham pada hari-hari sesudah pengumuman right issue tidak lebih rendah atau sama dengan hari-hari sebelum pengumuman right issue.

Kata Kunci: *right issue, abnormal return, studi peristiwa*

INTRODUCTION

The capital market is a market to trades securities which generally have more than one year of age, such as stocks and bonds (Tandelilin, 2010). According to Fahmi and Hadi (2009), the definition of the capital market is a place for various parties, especially companies sell stocks and bonds, with the aim of the sale will be used as additional funds or strengthen company capital. Like the traditional market, the capital market is a mean to bridge parties who have excess funds (investors) and those who need funds (issuers).

The existence of the capital market has the benefits from two parties. First, in terms of companies that need funds, the capital market can be used as a source of funds. Second, in terms of investors, the presence of capital markets can be used as a means to channel funds (investment), so that income will be obtained called investment gains in the form of capital gains and dividends to invest in the stock market.

Along with the increasingly competitive business world, company management is required to make breakthroughs in order to maintain the

existence of the company. These breakthroughs included expansion, opening new branches, and so on. This effort is, of course, inseparable from the huge funding and capital needs. In addition to funds obtained from within the company itself, companies can rely on funds obtained from outside the company. These funds obtained from outside can be obtained from banks or direct funds from the business of selling securities on the stock exchange (go public). Many companies offer shares to the public outside the initial public offering (IPO). This action is done by companies that need additional funds to finance business activities or to pay debts that are due. Activities carried out by the company are commonly known as right issue.

The right issue is a subsequent stock offering that gives priority to existing shareholders to buy new shares at a specific price and time (Raja, 2012). In other words, the company distributes option rights to shareholders in order to obtain new shares at special price. Eckbo and Masulis (1992) stated that companies with concentrated stock ownership would tend to use the right issue to obtain additional capital.

Several reasons that underlie why companies conduct right issue, for example to increase company capital, investment expansion, or debt payment. New shares issued in advance are offered to existing shareholders at prices that are usually lower than the prices offered in the market because the shareholders have the preemptive right.

The assessment of company performance is essential, because, with the right knowledge about the performance of a company, public companies, investors, and interested parties will be able to suppress the possibility of errors in decision making. The evaluation of company performance is vital to be carried out by company management, shareholders, government, and other stakeholders because it involves the distribution of welfare among them.

When a company conducts right issue policy, the investors generally only have limited information about the issuer, which is only limited to what is described in the prospectus ahead of the right issue. The prospective investors must use all their resources and efforts to assess the fairness of the price offered. The price of shares in the secondary market is determined by market

strength based on the performance of the company concerned and the condition of the economy (Machfoedz, 1999). Investors certainly hope that the performance of the company will be better after conducting the right issue because the existence of a right issue means funds from outside parties enter the company. The expectations of those interested parties do not necessarily come true. If the company's performance does not improve after conducting a right issue, of course, it will reduce trust in the company, even broadly it can eliminate trust in the capital market, so investors are more interested in investing in the banking sector, namely deposits. This condition will be very detrimental to the sustainability of the capital market because investors will abandon the capital.

One measure of company performance is stock performance. The stock performance will indicate the company's market performance, which can be measured using the market value of the company's shares circulating in the capital market. Stock performance can be measured by reviewing the price of a company's stock in the capital market.

Several studies on the performance of shares of companies that conduct the right issue have been carried out in the capital market. Scholes (1972) and Smith (1977) found evidence that abnormal returns after the right issue were lower than before the right issue. Those studies generally stated that the performance of company shares after the right issue has decreased.

This study will analyze the performance of the company's shares before and after the right issue on the Indonesia Stock Exchange. This research is an event study. Whether the company that conducts a right issue will experience a decline in stock performance after the right issue is what drives this study. Two things can cause the decline in stock performance which can be seen from the decline in stock prices. First, theoretically, the right issue offer price is lower than the prevailing stock market price, so that the post-right stock market price has decreased due to price adjustments. Second, the decline in stock prices because the information of right issue provides a negative signal to the market.

Right Issue and Stock Performance

The announcement of right issue can influence investors' reaction in making

investment decisions in the capital market. The investor's reaction can be reflected in the company's stock price. Investors certainly have much information about companies that conduct right issues because they can find out more about the company's history openly. Investors certainly can see the company's performance before conducting the right issue. Investors who think that the right issue carried out by the company only to cover the maturing debt, not for the expansion of the company that can make investors welfare will undoubtedly cause the company's stock price to decline because investors give a negative response to the new stock offer issued by the company.

Previous studies conducted by Scholes (1972), Smith (1977), Marisetty et al. (2008), tried to analyze stock performance before and after the right issue measured by abnormal returns. They found that abnormal returns after the right issue were lower than before the right issue. Investors absorbed terrible information from the right issue carried out by the company. Companies that carry out right issues indicate that the companies do not have other alternative funding sources, so investors value the company's performance poorly. Miglani (2011) and Bashir (2013) show that

there are positive abnormal returns in the days around the right issue announcement in India and Pakistan. Suresha and Naidu (2012) in India and Otieno and Oching (2015) in Kenya found the negative abnormal returns on the date of the announcement of the right issue. Raja (2012) found that there was a difference in abnormal return before and after the right issue in India. On the other hand, Ogada and Kalunda (2017) concluded that there was no difference in abnormal return before and after the right issue in Kenya.

Based on the description above, the hypotheses proposed in this study are:

H₁ : There are abnormal returns in the days around the announcement of the right issue on the Indonesia Stock Exchange.

H₂ : Abnormal returns after the right issue announcement are lower than before the right issue announcement.

RESEARCH METHODS

The population in this study is all companies listed on the Indonesia Stock Exchange that conducted the right issues from 2014 to 2016. This study uses the purposive sampling method to determine the

research sample. The criteria used are as follows: First, the company carries out a one-time right issue policy during the study period. Second, the company does not conduct a right issue from January to May because the company's annual financial statement had not been audited so that if included in the calculation it did not reflect the real condition of the company. Third, the companies are not included in the financial sector because the emphasis on analysis of ratios in the financial sector is different from other sectors. Fourth, the company's shares do not carry out other corporate actions (such as stock split and dividend distribution) in one month before and after the right issue. Fifth, the company shares with beta zero or negative are not analyzed because the price of a company's stock with zero or negative beta tends not to change. By using purposive sampling method, the research sample was obtained by 18 companies.

This study uses secondary data, namely data on companies that conduct right issues in 2014-2016, stock price movements from the research sample, and Jakarta composite index movements. Data from companies conducting right issues in 2014-2016 and the

date of the announcement of the right issue were obtained from the Indonesia Stock Exchange website (www.idx.co.id). Meanwhile, data on stock price movements from the research sample and Jakarta composite index are obtained from www.finance.yahoo.com.

In analyzing stock performance which is proxied by abnormal return, the period of time used is 101 exchange days divided into two periods, namely the estimation period used to estimate beta, and the event period used to test the hypotheses. The estimation period is 90 days, from $t-95$ to $t-6$ before the event day. The event period is 11 days, which consists of five days before the event (pre-event), at the event (event day), and five days after the event (post-event). The event period was chosen 11 days to avoid the effects of other events than the right issue.

The calculation of abnormal returns is conducted through some stages, namely:

- a. Calculating stock returns (R_{it})

$$R_{it} = \ln \frac{P_{it}}{P_{it-1}}$$

where R_{it} is the return for stock i on period t , P_{it} is the price for stock i on period t , and P_{it-1} is the price for stock i on period $t-1$.

- b. Calculating market return (R_{mt})

$$R_{mt} = \ln \frac{JCI_t}{JCI_{t-1}}$$

where R_{mt} is the market return for period t , JCI_t is the Jakarta composite index for period t , and JCI_{t-1} is the Jakarta composite index for period $t-1$.

- c. Regress daily stock returns with daily market returns to obtain α (alpha) and β (beta) of each stock using the Single Index Model.

$$R_{it} = \alpha_i + \beta_i R_{mt} + \varepsilon_i$$

where R_{it} is the return for stock i on period t , α_i is a part of return for stock i that is not influenced by market performance, β_i is the sensitivity of stock return i to market movement (also called stock beta i), R_{mt} is the market return for period t , and ε_i is error term.

- d. Calculating expected return ($E(R_{it})$)

In this study, the expected return is computed using Single Index Model.

$$E(R_{it}) = \alpha_i + \beta_i E(R_{mt})$$

where $E(R_{it})$ is the expected return for stock i on period t , α_i is a part of

return for stock i that is not influenced by market performance, β_i is the sensitivity of stock return i to market movement, and $E(R_{mt})$ is the expected return from market on period t .

e. Calculating abnormal return (AR_{it})

$$AR_{it} = R_{it} - E(R_{it})$$

where AR_{it} is the abnormal return for stock i on period t , R_{it} is the return for stock i on period t , and $E(R_{it})$ is the expected return for stock i on period t .

This study employs the Shapiro-Wilk test to test the normality of the data because

RESULTS AND DISCUSSION

Descriptive Statistics

Abnormal return is the difference between the actual rate of return and the expected rate of return. Table 1 presents descriptive statistics of abnormal returns before and after the right issue announcement.

Table 1 shows that the average abnormal return before and after the announcement of the right issue as a whole is -0.00626 or -0.626% and -0.00443 or

the number of samples observed (n) is less than 50. The normality test of the data aims to examine whether the data is normally distributed or not (Ghozali, 2016: 27). By knowing the data is normally distributed or not, then the next test tool can be determined to test the hypotheses.

If the data is normally distributed, then the hypotheses are tested using the one sample t test and paired samples t test. However, if the data is not normally distributed, then the hypotheses testing employs one sample Wilcoxon test and Wilcoxon paired samples test.

-0.443%. Abnormal returns after the publication of the right issue on average are higher than before the announcement. The median abnormal returns in the days before the the right issue announcement are all negative, while the median abnormal returns in the days after the announcement of the right issue have positive and negative values. The average value of abnormal returns and negative median abnormal returns imply that market participants negatively interpret the announcement of the right issue.

Table 1 Descriptive Statistics of Abnormal Returns

Day	Abnormal Return	Mean	Median	Standard Deviation	Minimum	Maximum
5	Before	-0.01089	-0.00377	0.04039	-0.13548	0.05777
	After	-0.04123	-0.01091	0.10804	-0.40588	0.09619
4	Before	-0.00191	-0.00227	0.01824	-0.03717	0.03304
	After	0.01669	0.01295	0.04277	-0.06203	0.10027
3	Before	-0.00612	-0.00417	0.02638	-0.05305	0.07848
	After	0.00553	0.00115	0.07376	-0.09327	0.25022
2	Before	-0.00251	-0.00243	0.03633	-0.08109	0.10223
	After	-0.00315	-0.00373	0.06028	-0.15859	0.15404
1	Before	-0.00987	-0.00608	0.04047	-0.12382	0.04807
	After	0.00002	-0.00047	0.02694	-0.04709	0.06432
Overall	Before	-0.00626	-0.00303	0.01588	-0.03560	0.02404
	After	-0.00443	0.00292	0.03484	-0.09633	0.03742

The average abnormal return before the announcement of the right issue is all negative. The highest average abnormal return after the announcement of the right issue exists on the third day of 0.00553 or 0.553%. The lowest abnormal return before the announcement of the right issue happens on the fifth day of -0.01089 or -1.089%, while the lowest average abnormal return after the announcement of the right issue exists on the fifth day of -0, 04123 or -4,123%.

The median before the announcement of the right issue is all negative. The highest median after the announcement of the right issue exists on the fourth day of 0.01295 or 1.295%. The lowest median before the announcement of the right issue exists on the first day of -0.00608 or -0.608%, while the lowest median after the announcement of the right issue happens on the fifth day of -0.01091 or 1.091%.

The value in the standard deviation column shows the standard

deviation of the abnormal return before and after the announcement of the right issue. The standard deviation on the fifth day after the announcement of the right issue is higher than the standard deviation on another day during the study period. This finding illustrates that the standard deviation on the fifth day after the announcement of the right issue shows the distribution of the most heterogeneous data.

The minimum value shows the lowest abnormal return received by investors for each day during the study period. The highest minimum value of abnormal return before the announcement of the right issue exists on the fourth day of -0.03717 or -3.717%, while the highest minimum value after the announcement of the right issue happens on the first day of -0.04709 or -4.709%. The lowest minimum value of abnormal return before the announcement of the right issue exists on the fifth day of -0.13548 or -13.548%, while the lowest minimum value after the announcement of the right issue occurs on the fifth day of -0.40588 or -40.588%. These findings

indicate that the losses suffered by investors on the day -4 are the smallest among other days before the announcement of the right issue, while losses on the day -5 are the most significant losses among other days before the announcement of the right issue. This result applies also on the day after the announcement of the right issue, where the losses on the day +1 are the smallest and losses on the day +5 are the biggest among other days after the announcement of the right issue.

The value of the maximum column shows the highest abnormal return from all shares received by investors during the study period. The highest maximum value of abnormal return before the announcement of the right issue occurs on the second day of 0.10223 or 10.223%, while the highest maximum value after the announcement of the right issue is on the third day of 0.25022 or 25.022%. The lowest maximum value before the announcement of the right issue is on the fourth day of 0.03304 or 3.304%, while the lowest maximum value after the announcement of the right issue is on the first day of 0.06432 or 6.432%. These conditions indicate that the profit received

on the day -4 are the smallest and profit on the day -2 are the biggest among other days before the announcement of the right issue. The same thing also applies on the day after the announcement of the right issue, where the profit that occurs on the day -1 is the smallest and the profit on the day -3 is the biggest among other days after the announcement of the right issue.

All abnormal returns on average in the days before the announcement of the right issue are negative, while abnormal returns in the days after the announcement of the right issue have positive and negative values. It can be concluded that investors in Indonesia have the positive and negative response to the announcement of right issue on the Indonesia Stock Exchange.

Normality Test of Data

Normality test is conducted to determine the data that will be used in the study normally distributed or not. This study employs the Shapiro-Wilk test to test the normality of the data. The reason behind using the Shapiro-Wilk test is that the number of samples observed (n) is less than fifty.

The normality test is performed for the data of abnormal returns. The significance levels used in this research are 1%, 5%, and 10%. The selection of the significance level is adjusted to the p-value in the statistical calculation. Table 2 displays the result of normality test for the abnormal return data.

Table 2 Normality Test of the Abnormal Returns

Day	Probability		Normally Distributed?	
	Before	After	Before	After
5	0.018	0.000	No	No
4	0.804	0.644	Yes	Yes
3	0.002	0.001	No	No
2	0.011	0.014	No	No
1	0.074	0.026	No	No
Overall	0.300	0.005	Yes	No

Table 2 shows that the data are normally distributed on days 4, + 4, and overall abnormal returns before the announcement of the right issue because each probability value is higher than the significance level, so the null hypothesis which states that data is normally distributed is accepted. Meanwhile, the data are not normally distributed on days - 5, -3, -2, -1, +1, +2, +3, +5, and abnormal returns overall after the announcement of the right issue where each probability value is 0.018 which is significant at the level of 5%; 0.002 which is significant at the level of 1%, 0.011 which is significant at the level of 5%; 0.074 which is significant at the level of 10%, 0.026 which is significant at the level of 5%; 0.014 which is significant at the level of 5%, 0.001 which is significant at the level of 1%; 0.000 which is significant at the level of 1%, and

0.005 which is significant at the level of 1% so that the null hypothesis which states that data is normally distributed is rejected. Therefore, the testing of the first and second hypotheses is conducted by the Wilcoxon one sample and Wilcoxon paired samples tests.

The First Hypothesis Testing

The first goal in this study is to analyze whether there are abnormal returns in the days around the announcement of the right issue on the Indonesia Stock Exchange. Testing for abnormal returns using the one sample t test and one sample Wilcoxon test because there are data that are normally distributed and not normal. The result of the one sample t test and one sample Wilcoxon test for abnormal returns in the days around the announcement of the right issue is presented in Table 3.

Table 3 The Result of One Sample t and One Sample Wilcoxon Tests on the Abnormal Returns

Day	Mean (Median)	P-value
-5	-0.01089 (-0.00377)	0.338 ^z
-4	-0.00191	0.662 ^y

	(-0.00227)	
-3	-0.00612 (-0.00417)	0.067 ^z
-2	-0,00251 (-0.00243)	0.384 ^z
-1	-0.00987 (-0.00608)	0.514 ^z
1	0.00002 (-0.00047)	0.695 ^z
2	-0.00315 (-0.00373)	0.571 ^z
3	0.00553 (-0.00115)	0.760 ^z
4	0.01669 (-0.01295)	0.116 ^y
5	-0.04123 (-0.01091)	0.089 ^z

^y denotes the results of one sample t test

^z denotes the results of one sample Wilcoxon test

Table 3 shows that there are two days where the abnormal return obtained is different from zero. This result means that there are abnormal returns on these two days, namely days -3 and +5, where abnormal returns obtained are significant at the level of 10% even though the abnormal returns are negative. Whereas on other days abnormal

The Second Hypothesis Testing

The second objective of this study is to examine whether the abnormal returns in the days after the announcement of the right issue are lower than the days before the

returns are not found. This finding means that the abnormal returns that occur are not different from zero. Thus, the first hypothesis which states that there are abnormal returns in the days around the announcement of the right issue in the Indonesia Stock Exchange is rejected.

announcement of the right issue. The hypothesis test used is the Wilcoxon paired samples test, which is based on the one-sided test. The result of Wilcoxon paired samples test is presented in Table 4.

In Table 4, it is known that the Z value is -0.889 (p-value = 0.186), because p-value is higher than the significance levels, then the second hypothesis is rejected. In other words, abnormal returns in the days after the

announcement of the right issue are not lower or equal to the days before the announcement of the right issue. This study finds evidence that the announcement of the right issue does not affect abnormal returns

Table 4 The Result of Wilcoxon Paired Samples Test

	Median	Difference	Z value	P-value
AR_{before}	-0.00303	0.00595	-0.893	0.186
AR_{after}	0.00292			

AR is the abnormal returns

There are two days where the abnormal returns are significant at the level of 10%, namely day -3 and +5, but the abnormal returns are negative. This study finds that there are no abnormal returns in the days around the announcement of the right issue.

This study indicates that investors give

CONCLUSION

This study implies that the investors do not need to consider the right issue as a benchmark for investment in the capital market. Future studies should be conducted with a more extended observation period so return.

mixed reactions to the announcement of the right issue. The abnormal returns in the days after the announcement of the right issue are not lower or equal to the days before the right issue announcement. The information of the right issue does not affect abnormal returns.

that the sample will get more. Another suggestion is the use of the capital asset pricing model and Fama-French three-factor model (Sutrisno and Nasri, 2018) to calculate expected

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EXOGEN FACTORS AT *PT. METRO TARUNA JAKARTA* THAT AFFECT EMPLOYEE PERFORMANCE

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Received: May 23, 2019; Revised: May 30, 2019; Accepted: June 06, 2019

Abstract

This study aims to determine the effect of training and work discipline as exogenous factors on employee performance at PT Metro Taruna Jakarta. The 82 respondents as a sample and data analysis and process techniques used are validity, reliability, descriptive analysis, normality test, multicollinearity test, heteroscedasticity test, autocorrelation test, multiple linear regression analysis, simultaneous test, coefficient test, and correlation coefficient of determination. Based on the results of data processing Correlation and Determination Coefficients, the nature of the relationship between training, work discipline and employee performance is affected, because the correlation coefficient is 0.910 and the coefficient of determination $r^2 = 0.824$ or 82.4%, meaning 82.4% variation or change in employee performance variables is the contribution of the influence of training and work discipline variables, while the remaining 17.6% is contributed by the influence of other factors such as compensation, workloads that are not comparable to payments, lack of motivation, high levels of work stress, low levels of promotion and others.

Keywords: Training, work discipline, employee performance

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh pelatihan dan disiplin kerja sebagai faktor eksogen terhadap kinerja karyawan di PT Metro Taruna Jakarta. 82 responden sebagai sampel dan analisis data dan teknik proses yang digunakan adalah validitas, reliabilitas, analisis deskriptif, uji normalitas, uji multikolinieritas, uji heteroskedastisitas, uji autokorelasi, analisis regresi linier berganda, uji simultan, uji koefisien, dan koefisien korelasi penentuan. Berdasarkan hasil pengolahan data Koefisien Korelasi dan Determinasi, sifat hubungan antara pelatihan, disiplin kerja dan kinerja karyawan dipengaruhi, karena koefisien korelasi adalah 0,910 dan koefisien determinasi $r^2 = 0,824$ atau 82,4%, artinya variasi 82,4% atau perubahan variabel kinerja karyawan merupakan kontribusi dari pengaruh variabel pelatihan dan disiplin kerja, sedangkan sisanya 17,6% disumbangkan oleh pengaruh faktor lain seperti kompensasi, beban kerja yang tidak sebanding dengan pembayaran, kurangnya motivasi, tingkat tinggi stres kerja, rendahnya tingkat promosi dan lain-lain.

Kata Kunci: Pelatihan, disiplin kerja, kinerja karyawan

INTRODUCTION

Facing competition in the global era companies are required to work efficiently and effectively. Increasingly intense competition causes companies are able to increase competitiveness in order to maintain the survival of the company. A research by (Roth *et al.*, 2017) the result regarding age and performance relationship agrees with that of (Kanfer and Ackerman, 1989) claiming that the attractiveness of higher levels of job performance is expected to decline with age. Youngsters tend to perform better and exert much effort so as to create good image with their supervisor. As employees got older and older ultimately their performance will decline. For thus reason, each company must obtain their human resources who have ability and purpose to maximize profits, value, and also to improve the welfare of owners, employees, human resources quality who have knowledge, abilities, skills and good attitudes for the company. Companies need to move forward to develop and improve the quality of employees. Employees are expected to sharpen their knowledge, skills and abilities to be better in accordance with the demands and improved their performance

In this case, companies need human resources who have high performance (job performance). Where high or good employee performance measured of the success of a company in achieving its goals. Performance is the art to complete the task within the defined boundaries (Dukhan, Mohamad and Ali, 2017). As the results study (Manajemen, 2016) work discipline has a very strong influence in optimizing the performance of employees of the West Java Regional Secretariat Basic Social Service Bureau

optimally, the R value (correlation) produced is 0.745, it can be concluded that work discipline and employee performance is positively related to 74.5%. While the determination coefficient R² (R Square) is 0.554, means that the ability of work discipline variables in influencing employee performance in the Basic Social Services Bureau of the Regional Secretariat of West Java Province. is 55.4% while 44.6% is a contribution from other factors not observed in this study. In the correlation analysis shows there was close relationship between work discipline and employee performance, the relationship explained by a percentage of 74.5%. The company will strive to improve the performance of its employees in order to achieve company's goal. Employee's ability is reflected in a good and optimal performance and it is one of the main point to achieve company goals and should be noted by the company's leaders. Employee performance is the result of work achieved by someone in carrying out the tasks assigned to him to achieve the work target. Employees can work well if they have high performance so they can produce good work (Indriyani, 2016).

In achieving its objectives employee performance is one of the determinants of the success of a company. A study by (Farooq, Shams and Niazi, 2015) the key variables are organize the perform of employee performance effectively that higher employee performance and productivity can lead to higher profitability, means the managers should enhance employee participation, job involvement, relations and work on initiating programs. That is why employees' performance must have leader's attention, because the decline can affect overall company performance. The company

not only gain benefits from employee performance but also has to improve it, so they work more effectively and efficiently. Training is one way to improve employee performance. Training is an effort to improve the technical, theoretical, conceptual and moral capabilities of employees according to the needs of work or position through training. Hasibuan (2010: 69)

Training will provide employees' opportunities to mastered, develop skills and abilities then able to help employees to understand what and why should be done, providing opportunities to increase knowledge and expertise. As researched by (Suryantiko and Lumintang, 2018)The results of the study show that there is a positive and significant influence both partially and simultaneously between training and career development on employee performance (Rizal, Idrus and Mintarti, 2014): significant positive effect on employee performance but has a negative effect on organizational performance. For the motivation variable negative effect on employee performance but has a positive effect on organizational performance, while the training variable has a positive effect on motivation and employee performance also significantly influence the overall organizational performance. In defining motivation, (Isiaka, 2011)stated that it is the individual's desire or willingness to perform a given task and the ability to meet some needs under certain conditions Motivation fosters employees' engagement in their work by making them feel that what they do is more meaningful and interesting, and it increases their productivity and enhances their subsequent job performance (Kumari,

2016) PT. Air Manado stated it is better if the job training program and employees' career development need to be more maintained so that the existing performance improved. Everyone has their own abilities, but the owned ability is not necessarily in accordance with the specifications sought and needed by the company, therefore it is important for the company to carry out training for the employees to know what should be done and how to do it. Training means the process of helping employees' master special skills or to correct deficiencies in carrying out work (Nawawi, 2009). Companies must select the types of training that in accordance with the conditions of the company and gain the benefits after training program implemented. Training programs are very influential for increasing employee work performance in an organization or company, because with the knowledge, skills and creativity of an employee will give positive impact on his work. The increasing skills, knowledge, insights, and attitudes of employees on their duties through training programs that have been implemented in the company can improve the performance of the company's employees. It is expected in increasing frequency of training programs, the employee performance rose significantly (Hasibuan, 2010).

Mangkunegara (2009: 50) argues training is a short-term educational systematic and organized procedures for non-managerial employees to learn knowledge and technical skills for limited time. Training is necessary to improve knowledge, skills and attitudes of employees. It will be easier for employees to gain further knowledge based on the foundations obtained from the training

and the effects of further changes in other colleagues (Wirawan, 2011).

Training is not enough, work discipline can also said as an effort to improve employee performance in a company. According to Rivai & Sagala (2013: 825) work discipline is another way used by managers to communicate with employees that willing to change behavior and to improve awareness of one's willingness to obey rules and social norms that apply in a company. Hasibuan (2010) said that discipline can improve employee performance, by issuing regulations that must be done by each employee in order to keep employees in sets the rules, effort to achieve corporate goals and foster awareness of employees to be more discipline. (Amiryousefi and Tavakoli, 2011) says that Discipline implies the process of "strengthening exercises", "correction and sanctions", "control to create an order ", and " rules system". Discipline is associated with strengthen, especially determined the mind and character to produce self-control, habits to obey and others.

Problems of employee performance that occur at PT. Metro Taruna is decreasing or there is no significant increase. The performance or the absence of a significant increase can be seen from table 1 for the past five years. The measurement results can be seen below:

Table 1:
Employee Performance Percentage at
PT.METRO TARUNA
2013-2017

Tahun	Presentase Kinerja Karyawan (%)
2012	94.7%
2013	93.5%
2014	94.3%
2015	93.7%
2016	93/2%

Source: METRO TARUNA

Based on the data, it can be concluded the employees performance at PT.METRO TARUNA is not running optimally, it was decreased slowly from 94.3% in 2014 to 93.2% in 2016 and did not rose significantly. The management must consider and deeply in making decision. It is useful to improve employee performance and training program for latest and newest employees depend on the needs of the company itself.

Basically training implementation will not run smoothly without the support from manager, training provider and the training participants themselves (employees). A good training is expected the employees to work better than before, thus the company provides direct and intensive training which can be applied in the world of everyday work. In addition to directed and intensive training, education and skills also encourage employees to be more productive in working because these employees already know the duties and responsibilities well and try to reach a higher level. Then, the company held a training program (training) to improve employee performance.

In training programs addition, work discipline also affects employee performance. Based on the results of preliminary observations the writers were informed that the presence of employees who come late, caused the newspaper delivery delayed to customers. The problem occurs become a warning or complaint to the company about the delay in sending newspapers from several customers. In response to this, the presence of several employees who were late in attending showed that employee discipline towards the company was relatively low.

Decreasing work discipline can trigger negative impacts and decline employee performance. The things that cause work discipline include high rate presence, often come late, going home earlier, and not achieving work programs that have been targeted by supervisor. As in the theory revealed by Veithzal Rivai (2009: 824) that work discipline is a way by managers to communicate so employees are willing to change behavior to increase awareness and willingness to comply with regulations and prevailing social norms and vice versa if the low level of discipline of employees can also have a negative impact on the company. Employees who work without discipline will have a negative impact to the company which will ultimately affect the performance of the employee. Communication is defined as the process of contacting and interacting with individuals or groups for the purpose of information delivery and sharing as well as meanings and understanding (Fisher, 2012). As a predicator of employees' success, communication competency has been given by mixed opinions and views from several professionals (Ryan & Sackett, 1987). Moreover, communication is recognized an important element in the success of any organization since it enables such organizations to have an influence on how to achieve their goals as evidenced by the link between communication and work productivity (Camden & Witt, 1983; Papa & Tracy, 1987; Snyder & Morris, 1984).

Research by Safitri Indriyani (2015) from Yogyakarta State University, entitle The influence of Training and Compensation on employee performance at PT. Paradise Island Furniture, shows there is a significant

influence between training and compensation on the performance of employees of PT. Paradise Island Furniture. Other research conducted by Jaka Alit Wiratama (2014) from Padjadjaran University, entitle the influence of leadership, training and work discipline on employee performance in PDAM Tirta Mangutama, Bandung Regency, shows that there is a significant influence between leadership, training and work discipline on the performance of Manguntama PDAM employees. Another Research Results by Dipta Adi Prawatya (2014) from Indonesian University, entitle the influence of work discipline and organizational culture on employee performance at PT. Post Indonesian showing there is a significant influence between work discipline and organizational culture on the performance of employees of PT. Post Indonesian

According to Malayu S.P Hasibuan (2010: 69) Training is an effort to improve the technical, theoretical, conceptual and moral capabilities of employees according to the needs of work or position through training. Almost the same as said by Sudarmanto (2009), "training is a business planned by the company to facilitate the learning of employee-related competence". These competencies include knowledge, skills and behavior that are seemed important or have a direct effect on the work performance and productivity of employees. "The main purpose of the training is the knowledge, skills and behavior can be applied in daily activities in the work field. Training is designed to provide learners with the knowledge and skills needed for their present job (Fitzgerald 1992) because few

people come to the job with the complete knowledge and experience necessary to perform their assigned job

Veithzal Rivai (2009: 94) says that training is a part of education that involves the learning process to acquire and improve skills outside the education system which applies in a relatively short time with methods that prioritize practice rather than theory.

Work discipline according to Rivai & Sagala (2013: 825) is a manager way to communicate with employees so they are willing to change behavior and increase awareness of someone's willingness to comply with all applicable rules and social norms in a company. According to Hasibuan (2010: 193) argues that: "Discipline is the awareness and willingness of someone to comply with all applicable company regulations and social norms. Discipline must be enforced in a company organization. Without good employee discipline support, it is difficult for companies to realize their goals. Means, discipline is a company key success in achieving its goals. "Bejo Siswanto (2005: 291) defines work discipline as respect, obey the rules both written and unwritten and do not avoid receiving

METHOD

This study using quantitative methods with causal surveys and data samples taken from certain populations. The population of this study consist of 82 people that are the employee of PT. METRO TARUNA. The sample is part of the number and characteristics of the population (Sugiyono 2011: 81). In this study the author uses census data techniques in order the population is less than 100 which is 82 employees. The research site at PT. METRO TARUNA

punishment if he violates the duties and authority granted to him.

Employee performance is the real behavior that displayed by everyone as work performance produced by employees in accordance with their company role. Employee Performance is a very important thing in the company's efforts to achieve its objectives (Veithzal and Ella Jauvani, 2009: 548). According to Wirawan (2011: 5) performance is the output produced by the functions or indicators of a job or a profession in a certain time. Hasibuan (2010: 15) says that performance is a result achieved by someone in carrying out tasks assigned to him. Likewise according to Anwar Prabu Mangkunegara (2009: 75) said that performance is the result of work in the quality and quantity achieved by an employee in carrying out his duties in accordance with the responsibilities Sedarmayanti (2009: 319) says that performance is given to him. Whereas according to a translation of performance which means the work of a worker, a management process or an organization as a whole, where the results of the work can be shown concretely and can be measured (compared to predetermined standards).

which located on *Jl. Karet Pasar Baru Barat VII/10 Jakarta-Pusat 10220*. To get the data in this study using distributing questionnaires as a method. Data processing techniques analyze by applying statistical calculation of SPSS (Statistic Product and Service Solution). software version 22.00. Test data analysis using validity test, reliability test, Normality Test, Heteroscedasticity Test, Autocorrelation Test, Determination Coefficient Analysis of Multiple Linear

Regression Analysis, Correlation Coefficient and Determination Coefficient

RESULTS AND DISCUSSION

The results from cronbach's alpha training variable, Work ethics and Performance are >0.60 means that the indicators or questionnaires of these variables are reliable as variable measuring instruments. Employee Perception of

The following are the results of respondents' answers to Training at PT. METRO TARUNA is based on each answer score:

Table 3:
The material from the training that I followed was in accordance with the needs

Category	Respondent	Percentage (%)
Strongly agree	41	0.047
Agree	29	0.044
Less disagree	12	0.046
Disagree	0	0.000
Totally disagree	0	0.000
Total	82	100.00

Source: PT METRO TARUNA

The normality test aims to test a confounding or residual variable having a normal distribution or not. Data normality test can be used with the Normal P-P image of the Standardized Residual Regression Plot. In this study the normality testing of

Table 4:
One-Sample Kolmogorov-Smirnov Test

This result is also supported by the results of normal p-plot graph analysis. In principle, normality can be detected by looking at the spread of data (dots) on the diagonal axis of the graph or by looking at the

Training. The following are the results of respondents' Training at PT. METRO

Table 2:
Training Variable Reability, Work ethics and performance

Variable	Cronbach's Alpha	Reliability Standard	Notes
Training	0,792	0,60	Reliable
Work Ethics	0,757	0,60	Reliable
Performance	0,751	0,60	Reliable

		Unstandardized Residual
N		82
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.11855856
Most Extreme Differences	Absolute	.067
	Positive	.067
	Negative	-.063
Test Statistic		.067
Asymp. Sig. (2-tailed)		.200

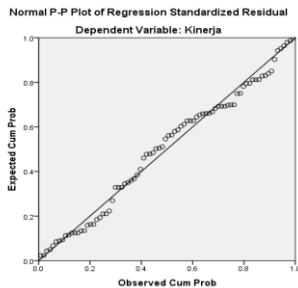
data using the komlogorov-smirnov-test and P-P Plot of Regression Standardized Residual graph. Detect normality by looking at the spread of points on the diagonal axis of the graph while testing with a one-sample kolomogrov smirnov test is carried out with a significance level of 0.05. Data showed normal distributed if the significance value is > 0.05 (Gozali, 2009: 31)

Based on table 4, it can be seen that the results of data processing show that the Kolmogorov-smirnov value is 0.067 and significance at 0.200, it can be concluded that the data is normally distributed because the Asymp.Sig value is 0.200 and greater than the significance value of 0.05 (0.200 > 0.05).

residual histogram. The results of the normal p-plot graph in this study are as follows. Based on the picture above, the pattern shows the spread of points around the diagonal line and follows the diagonal line so it can be

concluded that the regression model meets the assumptions of normality.

Picture 1:



Multicollinearity test is done by looking at the VIF value (variance inflation factor).

Heteroscedasticity test aims to test the regression model inequality or no variance of the residual occurs, from one to another observation. If the variant of the residual one observation to another observation remains, then it is called homoscedasticity and if it is different it is called heteroscedasticity. A good regression model is homoscedasticity. To determine heteroscedasticity using a scatterplot graph, where shaped dots spread randomly. Spread both above and below the number 0 on the Y axis, if this condition occurred, heteroscedasticity does not occur. Using a scatterplot graph is shown in the following figure:

Table:5
Multicollinearitas Test

Coefficients^a

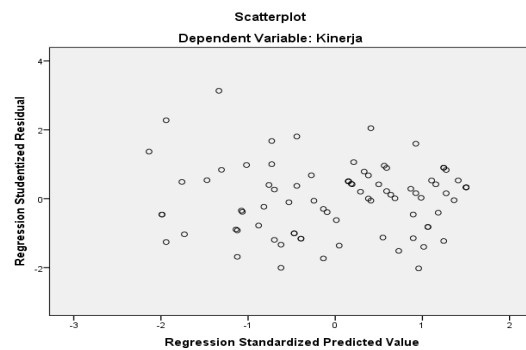
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	.422	.214		1.973	.052		
Pelatihan	.393	.101	.416	3.901	.000	.191	5.222
Disiplin	.515	.106	.518	4.853	.000	.191	5.222

a. Dependent Variable: performance

Source: Output SPSS 22.0

According to some experts, the VIF value must be less than 5 and some other experts say it is quite below 10. If the VIF value is > 10 then there are high symptoms of multicollinearity and efforts must be made to overcome them. From these results it can be seen that the value of the Variance Inflation Factor (VIF) is less than 10 and the tolerance value is more than 0.10. The two variables, namely training and work discipline values VIF less than 10 (5,222 < 10) and tolerance of more than 0,10 which is (0,191 > 0,10), so that there are no multicollinearity between the independent and training variables.

Picture 4.3



In this model is heteroskedasticity because there is no clear pattern and the points spread above and below number 0 on the Y axis, so a decent regression model is used to predict the effect of training and employee discipline on performance. The Durbin-Watson test (Dw test) is only used for first-level autocorrelation and requires an intercept (regression) in the regression model and no more variables between the independent variables. The following are the results of the Durbin-Watson test through SPSS, as follows:

Table 6
Autocorrelation Test
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.910 ^a	.828	.824	.120	1.893

a. Predictors: (Constant), training discipline

b. Dependent Variable: performance

Source: Output SPSS 22.0

Based on the results of the Durbin-Watson test it can be seen that the value obtained is 1.893. The value compared with the table using a significance value of 5%. The amount of data is $n = 82$ and the number of independent variables 2 ($k = 2$), then obtained dL is 1.5915 and dU is 1.6913. The conclusion is $0 < d < dL$ ($0 < 1,893 < 1,5915$) or there are no definite conclusions. The test of Run autocorrelation with non-parametric statistics can also be used to test whether between residuals there is a high correlation. If there is no correlation between the

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	.422	.214		1.973	.052		
Pelatihan	.393	.101	.416	3.901	.000	.191	5.222
Disiplin	.515	.106	.518	4.853	.000	.191	5.222

a. Dependent Variable: performance

Source: Output SPSS Statistics 22.0

Based on the results of the statistical test t showed in table 4.66, it can be seen that the training variable has a T count of $3.901 > (\frac{0.05}{2}; 82) = 1.66365$ and a significance of $0.000 < 0.05$, meaning that there is a positive

residuals, it is said that the residuals are randomly. Run Test is used to see whether residual data occurs randomly or not

Table 7:

Runs Test

	Unstandardized Residual
Test Value ^a	.01623
Cases < Test Value	41
Cases >= Test Value	41
Total Cases	82
Number of Runs	38
Z	-.889
Asymp. Sig. (2-tailed)	.374

a. Median

Source: SPSS 22.0

Based on table 7 it can be seen that a significant level of $0,000 < 0,05$ with value of F count = $190,125 > F_{table} (2:82) = 3.11$, it can be interpreted that training and work discipline simultaneously have a significant effect on employee performance. Thus, H3 is accepted.

and significant influence on employee performance, thus H1 is accepted. While the work discipline variables have Tcount of $4,853 > T_{table} (\frac{0.05}{2}; 82) = 1.66365$ and significant $0,000 < 0.05$, meaning that there is a positive influence between work discipline on employee performance, thus H2 is accepted.

Training variables and work discipline simultaneously have a significant effect on employee performance with the results calculated F value of $190,125 > F_{table} (2:82) = 3.11$. So that it can be concluded that training and work discipline jointly influence the significance of employee performance, this is because if the training is better and fulfilled with the level of hard work

discipline it will improve employee performance. Based on the results of processing the "t" test data to see the effect of training variables and work discipline on significant performance or not, it can be seen from the probability number (sig). The probability value is $0,000 < 0,05$ with the value of the training variable the result of $t_{count} = 3,901$ and the work discipline variable results of $t_{count} = 4,853$. The number 1.66365 is obtained from table with $\alpha = 0.05$ and degrees of freedom (df) $n_k - 1 = 82$. If the training variable $t_{count} > t_{table}$ is $3.901 > 1.66365$ and the work discipline variable $t_{count} > t_{table}$ is $4.853 > 1.66365$, so it can be concluded that H1 is accepted or training and work discipline have a significant effect on employee performance at PT Metro Taruna Jakarta.

Conclusion

Based on the results and discussion from the previous chapter can be drawn as follows: First, Based on the questionnaire distributed by the writer, there is a relative strength in the training indicators at 14 point with the total number of respondents' to 391 or with an average value of 4.77 which states: "I actively participate in the implementation of training programs", while lowest point is at 1 with the total number of respondents' to 357 or an average value of 4.35 which states: "The material from the training that I followed was in accordance with my needs". While the overall average size of the training variable is 4.56. Based on results calculated the overall value of the average training variable gets score of 89.02, which means that according to table 3.3 the criteria for the percentage of responses of respondents are in higher criteria. It can be concluded that training provided the company has run optimally and employees as trainees actively participate in each training program provided

Based on the results of data processing Correlation and Determination Coefficients, the nature of the relationship between training, work discipline and employee performance is highly strong, because the correlation coefficient is 0.910 and the coefficient of determination $r^2 = 0.824$ or 82.4%, meaning 82.4% variation or change in employee performance variables is the contribution of the influence of training and work discipline variables, while the remaining 17.6% is contributed by the influence of other factors such as compensation, workloads that are not comparable to payments, lack of motivation, high levels of work stress, low levels of promotion and others.

able to motivate every employee to improve their morale and performance. But the material is not in accordance with the job requirements and positions of employees.

Based on the questionnaire distributed, there are relative strengths on the work discipline indicators at 9 with the total number of respondents' to 391 or an average value of 4.77 which states: "The company applies work standards to every employee in carrying out work", while the weakness points are relative to work discipline indicators are at 13 points with the total number of respondents' to 344 or an average value of 4.20 which states "I can create a harmonious atmosphere for fellow colleagues". While the overall average size of the work discipline variable is 4.58. Based on the overall calculation average variable work discipline get the value (score) of 83.67, means in accordance with table 3.3 criteria for percentage of respondents responses is higher. it can be concluded that PT. METRO TARUNA has applied work standards to

every employee in carrying out their work. But there some number of employees who are unable to create an atmosphere and have a harmonious attitude to fellow colleagues in the company.

Based on the distributed questionnaire, there are relative strengths on the work discipline indicators at 9 points with the total number of respondents' to 391 or an average value of 4.77 which states: "The company applies work standards to every employee in carrying out work", while the weakness points are relative to work discipline indicators are at 13 points with the total number of respondents' answers to 344 or an average value of 4.20 which states "I can create a harmonious atmosphere for fellow colleagues". While the overall average size of the work discipline variable is 4.58. Based on the results of the calculation of the overall value of the average variable work discipline get the value (score) of 83.67, means in accordance with table 3.3 for percentage respondents responses criteria is higher. It can be concluded that PT. METRO TARUNA has applied work standards to every employee in carrying out their work. But there are still a number of employees who are unable to create an atmosphere and have a harmonious attitude to fellow colleagues in the company.

Based on the distributed questionnaire by the writer, there is relative highly strength in the employee performance indicator at 5 points with the total number of respondents' to 387 or an average value of 4.72 which states: "I am able to finish the work on time" employee performance is 9 points with the total number of respondents' 359 or an average value of 4.38 which states "Leaders

provide high trust and authority to employees". While the overall average size of the performance variable is 4.57. Based on the overall calculation results average variable work discipline get the acquisition value (score) of 66.88, means that according to table 3.3 the percentage criteria of respondents are on sufficient or moderate. It can be concluded that employees have been able to complete the work provided in a timely manner and in this case the employee also does the work with full calculation and in accordance with the work standards that have been applied by the company. But there are some employees who feel that the manager does not give a high level of trust and authority to employees.

Based on the results of multiple linear regression analysis obtained is $\hat{Y} = 0.422 + 0.393 X_1 + 0.515 X_2$. The results on performance variables get a constant value of 0.422, variable X_1 training coefficient value of 0.393, meaning that if training increases by 1 point assuming other variables constants cause an increase in employee performance of 0.393, while X_2 variable work discipline regression coefficient of 0.515, means discipline employment increased by 1 point assuming other constants variables led to an increase in employee performance by 0.515 scores at 0.422 constants.

Based on the results of the correlation coefficient shows that the multiple correlation coefficient between training variables and work discipline variables on employee performance is 0.910 with a significant $0.000 < 0.05$, means there is a positive, stronger, and significant relationship.

Based on the analysis of the Determination Coefficient (R^2) shows that adjusted (R^2) is 0.824 means the training variables and work discipline variables are jointly able to explain the variable employee performance by 82.4%, while the rest ($100\% - 82.4\% = 17.6\%$) is explained by other reasons outside the model. Another result of multiple correlation coefficients between training variables and work discipline variables on employee performance is 0.910 with a significant $0.000 < 0.05$, meaning there is a positive, very strong, and significant relationship. Reinforced with other results based on table 4.65, it can be seen that a significant level of $0,000 < 0,05$ with the value of $F \text{ count} = 190,125 > F \text{ table} (2:82) = 3.11$, so that training and work discipline can simultaneously have a significant effect on performance employee. Thus H3 is accepted.

Based on the results of statistical tests f Based on table 4.46, it can be seen that a significant level of $0,000 < 0,05$ with the value of $F \text{ count} = 190,125 > F \text{ table} (2:82) = 3.11$, it can be interpreted that training and work discipline simultaneously have a significant effect on employee performance. Thus H3 is accepted.

Based on the results of the statistical test t, it can be seen that the training variable has a T count of $3.901 > (: 82) = 1.66365$ and a significance of $0.000 < 0.05$, means there is a positive and significant influence between training on employee performance, thus H1 is accepted. While the work discipline variables have T count of $4,853 > T \text{ table} (: 82) = 1.66365$ and significant $0,000 < 0.05$, meaning that there is a positive influence between work discipline on employee performance, thus H2 is accepted.

Based on the conclusions, the writer's suggestions specifically related to training

and work discipline and employee performance at PT. Metro Taruna Jakarta were given to:

The head of the company

In the training program which was seen from training variable questionnaire stated "I actively participated in the implementation of the training program". And the relative weaknesses in the training variable questionnaire stated: "The material from the training that I followed was in accordance with the needs". In this case the training provided by the company has been running optimally and need to be maintained. The manager should strive to supervise and understand the material provided during the implementation of the training program must in accordance with the performance requirements in the work field.

Employee

In improving the level of discipline can be seen from the weaknesses, it is relatively low for the work discipline variable questionnaire which states the statement: "I can create a harmonious atmosphere among fellow coworkers." in order to support tolerance and cooperate with each other well to support better performance.

In improving employee performance in order to have improved performance seen from the weaknesses relative to the questionnaire variable employee performance stated: "Leaders provide high trust and authority to employees". The author advises the leader or supervisor to give more trust in carrying

Future Researcher

The results showed that training and employee work discipline had an effect on employee performance, but there were still other factors such as compensation,

workloads that were not comparable to payments, lack of motivation, high levels of work stress, low levels of promotion and others. Therefore, further research needs to be done on other variables factors and their and give full duties and authority to employees.

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Determination Of Purchase Intention Factors On The Online Shop Site

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Received: May 10, 2019; Revised: May 30, 2019; Accepted: June 10, 2019

Abstract

Indonesia is one of potential market in Asia even in the world with the fifth largest population in the world in 2017, which the population are more than 263 million people; while the internet users up to 30 June 2017 in Indonesia are more than 132 million people. Of 200 respondents, which the mean of age was 18-24 years old. The respondents consisted of 110 male and 90 female, thus the average gender in Solo was male. The result of analysis showed that Trust was positively and significantly influence Purchase intention, Website Quality was positively significantly influence the Purchase intention, and Percived Risk was positively and significantly influence the Purchase intention, so that each improvement of Percived Risk score would improve Purchase intention.

Keyword : E-Commerce, E-Bisnis, Online Shop, Marketing, Trust, Website Quality, Percived Risk, Purchase intention

Abstraksi

Indonesia merupakan salah satu pangsa pasar yang paling potensial asia bahkan didunia dengan memiliki jumlah penduduk terbesar ke 5 di dunia pada tahun 2017 dengan populasi penduduk sebesar 263 juta jiwa lebih, sedangkan untuk pengguna internet pada sampai dengan 30 Juni 2017 Indonesia 132 juta jiwa lebih. Dari 200 responden yang diperoleh yaitu memiliki rata-rata usia 18-24 th, Sedangkan jenis kelamin responden di area Solo dan sekitarnya terdapat 110 adalah laki-laki dan 90 adalah perempuan, jadi dari rata-rata responden di area Solo dan sekitarnya didominasi jenis kelamin laki-laki. Hasil analisis uji persamaan menunjukkan bahwa Trust berpengaruh positif signifikan terhadap Purchase intention, untuk Website Quality berpengaruh positif signifikan terhadap Purchase intention, dan untuk Percived Risk berpengaruh positif signifikan terhadap Purchase intention, sehingga setiap peningkatan nilai Percived Risk maka akan meningkatkan Purchase intention.

Kata Kunci : E-Commerce, E-Bisnis, Online Shop, Marketing, Trust, Website Quality, Percived Risk, Purchase intention

INTRODUCTION

E-Commerce or can be defined as trading electronically is a form of spreading, marketing goods and service, selling, and purchasing by using electronic devices like internet or other computer network. E-Commerce is affiliation of E-Business in electronic media era, industry revolution era 4.0 (digital and Internet era) many companies use internet as the most effective method to promote and market products owned in either national or global competition. Consumers tend to take the easiest way and it is part of life style. The most visible fact is tendency to have activity in virtual world. Internet has been the wide-spread community needs because of the function and easiness it offered. Most Indonesian have Smartphone. The development of gadget technology covers people having them and give the users facilities to access internet with no time and space limitation.

Indonesia is one of high potentials market in Asia as well as in the world by having the five-biggest population number over the world in 2017 with the population number of more than 263 million. The internet users up to 30 June 2017 in Indonesia

was more than 132 million people (<http://www.internetworldstats.com/top20.htm>). It is more than a half of the total population in Indonesia. It can grow simultaneously with the refinement and improvement of provider network around the country as a means to facilitate communication and transaction. The rate of user across the world shows that Indonesia is the sixth position according to (kominfo.go.id).

The more activities of E-commerce, the more online shop in Indonesia. For online marketing, it will be specific challenge to take strategy in order to improve selling winning the competition. It is done by giving attractive thing to the consumers in order that they will purchase in the website. E'thier et al., (2006) states that website quality functions as store atmosphere. The conventional store or offline shop in the IV industry revolution era must have requirement of sales person, the physical performance of product or store atmosphere attract consumers' intention, and the online shops use their website to deliver product information and communicate to consumers. (Downess, 2007). Website is an initial display of the company toward public.

(Gregg & Walczak, 2010) argue that Website becomes initial point the consumers know the company. Website is an important contribution for users and consumers, in which Website quality becomes attribute of it.

Marketing and selling are important to get consumers' trust. Rousseau et al. (1998) states that Trust is a psychological state originating from intention to accept afraid expecting the positive assessment of other intention or attitude. Meanwhile Schurr dan Ozanne (1985) in the relationship of company-consumers, trust in the context of e-commerce is a trust of promise given to the website and the effort to fulfill the promises. For the higher risk level, it causes consumers feel uncomfortable or doubtful to have transaction in online shopping, thus perceived risk is uncertain negative potential of a transaction as consumers' trust of online Kim et al. (2007).

The subjective activity of a product can be significant index to predict consumers' attitude and the Purchase intention can be the illustration (Fishbein & Ajzen, 1975). The tendency of consumers to act before purchasing is Purchase intention (Kinnear,

1995). Rossiter and Percy in Nababan (2008:20) states that purchase intention is an inner motivation of consumers to plan, purchase a product, take relevant actions like proposing (pioneering), recommending (influencer), selecting and deciding to purchase. Thus, purchase intention is important to study in marketing research.

Chang and Chen (2008) investigated the variables influencing purchase intention in online context, those were website quality, website image, trust, and perceived risk. The Chang and Chen's (2008) study was conducted to study several websites in Taiwan, whereas this study is specialized on one web online site in Indonesia with type of B2C, that is www.lazada.co.id. Purchase intention is influenced by variables. This study investigates the influence of website quality, perceived risk and trust on purchase intention. Thus, it is limited on the system and trade mark of a web influencing online customers' purchase intention.

Underlying Theory

Trust

Trust is an important construct when two sides involved in a transaction, especially e-commerce (Koufaris and

Hampton-Sosa, 2004). Trust is defined as one's trust of other's attitude, when the individual is in vulnerable condition or is not able to monitor or control others (Lewicki and Mcallister, 1998). Trust in transaction perspective occurs when consumers believe in receiving product or service in specific time from a vendor (Srinivasan, 2004).

Trust in online environment is significant due to the complexity and variety on online interaction and the possibility caused by unfair and unpredictable attitude (Gefen dan Straub, 2003). According to Kracher et al, (2005), trust tend to reduce risk, afraidness, and costs either online or offline. Without trust, the success of e-commerce is not possible.

Website Quality

Website quality (Aladwani dan Palvia, 2002 in Chang dan Chen, 2008) is a consideration for website users, in which the website features displayed can meet users' needs and obsession reflecting the excellence of the website entirely. Chang dan Chen (2008) defines website quality as buyers' perception of the quality of transaction starting from the purchasing to post-purchasing.

Website quality influences users' view of a site because the site is a portal, where the transaction happens (Ahn et al., 2007 in Chang and Chen, 2008). According to Aladwani (2002), website quality has four dimension as follow:

- a. Technical quality, meaning that the web retailer has adopted proper technology, such as navigation easiness, page loading speed, valid link and so on.
- b. Content quality, relating to attributes such as information, completeness, accuracy and other.
- c. Specific content quality, referring to specific details of a product/service, customers' service, privacy policy, and other important information.
- d. Display, referring to visual attractiveness of a web, such as color, font, and multimedia feature.

Perceived Risk

The general definition of perceived risk in marketing is characteristic and number of risk perceived by consumers in considering

such purchasing action (D .F. Cox & S.U. Rich, 1964 in Lim, 2003). Mitchell (1999) expresses that perceived risk explains consumers' attitude because they are encouraged to prevent mistake than maximizing utility in the purchasing.

Online purchasing is perceived to be more risk than the traditional purchasing so it can inhibit consumers to have online purchasing (S. Nenonen, 2006 in A. Leeraphong & A. Mardjo, 2013). Online buyers rely on the electronic information without ability to examine products physically. They, therefore, are vulnerable of additional risk because of incomplete or error information provided by seller (Lee, 1998).

Perceived risk refers to such financial risk, product performance, social, psychological, physical, and time risk when

consumers have online transactions (Boksberger et al., 2007; Chang, 2008, Corbitt et al., 2003; Lim, 2003; Mitchell, 2001; Smith and Sivakumar, 2004 in Chang & Chen, 2008).

Purchase Intention

Purchase intention cannot be separated from consumers' decision theory since intention is a consumers' purchasing decision final process. Purchase intention is a stage before purchase decision in purchasing decision making. Assael (1992) defines Purchase intention as emerging attitude as response toward object, and is purchasing interest showing customers' obsession to have purchasing. Online purchase intention is defined as construct giving power to customers' interest to purchase online (Salisbury et al., 2001).

Position of research

Researcher (year)	Independent Variable	Mediation Variable	Dependent Variable
Chang dan Chen (2008)	a) Website quality b) Website Brand	a) Trust b) Perceived Risk	Purchase intention
Gregg and Walczak Ismail, Boye & Muth (2012)	a) Website quality		a) Trust b) Intention to transact c) Price premium

Mcknight & Kacmar (2002)	a) Perceived reputation b) Perceived site quality	a) <i>Trust</i> b) <i>Perceived web risk</i>	Behavioral intention
Kim & Lennon (2013)	a) Reputation b) Website Quality	a) <i>Emotion</i> b) <i>Perceived Risk</i>	Purchase Intention
Janverpaa, Tractinsky & Vitale (2000)	a) Perceived size b) Perceived reputation		Willingness to buy
The current study (2014)	a) Website quality b) Trust c) Perceived risk		Purchase intention

Source : Previous study

Study conducted by Gregg et al. (2012) showed that the improvement of website quality contributes the improvement of trust toward online vendor, purchasing intention from the vendor, and willing to pay the premium price.

Mcknight dan Kacmar (2002) investigated the behavioral intention including the purchasing intention influenced by perceived reputation, perceived site quality, trust, and perceived risk. Kim and Lennon (2013) studied the influence of website reputation toward purchase intention through variable of emotion and perceived risk.

Chang and Chen (2008) stated found that website quality and website brand may influence consumers' purchase intention mediated by trust and perceived risk. The study showed that website quality has no

direct influence on purchase intention as hypothesized.

This current study replicates Chang dan Chen (2008) by focusing in retail website in Indonesia typed B2C, which the business is conducted directly by online retailers toward consumers. The one-site web study considers the characteristic and quality of each online website.

Hypothesis development

The influence of Trust on Purchase Intention

Trust is regarded as a main issue considered by consumers to make purchase decision. Online consumers generally have choice from vendors to purchase. When consumers have alternative among online vendors, consumers tend to have obsession to have transaction to the more reliable vendors (Gregg & Walczak, 2010).

Several researchers have found that trust has important roles in attracting

customers to have shopping (Hoffman et al, 1999;. Reichheld and Schefter, 2000). Koufaris and Hampton-Sosa (2004) states that trust has positive significant influence on purchase intention. Therefore, it is proposed hypothesis as follow:

H1 : Trust has positive influence on purchase intention

The influence of Website Quality on Trust

Building trust among strange sides (initial trust) is very important in all e-Business environment (Gregg & Walczak, 2010). The study conducted by McKnight et al. (2002) found that website quality has positive significant relationship on the company.

Pavlou and Gefen (2004) identify attributes of website quality assisting to form initial trust among sides in online environment, in which previously consumers and vendors have no any interaction or experiences. McKnight et al. (2002) said that when consumers perceived that the web site has high quality, they tend to have high trust of competence, integrity, and policy of the online retailers and will develop interest to purchase. It is similar to the study conducted by Gregg & Walczak (2010), stating that the

higher trust of the website quality, the higher trust on online vendors.

According to Bramall, Schoefer & McKenhnie (2004), website quality is often used by consumers as indicator of how far the site is trusted and how far the site attention toward their consumers. Bramall, Schoefer & McKenhnie (2004) also found that there was relationship of website quality and website display on consumers' trust.

The result of analysis conducted by Chang and Chen (2008) showed that website quality has positive correlation on trust. Thus, it is proposed hypothesis as follow:

H2 : Website quality has positive correlation on trust

The influence of Perceived Risk on Purchase Intention

Perceived risk has impact on one's behavior and attitude in having relationship or having transaction with other side. Perceived risk is regarded as level of consumers' perceive of the negative result from online transaction (Featherman dan Pavlou, 2002). The high-perceived risk causes consumers feeling uncomfortable to shop online or having online transaction.

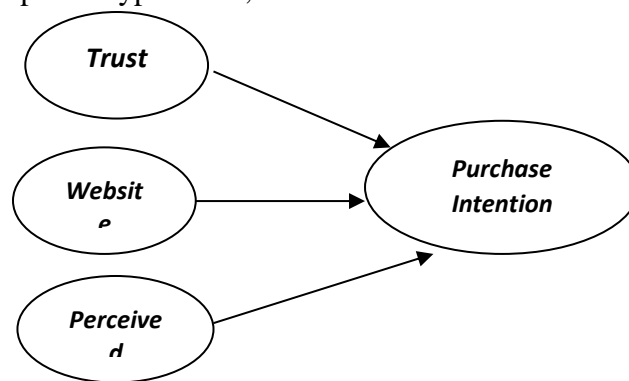
Jarvenpaa et al. (2000) argue that to reduce risk related to online purchase will increase probability of consumers' purchase. The study conducted by S.L Jarvenpaa & N. Tractinsky (1999) found that perceive risk has negative correlation on the interest to purchase such a product in online shopping. In lower perceive risk, consumers' perceived positive emotional and have more interest to purchase in the web site. Park et al. (2005)

investigated the negative correlation of perceive risk and purchase intention in online context, whereas Kim & Lennon (2013) also expressed the similar result in which perceive risk significantly has negative influence on purchase intention. Thus, it proposed hypothesis as follow:

H3 : Perceived risk has positive influence on purchase intention

Framework of the study

Based on the proposed hypotheses, the influence of the stated variables can be displayed as follow:



Picture. 1

Design of the study

Cooper and Schindler (2006) state that it is formal study, which is initiated by hypothesis and aiming to test the hypotheses. It is also a causal study, viewed from the variables relationship, which is the study aiming to explain the relationship among

variables, and cross-sectional study, in which the study is conducted in a period of time.

Operational Definition

Trust

Kimery and McCard (2002) define trust as customers' availability to accept weakness in online transaction based on their positive expectation concerning attitude on

online shop in the future. According to Chiu et al. (2009), the operational definition of trust is that consumers are ready to rely on other sides and are vulnerable to others' action during the process of online shopping, by expecting that the other side will do accepted practice and give the promised product and service. According to (Gefen and Straub, 2004; Hwang and Kim, 2007; Leerapong & Mardjo, 2013) indicators of customers' trust are:

1. Competent Website.
2. Believe in online vendors.
3. Website keeping promises given.
4. Real information
5. Based-on-fact information.

Website Quality

Website quality is defined as total impression given by consumers to the website itself from observation toward marketing tools given by a site. The operational definition of website quality is consumers' perception of website attributes having excellence and meeting their expectation.

According to Aladwani and Palvia (2002) there are four dimensions of website quality, such as:

a. Technical quality

It means that web retailer has adopted proper technology, such as navigation facility, page-loading speed, and valid link and so on. The following indicators can measure the technical quality:

- 1) Safety
- 2) Navigation facility
- 3) Available good searching facility
- 4) Interesting features
- 5) Can be accessed easily

b. General content quality

One of the main stages in purchasing process done by most consumers is information searching, or process in which the consumers actively search and collect facts from the web site. If the sites do not fulfill the consumers' needs for information, the inconvenient

state may cause bad reaction from the visitors of the web site (Aladwani, 2006).

The content quality, generally, relates to attributes such as information use, completeness, accuracy, and other (Chang & Chen, 2008). Indicators of the general content quality are:

- 1) Content completeness
- 2) Clear website content
- 3) Short website content
- 4) Accurate website content

c. Specific content quality

Specific content refers to searching for specific details of product/service, customers' service, privacy policy, and other important information. Website with higher specific content quality (such as finding contact information, company general information, product/service details, and customers' service) attracts more consumers than a website with lower specific content quality (Liu and Arnett,

2000). Indicators of specific content are:

- 1) Contact information found in the website.
- 2) General information of the company found.
- 3) Product/service details.
- 4) The information of customer policy.

d. Display quality

Website display refers to visual attractiveness of a web site. Indicators of display quality are:

- 1) Interesting Website.
- 2) Organized Website .
- 3) Proper font use.
- 4) Proper color use.
- 5) Proper media feature use.

Perceived Risk

Perceived Risk is basic concept in consumers' attitude stating that consumers perceive uncertainty before purchase concerning to type perception and loss level caused by the purchase and use of a product (Naiyi, 2004). According to Lim (2003) online perceived risk is defined as level, in

which someone trust the product or service purchase through internet, will cause loss.

The operational definition of perceived risk is uncertainty and loss consequence perceived by consumers in purchasing product or service (Dowling & Staelin, 1994). Indicators of online perceived risk are:

- a. Incorrect product information.
- b. Complicated online shopping process.
- c. Uncomfortable in shopping process.
- d. Purchasing in website causes financial loss.
- e. Purchasing in website causing time loss.

Purchase Intention

Purchase intention defined by Howard (1994) as something related to the

consumers' planning to purchase such a product and how many unit of the product needed in a period of time. Purchase intention can be clarified as one of components of consumers' attitude of how someone intends to by certain mark.

The operational definition of purchase intention is intention to buy or one's expectation in the future to purchase such a product because of system built by certain mark. The higher one's pruchase intention, the bigger the possibility to purchase. Indicators of purchase intention are:

- a. Intend to purchase in the site.
- b. Consider to purchase in the site.
- c. Plan to purchase product in the site.
- d. Possible to purchase product in the site.

RESEARCH METHODS

Setting of the study

1. Population

Population is a group of people, events or something researchers pay their intention to study (Sekaran, 2000). Population of the study is individuals in Surakarta area who

have ever visit sites and have intention to purchase product in Lazada.com

2. Sample

Sample is a part of population consisting of several selected member of population to study (Sekaran, 2003). Sample used in the

study are individuals in Surakarta who have visit, have intention to purchase, and have ever bought product in Lazada.com. Estimation of sample adequacy according to Hair *et al.* (2006) are 100 to 200 sample. The number of sample used in the study are 200 respondents.

3. Sampling

The study uses nonprobability sampling or convenience sampling. Convenience sampling is technique of taking sample aimed to get easy way in taking respondents' data or sample (Ferdinand, 2006). The sampling used in the study is that the researchers select individuals becoming research respondents (Sekaran, 2000).

I. Technique of data analysis

Regression Model

According to Ghozali, 2006 regression analysis used to measure the strength of relationship among two or more variables and to show the direction of the dependent and independent variable relationship. The regression model used in the study is:

$$\text{Equation : } PI = \alpha + \beta_1 \text{ Trst} + \beta_2 \text{ WQ} + \beta_3 \text{ PR} + \varepsilon$$

Which:

PI : Purchase *Intentions*

Trst : *Trust*

WQ : *Website Quality*

PR : *Perceived Risk*

α / a : Constant

b_1 / β_1 : regression coefficient of variable *Trust*

b_2 / β_2 : regression coefficient of variable *Website Quality*

b_3 / β_3 : regression coefficient of variable *Perceived Risk*

ε : *Measurement error*

F-test (model of linearity test)

F-test is used to test whether the independent variables in the model have simultaneous influence to the dependent variable. The F-test principally used to know how far the regression model can be used to predict the dependent variable Priyatno (2013).

Determination coefficient (R^2)

The coefficient is used to know how far the independent variable strength to explain the change of the dependent variable, by using formula:

$$R^2 = \frac{\sum (\hat{Y} - \tilde{Y})}{\sum (Y - \tilde{Y})} \quad \text{Gujarati (2006)}$$

\hat{Y} : Y estimate

\tilde{Y} : Y mean

The score of coefficient R^2 is in range of 0 to 1, if the coefficient R^2 count achieving 1 reflecting the bigger influence of the independent toward the dependent variable.

t-test (hypothesis test)

According to Imam Ghozali (2006) the t-test statistic principally shows how far the influence of the independent variable individually to explain the dependent variable; the test is done by using the significance level of 0,05 ($\alpha=5\%$). The hypothesis is accepted or rejected based on the following criteria :

- a) If the significance score > 0.05 the hypothesis is rejected (the regression coefficient is not significant); it means that partially the independent variable has no significant influence on the dependent variable.
- b) If the significance level ≤ 0.05 the hypothesis is accepted (the regression coefficient is significant); it means that partially the independent variable has significant influence on the dependent variable.

Result and Discussion

Descriptive

The object of the study used as population is individuals in Surakarta who have ever visited site and have intention to purchase in Lazada.com in Solo. The samples are 200 individuals. The following is the description of the respondents:

Table 1
Object based on age, gender, and last education

No	Sample	Average age (year)	Gender		Education		
			L	P	SMU	D3	S1
1	200	18-24	110	90	111	37	63

Source analyzed in 2018

The data shows 200 respondents, who have average age of 18-24 years old. The gender of the respondents in Solo area is 110 male and 90 female, meaning that the dominant gender is male. The most education is senior high school or the college students of 111 people. The undergraduate students are 63 people and D3 are 37. The validity and reliability test of the 200 respondents result

Equation :

in 169 respondents taken to be analyzed and 31 respondents are outlier.

The result of multiple regression analysis

The data are analyzed by multiple regression analysis with program *SPSS 17*. The output shows that the independent variable Trust partially influence the selling performance, which is explained with the multiple linear regression equation as follow:

Table 2
Result of multiple regression

Variable	B	T _{count}	Sig	Conclusion
<i>Constant</i>	2.369			
<i>Trust</i>	0.116	2.124	0.035*	Significant influence
<i>Website Quality</i>	0.112	4.554	0.000**	Significant influence
<i>Percived Risk</i>	0.255	4.818	0.000**	Significant influence
<i>F</i>	=	19.070	0.000**	
<i>R²</i>	=	0.257		

Source: The output Data Primer SPSS 17.0

The result of the regression equation above shows that the regression coefficient of *trust* is 0.116. it means that every additional score of trust the score improves 0.116, *website Quality* 0.112 meaning that every additional score in *website Quality*, the score improves 0.112. the regression coefficient of *Perceived risk* is 0.255, showing that every additional score of *Perceived risk*, the score improves 0.255.

Model linearity test (F dan R² test)

To know the linearity of model, whether it is linear or cannot be identified through F and R2 tests.

✓ **F-test**

Of the Anova or F test, the score of F_{count} is 19.070 with the score of probability is 0.000 < 0.05. the regression equation 1 the hypothesis H₀ in the study is rejected and H_A is accepted. It means that the model used is good (*goodness of fit*). The result of Anova or F test shows that score of F_{count} is 19.070 with the probability score of 0.000 < 0.05. the regression equation 2 the hypothesis H₀ is rejected and H_A is accepted. It means that the model used is good (*goodness of fit*).

✓ **Coefficient of determination (R²)**

The model linearity test can be identified by test of determination (R²). The result of regression

equation 1 shows that score of R² (*R-square*) is 0.257 meaning that *Trust*, *Website Quality*, and *Perceived Risk* can explain the *Purchase intention* of 25.7 %, and the other of 74.3 % is explained by other variables unexplained in this model.

Test of linearity estimation (t-test)

Analysis of t-test is:

$$\begin{aligned}
 \text{Purchase intention} &= 2.369 + 0.116 \\
 &\quad \text{Trust} + 0.112 \\
 &\quad \text{Website Quality} \\
 &\quad + 0.255 \\
 &\quad \text{Perceived Risk} + \\
 &\quad \varepsilon
 \end{aligned}$$

Based on the statistic test result using SPSS.17, it can be explained as follow; the parameter linearity test used t-test of equation 1, to know the influence of *Trust* partially on marketing performance. The equations are:

Hypothesis 1 : *Trust* explains having regression coefficient score of 0.116 with t_{count} of 2.124 and *p-value* of 0.035 < 0.05, so that it can be concluded that *Trust* has positive significant influence to improve *Purchase intention*.

Hypothesis 2 : *Website Quality* explains having regression coefficient of

0.112 with t_{count} of 4.554 and p -value of $0.00 < 0.05$, so that it can be concluded that *Website Quality* has positive significant influence to improve *Purchase intention*.

Hypothesis 3 : *Perceived Risk* explain having regression coefficient score of 0.225 with t_{count} of 4.818 and p -value of $0.00 < 0.05$, so that it can be concluded that *Perceived Risk* has positive significant influence to improve *Purchase intention*

Closing

The analysis result explains the influence of the developing variables in this study. The test of hypothesis uses t-statistic test with significance level under 0.05 or 5 %.

The followings are the elaboration of each variable relationship hypothesized:

1) *Trust* has positive significant influence on *Purchase intention* in Lazada site.

The analysis result of the equation test showed that *Trust* has positive significant influence on *Purchase intention* in Lazada site. It means that every high improvement of

Trust score will increase the score of *Purchase intention* in Lazada website.

2) *Website Quality* has positive significant influence on *Purchase intention* in Lazada site. It means that every improvement of *Website Quality* score will improve *Purchase intention* score in Lazada website.

3) *Perceived Risk* has positive significant influence on *Purchase intention* in Lazada site. It means that the high improvement of *Perceived risk* will improve *Purchase intention* score in Lazada website.

Conclusion

The result of the equation test analysis showed that *Trust* influenced significantly on *Purchase intention*, so that if increase of *Trust* score is high, it will improve the *Purchase intention* score, for *Website Quality* in Lazada site has positive significant influence on *Purchase intention*. It means that the improvement of *Website Quality* score will increase *Purchase intention*. The *Perceived Risk* in Lazada site has positive significant influence on *Purchase intention*. The higher the *Perceived Risk* score, the higher the *Purchase intention*.

Of the elaboration above, it can be taken in the main equation of *Trust*, *Website Quality*, and *Perceived Risk* have positif significant influence on *Purchase intention* in Lazada site. Thus, it is proved that variable *Trust*, *Website Quality*, and *Perceived Risk*

may increase *Purchase intention* in Lazada site.

Suggestion

Based on the result and conclusion found, the followings are the proposed suggestion:

For online shop of lazada, the result of the study can be used as strategy to improve market competition, *Trust, Website Quality, and Perceived Risk* may improve *Purchase intention* on Lazada site. *Online shop* providing qualified products with relatively cheap price Lazada site must attend the *Purchase intention* in solo area to win the market competition.

For academic, it is expected that the study gives enrichment in knowledge and insight theoretically on relating to competition subject. The study is expected to be reference, comparative subject, and insight to the following research and for the development of the subject itself.

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143AGREGAT: Jurnal Ekonomi dan Bisnis
Vol. 3, No. 2, September 2019
<http://journal.uhamka.ac.id/index.php/agregat>
p-ISSN: 2549-5658 e-ISSN: 2549-7243
DOI: 10.22236/agregat_vol3/is2pp125-143
Hal 125-143

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Analysis Of Flow Process Of Employee Termination Dispute Resolution Settlement Based On Law No. 02 Year 2004

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Received: May 12, 2019; Revised: May 25, 2019; Accepted: June 30 2019

Abstract

This study aims to determine the Termination of Work Relations Dispute Settlement according to Law No. 2 of 2004. This research uses descriptive qualitative research methods and library research with the approach of material / primary data, material / secondary data, and material / tertiary data. The results of the study state that if no agreement is reached, either party or party can file a lawsuit to the industrial relations court at the local district court where the worker or laborer works. The length of the mediation process is prolonged because many parties want to interfere in mediation.

Keywords: IRC Flow, Efficiency of IRC Process, Settlement of Dispute Resolution

Abstrak

Penelitian ini bertujuan untuk mengetahui Penyelesaian Sengketa Pemutusan Hubungan Kerja menurut UU No. 2 Tahun 2004. Penelitian ini menggunakan metode penelitian deskriptif kualitatif dan studi pustaka (library research) dengan pendekatan material / data primer, data material / sekunder, dan data material / tersier. Hasil penelitian menyatakan Jika tidak ada kesepakatan tercapai, salah satu pihak atau pihak dapat mengajukan gugatan ke pengadilan hubungan industri di pengadilan distrik setempat di mana pekerja atau buruh bekerja. Lamanya waktu proses mediasi yang berkepanjangan karena banyak pihak yang ingin ikut campur dalam mediasi.

Kata kunci: Aliran IRC, Efisiensi Proses IRC, Penyelesaian Penyelesaian Sengketa

INTRODUCTION

The Industrial Relations Disputes Settlement (IRC) replaces the Central Labor Dispute Settlement Committee (P4P) and the Regional Dispute Settlement Committee (P4D) established under Law no. 22 Year 1957. P4P consists of tripartite, such as employers, workers, and government.

IRC in the judicial structure in Indonesia is directly under the Supreme Court, and its operations are placed to the local District Court. IRC as the answer to the problem The role of government in P4P or P4D in government in the past is considered not entrepreneurs are neutral, tend to favor workers as part of populist political strategy. Instead, the workers judged the government more favorable to the employers. At that time, the P4P decision was not final, there was still room for the parties to file an appeal to the State Administrative Court so as to extend the settlement procedure. The process of settling labor disputes at that time also took a long time, and even with almost no certainty of time to seize enormous energy and cost for both parties. IRC takes time to get a final decision, including 2 times IRC trial delays and cassation process in MA, no later than 143 workdays or more than 3 months. The time required is shorter to 129 days if no delay is required at the IRC level. The number of working days is much shorter and

more definite than previous P4P and P4D processes. Outside of the normal IRC court process, there are also quick checks.

In the work agreement agreed terms of work to meet their interests in order to establish a harmonious relationship between employers and workers. There are still many disputes between workers and employers due to differences of opinion, interests, rights disputes and others. The government is in charge of establishing and fostering a harmonious relationship between employers and workers that will promote the achievement of the efficiency and survival of the company and at the same time to fulfill the welfare of the company's workers according to the development and progress of the company.

In an effort to prevent the emergence of industrial relations disputes the role of Labor Laws in the field of manpower is very important to create peace of work for workers and calm business for employers so that progress can be achieved and the welfare of workers and their families can be guaranteed.

The final outcome of any kind of employment disputes or IR is Termination of Employment. Article 3 Paragraph (1) of the Law-IRC mandates that industrial relations disputes shall be strived to be resolved, especially through bipartite negotiations by

deliberations to reach consensus. In the event that bipartite negotiations fail, either party or both parties shall record their dispute to the responsible agency in the field of local manpower by enclosing the minutes of bipartite negotiations. The Employment Service will direct alternatives to an out-of-court settlement, whether through mediation, arbitration or conciliation depending on the type of dispute. If the completion of the IRC outside this court does not produce results then the settlement will be forwarded to the Industrial Relations Court and so on until the Supreme Court appeal.

Based on the description and condition of IRC above the author tries to formulate some problems faced by workers and employers with the enactment of Law No.2 of 2004 as follows:

- a. How does the process flow outside the IRC based on Law No. 2 of 2004, can be one of the alternative settlements of termination disputes ?,
- b. How does the process flow within the IRC based on Law No. 2 of 2004, can be one of the alternative settlements for termination disputes ?,

- c. What is the IRC cost aspect based on Law No. 2 of 2004 in resolving the termination disputes?

Problems of employee performance that occur at PT. Metro Taruna is decreasing or there is no significant increase. The performance or the absence of a significant increase can be seen from table 1 for the past five years. The measurement results can be seen below:

CONCEPT OF INDUSTRIAL RELATION DISPUTES

Completion of the IRC outside the Court.

- 1) Bipartite negotiations

Article 3 Paragraph (1) of the UU-IRC states that industrial relations disputes shall be strived to be settled firstly through bipartite negotiations by deliberations for consensus. Bipartite negotiations are negotiations between workers or Labor Union with Entrepreneurs to resolve IR disputes. Article 3 paragraph (2), the settlement of disputes through bipartite shall be settled no later than 30 working days from the date of commencement of negotiations and Article 3 paragraph (3) if the 30 (thirty) day period has not reached agreement then bipartite negotiations shall be considered failed.

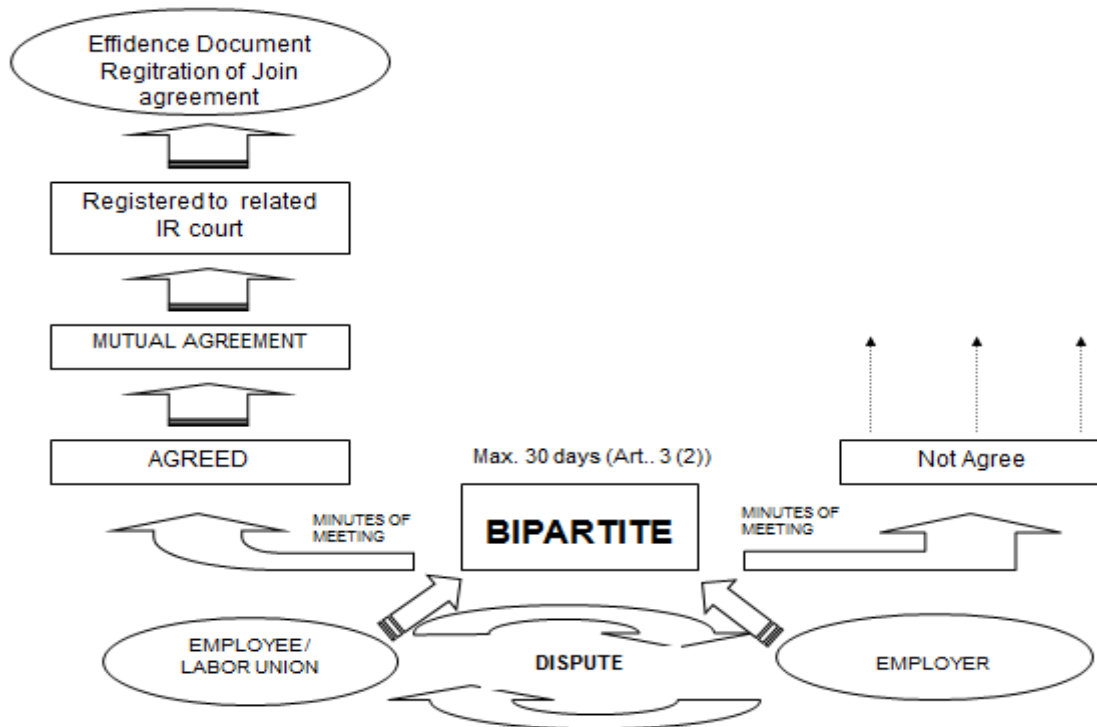


Figure 2.1. IRC Completion Through Bipartite

2) Industrial Relations Mediation

Article 8 of the LAW Of-IRC, the settlement through mediation shall be conducted by a mediator located at each office of the agency responsible for the manpower affairs in the region. Mediation is the settlement of disputes of rights, interests, layoffs, among employee/Labors within a company through deliberations mediated by a neutral mediator.

Article 10, LAW Of-IRC, Prior to submission to the IRC, the parties who can not resolve the dispute through conciliation or arbitration shall first be settled through

mediation, conducted by a mediator located at the office of the district / Municipal Manpower office. Article 15 LAW Of IRC, the Mediator shall carry out its duties within 30 days of receiving the delegation. Article 10 of LAW Of-IRC, no later than 7 (seven) working days, the mediator shall immediately hold a mediation session.

Article 13 paragraph (1) of the LAW Of-IRC, in the event of IRC agreement being reached through mediation, a MUTUAL AGREEMENT shall be signed by both parties and witnessed by the mediator to be subsequently registered to the IRC in the

jurisdiction of the parties and granted an inseparable proof of registration certificate from the MUTUAL AGREEMENT. If no agreement is reached, the mediator shall issue written advice within no later than 10 (ten)

working days from the first session of mediation. Article 14 paragraph (1), LAW OF-IRC, in the event that written advice is not approved by the parties, it may proceed to the local IRC by filing a lawsuit.

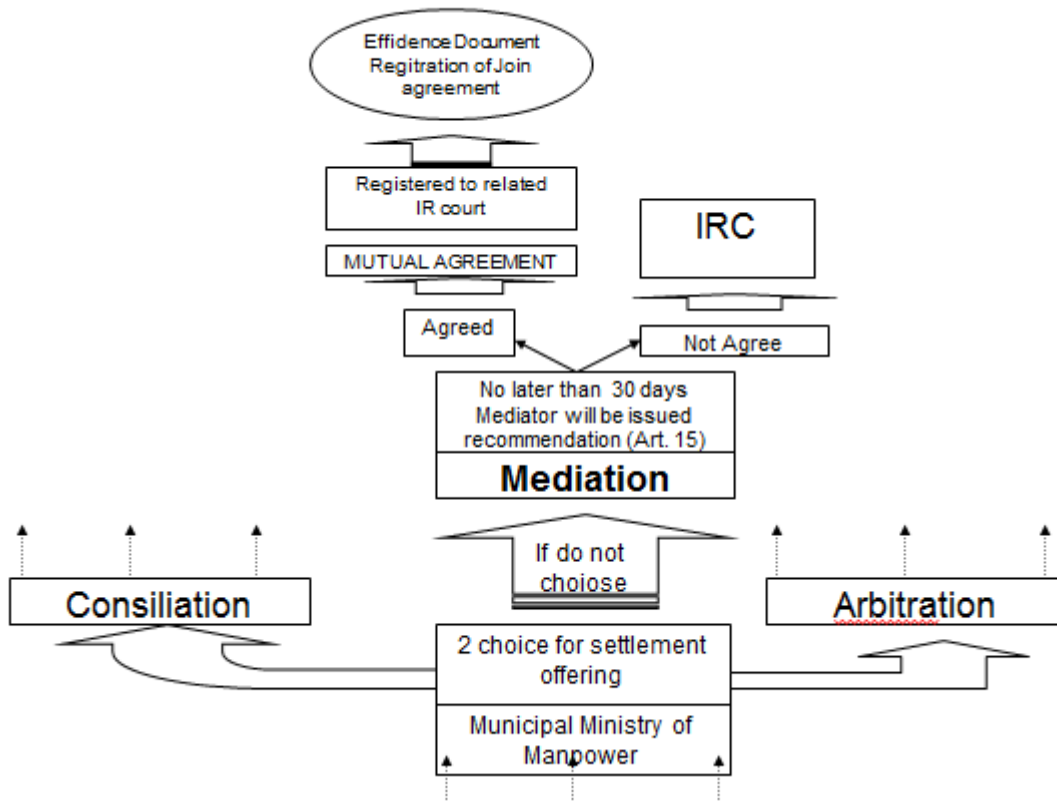


Figure 2.2. IRC Completion Through Mediation

Settlement Process Through IR Court

The IRC is the General Civil Procedure Code, unless specifically regulated in law. Decisions in the IRC concerning rights disputes

and dismissal disputes do not allow for appeals to the high court, but can be immediately appealed. Whereas concerning the decision of interest dispute and dispute among SP / SB in one company is the first and final level decision

which can not be requested by appeal to the Supreme Court.

The IRC lawsuit is submitted to an HI court whose jurisdiction covers the place of the worker accompanied by a treatise of settlement through mediation or conciliation. If a lawsuit has been examined and perceived to be inadequate, the judge may request the complainant to refine the lawsuit and may request assistance from the replacement clerk to help refine the lawsuit.

The panel of judges shall give a decision not later than 50 (fifty) working days from the first session, and the decision on disputes may be filed by appeal, not later than 14 (fourteen) working days since the court read the court session. Submission of cassation is done through the Sub-Registry of the local IRC who then submits the case file to the chairman of the Supreme Court.

The completion of a cassation to the Supreme Court, conducted by the Cassation Judge, consisting of a Supreme Court judge and 2 two ad-hoc judges who examined and adjudged with the determination of the Chairman of the Supreme Court. The Cassation in the IRC shall be completed not later than 30 (thirty) working days from the date the appeal is received. In case the decision of cassation

still can not satisfy one of the parties, then the party who feels aggrieved may file an extraordinary remedy namely Review (PK) (H.P. Panggabean, 2007,43).

The implementation of IRC is felt to be burdensome to entrepreneurs who actually run a pure business, although the entrepreneur may assign Human Resources Officer or legal department to represent his company in court by incidental authority with permission of the Chief Judge. From the business side is really a burden to be thought of by entrepreneurs. While for the workers, even though they are represented by unions sometimes become bad fruit, because union administrators sometimes can still be influenced by employers to regulate court decisions besides that workers also still have to pay lawyers from the union. As strong as any worker will not be able to compensate for the ability of the entrepreneur. This means that the certainty of guaranteeing the legal balance between employers and workers still needs to prove long term in line with the implementation in HI courts, the guarantee of the legal balance between workers and new entrepreneurs occurs when relatively the parties have been able to feel the benefits.

Article 55 of the LAW OF-IRC in the case of mediation or conciliation does not reach an agreement, either party may file a lawsuit to an

HI court which is a special court within the general court. Article 57, LAW OF-IRC, the procedural law applicable in the IRC shall be the Law of Public Administration, unless specifically regulated in law. Decisions in the IRC concerning rights disputes and dismissal disputes do not allow for appeals to the high court, but can be immediately appealed. Article 82, LAW OF-IRC, IRC's complaint shall be submitted to an HI court in a PN whose jurisdiction covers the place where the worker / laborer works. Article 83 paragraph (1), the filing of a lawsuit must be accompanied by a treatise of settlement through mediation or conciliation. Paragraph (2), If a complaint has been examined and perceived to be inadequate, the judge may request the plaintiff to refine the claim and may request assistance from the substitute clerk to assist in refining the lawsuit. (H.P. Panggabean: 2007,40).

Article 89, LAW OF-IRC, the process of proceeding in IRC can be done by ordinary process and quick process (article 98), based on the reasons of the interested petition, it is concluded that there is an urgent interest to be able to do the quick process. Within 7 (seven) working days after receipt of the application, the PN Chairman issues a quick or common process determination. After the determination,

the chairman of the PN within 7 (seven) working days determines the judges, place and time of the trial without going through the inspection procedure. The parties are given 14 (fourteen) working days to submit their respective answers and verification. Whereas in the ordinary process, Article 89 paragraph (1), within no later than 7 (seven) working days after the appointment of the panel of judges, the Chief Judge conducts the first hearing. Article 93 Paragraph (1), in the event that either party or parties can not attend the hearing for no reasonable reason, the Chief Judge shall determine the date of the next hearing.

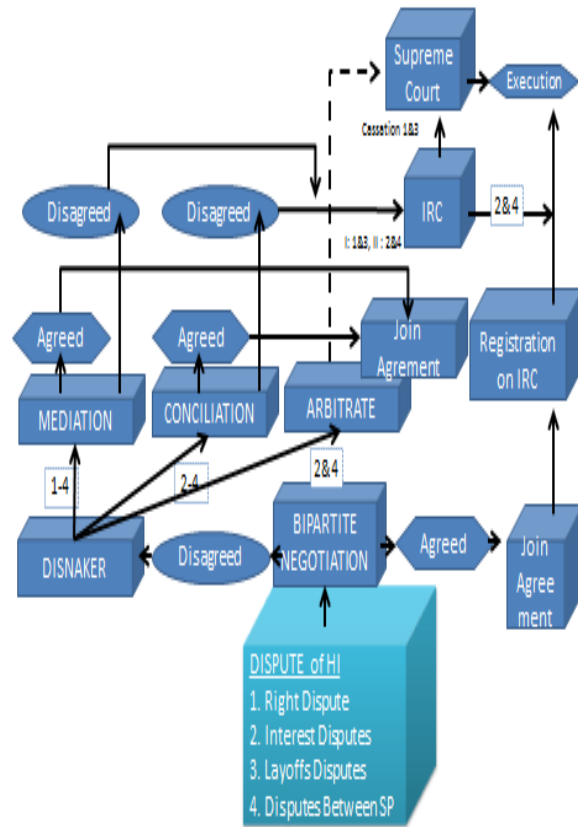
Article 93 Paragraph (3), the postponement of the trial due to the absence of either party or parties shall be granted a maximum of 2 (two) delays.

Article 103, LAW OF-IRC, the Panel of Judges shall render IRC's decision within no later than 50 (fifty) working days from the first session, and Article 106, decisions on disputes over rights and disputes dismissal have a permanent legal force if not filed a request for a cassation MA, within no later than 14 (fourteen) working days after being read out by the panel of judges. Article 111, the submission of a cassation by either party or parties shall be

made through the Sub-Registrar of the local IRC who then presents the case file to the chairman of the Supreme Court.

In Law No. 2 of 2004, there are several types of disputes: rights disputes, interest disputes, dismissal disputes and disputes between unions within a company. Each dispute has its own way of dispute. The dispute of rights is a dispute arising from the negligence or non-compliance of one or the parties in the implementation of the normative provisions set forth in the laws and regulations, or employment agreements, Company Regulations (PP), the Agreement Working together (PKB); interest disputes are disputes in the absence of conformity of opinion concerning the making and or alteration of terms of employment stipulated in the employment agreement or the PP or CLA; Disputes for dismissal are disputes concerning dismissal committed by either party, whether or not entity is legal entity, private property or private partnership, state-owned or social enterprise (H.P. Panggabean: 2007, 43). Preparation of a non-court IRC Settlement is conducted through bipartite, mediation, conciliation and arbitration. While the IRC completion process through the court starts from the filing of the lawsuit, the examination of the

minutes, the judge's decision, the legal effort and the execution of the decision as shown in the figure below



Lawyers at the Industrial Relations Court on checks with regular events and quick event checks. In civil procedure law if the case is examined through regular events then the phases include: 1). Lawsuit. 2). Answered defendant. 3). Reply (plaintiff's response to the defendant's answer). 4). Duplicate (response of the defendant to the plaintiff's reply). 5). Proof (letters and witnesses). 6). Conclusion of the parties; and 7). Judge's verdict.

RESEARCH METHODOLOGY

This research is a qualitative research, using conceptual approach and policy study. The nature of the research is descriptive analytical because of this research is expected to obtain a comprehensive and systematic picture of the settlement of industrial relations disputes in general and settlement of disputes termination of employment in particular based on Law no. 4 of 2004 on Industrial Relations Disputes Settlement and related labor legislation and general civil law.

This research uses qualitative approach, while the method used is descriptive and explanative method. Research can also be done through a policy study (policy research) using a policy evaluation approach. This research is a qualitative research, that is research with characteristic use natural setting, is descriptive, emphasize on process, by using inductive approach, and give attention to meaning. In order to support the use of qualitative methods, the researcher also uses qualitative evaluation methods (quality content analysis), an approach to empirical text evaluation and methodologically controlled within the context of its

communication, followed by a step-by-step evaluation, without hasty entry qualification. Emphasis is placed on the implementation of public policies, activities and changes that occur with other phenomenon. Descriptive research aims to describe systematically, factually and accurately about the facts and properties of a particular population or object.

Qualitative research is oriented towards exploration activities, disclosure, and inductive logic. Therefore, theoretical and scientific study is needed through comprehensive literature study. The qualitative research data is initially typical of presenting detailed descriptions of how, processes, and impacts are observed. Implementation of the policy studied in general is the result of policies ranging from the process of policy formulation at the highest regulator level to executive policy products, ranging from top management to implementation in the company.

Data collection methods used in this study in accordance with the type and source of data used. Sources of data which is then called this research material obtained through literature research to be inventoried and analyzed. While

field research in writing this thesis is not done if there is only as a complement only. Policy materials or laws obtained through library research include the following materials: Primary legal materials in the form of statutory regulations, copies of court decisions, obtained through print and electronic media. Secondary law materials are in the form of scientific works and research results such as journals in the field of labor and civil law. Tertiary legal material in the form of dictionaries, articles and news sources related to the notions, terms related to employment and the law. The necessary legal materials, inventoried and then separated in accordance with the legal material relating to the subject matter or the contents of the writing are then identified for use as an analysis material.

In qualitative research, validity and reliability testing used triangulation testing. In testing the validity of the data the researchers used the technique of triangulation, the technique of examining the validity of data that utilize something else (Lexy J. Moloung: 2004,280). Beyond the data for the purposes of sifting or as a comparison against that data. The most widely used technique is checking through other sources. Triangulation techniques conducted through interviews, direct observation and indirect observation. In this

indirect observation it is intended in the form of observation of some of the behaviors and events that link between them. Data collection techniques used will complement in obtaining primary and secondary data, while observation and interview are used to capture primary data related to the IRC settlement law policy, to collect secondary data can be lifted through various documentation about implementation perspective and policy result.

According to Nasution in (Lincoln and Guba: 1985) qualitative research is called scientific if the requirements of credibility, transferability, dependability and confirmability are fulfilled. In qualitative research there is no other choice than to make human beings as the main research instrument. Data analysis is the process of arranging the sequence of data, organizing it into a pattern, grouping and a basic description. Data analysis method used in this writing is a qualitative analysis, namely the material of primary law policy and secondary legal policy materials obtained systematically arranged, so as to obtain a comprehensive picture and classified qualitatively by blindly certain categories in accordance with issues related to Disputes termination of employment in accordance with LAW OF-IRC. The data collected by

researchers using qualitative approach, then in the data processing and analyzing the researcher using qualitative approach with juridical analysis model. Qualitative analysis is a method that uses and produces descriptive analytical data that is what is expressed in written or oral information and also the real behavior that is studied and studied as something intact. Analysis of data collected together with the data collection process is presented in the form of: Presentation of data is information arranged that allows the conclusion. Creation and presentation of data is not a separate part of the analysis, but part of the analysis. At this stage the researcher presents the text in the form of narrative text. Conclusions are part of an activity of a complete configuration. The meanings emerging from the data must be verified, their compatibility being the validation.

RESULTS AND DISCUSSION

Analysis of the IRC Process Flow outside the Court

A senior journalist named Robert address at Villa Pamulang Mas Pamulang Ciputat Tangerang is an employee of PT. Media address at n the roads on Jalan Cempaka Selatan. On

December 1, 2006, 51 other employees were transferred to Ambon for having committed systematic and unlawful rebellion. The company decided to dismiss Robert from the company as of December 9, 2006.

Based on observations, documents and interviews obtained a description of the scheme of completion of the IRC outside the court as shown in the diagram below

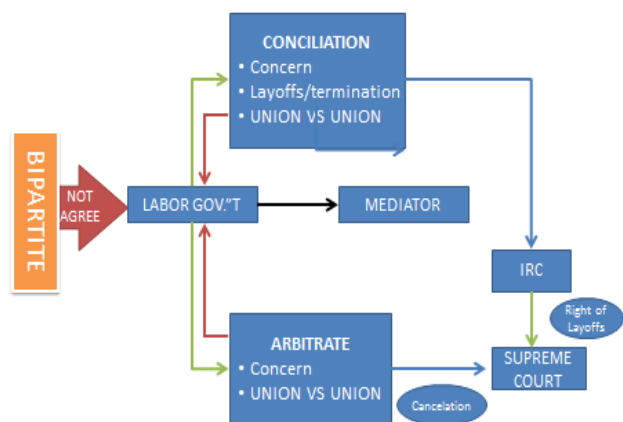


Figure 4.1. IRC Process Outside Court

1) Bipartite Bargaining Analysis

On December 8, 2006 the company was represented by several corporate leaders with Robert and several journalists conducting bipartite negotiations. The effort to settle the dispute did not produce results so the result of the meeting decided

that Robert was terminated from the company as of December 9, 2006. Due to bipartite negotiation efforts to resolve the termination disputes, there was no settlement so the company listed these disputes in the IRC with the subject of the layoffs.

According to the authors of bipartite negotiations is a series of laid-off settlement processes, when the filing of a lawsuit is not preceded by bipartite negotiations, the Judge will return the claim. In filing the above lawsuit The PT. Media has attached the minutes of bipartite negotiations and the lawsuit has been declared eligible.

2) Mediation Analysis at Office of Manpower of DKI Jakarta Province.

Based on letter of application for recording of dispute IRC from PT. Media by letter No.049 / SDMU / XII / 06, on 12 December 2006 and delegation of handling of IRC case from Labor of District Office of DKI Jakarta Province to IR Mediator by letter no. 3888 / HKK-PHK / XII / 2006 concerning the principal case of the IRC Registration Application. Furthermore, the IR Mediator provides opinions and considerations in the IRC resolution effort and recommends the

following: (1). In order for the entrepreneur PT MEDIA to reemploy the worker Robert in the original position in the Province of DKI Jakarta. (2). In order for the worker Mr. Robert reports to entrepreneurs to get ready to work again as soon as possible. (3). In order for both parties to give written reply to the Recommendation above at the latest within 10 (ten) working days after receiving the letter of this Recommendation, with the following notes: (a). if the parties accept this Recommendation, then the Mediator of Industrial Relations shall assist in the conclusion of the Joint Agreement and shall be registered with the Industrial Relations Court at the Central Jakarta District Court; (b). if either party or parties reject the Recommendation, the parties or any party may advise to the Industrial Relations Court at the Central Jakarta District Court with a copy to the Mediation of Industrial Relations. At the suggestion given by the Mediation Judge, the plaintiff has rejected the written advice of the HI Mediator as evidenced in the letter of the Plaintiff. 02 / Tim Lit-As / III / 2007 dated March 16, 2007 to the Head of Dept. of Manpower and Transmigration of DKI Jakarta Province, Responding to the suggestion and therefore the Plaintiff shall be entitled to submit dispute settlement to IRC at Central Jakarta District Court by enclosing the

recommendation no. 059 / ANJ / D / III / 2007, dated 7 March 2007 and give 10 (ten) days to both parties to provide answers. The mediation process at the Office of Manpower Office of DKI Jakarta Province can be seen in the scheme below

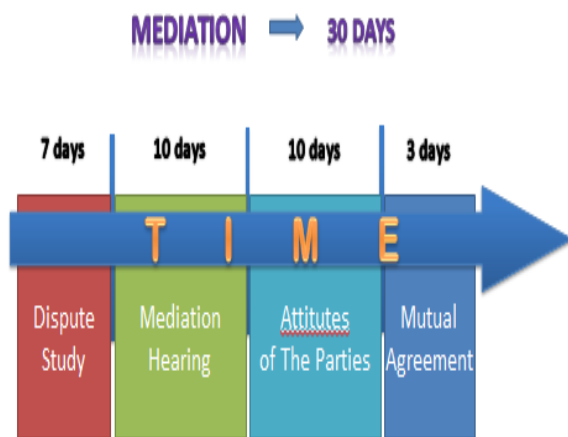


Figure 4.2. Mediation Time Scheme

According to the authors, there is no win or lose term in the recommendation of the Mediation Judge, the suggestion is a consideration or opinion made by the Mediation Judge in handling the IRC case, if the negotiations reach an agreement then the mediating Judge will make a peace deed (Agreement) can reach an agreement then the settlement of layoffs will be delegated to the IRC located in the court where the lawsuit filed. The advice of the Mediator has been rejected by the legal counsel of PT. Media and

continue the settlement of dispute through IR courts at the Central Jakarta District Court.

Analysis of the IRC Process Flow in the Court

Based on observations, DKI Jakarta that the IRC process in the Court can be described in the scheme below

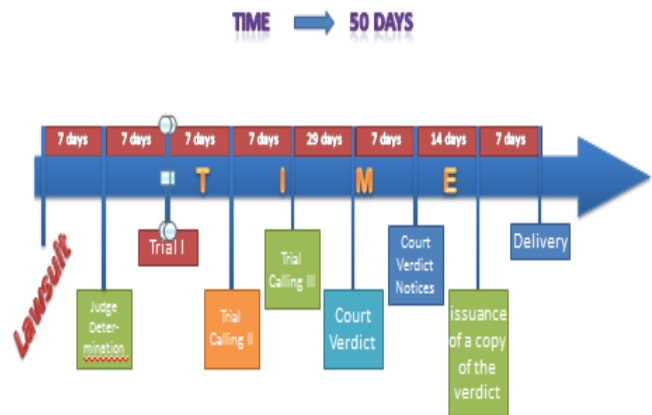


Figure 4.3. IRC Process Scheme

1) Analysis of Plaintiff's Claim Letter

The industrial relations dispute lawsuit filed has been filed by PT. Media represented by Ir. Pratomo in his position as Director through his attorney Arie Lukman, SH.M.Kn. and Deny G.Wijaya, SH. the Advocat offices at the Office of the Sunardi Richard Allied Law Office addressed the IRC courts to the District Court on May 23, 2007 to the Central

Jakarta District Court with the lawsuit number 158 / IRC.G / 2007 / PN.JKT.PST, whose jurisdiction covers the place of workers / laborers work (LAW OF-IRC Article 81). Lawsuit by workers / laborers on termination of employment as stipulated in article 159 and article 171 of Law no. 13 year 2003, may be filed within a period of 1 (one) year from the date of receipt or notification of the decision of the employer. The filing of the lawsuit by the Entrepreneur has been enclosed with a mediation settlement treaty, then the IRC Judge is required to accept the lawsuit against the Plaintiff (LAW OF-IRC Article 83).

The contents of the lawsuit filed by PT.Media has met the requirements of the lawsuit in general which contains:

The identity of the litigant parties namely name, age, occupation and address. Accompanied by concrete proofs of a legal relationship which is the basis for the filing of a lawsuit (sit case / posita); such as the object of laid-off case, legal fact, qualification of defendant's acts and description of plaintiff's loss. Written demands or petitum is what is required by the plaintiff or is expected to be decided by a judge. Subsequently the Letter of the

lawsuit was submitted by the plaintiff's legal counsel to the IRC at the District Court whose jurisdiction covers the workplace (RBG HIR Article 174).

Thus according to the authors that the lawsuit has fulfilled the procedure of the lawsuit and the requirements of the lawsuit as determined by the HIR and RBg and Article 83 paragraph (2) LAW OF-IRC which obliges the judge to examine the contents of the lawsuit from the material requirement that is the content or systematics of the lawsuit and the formal or procedural requirements pursued. So the IRC's Office of the Central Jakarta District Court accepted and registered the lawsuit of PT. The media may then proceed to examine cases and adjudicate cases of termination of employment in accordance with the contents of the lawsuit.

2) Analysis of Defendant's Letter of Answer

In response, the Defendant refused, denied, denied all of the Plaintiff's arguments in the a quo petition, except for what the Defendant had clearly recognized.

- a) Premature Lawsuit, According to Defendant the issue of mutation is a dispute that should be resolved first

before the dismissal disputes; whereas in the a quo posita with subtitles the Plaintiff shall have the right to mutate the defendant and the subcontinent of the Defendant's anarchist action in the absence of mutation, principally arguing the dismissal dispute is a mutation problem; and that pursuant to Article 1 number (2) of Law no. 2 of 2004 on IRC, that the issue of mutation is the territory of the Rights Constitution; Therefore, it is very clear that the lawsuit is premature considering the mutation problem has not been resolved first so it is too early for the Plaintiff to file a laid-off lawsuit.

- b) Lost And Unclear Lawsuits (obscLaw ofr libel), Whereas the reasons and the legal basis for the decision of the layoffs are based on the Civil Code 1603 has been revoked based on Law No. 12 of 1964, and that Law no. 12 of 1964 on layoffs in private companies has been revoked by Article 125 of Law No.2 of 2004; hence the a quo law is vague and unclear; and that the a

quo clause is 21 points IV The claimant shall base on the basic and basic reasons of the layoffs on the number 4 SE Minister of Manpower which is not a type and hierarchy of legislation, pursuant to Law no. 10 of 2004 on the Establishment of Regulation of the SE Law is not legally binding and can not be used as an excuse to lay off because it is contradictory to Law no. 13 of 2003 on Manpower, so it must be disregarded (lex superior derogate legi inferiori). According to the author's analysis, the Defendant proposed two things in his exception, namely the premature lawsuit and the blurred lawsuit in the hope of bringing the Panel of Judges to the definition of the IRC dispute in general, there are 4 kinds of disputes, namely rights disputes, interest disputes, dismissal disputes and disputes between SPs. Whereas the lawsuit filed by the Plaintiff is expressly stipulated as a laid-off lawsuit. Since the exception filed by the Defendant concerning the mutation

has entered the main part of the case and regarding the blurring of the lawsuit due to the improper legal basis, the plaintiff has been able to submit the facts then the Panel of Judges rejected the defendant's exception. The Defendant argues that the dispute is a matter of rights, not a dismissal dispute, but the Plaintiff's claim has stated explicitly the content of the termination of the employment suit. The issue would be different if the lawsuit was filed by the worker with the content of the rights dispute.

3) Plaintiff's Duplicate Analysis

Based on the Defendant's reply that contains matters that are detrimental to the Plaintiff, the Plaintiff shall subsequently file a counter-claim against the Defendant of Reconstruction so that for that purpose, the Plaintiff shall remain in the arguments of the above suit. Things that have been revealed in the Conference is something that is not separated in reconstruction.

The author is of the opinion that Duplik in the IRC is not commonly used because the timing of the settlement is very limited,

but in the past the Plaintiff has filed a Reconciliation Law against the Defendant of Reconstruction in the form of an affirmation of the previously proposed lawsuit which is an inseparable part. In fact, at the time of the filing of this lawsuit, the Plaintiff of the Reconstruction may have filed another lawsuit in the form of non material compensation but the Plaintiff does not take advantage of the legal opportunity only to strengthen the original lawsuit.

4) Reply Analysis of the Defendant

Defendant The reconstruction in his reply filed an excuse based on Jakarta Labour District Recommendation Letter no. 059 / ANJ / D / III / 2007 dated March 7, 2007 and the arguments outlined above the Plaintiffs of Reconstruction request to the panel of judges in their decision.

With respect to the lawsuit, the Panel of Judges, considering the principal issue: granted part of it and rejected a portion of the Lawsuit. While in the lawsuit rekompensi refused the lawsuit rekompensi to reinstate the defendant. According to the author's analysis, the mutation submitted by the Plaintiff is the absolute right of the Plaintiff as set forth in the work agreement

between the Plaintiff and the defendant there is no regulation in the company regulation stating the specific rules concerning union officials can not be transferred, while the reason of the defendant who is the secretary of the union so that it can not be mutated has no foundation of any work agreement so that the judges consider to reject the lawsuit of reconstruction.

The Panel of Judges is of the opinion that the labor agreement has a stronger legal force than the law, when the employment agreement does not regulate the mutation of trade union officials, the panel of judges holds to the existing employment agreement. The issue would be different if the provisions concerning the prohibition of mutation to trade union officials were incorporated into company regulations or collective labor agreements, the judge based his decision on company rules or collective agreements.

5) Analysis of Evidence

In the proceedings the Plaintiff submits a number of written proofs in the form of copies of employment contract documents, letters, pamphlets,

photographs and some Media employee statements which have given stamp duty and leges to corroborate the lawsuit or support the lawsuit and upon examination by the original are eligible. However, the Plaintiff did not file any witnesses in the hearing because the written proof has been sufficiently satisfied and has fulfilled the requirements.

In the verification the Defendant has filed both written evidence and witnesses to support his arguments and weaken the plaintiff's claim in the hearing and after being examined by the Panel of Judges, is valid and fulfill the legal requirements materially so that it can be accepted as evidence of the defendant in the hearing.

In the opinion of the author at the hearing of the submission of evidence and witnesses The Plaintiff has submitted written evidence in accordance with the facts but did not file a witness, it may be possible in the hearing because the plaintiff of the written verification opinion is sufficient. Whereas the Defendant confidently can present evidence and witness in the hope of influencing the Panel

of Judges' consideration in deciding the case and obtaining sympathy from the IRC observers.

6) Conclusion Analysis

On August 16, 2007, the parties have submitted their respective conclusions. In conclusion, the parties summarize the whole trial process from beginning to end by emphasizing the arguments that reinforce his opinion and put forward the arguments that can weaken his opponent.

Thus the authors argue that the parties have used the opportunity given in the session for the submission of conclusions during the trial lasted from beginning to end. In civil cases, conclusions made by the parties are only used as consideration and strengthen the decision to be taken. In the event that neither party nor one of the parties concludes, the opportunity to influence the judge's ruling is based solely on the trial proceedings that have been previously undertaken.

7) Judgment Analysis of IRC Judges at Central Jakarta District Court.

The verdict of the Panel of Judges was read in the hearing on 30 August 2007 in a session open to the public, in the snippet of the verdict read out, among others, including the decision of the Panel of Judges

According to the author, the reading of a court decision preceded by the phrase: "FOR THE SAKE OF JUSTICE UNDER THE ONE ALMIGHTY GOD" is then concluded with the sentence "Thus decided in the consultative meeting of the Panel of Judges of the Industrial Relations Court at the Central Jakarta District Court on Wednesday August 29, 2007 by Heru Purnomo, SH, M. Hum, and so on. Having met the requirements of the verdict of the legitimate Judges, other requirements are also met is by the presence of a full panel of judges and attorneys of the parties, the Registrar or Substitute Registrar.

IRC efficiency analysis In Settlement Disputes Dispute.

Based on observations, documents and interviews with the Office of the Provincial Office of DKI Jakarta that an efficient IRC settlement can be achieved if the fulfillment is a quick, simple, cheap and fair settlement for the parties.

1) Analysis of Completion Time

The dismissal process starts from the Plaintiff's Claim Registration in the Registrar of the IRC at the Central Jakarta District Court on 24 May 2007 with the register number: 150 / PHl.G / 2007 / PN.JKT.PST. and the verdict was read by the Panel of Judges on August 30, 2007 from the grace period since the receipt of the lawsuit until the decision was read out for 70 working days, when this was compared to the standard time of completion of the IRC case 50 working days plus the trial delay 2 times 5 days work for the settlement of ordinary things then total time 60 days.

According to the authors, is the length of time required to settle the case in this lawsuit quickly enough even though there is an overtime of 10 working days. And when compared to the settlement of labor disputes under Law no. 22 of 1957, of the Labor Dispute Settlement Committee has been a very effective judicial reform. The time of completion of this trial will be even faster if at the beginning of the lawsuit filed fulfill the requirements for examination with quick events. In the process in

accordance with Law no. 22 of 1957, the time required to settle labor disputes takes a very long time and is almost uncertain.

2) Analysis of IRC Settlement Costs

The cost of the case at the IRC at the Central Jakarta District Court at an official court hearing is based on a written court ruling of IDR 400,000, - become the burden of the Plaintiff and Defendant divided equally and added penalties for severance pay and reward for the period of work covered by the Plaintiff after which no official fees are incurred. In addition, there are costs incurred by each party either the Plaintiff or the defendant to hire a legal counsel of not less than IDR. 100.000.000, - But these costs can actually be reduced much lower by both parties if they take advantage of legal counsel from Trade Unions or Employers' Association.

According to the author of the official case fees are not very expensive morning justice seekers, cost overpriced precisely because of the choice of each party to his legal counsel from lawyers who have profession and reputation. While the penalty of severance pay is already a matter that should be the burden of the employer

or the company whether through the IRC or not. Thus, in terms of the cost of settlement cases through IRC including efficient when compared with the results obtained on the application of Law No. 22 of 1957.

3) Simple Settlement Process Analysis

To find out the process of completion of the IRC, it is necessary to review the procedure of the IRC trial process in the Central Jakarta District Court: First Trial (Filing of Lawsuit), Second Trial (Response of Claim), Third Session (Replik), Fourth Session (Duplik), Fifth Session (Plaintiff's Proof), Sixth Session (Verdict of Defendant), Seventh Session (Conclusion), 8th Session (Verdict). From each of the above stages the trial is given 7 days or a week and if there is a delay it is only given 2 delays during the trial. According to the authors, the durability of the trials is quite simple each stage is limited by time, when compared with the Settlement of P4P model of P4P funds is much simpler and more definite. A Justice Sense Analysis Obtained by the Parties.

The sense of justice can be seen only from one side only but must be felt by both parties, therefore the law is created. In the

case of the IRC the author sees the verdict read by the panel of judges

In the opinion of the author, the Panel of Judges has acted very carefully on the basis of the positions of the parties and the legal considerations that have the basis or the power of the decision. In the Constitution the Panel of Judges rejected the exception, in the principal of the case granting termination, but punishes the plaintiff to pay the compensation for severance pay and to pay the cost of the matter divided equally to the plaintiff and the defendant. According to the author there is no decision that can give satisfaction to all parties because the satisfaction is very relative. However, when a decision has been read out and either party or parties can not accept the decision it is still open to appeal within 14 working days after the verdict is read out.

According to the authors, the practice of civil procedure law of IRC in general has proven to be effective in terms of fast, simple, cheap and fair settlement. In relation to the effectiveness of legislation in the field of employment these three factors need to take a long time to prove it. However, in the Law-IRC also set the process of inspection with a quick time

as can be seen in the scheme below. At least the IRC Law has demonstrated its ability to complete the IRC process within 6 weeks or 42 days as shown in Figure 4.4

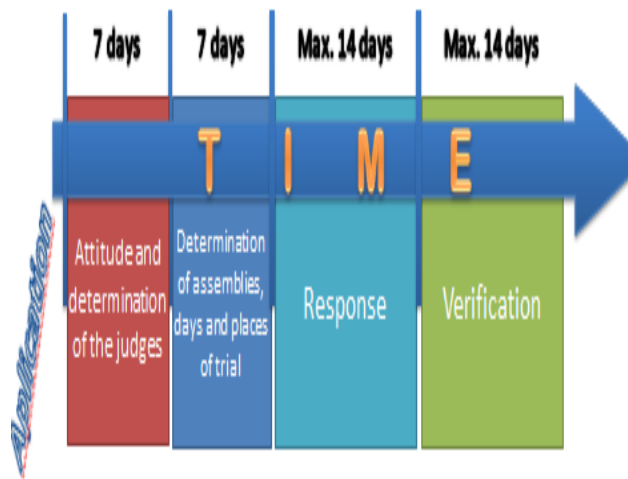


Figure 4.4. Rapid Evaluation

Thus the settlement of industrial relations disputes becomes better and more effective than the previous product of labor dispute settlement law.

CONCLUSION

Process Flow Beyond IRC On Settlement Dispute Resolution

The process of settlement of the layoffs begins when there is a violation of the employment agreement or violation of the terms used as a common reference by workers

and employers resulting in a layoff. Decisions on layoffs made by employers must be preceded by bipartite negotiations. If in bipartite negotiations that lasted 30 days at the most, an agreement is reached then a Joint Agreement (MUTUAL AGREEMENT) to be reported to the IRC to be binding on the parties, but if no agreement is reached one of the parties may register a dismissal dispute to the IRC Office located at the Office of Power Local Work and Transmigration.

Within 30 days the Office of Manpower and Transmigration through the mediator of the IRC is seeking a settlement. If an agreement is reached, a MUTUAL AGREEMENT may be submitted to the IRC to obtain a binding legal force for the parties, but if no agreement is reached the IRC mediator will make a letter of recommendation to be replied within 10 (ten) days. If there is no answer then it is considered not reached agreement. One of the parties who disagreed subsequently registered a lawsuit to the IRC at the local PN through the local PN Registry Office.

Process Flow Inside IRC On Settlement Dispute

Within 7 days from the date of the decision of the Panel of Judges, the Chief Judge must

have started the first hearing, at the first hearing the judge seeks to reconcile if not willing to proceed with the reading of the lawsuit. The second hearing heard the answer from the Defendant which could be an exception and a reconnaissance lawsuit. The third trial heard replication with the intention to answer the Defendant's reply as well as to file a claim of reconciliation read by the Plaintiff. In the fourth trial, a duplicate of the Defendant / plaintiff for reconstruction with the purpose of answering the plaintiff's reply and reinforcing the defendant's answer. In the fifth trial is the Proof by the Plaintiff in the form of submission of written evidence and witnesses in order to strengthen the lawsuit and weaken the response of the defendant or the lawsuit of reconstruction.

The sixth session was read by the Defendant to prove the objection to weaken the plaintiff's claim and to confirm the response of the defendant or the lawsuit of reconvention. The seventh session reads the conclusions of each side to summarize the entire trial process that has been passed. The eighth hearing of the decision by the Panel of Judges.

The bipartite negotiation process lasts 30 days plus a 30 day HI mediation and 50-day IRC trial, if one of the parties does not accept the decision of the IRC judge then proceeds

to PK to MA which will last for 30 days, so the whole trial takes about 140 days. In this thesis the authors limit the analysis on the trial IRC level in the PN course so that the process after being read out the judges decision in the IRC will not be discussed further. The process of settlement of disputes will be faster when using the process of completion with a quick examination in accordance with Law No. 2 of 2004.

Aspect Analysis of IRC Costs on Settlement of Dispute Resolution

The cost efficiency of the IRC in resolving the dismissal of disputes can be seen in terms of the timing of a quick settlement, the low cost of settlement, the simple and fair settlement process for the disputing parties is very effective. In the IRC process by which the authors of this analysis, it turns out that the time required for the entire settlement process prior to entering the settlement through the courts starting from bipartite negotiations, mediation by mediator judges and mediation by parties outside the IRC until the court verdict is read very prolonged time from the decision PHK by PT. Media dated December 9, 2006, until the reading of the verdict dated August 30, 2007 has taken 184 working days should ideally be 110 days.

The length of the time is due to a prolonged mediation process due to the many parties wishing to interfere in mediation. If the trial continues until the Supreme Court's ruling then the time required will increase by another 30 days even more. However, for the process at its own IRC the required time is only 60 working days or 10 days longer than the standard time stipulated by the Act and plus 30 days if the trial proceeds to PK in MA.

In relation to IRC cost aspects, these three factors have not been able to run well as expected and still require a long time of proof in line with improvements from supporting regulations such as Government Regulations, Ministerial Decrees and other implementing Regulations. In addition, learning and understanding of the contents of the IRC Law and the institutionalization of the organs associated with the IRC, such as the IRC Judge, Mediator, Conciliator, Arbitrator and lawyer.

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**THE INFLUENCE OF AGGRESSIVE FINANCIAL REPORTING OF THE COMPANY
TOWARD AGGRESSIVE TAX REPORTING IN AGRICULTURAL COMPANIES**

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Received: October 27, 2018; Revised: May 18, 2019; Accepted: June 19, 2019 **Abstract**

This study aims to determine the influence of aggressive financial reporting, ROA, DAR, and Size OF The Company toward Aggressive Tax Reporting (ATR) in agricultural companies listed in *Daftar Efek Syariah* (DES) during period 2013-2016. The sampling method is purposive sampling. The data analyzed using multiple regression for dated panel with significance level 5% (0,05). The choosing model test showed that model used in this study is the Fixed Effect Model (FEM). Simultaneously all independent variables from model had significant influence toward dependent variable (ATR). Partially aggressive financial reporting, ROA, and DAR that had significance influence toward ETR, while variable size had insignificant influence. The research also showed that there is trade off between aggressive financial reporting and aggressive tax reporting.

Keywords: Aggressive Financial Reporting, Aggressive Tax Reporting, Return on Asset (ROA), Debt on Asset (DAR), and Agency Theory.

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh pelaporan keuangan agresif, ROA, DAR, dan Ukuran Perusahaan terhadap Pelaporan Pajak Agresif (ATR) pada perusahaan pertanian yang terdaftar di Daftar Efek Syariah (DES) selama periode 2013-2016. Metode pengambilan sampel adalah purposive sampling. Data dianalisis menggunakan regresi berganda untuk panel tanggal dengan tingkat signifikansi 5% (0,05). Tes pemilihan model menunjukkan bahwa model yang digunakan dalam penelitian ini adalah Fixed Effect Model (FEM). Secara bersamaan semua variabel independen dari model memiliki pengaruh signifikan terhadap variabel dependen (ATR). Pelaporan keuangan agresif sebagian, ROA, dan DAR yang memiliki pengaruh signifikan terhadap ETR, sedangkan ukuran variabel memiliki pengaruh tidak signifikan. Penelitian ini juga menunjukkan bahwa ada trade off antara pelaporan keuangan agresif dan pelaporan pajak agresif. Kata Kunci: Pelaporan Keuangan Agresif, Pelaporan Pajak Agresif, Return on Asset (ROA), Debt on Asset (DAR), dan Teori Agensi.

INTRODUCTION

Indonesia has a source of income from several sectors, among them is the tax sector. Tax revenue is a very important sector and can be used for national development, improving people's welfare, and improving public facilities. Indonesia with its strategic location stand in the middle of world trade traffic. The establishment of companies from domestic and abroad adds to the tax potential revenue for Indonesia.

According to UU No 36 Year 2008 article 1, tax is a mandatory contribution to the state owed by an individual or corporation upon income its earned or received. Sari (2010) stated that tax is a process of transferring wealth from the corporation to the state, so the amount of billed tax become an expense for the companies. Indonesian government conducts several regulations related taxes in order to maximize the state revenue from tax, because tax fund affect APBN significantly.

Revenue from the tax should reach maximum level because it will be used to finance the development in the central or countryside area. RAPBN 2014 stated that revenue from tax used to fund many public

sectors, such as development in education and public welfare, improve defense and security, and developing the countryside (Puspita & Harto, 2014).

Ministry of Finance released that in 2013 tax received by the state from non migas sector reach around 90,47% of the target, on 2014 the tax received by the state around 74,6% of the target, and in 2015 the tax received only reach around 63,57% of the target. The data showed each year there is decreased in achieving the target (pajak.go.id, 2012).

General Secretary of Forum Indonesia Untuk Transparansi Anggaran (FITRA), Yenny Sucipto, stated that every year, allegedly there was a tax evasion case that amounted to 110 trillion rupiah. From all of that around 80% were made by corporation, while the rest were done by individual. Yenny also stated that during the period 2010-2014 accumulated illegal fund smuggled overseas reach about 914 trillion rupiah. It is the same as 45% money circulates in Indonesia (Suara.com, 2017).

The amount of revenue the companies earn is linear with the amount of tax should be paid. The large amount of billed tax makes them arrange several strategies, namely

manipulating record of the transaction. This strategy is not part of tax avoidance or tax planning, but included as tax evasion that classified in illegal acts.

In order to prevent the company from committing tax evasion takes proper management to manage and suppress the tax expense as low as possible. Darmadi and Zulaikha (2013) stated tax management is meant to fulfill tax obligation properly, but at the same time also suppress tax expense as low as possible to earn profit and liquidity that management desired. Tax management must be done well so as not to violate tax regulation.

The company can also make use the gaps that appear between regulations, this action often called as aggressive tax reporting. Zuber and Sanders (2013) positions tax aggressive as a potential that appears in the gray area between tax avoidance and tax evasion. Frank, Lynch, and Rego (2009) stated that tax aggressive is an action which is intended to lower taxable income through tax planning, either classified as a tax evasion or not.

Chen (2010) concludes that tax aggressive appears because there is a conflict

of interest between company as a taxpayer and the government as a tax collector. The government collects tax to finance its activities, while the company takes tax as an expense. Tax expense will reduce net income so it is suspected the company prefers doing aggressive tax reporting.

On the other hand, tax aggressive also has bad influence for the company because it forces management to suppress the profit even lower. The company reputation can be ruined in the eye of stakeholder, such as creditor and investor. To get a long term debt and capital injection, the company tends to show higher profit. This action often called aggressive financial reporting (earning management) (Kamila, 2014). Moreover, Frank, Lynch, and Rego (2009) defines aggressive financial reporting as an activity to increase profit through earning management either according to accounting principle or not.

The motivation behind tax management and earning management is almost the same. Tax management related to the earning management because to attain it, the manager need to control the profit as low as possible. On the other hand, when manager needs to

increase/decrease the profit, it is needed to control tax as one of the biggest and regular expense (Kamila, 2014).

The thing above showed the possibility of trade off between aggressive tax reporting and aggressive financial reporting or often called as book-tax trade-off (Shackleford & Shevlin, 2001). The statement above supported by the result of Erickson, Hanlon, and Maydew research (2004) where there are few small firms, accused did tax evasion by Securities Exchange Commission (SEC), willing to pay the higher tax expense in order to have a higher profit record.

Different with the result above, newer research showed there is no trade-off between aggressive tax reporting and aggressive financial reporting. In early 1990s, companies in the USA able to reports low amount of tax to the government and at the same time report high amount of profit. This phenomenon, called book-tax difference(Frank, Lynch, & Rego, 2004). An Increase in book-tax difference allows discrepancy between accounting principle and tax regulation, in result the company has the chance through the existed gap to suppress the tax expense and increase profit

at the same time (Frank, Lynch, & Rego, 2009).

Debt On Asset is a ratio that measure how many of assets financed by debt. If the company has large debt, the interest will decrease the earnings before tax, so the tax expense will be smaller. The company can use the leverage as a way to minimize the earning before tax so the tax expense will become lower (Adisamartha & Noviyari, 2015).

Return On Asset is a ratio that measure the ability of a company to make profit from its asset. ROA is one of the factors that can affect the tax expense. A company with high profitability will pay larger tax, on the other hand company with low profitability will pay smaller tax. Company with low profitability more likely do tax aggressive and maintain the profit high, so it can pleased the stakeholder (Adisamartha & Noviyari, 2015).

The Size of the company can measure the large/small asset owned by the company. The bigger the asset is expected to increase the productivity of the company. Increased in productivity will also increase the profit and most likely will affect with tax expense should be paid by the company (Adisamartha & Noviyari, 2015).

LITERATURE REVIEW

The Agency Problem In Taxation

Agency theory not only applied in profit companies, but also in taxation. Indonesian Government released UU No. 36 Year 2008 about Ketentuan Umum dan Tata Cara Perpajakan, the law stated that Indonesian government is a tax collector and has the ultimate right to collecting tax. While the taxpayer is a private citizen or organization, either profit or non profit, that fulfill certain criterias stated in the law. In this context Indonesian government will be categorized as a principal, while the taxpayer will be categorized as an agent (Ayu, 2008).

The government as principal task the taxpayer as an agent to paid certain amount of taxes in order to govern the country, such as for APBN to develop the economy. But, in the profit companies eyes as one of the biggest taxpayer, tax is categorized as an expense and should be pressed as minimum as possible. This is showed the conflict of interest between principle and agent in taxation term (Ayu, 2008).

Moreover, since tax reformation in 1983, Indonesian government changed the

collecting tax system, from official assessment into self assessment. Self assessment means the taxpayer will calculate, paid, and report its tax expense itself. The government will only controlled the process by assessing if the taxpayer do it in accordance with the law or not (Gunawan & Hidayat, 2005). This system, if not control and conduct properly, will lead to asymmetrical information problems.

The taxpayer represent by the director knows more about the condition of the company than the government. So, in order to minimize its tax expense the director will conduct several policy/action, either categorized as legal or illegal, using the information that the government know less about and try to gain some benefit. This action is called aggressive tax reporting (Hite & McGill, 1992).

Aggressive Tax Reporting

Tax aggressive is an action or policy set by management to reduce the tax expense. According to Frank, Lynch, and Rego (2009) tax aggressive is an action aimed to lowering the taxable income through tax avoidance, either using ways that is classified as tax evasions or not. Hite and McGill(1992) also

referred to tax aggressive as a condition in which company have the authority to enforce tax policy and there is possibility that the policy classified as illegal.

Desai dan Dharmapala (2009)said that tax aggressive can be classified into 2 views, traditional and contemporary. The traditional opinion states that aggressive tax are a form of securing wealth, which is done solely to reduce the tax expense. On the other hand, contemporary opinion defines tax aggressive as a form of rent extraction, ie when managers act not for the benefit of shareholders but for personal gain.

Tax aggressiveness can be measured in several ways, Gebhart (2017) listed several methods in their paper, namely effective tax rate, Long-Run Cash ETR, discretionary book-tax difference, etc. Among those methods, Effective Tax Rate (ETR) is most often used in research. ETR is obtained by dividing the tax expense by income before tax. If an ETR is below the statutory tax rate, it signal that tax avoidance happened in the company

Aggressive Financial Reporting

Financial statement is one of ways to disclosure financial information of a company. The most important information

and a major concern for users of financial statements is the profit. Profit is used as a reference to assess the performance of the company and is considered capable in generating economic benefits in the future. This encourages company to practice earnings management, where managers can determine accounting policies in preparing financial statements to achieve certain goals. Among them is increasing the accounting profit in the financial statements (which are not in accordance with the real conditions of the company so as to attract investors / creditors to invest capital(Hutapea, 2009).

Frank, Lynch, and Rego (2004) define the aggressive financial reporting as an activities of improving corporate profits through earnings management (earnings management), wether it is appropriate or not in accordance with the applicable regulations. Rosenzweig in Kamila (2014) refer to earnings management as an actions taken by managers to increase the amount of income earned in the short term by ignoring the increase in corporate profits in the long term (Kamila, 2014).

Ewert and Wagenhoefer in Hanna and Haryanto (2016) stated that one of the ways the company choose to estimate earning

management is using discretion. The proxy often used is accrual discretion that is obtained from the residual regression of accrued income.

Accrual method is a method of recording financial transaction where the income will noted when a transaction occurs, not when payment has been made. Accrual discretion is by earning management technique that does not have direct consequences for the company's cash flow (Roychowdhury, 2006)

Return On Asset (ROA)

Return on Asset (ROA) is a ratio used to assess the company's ability to utilize its assets to earn profits. This ratio measures the return of investment rate based on the company's asset. Profit used is are profit before tax and interest, it is to see how big the profit generated by the company before the deductible expenses (Prastowo, 2014). ROA used to measure the performance of the company in obtaining profit. ROA also can measured the profit of the company from previous activities and projected into the future activities.

Sudarmadji and Sularto in Amertha (2013) stated that profit presented in the financial statements are used as performance

indicator of the company by investors and become a benchmark for the success of the management running the company's operations. Rodriguez and Arias also stated that the profitability will influence tax expense and one of determining factor of tax expense, because the bigger the profit the tax expense will also getting bigger. On the other hand, company with low profit will paid lower tax expense (Ardyansyah & Zulkiha, 2014).

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Debt On Asset (DAR)

Debt to Asset (DAR) is a ratio used to measure how much the company's assets are financed by debt or how much debt affects the management of assets. The higher the ratio of DAR indicates that debt of the company is high and will make it difficult for companies to obtain additional borrowed funds. Conversely, if the rate is lower the company is not mainly financed with debt (Kasmir, 2014).

The size of the DAR can influence with the size of tax expense. This is because the interest from debt can become a deductible in the calculation of tax, so the tax expense will decrease. So the higher the interest of debt will make the ETR score smaller (Lanis & Richardson, 2012).

On the other hand, the Debt covenant theory stated that when the company asset consist mainly from debt, the company will not do tax aggressive. It is because the company will try to maintain a good relationship with the creditor, and keep the profit high, so the tax expense will be large too (Adisamartha & Noviari, 2015).

Size of The Company

The size of the company measured by total assets will be calculated using the natural logarithm $\ln(n)$. This is because if total assets written directly, there will be excessive fluctuations in the data, thus simplified using natural logarithm (Ghozali I., 2006).

The Political Power Theory stated that big company can utilized its potential to manipulate its tax expense through political process, but on the other hand there is also Political Cost Theory stated that big company can not aggressive in taxation in order to avoid any political attention (Watts & Zimmerman, 1990).

METHOD

This method of research is associative which aims to see the influence of variable independent towards variable dependent. (Sugiyono, 2009). This thesis aim to analyze

the influence of Aggressive Financial Reporting, ROA, DAR, and Size Toward Aggressive Tax Reporting in Agricultural Companies listed in Daftar Efek Syariah (DES) during period 2013-2016.

Operational Variables

So that research can be done as expected, it is necessary to understand the

various elements that form the basis of scientific research contained in the operational variables. The variables used in this research are dependent variable and independent variable. The explanation of variable dependent and independent used will be as follows:

Table 1 Operational Variables

No	Variable	Measurement	Referenced
Dependent Variable			
1	Aggressive Tax Reporting (Y)	$ATR_e = \text{Statutory Tax Rate} - ETR_e$	Gebhart (2017)
Independent Variable			
1	Aggressive Financial Reporting (X ₁)	$\text{Accrual Discretion}_{it} = TAcc_{it} - NDACC_{it}$	Roychowdhury (2006)
2	Return on Asset (ROA) (X ₂)	$ROA = \frac{\text{Net Income}}{\text{Total Asset}}$	Prastowo (2014)
3	Debt to Asset (DOA) (X ₃)	$DOA = \frac{\text{Total Debt}}{\text{Total Asset}}$	Kasmir (2014)
4	Size of The Company (X ₄)	$\text{Size} = \ln(n)$	Kamila (2014)

Source: data processed by researcher (2017)

Data collection method used in this research is documenting secondary data, namely by collecting annual report and financial report of companies listed on the Daftar Efek Syariah (DES) during period 2013-2016 from the official website of each company.

Population used in this research is 14 agricultural companies listed on Daftar Efek Syariah (DES). Researcher used purposive sampling in order to discover representative samples in line with the set criteria as follows:

- Company listed in the Daftar Efek Syariah (DES) during the period of 2013-2016
- Company that publish complete annual reports and financial statements during the period of 2013-2016 on the official companies websites
- Company with ETR score lower than the statutory tax rate

Based on the criterias above there are 8 companies that become the sample in this research. The companies's financial reports will be examined during period 2013-2016. This research used panel data analysing method which is a regression that combines time series and cross section data (Widarjono, 2013). This research aimed to

analyse the influence of aggressive financial reporting (X_1), ROA (X_2) DOA (X_3), and size (X_4) towards aggressive tax reporting. The data will be analysed with the help of program application named EViews 9. The following is the equation of panel data regression in this research:

$$\ln Y_{it} = \beta_0 + \beta_1 \ln X_{1i} + \beta_2 \ln X_{2i} + \beta_3 \ln X_{3i} + \beta_4 \ln X_{4i} + e_{it}$$

Explanation :

Y : Aggressive Tax Reporting (ATR)

β_0 : Constanta

β_{123} : Coefficient regression of each variable

X_1 : Accrual Discretion

X_2 : Return on Assets (ROA)

X_3 : Debt on Assets(DAR)

X_4 : Size

e : Error

A model is said to be good for a predictive tool if it passed the classical assumption test. Classical assumption test is used to ensure that the regression model has met criterias so it can be used to test the hypothesis. The model should passed the classical assumption test, otherwise the variables would be consider as unqualified to explain

the problems (Setiawan & Budi, 2015). Classical assumption consist of 4 stages test that should be done chronologically, those are normality tes, multicollinearity test, heteroskedasticity, and autocorrelation test (Ghozali & Ratmono, 2013, hlm. 165).

After the data past all the classical assumption tests, the next step would be choosing the best model to measure the regression, those are Common Effect Model, Fixed Effect Model dan Random Effect Model. In order to get the best model, it is needed to do 2 choosing tests, first namely F Statistic Test/Chow Test to choose between Common Effect Model and Fixed Effect Model. Second the Hausman Test to choose between Fixed Effect Model and Random Effect Model (Widarjono, 2013).

When the model had been chosen and used, the result will analyse using t-statistic test and F statistic test. The t-statistic test used to see the partial influence of each independent variable, while using F statistic test to see the wether all of variable independent in the equation influence the

variable dependent simultaneously. While coefficient determinant (R²) used to see wether the model can explain the variance of variable dependent. Small value of R² means that the model is really limited in explain the dependent variable (Ghozali I. d., 2013).

RESULTS AND DISCUSSION

Companies engaged in Agricultural Industries listed in Daftar Efek Syariah (DES) during period 2013-2016 and passed the set criterias of purposive sampling are 8 companies. The table above showed tax aggressiveness done by each companies. The data showed that at least 10 companies in research sample do tax aggressive in the level of 5% to 11% below the statutory tax rate yearly. While the rest of the samples, doing tax aggressive in the level 1% to 4% below the statutory tax rate of 25%, yearly.

Statistic Description Analysis

The following table explains the statistical description of the data in the form of average value, maximum value, minimum value, median, and standard deviation:

Table 2 Statistic Description

	ETR	ATR	DA	ROA	DAR	SIZE
Mean	0.2134	0.0369	-0.0704	0.0871	0.3944	21.9365
Median	0.2194	0.0300	-0.0636	0.0773	0.4459	22.1739
Maximum	0.2432	0.1100	0.0518	0.2447	0.6773	24.2057
Minimum	0.1440	0.0100	-0.3164	0.0111	0.1383	19.3361
Std. Dev.	0.0246	0.0254	0.0718	0.0617	0.1544	1.5489

Source: Output EViews 9

(2018) Based on the result, the companies practiced aggressive financial reporting by decreasing profits, it is indicated with the mean of accrual discretion is negative numbers - 0.0704. contrasting to the aggressive financial reporting, the average value of Aggressive Tax Reporting (ATR) show positive numbers 0.0369, which means averagely the companies able to do tax aggressive 3% lower against the statutory tax rate. The difference is not really big because the trend of the company is by lowering its profit, so without doing tax aggressive the tax expense is already low.

The company averagely able to produce profit around 8% from its asset. It is

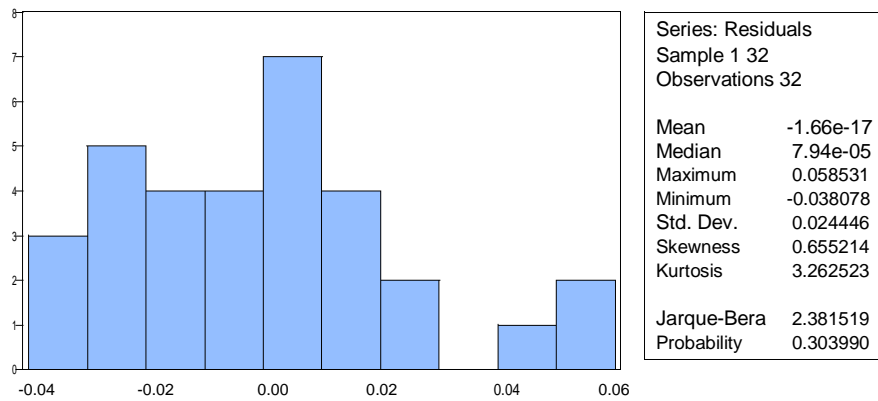
relatively small, but relevant because the DA trend is decrease the profit. Around 40% of the company's asset is financed by debt. So almost half of its asset is consist of debt. It showed the potential that the company could manage the interest from debt as a subtraction for the earning before tax. The size of the company is not really varied, the maximum and the minimum score is close.

The Result of Classical Assumption Test

Normality Test

The following table is the normality test result:

Table 3 Normality Test



Source: Output EViews 9 (2017)

The graphic above shows the result of which is more than 0.05. It means the data are normality test by using the probability score normally distributed.

Multicollinearity Test

Table. 4. Multicollinearity Test

Matrix Correlation Between Variables				
Variable	DA	ROA	DAR	SIZE
DA	1.0000	0.1848	-0.2901	0.1215
ROA	0.1848	1.0000	0.5700	0.1767
DOA	-0.2901	0.5700	1.0000	-0.1095
SIZE	0.1215	0.1767	-0.1095	1.000

The following table is multicollinearity test result:

Source: Output EViews 9 (2017)

The table above shows the result of It means that the data are free of multicollieanarity test by using the score of multicorrealinity problems. matrix correlation test which is less than 0.90.

Heteroskedasticity Test

The following table is the heteroskedasticity test result:

Table. 5 Heteroskedasticity Test

Obs*R-squared	8.392167	Prob. Chi-Square(4)	0.0782
Scaled explained SS	7.835312	Prob. Chi-Square(4)	0.0978

Source: Output EViews 9 (2017)

The table above shows the result of 0.05. It means that the data are free of heteroskedasticity test by using the score of heteroskedasticity problems. probability Obs*R-squared which is more than

Autocorrelation Test

The following table is the autocorrelation test result:

Table. 6 Autocorrelation Test

F-statistic	4.273529	Prob. F(2,29)	0.1236
Obs*R-squared	8.194892	Prob. Chi-Square(2)	0.1166

Source: Output EViews 9 (2017)

Regression Model

Table 4. 6The Statistic Result of FEM

Variable	Coefficient	Std. Error	t-Statistic	Prob.
DA	-0.176720	0.074134	-2.383804	0.0262
ROA	-0.166156	0.137651	-1.207083	0.0424
DAR	-0.109990	0.060596	-1.815142	0.0432
SIZE	0.010145	0.010208	0.993823	0.3311
C	-0.140177	0.224646	-0.623992	0.5391

R-squared	0.518715	Mean dependent var	0.036944
Adjusted R-squared	0.234319	S.D. dependent var	0.025837
S.E. of regression	0.022608	Akaike info criterion	-4.455723
Sum squared resid	0.011245	Schwarz criterion	-3.839910
Log likelihood	94.20301	Hannan-Quinn criter.	-4.240788
F-statistic	1.823918	Durbin-Watson stat	1.795260
Prob(F-statistic)	0.031424		

Source: Output EViews 9 (2017)

Based on the result of Fixed Effect Model (FEM) above, the equation regression of this research is as follow:

$$Y = (0.1401) C + (0.1767) X_1 + (0.1661) X_2 + (0.1099) X_3 + 0.0101 X_4$$

Explanations:

Y : Aggressive Tax Reporting (ATR)

C: Constantan

X₁ : Accrual Discretion (AD)

X₂ : Return On Asset (ROA)

X₃ : Debt On Asset (DAR)

X₄ : Size

Discussion

Aggressive Financial Reporting

The first hypothesis stated that Discretionary Accrual has a negative influence towards ATR. The result of the analysis showed that the probability t-Statistic score is lower than 0.005 with a coefficient -0.179584. It means that variable Discretionary Accruals have significant influence towards ATR.

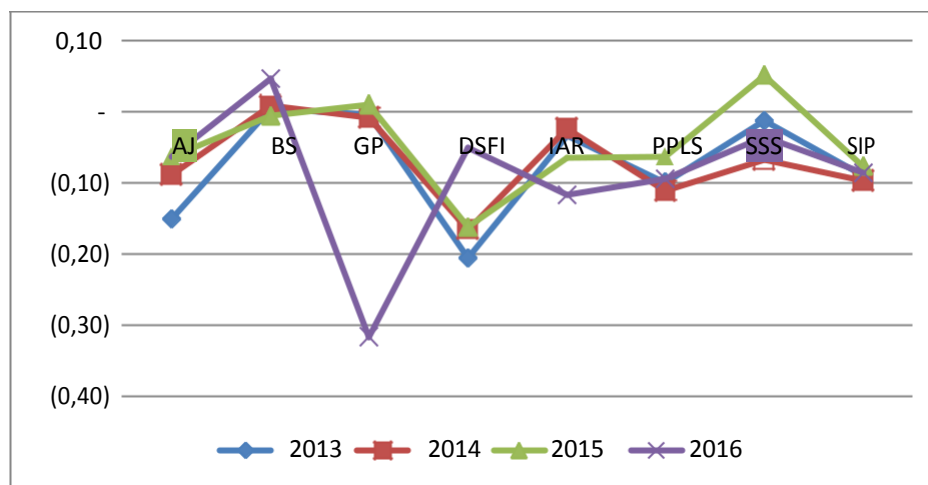
In order to manage the company, the manager receives different pressure. The stakeholder and the debtor will pressure the manager to report maximum profit, while at the same time the manager has main duty to manage the company's expenditure as efficient as possible. One of the biggest expenditure in company is tax expense, and

usually manager doing several strategies in order to obtain minimum earning before tax so the tax expense will be lower. In this condition management facing the trade-off condition between tax aggressive and aggressive financial reporting. This research showed that the influence is negative, means that when the manager doing earning

management in order to increase its profit, the company must bear with the risk to paid higher tax expense.

It is also needed to take note that the research sample had a trend to decrease its profit as shown in the chart below:

Graphic 1 Aggressive Financial Reporting



Source: data processed by researcher (2018)

The chart above showed the trend of earning management done by sample companies. The majority of the data showed negative numbers, mean that majority of the sample companies decrease its profit. This is probably caused by the condition of the agricultural industry in Indonesia. For the last five years agricultural industries showed progressive growth and positioned by the

government as one of the representatives in international market. The government also seen as it as a big potential source for income tax.

Companies seen tax expense as an expenditure that need to minimize, so the manager in sample companies probably decreases its profit in order to avoid paying higher tax. It is shown that there is a conflict

of interest happened, where principle or government do its right by collecting taxes, the agent or companies avoid it by decreasing its profit, so the tax expense will be lower.

This result supported by the research of Erickson, Hanlon, and Maydew (2004), Hanna and Haryanto (2016), and Waharini and Annisa (2017). Erickson, Hanlon, and Maydew stated in his research that companies which conduct tax management or earning management usually has bad good corporate governance. The sample research in Erickson, Hanlon, and Maydew was indicated doing several manipulation to avoid tax and marked by Securities and Exchange Commission (SEC) as a companies conduct financial fraud.

Return On Asset (ROA)

The third hypothesis stated that Return On Asset (ROA) has a negative influence towards ETR. The result of the analysis showed that the probability t-Statistic score is lower than 0.005 with a coefficient - 0.196116. It means that variable Return On Asset (ROA) have significant influence towards ETR.

The significant negative influence showed that companies with low profitability rate tend to do aggressive tax reporting in order to

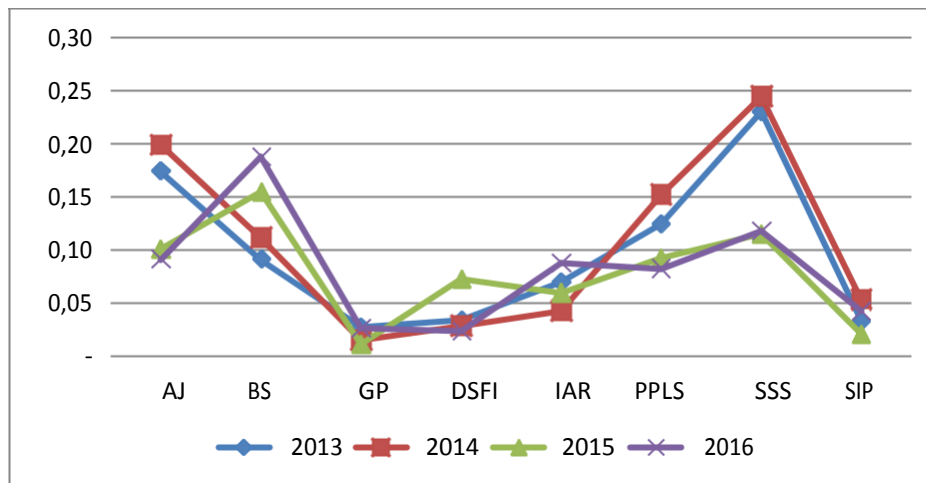
But this result contradict the research of Kamila (2014) and Frank, Lynch, and Rego (2009) that found there is no trade-off between aggressive financial reporting and aggressive tax reporting. It is probably caused by different condition of the industries and different law of another country abroad. The different of method in calculating the tax aggressive also may become the caused. Frank, Lynch, and Rego and Kamila both used discretionary book-tax difference method, while this research used accounting/GAAP ETR that do not differentiate between current tax and deferred tax.

show good performance to the stakeholder. When the company practice tax aggressive the net profit will be bigger, it will also make the score of ROA higher. ROA is one of the main ratio oftenly used by the stake holder to evaluate the condition of the company. So, if the score of ROA high it will benefit the company. On the other hand company with high profitability will have less tendency to do tax aggressive. It is because the high profit

will show in the financial report, and it will strike suspicion if the tax expense is low. Rodriguez and Arias (2012) also stated that ROA have direct influence towards ETR. If the ROA is the company will try to increase it by doing tax aggressive. The saving from

minimize tax expense will be used to add the net profit and make the ROA bigger. It is relevan with the data, because the sample companies averagely only able to raise profit 8% from its asset.

Graphic 2 Return On Asset (ROA)



Source: data processed by researcher (2018)

The chart above explain that 5 from 8 sample companies showed that it only able to produce around 1% to 10% return from its asset turn over. It is really low and indicated that there is around 80% return that can not be acquired as profit for the company. It is also contradict the purpose of the companies to make profit.

The low score of ROA may indicated that the return from asset is allocated in another post, such as to paid debt as the data

also showed that the Debt on Asset ratio is really high. If majority of asset fund by debt automatically the majority of asset will be used to paid debt too.

This result supported by the research of Kamila (2014) and Ardyansyah (2014). Those research also stated that ROA had significant positive influence towards ATR. The savings from doing tax aggressive will be used to increase the net profit, so the ROA will be higher. Higher ROA will attract

stakeholder and showed that the companies is good.

But this result contracting the research of Ardyansyah (2014) that stated ROA had no significant influence towards aggressive tax reporting. This may be caused the score of ROA is different from the sample companies of this research. If the score of ROA is high, the companies prefer to not do tax aggressive as it will shown in the financial report.

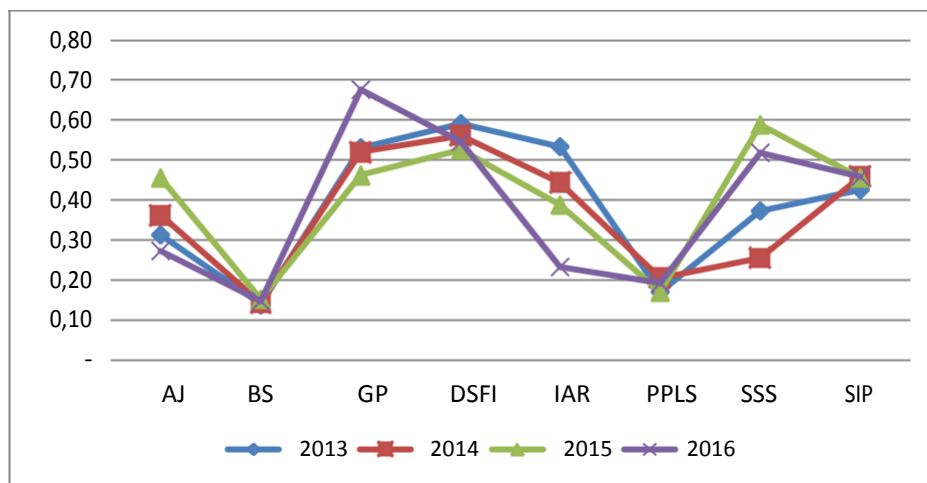
Debt On Asset (DAR)

The second hypothesis stated that Debt On Asset (DAR) has a negative influence to do tax aggressive and the profit drop, the company can lose the trust/belief from the debtor.

towards ETR. The result of the analysis showed that the probability t-Statistic score is lower than 0.005 with a coefficient - 0.110935. It means that variable Debt On Asset (DAR) have significant influence towards ETR.

The significant negative influence means the companies' behavior is in accordance with the Debt Covenant theory. The companies try to maintain good relationship with the debtor and keep the profit higher in order to meet with the demand of the debtor. If the companies decided

Graphic 3 Debt On Asset (DAR)



Source: data processed by researcher (2018)

The chart above showed that around 5 from 8 sample companies had ratio Debt On Asset (DAR) between 40% to 70%. It means that more than half of its assets financed by debt, and will potentially make the companies dependent of the debtor and will do anything to fulfill their wish. The company may can not stand on their own when manage their operation.

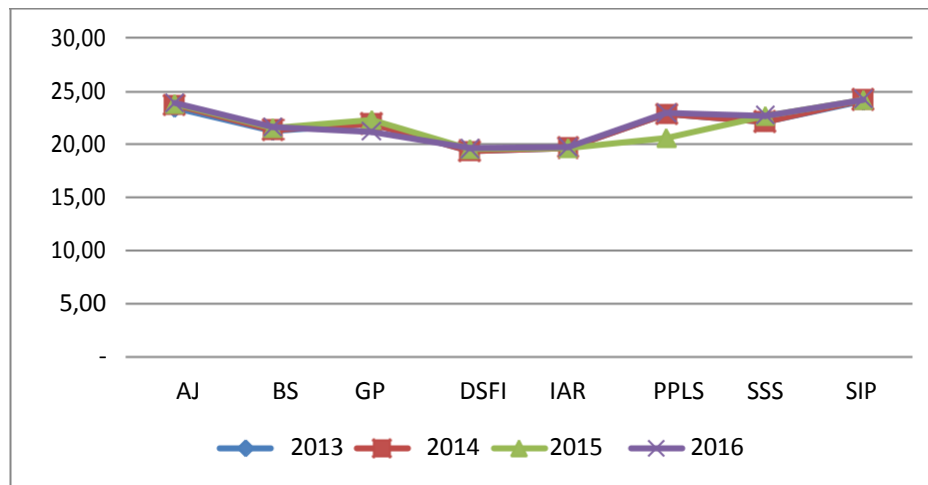
It is also indicated that the output from turnover of its asset will be used to pay its debt rather than to acquire it as a profit. This is also indicated bad management as the of sole purpose of a company is to make profit. This result supported by the research of Adisamartha and Noviari (2015), and Waharini and Annisa (2017). Those research also stated that DAR had significance negative influence towards ETR and cited that debt covenant condition as the caused.

But this research contrasting the research of Lanis and Richardson (2012) that said DAR had significance positive influence

towards ETR. The difference probably because the policy of debt interest is different between Indonesia and Australia. In Indonesia the interest can be considered as subtraction of tax expense if already meet certain criteria set by the state. SE-46/PJ.4/1995 stated that the interest can be used as a subtraction of EBT should meet the criteria, that is the average debt with interest as subtraction should be higher than the debt put in the long term deposits. Size of The Company

The fourth hypothesis stated that size of the company has positive influence towards ETR. The result of the analysis showed that the probability t-Statistic score is higher than 0.005 with coefficient 0.010193. It means that variable Size has no significant influence towards ATR.

The insignificant influence means that companies do not consider size when doing tax aggressive.

Graphic 4 Size of The Company

Source: data processed by researcher (2018)

The chart above explain that all of 8 sample companies categorized in reatively same size. The data showed that the sample companies had around 20 million to 25 million of assets during period of 2013-2016. There is no single companies that showed remarkably small size or big size.

It is indicated that companies in agricultural industry listed in Daftar Efek Syariah (DES) during period 2013-2016 do not considered size of the companies as a variable when deciding to do tax aggressive or not. It is also indicated from the positive data that regardless the size is big or not the companies will do tax aggressive.

This results supported by the research of Kamila (2014) and Hanna and Haryanto (2016). Those research also stated that the size of the company has insignificant negative influence towards aggressive tax reporting. But this result support the research of Lanis and Richardson (2007) who found that size had significant negative influence towards ATR.

They stated that the positive influence means that big company will be more precise and careful when reporting its activities, the manager will not have less opportunity in manipulate tax expense than the manager in small company. This result is different is also probably because the amount of the sample

companies and the period research is not long enough. Lanis and Richardson conduct their research with the time span 25 years with 552 sample companies. In a long-term research the asset may fluctuate more than in a short-term research.

CONCLUSION

Based on the data analysis and discussion in chapter IV, it can be concluded that aggressive financial reporting, ROA, and DAR had a significant negative influence toward aggressive tax reporting, while size of the company had insignificant influence towards aggressive tax reporting. The equation in this research is $ATR = (0,1401) + (0,1767)DA + (0,1661)ROA + (0,1099)DAR + 0,0101SIZE$. The significance level is 95% and coefficient determination 52%.

It means, 52% of aggressive tax reporting is influenced by variable aggressive financial reporting, ROA, DAR, and size of the company, while the other 48% is influenced by another variable not examined.

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THE EFFECT OF USD/IDR EXCHANGE RATE, INTEREST RATE, AND WORLD OIL PRICE TO JAKARTA COMPOSITE INDEX (JCI)

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Received: October 30, 2018; Revised: May 16, 2019; Accepted: June 28, 2019

Abstract

This research aims to investigate effect of selected macroeconomic variables, i.e., USD/IDR exchange rate, interest rate, and world oil price to indonesia composite index at the indonesia stock exchange (IDX). This paper examine the direct effect of selected macroeconomic variable on Indonesia Composite Index. The study used time series data from the 2012-2017. By using an regression technique analysis, the result from showed that simultaneously the exchange rate, interest rate, and world oil price have a significant effect on Indonesia Composite Index. Partially, only the exchange rate has a significant effect on Indonesia Composite Index, interest rate and world oil price have no significant effect on Indonesia Composite Index. The amount of influece caused by the three variables is 58% and the rest is explained by other variables.

Keywords: Capital Market, Jakarta Composite Index (JCI). Exchange Rate, Interest Rate, World Oil Price

Abstrak

Penelitian ini bertujuan untuk mengetahui pengaruh variabel makroekonomi terpilih, yaitu, nilai tukar USD / IDR, suku bunga, dan harga minyak dunia terhadap indeks komposit indonesia di bursa efek indonesia (BEI). Makalah ini menguji pengaruh langsung dari variabel makro elektronik terpilih pada Indeks Komposit Indonesia. Penelitian ini menggunakan data deret waktu dari 2012-2017. Dengan menggunakan analisis teknik regresi, hasil dari penelitian menunjukkan bahwa secara simultan nilai tukar, suku bunga, dan harga minyak dunia berpengaruh signifikan terhadap Indeks Harga Saham Gabungan. Secara parsial, hanya nilai tukar yang berpengaruh signifikan terhadap Indeks Harga Saham Gabungan, tingkat suku bunga dan harga minyak dunia tidak berpengaruh signifikan terhadap Indeks Harga Saham Gabungan Indonesia. Jumlah pengaruh yang disebabkan oleh tiga variabel adalah 58% dan sisanya dijelaskan oleh variabel lain. **Kata Kunci:** Pasar Modal, Jakarta Composite Index (JCI). Nilai Tukar, Suku Bunga, Harga Minyak Dunia

INTRODUCTION

The capital market is an important factor in economy in a particular in Indonesia. Capital market have to important functions in the economy, namely to be a means for companies that want to have additional sources of capital for operational continuity and other activities that provide profits to companies by expanding, developing bussiness or as a place for investors who have excess funds and want to invest in the form of instruments that are in the capital market in order to get more profits than just saving in the bank (Ardian, 2010).

The Capital Market is a place where the activities of various types of securities are traded, where his meeting places parties who need funding and the excess of fund. In Chapter 1 Article 1 of Capital Market Law no. 9/1995 on general provisions defining the common stock and the effect was largely as a party that organizes and provides system and or the means to carry out delas buy and sell securities other parties with the purpose to trade securities among themselves. While the effect are securities, namely debt instruments, commercial paper, stocks, bonds, proof of the debt, investment units of

collective investment, futures contracts on securities and any derivative of effect.

Capital Market is a place where various parties, especially companies sell stocks and bonds with the purpose of the selling results will be used as an additional fund or to strengthen the company (Fahmi, 2011). Composite Stock Price Index is a combination of the prices of securities listed company in Indonesia Stock Exchange. Composite index is an index showing the general movement of stock prices listed on the stock exchange is the reference of the development of activities in the capital market. Composite index can be used to assess the general market situation or measure if the stock price has increased or decreased (Anoraga & Pakarti, 2001) Composite Index is a stock price index figures already compiled and calculated by producing trend, where the index number is a number that are processed in such a way that can be used to compare events that can be changes in stock prices over time (Jogiyanto, 2013).

Currency exchange rate indicates if the price of the currency exchanged for another currency. Determining the value of a country's currency exchange rates with other

currencies is determined as well as the goods which are the demand and supply of the currency in question. This law also applies to the rupiah exchange rate, if demand would be more than supply the rupiah exchange rate will appreciate, and vice versa. Exchange rate is the price of a currency relative to the currencies of other countries (Ekananda, 2014). According Nopirin (2008) argues that if all other conditions remain, the depreciation of the currency of a country against all other currencies led to its exports cheaper and its imports more expensive. While the appreciation made exports more expensive and imports cheaper. According Kuncoro (2001) shows the exchange rate when the price of the currency exchanged for another currency. Determining the value of a country's currency exchange rate moved at another country's currency is determined as to which any goods, ie by the demand and supply of the currency in question.

Interest rate is the price of the use of money for a certain period of time or the price of the use of money which is used at the moment and will be returned right at a future time. Interest rate is the ratio of return on a number of investments as a form of reward given to investors (Husnan, 2009).

Interest rate is the price of a loan. Interest rates are expressed as a percentage of money from the principal per unit of time. The interest rate is a measure of the price of the resources used by the debtor to be paid to creditors (Sunariyah, 2011). According to Boediono (1994) the interest rate is one indicator in determining whether someone will make an investment or saving.

The relationship between oil prices, exchange rates and stock prices has received considerable attention from academicians and practitioners globally. It is widely accepted that oil is an important part of the economic development of all countries across the globe, especially the emerging economies which account for more than a half of world total oil consumption (Pershin et al., 2016). In particular, oil is considered as a leading indicator of exchange rate movements since an increase in oil price reduces the wealth of oil-importing nations by transferring their income to oil exporting nations through trade balance (Turhan et al, 2014). Examining the oil-stock market relationship is important for asset allocation and portfolio risk management since investors' decisions are based not only on the available fundamental information in the stock markets but also on the information

prevailing in the oil markets (Mensi et al, 2017). Investors have to maintain their purchasing power in inflationary period and in the periods of exchange rates fluctuation and hence, they move towards precious metals market and hedge their portfolios with the purpose of saving their purchasing power (Gaur and Bansal, 2010).

Since monetary policy tools are used to stabilize the economy and hence policy makers are interested to understand the changes that are considered sensitive with respect to their objectives. Interest rate is the important monetary policy tool that is decided by the monetary authorities while considering inflation, investment level and fluctuations of exchange rate which have direct links with domestic gold price (M. Akbar et al, 2019).

The index that is very often noticed by investors when investing in Indonesia is the Composite Stock Price Index (Yosep, 2014). This is because this index contains all shares listed on the Indonesia Stock Exchange. Therefore, investors can see the condition of an existing capital market in Indonesia by looking at the developments of the JCI. Of course this can be a fundamental basis for an

investor to invest. In particular, oil is considered as a leading indicator of exchange rate movements since an increase in oil prices reduce the wealth of oil-importing nations by transferring their income to oil-exporting nations through trade balance (Turhan et al., 2014). Sjaastad (2008) examines the theoretical and empirical relationships between the major exchange rates and price of gold and finds that floating exchange rate system has been a major source of price instability in the world gold market. These views are supported by Sjaastad (2008) examines the theoretical and empirical relationships between the major exchange rates and price of gold and finds that floating exchange rate system has been a major source of price instability in the world gold market. These views are supported by Beckers and Soenen (1984), Sjaastad and Scacciavillani (1996), Capie et al. (2005) and Wang and Lee (2011). Han et al. (2008) findings indicate that Australian dollar, US dollar and gold prices have long-run as well as short-run relationship to each other. One might prefer holding gold to protect against a loss in the purchasing power of the paper currency. Sari et al. (2010) finds only short-run linkages

between precious metals' prices, exchange rate and oil price. Ismail (2009) reveals that exchange rate, inflation, money supply and stock market index have significant impact upon gold price but gold price does not affect these variables. Sujit and Kumar (2011) prove that gold price significantly affect different exchange rates but exchange rates have no effect upon gold prices.

Yahyazadehfar and Babaie (2012) demonstrates that house price, interest rate, gold price and stock market return in Iran have only short-run effects upon each other. Hussain et al. (2013) found bi-directional association among stock returns and oil price in Malaya. Jain and Ghosh (2013) shows casual linkages among global oil prices, precious metals and Indian rupee-US dollar. The study concluded that exchange rate does not granger cause gold price. Sinton (2014) finds that there is no long-run association among gold price, stock price and exchange rate in Indonesia. Bhunia and Pakira (2014) found no causal relationship among stock market and gold price as well as among exchange rate and stock-market whereas bidirectional association was found among gold price and exchange rate in India.

Srinivasan and Prakasam (2015) investigated casual relationship among stock

price, gold price and foreign exchange rate in India by applying ARDL approach. The study found long-run relationship of gold price and stock price with exchange rate but no indication of cointegration and causality among stock price and gold price. Investigated the effect of exchange rate, interest rate and world price oil on the stock price in Indonesia (Reshinta Candra Gumilang et al, 2014).

Using multiple regression studies, they found that exchange rate, interest rate, and world price oil have a negative effect and have significant effect on the stock price in Indonesia. Ronald Pratama Poetra et al. (2014) examine the effect of inflation, world price oil, interest rate and exchange rate on the stock price in Indonesia. Using multiple regression studies, the result show that a world price oil and interest rate did not have a significant effect on stock price. The exchange rate have a significant effect on stock price in Indonesia. Pasrun Adam et al. (2015) investigated relationship between world crude oil and the stock market in Indonesia. Using LVAR causal model, the research show that the world crude oil have a positive effect on composite stock index at the Indonesia stock exchange. This study has a benefit for capital market investors who

want to invest in the capital market in Indonesia. They can consider various macroeconomic factor such as exchange rate, interest rate and world price because based on the results of this study. And then, this study looking for the differences that occur from the theory of exchange rate, interest rate and world price oil on the composite stock index in Indonesia).

RESEARCH METHOD

This Study used the secondary data in which the population and sample in this study are the monthly data for exchange rate, interest rate, world oil price and stock price in Indonesia In the years 2012-2017. The data in this study was the time series data with the sampling technique used purposive sampling method. The data of the Jakarta composite index was obtained from the Indonesia stock exchange (www.idx.co.id) . The data of exchange rate and interest rate were obtained from website (finance.yahoo.com). The data of world oil price was obtained from website (www.economagic.com).

There are two methods of calculating the Composite Index commonly used in Indonesia:

1. Average Method

A method in which the stock market price include in this index are summed and then divided by the divisor factor.

$$JCI = \frac{\Sigma_2}{\text{Divisor}}$$

Information :

JCI : Jakarta Composite Index

Σ_2 : Total Share Price

Divisor : Basic Stock Price

2. Weighted Average Method

A method that adds weight in the index calculation in addition to the market price of the shares that are listed and the basic price of the stock. The weighting is done in the calculation of the index in general is the number of shares issued. There are two methods for calculating the weighted average method :

a. Paasche

This method compares the market capitalization of all stocks with the base value of all the sharps that depend on an index. In this case the greater the capitalization of a stock, it will cause a very large effect if there is a change in the price of the shares in question.

$$JCI = \frac{\Sigma_1}{\text{Divisor}}$$

Information :

: Stock Price Currently

: Shares Outstanding

: Basic Stock Price

b. Laspeyres

This method uses the number of shares issued on the base day and does not change forever even though there are new shares issued.

$$\text{Indeks} = \frac{\sum (p_1 \cdot q_0)}{\sum (p_0 \cdot q_0)}$$

: Stock Price Currently

₀ : Number of initial stock

: Basic Stock Price.

Based on the theory presented above, it can be concluded that the Composite Index is an index that can measure how the performance of the capital markets in Indonesia, and may be the fundamental basis for companies or investors who becomes a role in the Indonesian capital market.

Foreign exchange rates will change according to changes in foreign exchange demand and supply. Demand for foreign exchange is needed to make payments abroad (imports), which are in the form of international balance of payments transactions. A currency is said to be strong if a credit transaction is greater than a debit transaction, or in other words a surplus in the balance of payments. Instead the value of a currency is said to be weak if the

balance of payments deficit, or be notarized if the foreign exchange demand exceeds the supply of foreign exchange (Nopirin, 2008). Ekananda (2014:201) value of exchange rate can measure with:

$$\frac{K_b}{K_j}$$

Keterangan :

Kb = Selling Rate K_j = Buying Rate.

Operational Variables	
Exchange Rate	The ratio the end monthly value of exchange rate.
Interest Rate	The ratio the end monthly value of interest rate.
World Oil Price	The ratio the end monthly value of interest rate.
JCI	The ratio the end monthly value of interest rate.

JCI : Jakarta Composite Index

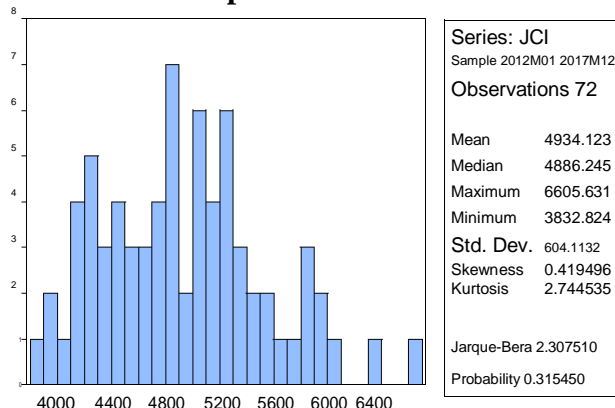
The method used in this research is a descriptive statistics, multiple linear regression analysis, the classical assumption, hypothesis testing, T test, F-test, and analysis of correlation coefficients by using E-Views 10.

RESULTS AND DISCUSSION

Based on the Table 1, the highest stock index from the year 2012-2017 was in Desember 2017 amounted to 6605,631, while the lowest was in April 2012 by 3832,824. And then

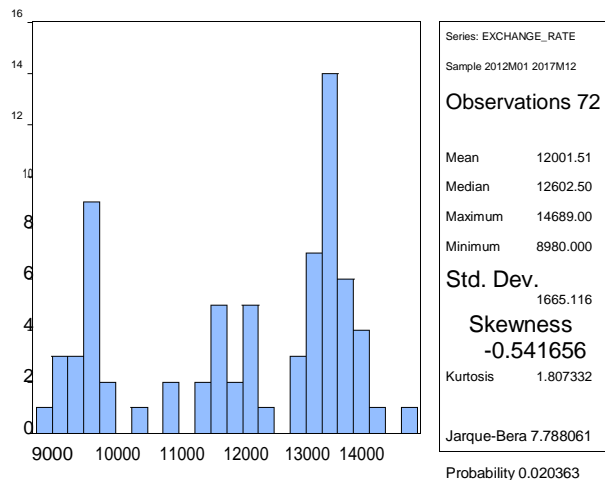
average of JCI is 4934,123 with a standard deviation of 604,1132, its mean the value of JCI fluctuate sharply.

Table 1 : Descriptive Statistics of JCI



Based on the Table 2, the highest exchange rate from the year 2012-2017 was in September 2015 amounted to 14689, while the lowest was in Januari 2012 by 8980. And then average of exchange rate is 12001,51 with a standard deviation of 1665, its mean the value of exchange rate fluctuate sharply.

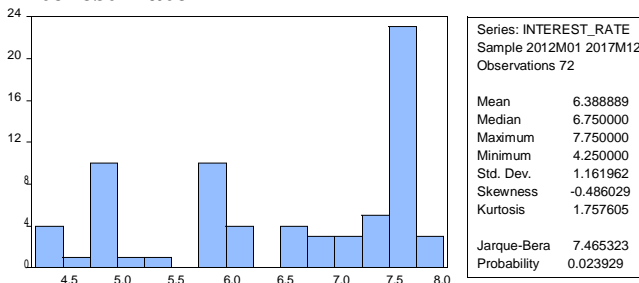
Table 2 : Descriptive Statistics of Exchange Rate



Based on the Table 3, the highest interest rate from the year 2012-2017 was in November 2014 amounted to 7,75%, while the lowest was in September 2017 – Desember 2017 by 4,25%. And then average of interest rate is 6,39% with a standard deviation of 1,161, its mean the value of interest rate relative stable.

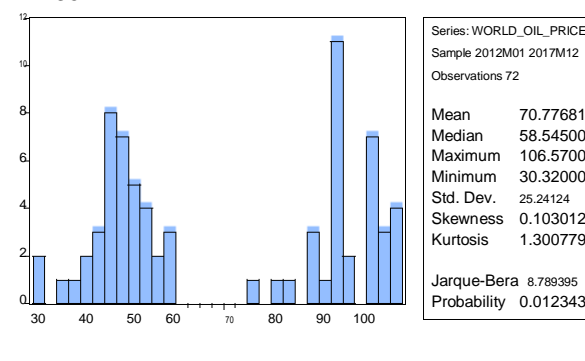
Based on the Table 3, the highest interest rate from the year 2012-2017 was in November 2014 amounted to 7,75%, while the lowest was in September 2017 – Desember 2017 by 4,25%. And then average of interest rate is 6,39% with a standard deviation of 1,161, its mean the value of interest rate relative stable.

Table 3 : Descriptive Statistics of Interest Rate



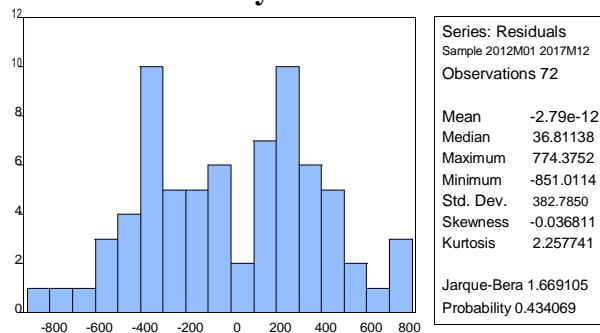
Based on the Table 4, the highest world oil price from the year 2012-2017 was in Agustus 2013 amounted to 106,57\$, while the lowest was in Februari 2016 by 30,32\$. And then average of world oil price is 77,77\$ with a standard deviation of 25,25, its mean the value of world price oil relative stable

Table 4 : Descriptive Statistics of World Oil Price



Based on the Table 5, this study has a normal distribution, seen from a probability value (0,434 or 43%) that exceed 0,05 or 5%. This regression model can be used because it fulfilling the assumption of normality test.

Table 5 : Normality Test



Based on the Table 6, it is found that value of correlation between variables nothing exceed 0,8 and Value of Inflation Factor on all variables below 0,10 so that it can be said that there is no multicollinearity among the independent variable.

Table 6 : Multicollinearity Test

Variance Inflation Factors
Date: 05/22/19 Time: 22:51
Sample: 2012M01 2017M12
Included observations: 72

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
EXCHANGE_RATE	0.002332	161.0474	3.000061
INTEREST_RATE	1733.297	34.38244	1.086066
WORLD_OIL_PRICE	10.57183	28.04916	3.125869
C	585731.3	275.6587	NA

Correlation

	EXCHANGE...	INTEREST_...	WORLD_OI...
EXCHANGE...	1.000000	-0.056829	-0.808503
INTEREST_...	-0.056829	1.000000	0.208200
WORLD_OI...	-0.808503	0.208200	1.000000

Based on the Table 7, it is found that value of probability from each independent variables above there is no significant or more than 5%, which means there are no independent variables that affect the ARESID variable (Absolute Residual) so that it can be said that there is no heteroscedasticity on the research.

Table 7 : Heteroscedasticity Test : Glejser

Heteroskedasticity Test: Glejser

F-statistic	0.941535	Prob. F(3,68)	0.4255
Obs*R-squared	2.871482	Prob. Chi-Square(3)	0.4119
Scaled explained SS	1.988160	Prob. Chi-Square(3)	0.5749

Test Equation:
Dependent Variable: ARESID
Method: Least Squares
Date: 05/22/19 Time: 23:08
Sample: 2012M01 2017M12
Included observations: 72

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	28.45775	387.0585	0.073523	0.9416
EXCHANGE_RATE	0.006452	0.024420	0.264227	0.7924
INTEREST_RATE	33.15577	21.05542	1.574691	0.1200
WORLD_OIL_PRICE	0.110873	1.644381	0.067425	0.9464

R-squared	0.039882	Mean dependent var	325.5729
Adjusted R-squared	-0.002476	S.D. dependent var	197.5695
S.E. of regression	197.8140	Akaike info criterion	13.46648
Sum squared resid	2660865.	Schwarz criterion	13.59297
Log likelihood	-480.7934	Hannan-Quinn criter.	13.51684
F-statistic	0.941535	Durbin-Watson stat	0.852358
Prob(F-statistic)	0.425533		

Based on Table 8, it is found that the probability for the Breusch-Godfrey LM Test is 0,53 > 0,05 so that it can be said that there is no autocorrelation in the research variables.

Table 8 : Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test

F-statistic	0.580272	Prob. F(2,65)	0.5626
Obs*R-squared	1.245435	Prob. Chi-Square(2)	0.5365

Based on Table 9, the result of T test shows that exchange rate has the significant value of 0,000 and t-value (5.44) > t-table (1,99210) with the value of regression coefficient of 0,263013 that shows positive effect. Thus, there is a negative and no significant effect of interest rate with t-value (-6.24) < t-table (1,99210), value of regression coefficient of -260,1213. In another hand, world price oil has no significant with t-value (1.342) < t-table (1,99210), value of regression coefficient of 4,366161 that shows positive effect.

Based on Table 9. the result of F test shows that exchange rate, interest rate, and world oil price has the significant effect simultaneously on JCI with value of probability (0,00) < 0,05 and F value (33.78992) > F-Table (3,12).

Based on Table 9, the result of value Adjusted R^2 (0.580799) shows that exchange rate, interest rate, and world price oil was able to explain the dependent variable by 58% and the rest explained by other variables.

Table 9 : T Test, F Test, and Adjusted R^2

Dependent Variable: JCI
 Method: Least Squares
 Date: 05/22/19 Time: 23:10
 Sample: 2012M01 2017M12
 Included observations: 72

Variable	Coefficient	Std. Error	t-Statistic	Prob.
EXCHANGE_RATE	0.263013	0.048286	5.446980	0.0000
INTEREST_RATE	-260.1213	41.63289	-6.247976	0.0000
WORLD_OIL_PRICE	4.366161	3.251435	1.342841	0.1838
C	3130.435	765.3308	4.090303	0.0001
R-squared	0.598512	Mean dependent var		4934.123
Adjusted R-squared	0.580799	S.D. dependent var		604.1132
S.E. of regression	391.1376	Akaike info criterion		14.82995
Sum squared resid	10403228	Schwarz criterion		14.95643
Log likelihood	-529.8782	Hannan-Quinn criter.		14.88030
F-statistic	33.78992	Durbin-Watson stat		0.254100
Prob(F-statistic)	0.000000			

Exchange rate has a positive and significant effect on stock price index in Indonesia. On the other hands, interest rate has no significant effect and negative on stock price in Indonesia. And then, world price oil has a positive and no significant effect on stock price in Indonesia. Simultaneously, exchange rate, interest rate, and world price oil has a significant effect on stock price in Indonesia. Therefore the fluctuation of exchange rate influential on stock price in Indonesia, when interest rates rise, the composite index will also increase and then vice versa but it doesn't apply to interest rate and world price oil. However, fluctuate exchange rate, interest rate, and world price oil has a effect on composite index. When them increase or decrease, the composite index will also like that

CONCLUSION

The conclusion of this research are as follows : (1) Based on the research results that the variable exchange rate has a significant positive influence on JCI, this means the increase in the exchange rate will push up the JCI in Indonesia. (2) Based on the research results that variable interest rates did not have a significant influence on JCI in Indonesia. This suggests that interest rate fluctuations do not affect the JCI in Indonesia, particularly in the period 2012-2017. (3) Based on the research results that the world oil price variables do not have significant influence terhadap JCI. This shows that the world oil price movements do not affect the JCI in Indonesia, especially in tahun 2012-2017. (4) Based on the research results that simultaneously variable exchange rates, interest rates, and oil prices have a significant impact on JCI. This shows that the movement of these three variables can affect JCI though variable interest rates and oil prices partially no effect on JCI.

The implication of managerial policy which can be taken in this study is that capital market investor need to pay attention to exchange rate, interest rate, world oil price in Indonesia.

This study still has some limitation:

(1) This study only used exchange rate, interest rate and world price oil as variables that explain about macroeconomy and need more variable of that to make this research more accurate. (2) The data in this study were limited to the monthly data throughout 2012-2017 obtained in Indonesia and need more specific data as sample, as an example using data day by day or week by week to get results better than this study.

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The Effect Of Proactive Personality And Organizational Support For Career Development On Career Satisfaction

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Received: March 13, 2019; Revised: March 25, 2019; Accepted: June 30, 2019

Abstract

Employee Career satisfaction is an important element that needs to be managed by the organization. This study aims to find evidence of the important role of mediating Career Management Behavior in the role of Organizational Support for Career Development and Proactive Personalities towards Career satisfaction. This type of research is quantitative research. The population used in this study were all employees of PT Barito Putera who got 44 people. This study uses census techniques in sampling. While the analysis technique is used is partial least square (PLS) with the help of SmartPLS3 software. The results of this study indicate that Career Management Behavior can mediate the effect of Proactive personality and Organizational Support for Career Development on Career satisfaction.

Keywords : *Proactive Personality, Organizational Support For Career Development, Career Management Behaviors , Career Satisfaction.*

Abstrak

Kepuasan karir karyawan merupakan salah satu elemen penting yang perlu dikelola oleh organisasi. Penelitian ini bertujuan untuk menemukan bukti empiris adanya peran mediasi *Career Management Behaviors* pada pengaruh *Organizational Support For Career Development* dan *Proactive personality* terhadap *Career satisfaction*. Jenis penelitian ini merupakan penelitian kuantitatif. Populasi dalam penelitian ini adalah seluruh karyawan PT Barito Putera yang berjumlah 44 orang. Penelitian ini menggunakan teknik sensus dalam pengambilan sampel. Sedangkan teknik analisis yang digunakan adalah *partial least square* (PLS) dengan bantuan software SmartPLS3. Hasil dari penelitian ini menunjukkan bahwa *Career Management Behaviors* dapat memediasi pengaruh *Proactive personality* dan *Organizational Support For Career Development* terhadap *Career satisfaction*.

Kata Kunci : *Proactive Personality, Organizational Support For Career Development, Career Management Behaviors, Career Satisfaction*

INTRODUCTION

The satisfaction that is owned by employees towards career achievement while working, becomes something important to be managed by the organization. Remembering career satisfaction is one of the factors that influence organizational success. In addition, *Career Satisfaction* can also influence employee decisions in determining their attitude to continue working in the organization or opting out. *Career Satisfaction* is the degree to which an employee expresses a positive orientation to his career (McKevitt, Carbery, & Lyons, 2017). *Career Satisfaction* refers to individual reactions to ongoing career experiences (Jiang, Wang, & Lin, 2016). According to Judge (1995) individuals who are dissatisfied with various things at work, they might not consider surviving. Employees will tend to look for other jobs that match their skills, where the job can fulfill their desired goals. If the employee chooses to leave the organization, then this not only makes the organization lose potential human resources, but also makes the organization have to pay the cost of

recruiting new employees, which is higher than the cost of developing employees.

The forestry industry is one of the potential industries in Indonesia, so it requires quality human resources. An ever-changing environment makes organizations are required to continue to innovate that is not only focused on business benefits, but also on employee development. Employees must be ensured to have competencies that continue to develop. One way organizations face challenges is to support employees to develop their careers and increase their career satisfaction (Barnett & Bradley, 2007). So organizations need to prepare employee career development strategies. This strategy is a form of organizational support for employees to work effectively. Organizations can adopt various strategies to increase employee career satisfaction, as well as increase the ability of organizations to attract and retain employees (Barnett & Bradley, 2007). A form of support from the organization can be in the form of various activities aimed at developing a career. As stated by Orpen (1994) that *Organizational Support For Career Development* is a variety of policies and practices made by the organization with the aim of increasing the

career effectiveness of employees. *Organizational Support For Career Development* (OSCD) is also called *Organizational Career Management* or *Organizational Sponsorship* (Barnett & Bradley, 2007).

In addition to the support provided by the organization, employees also need to have a proactive attitude to develop the organization. Organizations that need a flexible workforce with competent and talented employees to adapt to a changing environment (Martínez-León, Olmedo-Cifuentes, & Ramón-Llorens, 2018). Employees need to have the initiative to have a plan in their career development, because with this employee can achieve the career success they expect and ultimately not only cause satisfaction in themselves but also increased performance in the organization. This behavior is called "*Career Management Behaviors*", "*Career-Enhancing Strategies*" (Nabi, 2003) atau "*context-specific proactive behaviours*" (Crant, 2000). *Career Management Behavior* is an action taken by each individual to achieve their career goals (Barnett & Bradley, 2007).

Proactive employees are motivated to connect people to develop and translate ideas into actions (J. Yang, Gong, & Huo, 2011). Employees will tend to make changes to develop themselves by adjusting the various demands that they must meet. *Proactive Personality* is a personality of employees who take the initiative to improve the current situation or create new things (Crant, 2000) Employees can intentionally and directly change the flow of their circumstances, including the social environment in which they are located (Kraimer, Seibert, & Grant, 1999). The purpose of this change is to identify opportunities that exist and resolve problems that arise in the organization, so employees can achieve the changes they want to achieve. As stated by Trifiletti, Capozza, Pasin, & Falvo (2009) that individuals who proactively identify, solve problems, look for new opportunities, act and persevere until they achieve a change.

Employees with *Proactive Personalities* actively seek, identify, create and influence their work situations, and this supports success in a career without limits (Yang & Chau, 2016). Kraimer (1999) explained that in terms of career success, the tendency to

shape one's work environment raises a number of benefits to employees, employees who exercise control over their work situation are more likely to understand the possibilities in their environment and anticipate changes. According to Lent & Brown (2006) environmental support with specific goals such as organizational support for employee career development, as well as material support resources provided to support the main goals of an employee will make it possible to increase employee satisfaction.

The mediating role of *Career Management Behavior* is explained in the Social Cognitive Career Theory (SCCT) where career development provided for employees can influence employee interest in developing themselves. The Social Cognitive Career Theory explains three interrelated aspects of career development, namely: (a) career and growing interests, (b) choices relevant to the chosen career, and (c) the results of performance that have been achieved. When employees get the opportunity and support to develop their careers, such as when getting a job that makes their skills development for the future, employees will tend to try to get involved in

projects in the organization. Didukung oleh Sturges et al., (2002) explained that in career management behaviors employees tend to try to be involved in large corporate projects.

In previous studies, research conducted by Barnett & Bradley (2007) conducted with a research sample of public sector employees participating in internal and cross-agency career development programs as well as graduate business students, showing OSCD and CMB positively related to *Career Satisfaction*. However, career management behaviors do not mediate the relationship between *Organizational Support For Career Development* and *Career Management Behaviors*. Whereas the Proactive personality variable has a positive effect on Career satisfaction, besides that *Career Management Behaviors* mediate the relationship between *Proactive Personality* and *Career Satisfaction*. Furthermore, research conducted by Sturges et al., (2002) the sample in this study were graduates in the first ten years of their careers. This study shows that there is no influence between *Organizational Career Management* on career self-management. In research conducted by Yang & Chau (2016) with a sample of employee research at large

manufacturing companies in China, the research shows that Proactive personality has a positive effect on *Career Satisfaction*.

This research is focused on the subjective assessment of career satisfaction from employees of PT Barito Putera. PT Barito Putera, located in the city of Palangkaraya, Central Kalimantan, is part of the Hasnur Group which is engaged in forestry. PT Barito Putera has fulfilled timber legality verification standards and declared "Passed" Timber Legality Verification so that it gets SVLK with no. 09 / A-SERT-VLK / Kpts / I / 2013. The output of this sector of wood and the whole can be absorbed by the market well because it has excellent quality. In carrying out its production activities, Hasnur Group pays attention to the natural balance between those that grow and those that are cut down in order to keep the forest sustainable so that it can still be utilized by future generations as reported by <http://www.hasnurgroup.com/> in 2019.

This company has a variety of activities that show improvement in the organization of company development, and facilitate the company to have a proactive personality.

Like training given to employees, this training not only contains specific training provided in each division that is appropriate to their work, but each division has also the opportunity to get training from outside the organization or externally. For contract employees, each employee also has the same opportunity to attend training or outreach. All PT Barito Putera employees have the opportunity to attend training during working hours. For certain training, every employee participating in the training not only gets training which only requires one training, but also gets training with a certificate of competition (for example, one year). All employees have the opportunity to attend additional training provided by the organization. At the end of the year every time at work the employee gets a special value at this training meeting. How to make companies motivated to make proactive to create changes in the organization for the better, and find opportunities for self and organizational progress.

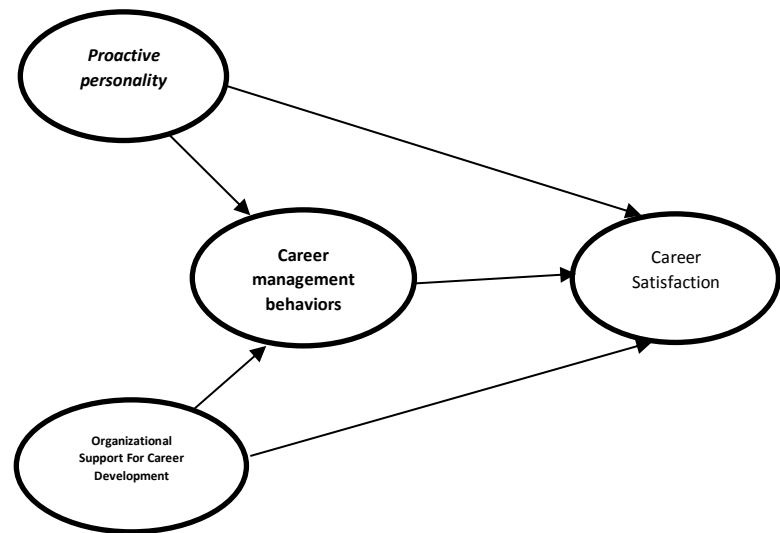
Based on the statement Seibert & Kraimer (2001) explained that career success was defined as a positive outcome felt psychologically by the employee and related

to the work that was accumulated as a result of the employee's work experience. Every employee of PT Barito Putera has the same opportunity to get a development program that supports career advancement and organizational skills. Researchers want to know the subjectively assessment of employees about their satisfaction with a career based on this. In this subjective assessed success, an employee makes a comparison of himself in two ways, the first self-referent subjective success, that is, employees compare their careers with their own personal standards and aspirations, then the second other-referent subjective success, namely an individual comparing his career with social standards, for example with a group, person, or social norm Abele, Spurk, & Volmer (2011). In this study, the method used is self-referent subjective success. That is, employees of PT Barito Putera judge their careers based on comparisons with their own standards.

Then based on the background above, the formulation of the problem in this study are:

1. Does *Proactive Personality* affect *Career Satisfaction*?

2. Does *Career Management Behavior* mediate the relationship between *Proactive Personality* and *Career Satisfaction*?
3. *Organizational Support For Career Development* affect *Career Satisfaction*?
4. Does *Career Management Behavior* mediate the relationship between *Organizational Support For Career Development* and *Career Satisfaction*?



RESEARCH METHODS

This research uses quantitative, where quantitative research is structured research and quantifies data to be generalized with a certain statistical form (Malhotra, 1996). Population according to sugiyono (2014) can be defined as a generalization area consisting of objects or subjects that have certain quantities and characteristics determined by

researchers to be studied and then draw conclusions. Meanwhile, according to Arikunto (2010) the population is the whole subject of research. The population in this study were all employees of PT Barito Putera in the city of Palangkaraya, Central Kalimantan, amounting to 44 people. While the sampling technique used in the study uses the census method, which uses all members of the population as a sample. Data collection techniques used in this study using primary data. In this study, a preliminary survey was conducted to observe the conditions and phenomena that exist in the company and become the basis of making questionnaires. After that, the questionnaire was distributed to 44 employees using a Likert scale of 1 to 5. Scale 1 illustrates Strongly Disagree (STS) and 5 describes Highly Agree (SS). While the analysis technique used is Partial Least Square (PLS) with the help of SmartPLS3 software. PLS is a variance-based structural equation analysis technique that can simultaneously test measurement models as well as structural model testing (Jogiyanto, 2011: 57). The normality test of the data aims to examine whether the data is normally distributed or not (Ghozali, 2016:

27). By knowing the data is normally distributed or not, then the next test tool can be determined to test the hypotheses.

If the data is normally distributed, then the hypotheses are tested using the one sample t test and paired samples t test. However, if the data is not normally distributed, then the hypotheses testing employs one sample Wilcoxon test and Wilcoxon paired samples test.

RESULTS AND DISCUSSION

The number of respondents in this study was 44 employees of PT Barito Putera. Of the 44 questionnaires distributed directly to employees, all submitted questionnaires can be completed processing.

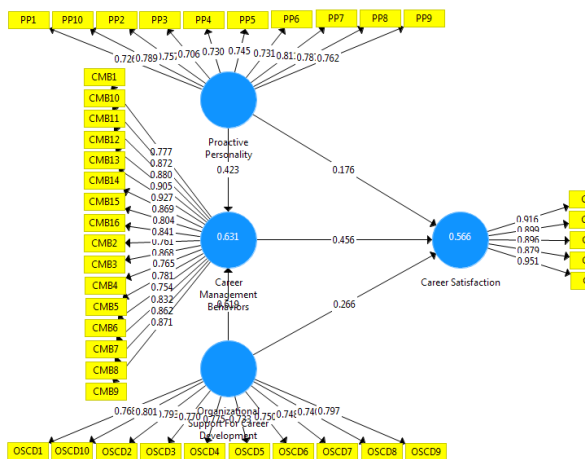
1. Partial Least Square Analysis. In this study to test the research, hypotheses used Partial Least Square (PLS) analysis with the SmartPLS 3 program will describe the results of measurements (external models) and structural models (internal models).
2. Measurement Model (Outer Model). In the measurement model (external model) tests of convergent validity, discriminant

validity and reliability construct are tested. The results of each test are below.

Convergent Validity

Convergent Validity is validity related to the principle that indicators of a variable must be highly correlated. To test convergent validity, factor loading (outer loading) values are used. An indicator is said to meet convergent validity if it has a factor loading value greater than 0.7.

Career Satisfaction have a factor loading value greater than 0.7, so it is concluded that the indicators measuring the research variables have met the convergent validity. Convergent validity testing is also done by looking at the average variance extracted (AVE) value. A construct (variable) is said to meet convergent validity if it has an AVE value greater than 0.5. The following is the AVE value of each study variable :



Variable	AVE
PP	0,570
OSCD	0,589
CMB	0,701
CS	0,825

Table 1. Value of AVE

Figure 1. Value of Outer Loading, Koefisien Path and R-Square

From the results of data processing shows that all indicators on the variable *Proactive Personality, Organizational Support For Career Development, Career Management Behaviors And*

It can be seen that the *Proactive Personality Variable, Organizational Support For Career Development, Career Management Behaviors And Career Satisfaction* have an AVE value greater than 0.5, so it is concluded that the variables used in the study have met convergent validity.

Discriminant Validity

Discriminant validity is validity related to the principle that indicators of different variables must not be highly correlated. To test discriminant validity, the cross-loading value is used. An indicator is said to meet discriminant validity if it has the largest cross-loading value on the variable it forms compared to other variables. Here are the cross-loading values for each indicator:

Indicator	Variable			
	PP	OSCD	CMB	CS
PP1	0,726	0,092	0,299	0,380
PP2	0,757	0,070	0,300	0,283
PP3	0,706	0,079	0,279	0,326
PP4	0,730	0,163	0,311	0,291
PP5	0,745	0,173	0,463	0,410
PP6	0,731	0,053	0,432	0,377
PP7	0,811	0,063	0,421	0,304
PP8	0,787	0,082	0,454	0,360
PP9	0,762	0,164	0,453	0,311
PP10	0,789	0,002	0,247	0,183
OSCD1	0,053	0,768	0,479	0,442
OSCD2	0,039	0,793	0,443	0,404
OSCD3	0,090	0,770	0,569	0,492
OSCD4	0,086	0,775	0,437	0,406
OSCD5	0,073	0,733	0,514	0,435
OSCD6	0,079	0,750	0,598	0,511
OSCD7	0,144	0,748	0,531	0,478
OSCD8	0,202	0,740	0,505	0,460
OSCD9	0,120	0,797	0,510	0,453
OSCD10	0,111	0,801	0,545	0,467

CMB1	0,379	0,512	0,777	0,682
CMB2	0,270	0,551	0,761	0,581
CMB3	0,376	0,626	0,868	0,654
CMB4	0,339	0,516	0,765	0,677
CMB5	0,243	0,498	0,781	0,504
CMB6	0,189	0,552	0,754	0,479
CMB7	0,421	0,674	0,832	0,667
CMB8	0,510	0,531	0,862	0,576
CMB9	0,522	0,638	0,871	0,704
CMB10	0,599	0,541	0,872	0,592
CMB11	0,508	0,512	0,880	0,528
CMB12	0,450	0,608	0,905	0,563
CMB13	0,434	0,636	0,927	0,582
CMB14	0,499	0,488	0,869	0,522
CMB15	0,477	0,562	0,804	0,653
CMB16	0,431	0,546	0,841	0,659
CS1	0,391	0,612	0,704	0,916
CS2	0,425	0,508	0,595	0,899
CS3	0,429	0,543	0,616	0,896
CS4	0,373	0,552	0,695	0,879
CS5	0,386	0,484	0,667	0,951

Table 2. Value of Cross Loading

It can be seen that each indicator on the variable *Proactive Personality, Organizational Support For Career Development, Career Management Behaviors And Career Satisfaction* has the greatest cross-loading value on the variable it forms compared to other variables. Thus it can be concluded that the indicators used in the study have met discriminant validity.

Reliability Construct

Reliability shows the level of consistency and stability of indicators in measuring research variables. To test the reliability construct, composite reliability values are used. A variable is said to fulfill the reliability construct if it has a composite reliability value greater than 0.7 and a Cronbach alpha value greater than 0.7. Here are the composite reliability and Cronbach alpha values of each study variable:

Variabel	Composite Reliability	Cronbach Alpha
<i>PP</i>	0,930	0,930
<i>OSCD</i>	0,935	0,935
<i>CMB</i>	0,974	0,974
<i>CS</i>	0,959	0,959

Table 3. Value of Composite Reliability & Cronbach Alpha

Variables *Proactive Personality, Organizational Support For Career Development, Career Management Behaviors And Career Satisfaction* have a composite reliability value greater than 0.7 and a Cronbach alpha value greater than 0.7, so that each research variable has fulfilled the reliability construct.

Structural Model (Inner Model)

In the structural model (inner model) R-Square, Q-Square, and hypothesis testing will be explained.

a. R-Square

R-Square shows how much the variability of exogenous variables can explain the variability of endogenous variables. Following is the resulting R-Square value:

Variabel	R-Square
<i>CMB</i>	0,631
<i>CS</i>	0,566

Table 4. Value of R-Square

R-Square value for *Career Management Behaviors* of 0.631 means that the variability of *Career Management Behavior* in PT Barito Putera employees can be explained by the variability of *Proactive Personality And Organizational Support For Career Development* by 63.1%, the remaining 36.9% is explained by other variables in outside the model. R-Square value for *Career Satisfaction* of 0.566 means that the variability of

Career Satisfaction in employees of PT Barito Putera can be explained by the variability of *Proactive Personality*, *Organizational Support For Career Development* and *Career Management Behaviors* by 56.6%, the remaining 43.4% is explained by variables others outside the model.

b. Q-Square

Furthermore, the value of Q-Square will be calculated. Q-Square value has the same meaning as the coefficient of determination (R-Square) in the regression analysis, the higher the Q-Square, the model can be said to be more fit with the data. The results of calculating the Q-Square value are as follows :

$$Q\text{-Square} = 1 - [(1 - R\text{-Square}_1) \times (1 - R\text{-Square}_2)] = 1 - [(1 - 0,631) \times (1 - 0,566)] = 0,840$$

From the calculation results obtained a Q-Square value of 0.840, meaning that the amount of variability (diversity) of research data that can be explained by the

research model is 84%, while the remaining 16% is explained by other variables outside the model. Based on these results, the model in this study can be said to have had good goodness of fit.

Hypothesis test

Hypothesis testing is done by looking at the t-statistics and the probability value (p-value) generated by the structural model (inner model). It is said that there is a significant effect if t-statistics is greater than 1.96 and the probability value (p-value) is smaller than 0.05 (= 5%). Here are the results of testing the hypothesis:

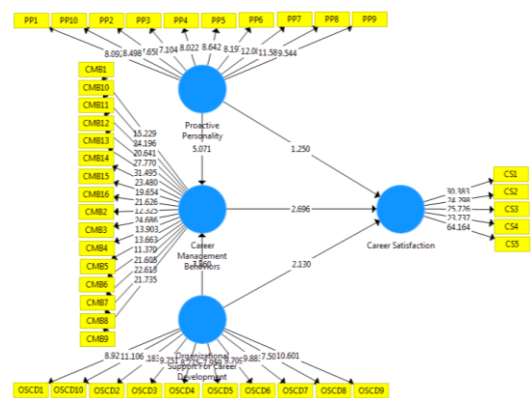


Figure 2. Value of t-statistics

Causality Relations	Koefisien Path	t-statistics	p-value	Ket
PP → CMB	0,423	5,071	0,000	Sig
OS CD → CMB	0,619	7,860	0,000	Sig
CM B → CS	0,456	2,696	0,007	Sig
PP → CS	0,176	1,250	0,212	Not Sig
OS CD → CS	0,266	2,130	0,034	Sig

Table 5. Hypothesis Testing Direct Effects

From Table 5 it can be explained as follows:

1. The effect of *Proactive Personality* variables on *Career Management Behavior* produces a t-statistic of 5.071 greater than
2. 1.96 and a p-value of 0,000 less than 0.05, with a path coefficient of 0.423. These results indicate that there is a significant positive difference between *Proactive Personality* towards *Career Management Behavior* in PT. Barito Putera employees. This result means that the higher the *Proactive Personality*, the signs will

increase the *Career Management Behavior* of the employees of PT Barito Putera.

3. The influence of *Organizational Support Variables For Career Development* on *Career Management Behavior* produces a t-statistic of 7.860 greater than 1.96 and a p-value of 0,000 less than 0.05, with a path coefficient of 0.619. These results indicate that there is a significant positive effect between *Organizational Support For Career Development* on *Career Management Behavior* in employees of PT Barito Putera. This result means that *Organizational Support For Career Development* that is increasingly high will improve *Career Management Behavior* significantly for employees of PT Barito Putera.
4. The effect of *Career Management Behavior* variables on *Career*

Satisfaction produces a t-statistic of 2.696 greater than 1.96 and a p-value of 0.007 smaller than 0.05, with a path coefficient of 0.456. These results indicate that there are significant positive differences between *Career Management Behaviors* and *Career Satisfaction* among employees of PT Barito Putera. This result means that *Career Management Behavior* which is getting higher, will significantly increase *Career Satisfaction* in the employees of PT Barito Putera.

5. The effect of *Proactive Personality* variables on *Career Satisfaction* produces a t-statistic of 1.250 smaller than 1.96 and a p-value of 0.212 greater than 0.05, with a path coefficient of 0.176. These results conclude that there is no significant positive difference between the *Proactive Personality* towards *Career*

Satisfaction On The Employees of PT Barito Putera. This result means that proactive personality is getting higher, does not significantly increase *Career Satisfaction* in employees of PT Barito Putera. Based on these results the H1 proposed by the proactive personality against career satisfaction is not acceptable (H1 was rejected). Barnett & Bradley (2007) which states that a compilation of proactive employees to manage careers can support satisfaction. Proactive personality cannot influence career satisfaction if it is not mediated by career management behavior, so to achieve career satisfaction needs to be considered the role of career management behavior. In addition, the facts in the field show that the *Proactive Personality* of employees is not too high so that the *Proactive Personality*

cannot significantly influence *Career Satisfaction*, this is different from previous

6. research conducted by Barnett & Bradley (2007).
7. The influence of *Organizational Support For Career Development* variables on career satisfaction produces a t-statistic of 2.130 greater than 1.96 and a p-value of 0.034 smaller than 0.05, with a path coefficient of 0.266. These results indicate that there is a significant positive effect between *Organizational Support For Career Development* on *Career Satisfaction* for employees of PT Barito Putera. This result means that *Organizational Support For Career Development* that is increasingly high will increase significantly *Career Satisfaction* in employees of PT Barito Putera. Based on these results *Organizational Support For Career Development* is

accepted towards *Career Satisfaction*, acceptable (H3 is accepted).

Causality Relations	Koefisien Path	t-statistics	p-value	Ket
PP → CMB → CS	0,193	2,280	0,023	Sig
OSCD → CS → CS	0,283	2,390	0,017	Sig

Table 6. Hypothesis Testing for Indirect Effects

From Table 6 it can be explained as follows:

1. The indirect effect of the *Proactive Personality* variable on *Career Satisfaction* through *Career Management Behaviors* produces at-statistics of 2.280 greater than 1.96 and a p-value of 0.023 smaller than 0.05, with the path coefficient of an indirect effect of 0.193 greater rather than the path coefficient the direct effect is only 0.176. These results conclude that *Career Management Behaviors* mediate the effect of *Proactive Personality* on *Career*

Satisfaction on employees of PT Barito Putera. This result means that the higher *Proactive Personality* will significantly improve *Career Management Behaviors*, which in turn will increase *Career Satisfaction* for employees of PT Barito Putera. Based on these results H2 who suspected *Career Management Behaviors* mediating the relationship between *Proactive Personality* And *Career Satisfaction* was acceptable (H2 accepted).

2. The indirect effect of *Organizational Support For Career Development* variables on *Career Satisfaction* through *Career Management Behaviors* produces at-statistics of 2.390 greater than 1.96 and a p-value of 0.017 less than 0.05, with the path coefficient of indirect influence of 0.283 is greater than the path coefficient of direct influence which is only 0.266. These results conclude

that *Career Management Behaviors* mediate the effect of *Organizational Support For Career Development* on the *Career Satisfaction* of employees of PT Barito Putera. These results mean higher *Organizational Support For Career Development*, which will significantly improve *Career Management Behaviors*, which in turn will increase *Career Satisfaction* for employees of PT Barito Putera. Based on these results, H4, which suspects *Career Management Behaviors*, mediates the relationship between *Organizational Support For Career Development* and *Career Satisfaction*, is acceptable (H4 is accepted).

CONCLUSION

Based on the results of hypothesis testing can be concluded as follows:

There is no significant effect between *Proactive Personality* on *Career Satisfaction* of PT Barito Putera employees so that H1 is rejected.

Career Management Behaviors mediate the effect of Proactive personality on Career satisfaction on the employees of PT Barito Putera so that H2 is accepted.

There is a significant influence between OSCD on *Career Satisfaction* of employees of PT Barito Putera so that H3 is accepted. Career management behaviors mediate the effect of organizational support for career development on *Career Satisfaction* on employees of PT Barito Putera so that H4 is accepted.

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ANALYSIS OF FACTORS THAT INFLUENCE EMPLOYEES TO SURVIVE

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Abstract

This study aims to determine the factors that influence employees to survive in a company. The company that we research is PT XYZ. PT XYZ is a company engaged in the digital marketplace industry with marketing areas throughout Indonesia. We assume that employees who survive in a company are due to high employee satisfaction. So that employee satisfaction is always consistent, at least the company always pays attention to the work environment of employees. Compensation, work conflict and work stress are factors that we suspect have an influence on the job satisfaction of PT XYZ employees. This sample was tested on 60 respondents from 80 employees with a sampling technique using the simple random sampling method. The results of this study indicate that the variable compensation, work conflict and job stress affect employee job satisfaction to survive.

Keywords: *compensation, working conflict, work stress*

Abstrak

Penelitian ini bertujuan untuk mengetahui faktor-faktor yang mempengaruhi karyawan untuk bertahan di suatu perusahaan. Perusahaan yang kami teliti adalah PT XYZ. PT XYZ adalah suatu perusahaan yang bergerak di industri *marketplace digital* dengan wilayah pemasaran di seluruh Indonesia. Kami mengasumsikan bahwa karyawan yang bertahan di suatu perusahaan dikarenakan kepuasan karyawan yang tinggi. Agar kepuasan karyawan selalu konsisten maka setidaknya perusahaan selalu memerhatikan lingkungan kerja karyawan. Kompensasi, konflik kerja dan stres kerja adalah faktor-faktor yang kami duga memiliki pengaruh terhadap kepuasan kerja karyawan PT XYZ. Sampel ini diujicobakan kepada 60 responden dari 80 karyawan dengan teknik pengambilan sampel menggunakan metode *simple random sampling*. Hasil dari penelitian ini menunjukkan bahwa variabel kompensasi, konflik kerja dan stres kerja berpengaruh terhadap kepuasan kerja karyawan untuk bertahan.

Kata Kunci : kompensasi, konflik kerja, stres kerja, kepuasan kerja

INTRODUCTION

In the development of the industrial and organizational, human resources have an important role in increasing company productivity. Human resources are the most important asset in a company because human resources can channel their energy and mind. In the era of globalization, the company is demanded to be able to continue to improve the productivity and quality of the company. The success of a company is largely determined by the quality of the people who work in it. Qualified employees will bring a positive influence on the company, such as increasing productivity. Without qualified employees, it is difficult for companies to achieve success and profit. Mathis and Jackson (2011) suggested that in this era of human resources the greater the role in achieving a company's success.

Tokopedia and PT XYZ have in common, which are both engaged in the marketplace industry. Marketplace is a meeting place between sellers and buyers in cyberspace. Marketplace sites have a role as a third party in online transactions by providing a place to sell and facilitate payment.

Human resources are the most important asset for Tokopedia to run company activities. As quoted on its website, human resources in the sense of an employee in the Tokopedia office are the people behind the scenes that make the company go forward as it is today. They employ people who are creative, intelligent and diligent, and priorities abilities over experience. Tokopedia creates a unique company culture for convenience so that employees become productive and want to survive. Tokopedia is one of the companies most sought after by job seekers, because the benefits and facilities provided by the company are able to ensure that employees live happily, quietly, and well-off.

Quality of work life is becoming a popular concept at this time. Employee welfare, not just focusing on aspects related to work. The quality of work life is specifically related to a person's level of happiness at work. Employees with high quality work lives generally find life to be comfortable, their work attractive and reach a level of personal satisfaction. Employees who are generally happy with their work are said to have high quality work, and those who are not happy with their work are said to have

low quality work. If the employee feels satisfied where he works, the employee will be more loyal and loyal in the company.

To maintain employee satisfaction is always consistent, the company must pay attention to the environment in which employees carry out their duties. Coworkers, leaders, work atmosphere and other things that can affect a person's ability to carry out their duties. Employee satisfaction itself is essential for a company, because it will always be related to life in the company. The effectiveness of performance and success at work is an influence or result of employee satisfaction.

The phenomenon that often occurs in the world of work today, namely the number of employees who wish to move or leave the company. This happens one of them because it is caused by not achieving employee satisfaction.

The reason we chose PT XYZ because PT XYZ is an international company that we predict has a better salary level than similar companies that are competitors, so we want to do research to find out whether this salary level has a significant relationship with the desire to survive. Then another factor that

made us interested in choosing PT XYZ because this company is a foreign company where the work culture that is owned is different from other companies so that work stress and work conflict become a benchmark in the desire to survive.

LITERATURE REVIEW

Compensation

According to Milkovich, (2017), compensation is all financial returns, services and tangible benefits received by employees as part of a work relationship.

According to Edison, (2016), compensation is all forms received by employees for the services they contribute to their workers.

Compensation has a positive relationship with employee satisfaction. High compensation will increase employee satisfaction. Thus it will create the desire of employees to survive in the company.

Work Conflict

Conflict is a condition where there is no match between what is expected by a person against himself, others, organizations with reality, (Minarsih, 2011).

In an organization, there will certainly be work conflicts, which are faced between employees, as well as employees and

leaders. Work conflict has a negative relationship with job satisfaction. When work conflicts increase, job satisfaction will decrease. So work conflicts must be minimized by the company so that employees remain survive in the company.

Work Stress

Stress is the inability experienced by someone in overcoming threats faced both mentally, physically, emotionally and spiritually so that one day it can affect human physical health.

According to Mahardiani, (2013), work stress is a feeling of stress experienced by employees in dealing with working assignments.

Research conducted by Manurung, (2012), work stress experienced by employees indicates that excessive workload, unclear responsibilities, conflicting demands from various colleagues, lack of cooperation between departments within the organization and the provision of work standards that are difficult to meet from above.

Work stress has a negative relationship with employee satisfaction. When work stress increases, employee satisfaction will decrease. So the level of work stress must be

minimized by the company so that employees remain survive in the company.

RESEARCH METHODS

The data collection method uses primary data through questionnaires. Where the rating scale for each variable that is applied is the ordinal scale, which is a rating scale where numbers are set to indicate the relativity of character possessed. In addition, the scaling technique used is a Likert scale. On this Likert scale ask respondents to indicate the level of agreement or disagreement with a series of statements about an object.

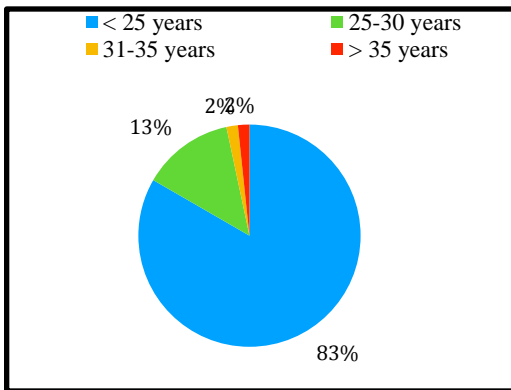
Data analysis using multiple regression tests with the dependent variable is employee satisfaction and the independent variable is compensation, work conflict and work stress. The population of the study were all employees of PT XYZ with a total of 80 people, the authors used a total of 60 with a sampling technique using the simple random sampling method.

RESULT AND DISCUSSION

Correspondent Data

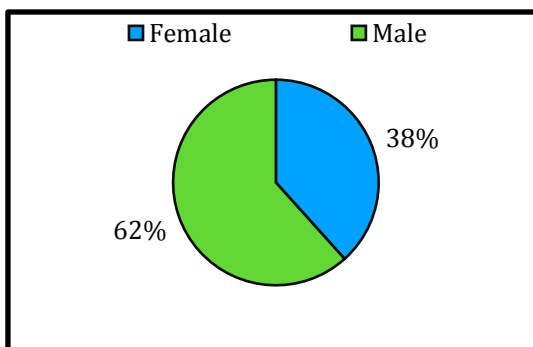
Based on gender, the authors divide into two categories: male and female.

Figure 1. Gender of the Respondents



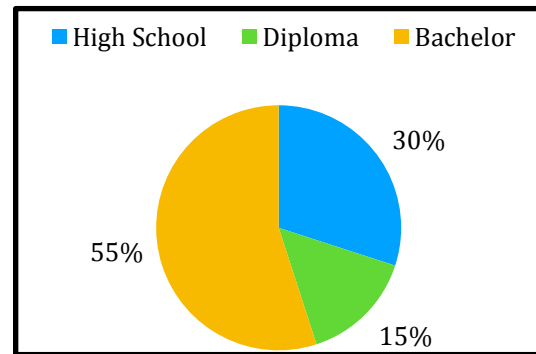
Based on age, the authors divide into four categories, namely less than 25 years, 25-30 years, 31-35 years, and greater than 35 years.

Figure 2. Age of the Respondents



Based on the latest level of education, the authors divide into four categories, namely: high school, diploma, and bachelor.

Figure 3. Educational Background of the Respondents



Validity and Reliability Test

Validity and reliability tests need to be done because the research variables are measured using several indicators. compensation (X1) is measured by five indicators, work conflict variable (X2) is measured by five indicators, work stress variable (X3) is measured by five indicators and employee satisfaction (Y) is measured by five indicators In the study the validity and reliability tests are carried out on the amount of data as many as 60 respondents using SPSS version 24. The validity test results used a 95% confidence level, where $df = n-2$. So, the value of $df = 58$ is presented as follows:

Table 1. Validity Test Results

Item Question	R-count	R-table	Result
K1	0.699	0.2500	Valid
K2	0.818		
K3	0.820		
K4	0.837		
K5	0.820		
KK1	0.752		
KK2	0.808		
KK3	0.615		
KK4	0.612		
KK5	0.688		
SK1	0.724		
SK2	0.769		
SK3	0.732		
SK4	0.771		
SK5	0.675		
B1	0.727		
B2	0.794		
B3	0.747		
B4	0.791		
B5	0.708		

All question items are declared valid if $r\text{-count} > r\text{-table}$. The result is that all questions related to compensation (K), work conflict (KK), work stress (SK) and employee satisfaction (B) are valid, which is above the table value (0.2500).

Table 2. Reliability Test Results

Variable	Cronbach's Alpha	R-table	Result
Compensation	0.922	0.2500	Reliable
Work Conflict	0.869		
Work Stress	0.889		
Employee Satisfaction	0.899		

All question items are declared reliable if the value of Cronbach's Alpha > 0.2500 . The results are all questions related to employee satisfaction, compensation, work conflict and work stress, namely compensation variable $0.922 > 0.2500$, work conflict variable $0.869 > 0.2500$, work stress variable $0.889 > 0.2500$, and employee satisfaction variable $0.899 > 0.2500$. So that all variables in accordance with the requirements, namely reliable.

Classic assumption test

Tabel 3. Normality Test Results

		Unstandardized Residual
N		50
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,39223500
Most Extreme Differences	Absolute	,070
	Positive	,070
	Negative	-,066
Test Statistic		,070
Asymp. Sig. (2-tailed)		,200 ^{c,d}

The residual value in the regression equation model is normally distributed because the significant value is 0.2 and greater than 0.05.

Table 4. Multicollinearity Test

Results

Variable			
Compensation		<	

Work Conflict		<	
Work Stress		<	

Based on the results of the VIF calculation above, all VIF calculation results of all independent variables have values below 10, so there is no multicollinearity between variables.

Table 5. Heteroscedasticity Test

Results

Variable	Sig	Sign	Alpha (α)
Compensation	0.520	\geq	0.05
Work Conflict	0.700	\geq	0.05
Work Stress	0.642	\geq	0.05

Based on the results of the Sig calculation above, all Sig calculation results from all

independent variables have values above 0.05, then there is no heteroscedasticity.

Table 6. Correlation Test Results

	Y	X1	X2	X3
Y	1	0.716	-0.586	-0.637
X1	0.716	1	-0.350	-0.478
X2	-0.586	-0.350	1	0.594
X3	-0.637	-0.478	0.594	1

From the correlation test above, compensation (X1) and employee satisfaction for survival (Y) have a strong and direct relationship. Relationships are moderate because the correlation value is between 0.60 - 0.799 and the directional relationship means that if the value of compensation (X1) rises, the value of employee satisfaction to survive (Y) also goes up or vice versa.

Multiple Regression Test

Table 7. Multiple Regression Test Results

Variable	Unstandardized Coefficients	Sig.
Constanta	3.658	0.000
Compensation	0.407	0.000

Work Conflict	-0.199	0.007
Work Stress	-0.219	0.026

$$Y = 3.658 + 0.407X_1 - 0.199X_2 - 0.219X_3 + e$$

where:

Y = Employee satisfaction

X₁ = Compensation

X₂ = Work conflict

X₃ = Work stress

The conclusion from the equation above is that compensation (X1) increases by 1 unit, employee satisfaction (Y) will increase by 0.407 units and vice versa, then if work conflict (X2) increases by 1 unit then employee satisfaction (Y) will decrease amounting to 0.199 units or vice versa and the last is work stress (X3) increases by 1 unit then employee satisfaction (Y) will decrease by 0.219 units or vice versa.

Compensation has a positive relationship and a significant effect on employee satisfaction for survival. Work conflict and work stress have a negative and significant influence on employee satisfaction to survive.

Table 8. Determinant Coefficient Test

Model	R	R Square	Adjusted R Square
1	0.716 ^a	0.513	0.505

a. Predictors: (Constant), Compensation

The coefficient of determination is used to see how much the free variable compensation (), work conflict (), work stress (X3) affect together on job satisfaction (Y). From the table above obtained Adjusted $R^2 = 0.513$, which means the percentage contribution of the influence of compensation, work conflict and work stress variables together to the employee satisfaction variable of 51.3%, while the remaining 48.7% is influenced by other variables.

CONCLUSION

Based on the results of data processing that has been done using SPSS method version 24, it can be concluded that, compensation has a significant effect on employee satisfaction to survive at PT XYZ. Work conflict has a significant influence on employee satisfaction to survive at PT XYZ. Work stress has a significant effect on employee satisfaction to survive at PT XYZ.

Compensation, work conflict, and work stress by 51.3% simultaneously have a significant effect on employee satisfaction to survive, and 48.7% are influenced by other variables not included in this study.

PT XYZ must be able to manage its employees by considering adequate compensation, maintaining a low level of conflict through a pleasant work culture. With a pleasant work culture, work stress will decrease. In the end, if all these factors can be maintained by the company, the employee's desire to survive is even greater.

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