

Effect Of Organizational Culture And Empowerment On Organizational Commitment To Improve Employee Performance In Puskesmas Ngeplak 1

Astrilia Wulandari^{1*}, Didik Subiyanto², Jajuk Herawati³

^{1,2,3} Faculty of Economics, University of Sarjanawiyata Tamansiswa, Yogyakarta, Indonesia

*Corresponding email: astriliawulan06@gmail.com

Article History

Received:
May 27, 2021
Revised:
June 3, 2021
Accepted:
July 20, 2021

Abstract

This study examines the effect of Organizational Culture and Empowerment on Organizational Commitment to improve Employee Performance at Puskesmas Ngeplak 1. This research was conducted on all employees of Puskesmas Ngeplak 1, totalling 40 people. This research is quantitative. The sample of this study used a sampling technique with a questionnaire or questionnaire. The sample data collection was carried out by distributing questionnaires directly to each employee. The number of questionnaires distributed and processed was as many as 20 questionnaires. Data processing in this study uses multiple linear regression analysis techniques, assisted by the SPSS program version 20.0. The results of this study indicate that organisational culture has a positive and significant effect on organisational commitment. Organisational culture has a positive and significant impact on performance. The empowerment of members has a positive and significant impact on organisational commitment. Assignment of members has a positive and significant effect on performance, and organisational commitment also positively and significantly impacts performance. This proves that organisational culture and member empowerment on organisational commitment significantly affect the performance of the employees of Puskesmas Ngeplak 1.

Keywords: Organizational Culture, Empowerment, Commitment and Employee Performance.

JEL Classification: L20, M10

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:

<https://doi.org/10.46306/bbijbm.v1i2.6>

Web:

<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Wulandari, A., Subiyanto, D., & Herawati, Jajuk. (2021) Effect Of Organizational Culture And Empowerment On Organizational Commitment To Improve Employee Performance In Puskesmas Ngeplak 1. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 90-103. DOI: <https://doi.org/10.46306/bbijbm.v1i2.6>

I. Introduction

The impact of the reforms requires various organisations, both private and government, to carry out many innovations to deal with the demands of change and policies in line with environmental changes. An organisation is required to formulate the proper procedures to cope with any changes that will occur. The success of policy formulation of concern is management concerning the empowerment of human resources (Tjahjono et al., 2006).

The existence of change has an impact on changes in organisational culture, so we are required to be able to deal with it in a way that is more respectful of diversity, which refers to different demographic attributes such as race, ethnicity, gender, age, physical status, religion, education, and so on. In addition to diversity (diversity), a pretty complex challenge is changing the modern organisational culture that is no longer by the values of the ancient organisational culture within all employees. Here, it is also clear that very few people are willing to leave the old ways. Now many leaders and state officials are challenging to change and often ignore the state apparatus organisation's moral values and culture (Tjahjono et al., 2006).

According to him, technological advances and globalisation encourage organisations to change the way they are managed. This condition will indirectly impact employee attitudes towards their work and the organisation that employs them. (Kreitner, 2003) emphasises that organisational commitment reflects how an individual identifies with the organisation to be bound by its goals.

The UPTD Puskesmas Ngemplak 1 has functions (objectives) and main tasks, including; provide direct health services to the public, cooperate with the sectors concerned in implementing the Pusekesmas program, stimulate the public, including the private sector, to carry out activities in the context of first aid for themselves, and provide assistance in the form of material-technical guidance and medical referrals as well as health referrals to the public provided that assistance does not create dependence. To achieve the main functions and tasks of the UPTD Puskesmas Ngemplak 1, it requires a harmonious organisational culture and empowerment to gain commitment and foster passion and enthusiasm for its members.

Employee commitment to the organisation is an implication of the various changes that occur, proving that the work attitude of employees that are experiencing rapid changes in the commitment of employees to the organisation where they work (Akuntansi et al., 2008). Employees' commitment to organisational values can be created by forming a culture by the people in the organisation. It will trigger employees to think, behave, and behave according to organisational values (Sutanto, 2002).

An essential factor besides organisational culture that can affect organisational commitment and performance is empowerment. According to Row Brown (2004), assignment is close to the professionalism, which individuals initially always own. Meanwhile (Nilmawati, 2003) argues that through empowerment, you will understand why and what is happening in the organisation because employees are more involved in making decisions and are given sufficient authority and responsibility in completing tasks within the organisation.

Empowerment is one way that organisations can make the changes needed to excel and survive in increasingly fierce competition. (Nilmawati, 2003) states that empowerment is the giving of responsibility and authority to employees, involvement

of employees in decision making, a condition of mutual trust between management and employees, sharing of information, knowledge and commitment from employees to take responsibility. at work. Furthermore (Nilmawati, 2003) argues that through empowerment, you will understand why and what is happening in the organisation because employees are more involved in making decisions and are given sufficient authority and responsibility in completing member tasks.

Employee performance is the level of success of employees in carrying out their duties and responsibilities. Employee performance, in general, is influenced by two factors, namely internal and external factors (Ismail, 2008). Internal factors are factors that come from within employees, which include job satisfaction and organisational commitment. Meanwhile, external factors come from outside the employee, including leadership, safety and security, and organisational culture. One of the external factors that influence employee performance is organisational culture. Organisational culture is the values that develop in an organisation, where these values are used to direct the behaviour of organisational members (Soedjono, 2005). The commitment of an employee to the organisation can be an essential instrument to improve the employee's performance (Khan, 2010). Commitment organisational culture also has a relationship with organisational culture. Robbins and Judge (2008: 100-101) suggest that organisational commitment is the level to which an employee side with an organisation.

The key asset that is very important for developing and achieving the goals of an organisation or company is human resources. Successful organisations need employees who will do more than just their formal duties and deliver performance that exceeds expectations. Organisations want employees willing to perform tasks that are not listed in their job descriptions (Sutrisno, 2009).

An employee will have a high level of performance if there is a match between work and abilities. If this can be fulfilled, there will be a feeling of responsibility for their work and a willingness to achieve organisational goals through the full implementation of tasks. Therefore, organisations need to pay attention to managing human resources (employees) to produce a high performance to improve overall organisational performance. Three factors affect individual employee performance, namely: (1) the individual's ability to carry out the job; (2) level of effort; and (3) organisational support (Mathis, 2006). Employee performance can be improved if these three factors are present in the employee, and employee performance will decrease or decrease if one of these factors is not present.

II. Literature Review

2.1. Organisational Culture

Organisational culture is a critical characteristic that its members uphold so that it differentiates organisations from one another. Organisational culture is also a pattern of basic assumptions found and developed by a particular group. It studies and masters the problems of external adaptation and internal integration, which has worked well enough to be adequately considered and therefore taught to new members to perceive and think. And felt correct concerning the problem. Furthermore, Robbins (2006) states that organisational culture has the following characteristics:

1. Innovation and risk-return. The extent to which employees are supported to be innovative and dare to take risks.
2. Orientation to results. The extent to which management focuses on outcomes rather than the techniques and processes used to achieve those results.
3. Orientation to people. The extent to which management's decisions consider the impact of results on people in the organisation.
4. Team orientation. The extent to which work activities are organised on a team basis rather than on an individual basis.
5. Aggressiveness. The extent to which people are more aggressive and competitive than relaxed.

2.2. Empowerment

According to Robert and Greene, empowerment is a process of how people are getting more vigorous enough to participate in sharing control and influencing events and institutions that affect their lives (Damanik and Pattiasina, 2009). Employee empowerment is an individual encouragement in developing personal responsibility for carrying out their work which is linked to achieving company goals. Empowerment is significant in employee involvement. Empowerment or (empowerment) is the authority to make decisions in an area of specific operational activities without having to obtain approval from others (Luthans, 2006). In Spreitzer's (1995) research, it was found four general characteristics that empowered people to possess in the concept of Thomas and Velthouse (1990), namely:

1. Sense of meaning is the value of the work's purpose from its relationship to individual ideals or standards.
2. Sense of competence Competence or self-efficacy is more of an individual's belief in carrying out activities using their skills. This dimension uses the term competence rather than self-esteem because it focuses on efficacy, specifically in job roles.
3. Sense of self-determination If competence is a skill in behaviour, then self-determination is a feeling of choosing to make choices and do a job.
4. Sense of impact is the degree to which a person can influence work results both strategically, administratively and operationally.

2.3. Organisational Commitment

Meyer and Allen (1997) identified three different themes in defining commitment: commitment as an affective attachment to the organisation, commitment as a perceived cost associated with leaving the organisation, and commitment as an obligation to stay in the organisation. According to Allen and Meyer, these three forms of commitment are referred to as:

1. Affective commitment is the degree to which an individual is psychologically tied to the organisation that employs him through feelings such as loyalty and affection because he agrees to the organisational goals.
2. Continuous commitment is based on losses when leaving the organisation, which is often interpreted as calculative commitment. In other words, an employee has a solid continuous commitment because they feel they need it (need to), and there is a consideration of cost losses when leaving the organisation.
3. Normative commitment is employees' belief that they feel they have to stay or stay in the organisation because of personal loyalty. Employees with high

normative commitment will remain in the organisation because they think they have to do so.

2.4. Performance

According to Handoko (2000: 50), performance is defined as how an organisation assesses and evaluates the performance of employees or employees. According to Tika (2006: 121), performance is defined as something produced from one's work to achieve the goals of an organisation within a period. Certain. Employee Performance Indicators Bangun (2012) states that to facilitate employee performance appraisal. Work standards must be measured and understood. Here are five employee performance indicators:

1. The quantity of work is the amount of work produced by individuals or groups as a standard of work, by doing work by the output target that must be created per person per one hour of labour and doing work by the number of activity cycles completed.
2. The quality of work is a measure or requirement required in the company for its employees to meet targets and perfect results.
3. Timeliness of completing work by predetermined deadlines and using optimal processing time to produce the output expected by the company.
4. The consequences of doing work require the employee's attendance, namely by arriving on time and doing work following predetermined working hours.
5. Cooperation Not all work can be completed by one employee alone, for certain types of work may have to be completed by two or more employees. Employee performance can be judged by their ability to work with other colleagues.

III. Methodology

Based on the research, the population used were all employees of the Ngemplak 1 Public Health Center. Both structural employees and ordinary employees. The people observed there were 40 people. The method of determining the number of samples is done by using saturated sampling. The number of samples taken from Puskesmas Ngemplak 1 was 40 respondents. The technique or method for this research is through a questionnaire. The data analysis technique used in this research is descriptive analysis and multiple linear regression.

IV. Results and Discussion

4.1. Results

The validity test in this study used the Pearson Correlation Test (Product Moment Pearson Correlation) through the SPSS (Statistical Product and Service Solutions) program. The validity test results show that all items in each variable are declared valid because they have a calculated r value > 0.312 . So that all of these items can be used in further calculations for the hypothesis.

The reliability test in this study used Cronbach's Alpha. Based on the study results, it was obtained that the Cronbach's Alpha coefficient value of all variables had a Cronbach's Alpha coefficient value > 0.600 . This indicates that each research instrument has a good level of reliability.

Data analysis in this study includes descriptive statistics and regression tests. Descriptive statistics are used to provide an overview of each variable in the study. The descriptive statistics presented consist of minimum value, maximum value, average value, and standard deviation for each variable are shown in the following table.

Tabel 1. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
Organizational culture	3,00	5,00	4,2300	0,53694
Empowerment	3,20	5,00	4,1800	0,48738
Organizational Commitment	2,80	5,00	4,2650	0,57537
Performance	3,20	5,00	4,3100	0,47057

Source: Primary data processed, 2021

The descriptive results from table 1 above show that the organisational culture variable has a minimum value of 3.00 and a maximum value of 5.00 with an average value of 4.23 and a standard deviation of 0.54. Furthermore, the member empowerment variable has a minimum value of 3.20 and a maximum value of 5.00, with an average of 4.18 and a standard deviation of 0.49. The organisational commitment variable has a minimum value of 2.80 and a maximum value of 5.00, with an average of 4.27 and a standard deviation of 0.58. The performance variable has a minimum value of 3.20 and a maximum value of 5.00, with an average value of 4.31 and a standard deviation of 0.47. All variables in this study have an average value close to number 4, which means that most respondents respond to the statement of this variable item by providing an answer with a score of 4.

Hypothesis testing in this study using multiple linear regression test. Based on the multiple regression estimation with the SPSS program, the results are as follows:

Tabel 2. Descriptive Statistics

Dependent Variable: Organisational Commitment				
Variable	Unstandardized coefficient B	t count	Sig.	Conclusion
Organizational Culture	0,374	2,934	0,006	H1; supported
Empowerment	0,687	4,891	0,000	H3; supported
Constanta = -0,946				
R ² = 0,759				
F count = 58,373				
Significant = 0,000				
Dependent Variable : Performance				
Variable	Unstandardized coefficient B	t count	Sig.	Conclusion
Organizational Culture	0,339	4,132	0,000	H2; supported
Empowerment	0,285	2,721	0,010	H4; supported
Organizational	0,273	2,866	0,007	H5; supported

Commitment
Constanta = 2,601
R ² = 0,882
F count = 89,904
Significant = 0,000

Source: Primary data processed, 2021

4.2. Regression Equation

4.2.1. Model 1 (Dependent: Organisational commitment)

Based on table 2, it is known that the regression equation formed is as follows:

$$Z = -0.946 + 0.374 X1 + 0.687 X2 + e$$

Information:

Z = Organizational commitment

X1 = Organizational culture

X2 = Empowerment of members

The meaning of the regression coefficient is as follows:

- a. Constant (a) = - 0.946

The constant is a number without any variables. A constant value of -0.946 indicates that organisational commitment is without the influence of other variables. This means that the value of organisational commitment will increase without being influenced by organisational culture and member empowerment variables.

- b. The regression coefficient (β_1) = 0.374

This means that if the organisational culture increases, it is better by one unit, then there will be an increase in the organisational commitment by 0.374 units, assuming other variables remain. A positive direction means that the better the organisational culture, the higher the organisational commitment.

- c. Regression coefficient (β_2) = 0.687

The regression coefficient, which has a positive direction, means that the higher the empowerment of members, the higher the organisational commitment. The coefficient value of 0.687 indicates that if the assignment of members is better by one unit, there will be an increase in the organisational commitment by 0.687 teams with the assumption that other variables are constant.

4.2.2. Model 2 (Dependent: Performance)

Based on table 2 it can be seen that the regression equation formed is:

$$Y = 2.601 + 0.339 X1 + 0.285 X2 + 0.273 Z + e$$

Information:

Y = Performance

X1 = Organizational culture

X2 = Empowerment of members

Z = Organizational commitment

The meaning of the regression coefficient is as follows:

- a) Constant (a) = 2.601

Constants are numbers in the absence of a variable. A constant value of 2.601 indicates that the performance is without the influence of other variables. This means that the performance value will increase without being influenced by the variables of organisational culture, member empowerment, audit opinion, the size of the public accounting firm, and organisational commitment.

- b) Regression coefficient (β_1) = 0.339
This means that if the organisational culture increases, it is better by one unit, then there will be an increase in performance of 0.339 units, assuming other variables remain. Positive direction means that the higher the organisational culture, the higher the performance.
- c) Regression coefficient (β_2) = 0.285
The regression coefficient, which has a positive direction, means that the higher the empowerment of members, the higher the performance. The coefficient value of 0.285 indicates that if the assignment of members is better by one unit, there will be an increase in performance of 0.285 units, assuming other variables remain.
- d) Regression coefficient (β_3) = 0.273
The regression coefficient value means that if organisational commitment increases by one unit, there will be an increase in performance of 0.273 units, assuming other variables remain. The positive direction of the regression coefficient means that the higher the organisational commitment, the higher the performance.

4.3. Hypothesis Test Results (t-test)

The multiple linear regression test table above is used to answer the following hypothesis:

4.3.1. Hypothesis Test 1

Hypothesis 1 = Organisational culture has a direct and significant effect on the organisational commitment of employees of Puskesmas Ngemplak 1.

Based on the results of the hypothesis testing conducted, it can be seen that the results of empirical research support the first hypothesis in this study. This is indicated by the t value of 2.934, which is greater than the t table (2.021). The significance value of 0.006 is smaller than 0.05, and the regression coefficient value of 0.374 is positive. So it can be said that organisational culture has a direct and significant effect on organisational commitment.

4.3.2. Hypothesis Test 2

Hypothesis 2 = Organisational culture has a direct and significant effect on the performance of the employees of Puskesmas Ngemplak 1.

Based on the results of the hypothesis testing conducted, it can be seen that organisational culture has a direct and significant effect on employee performance. This is indicated by the t value of 4.132, which is greater than the t table (2.021), the significance value of 0.000, more significant than 0.05 and the regression coefficient value of 0.339. So it can be said that the second hypothesis in this study is supported by empirical research.

4.3.3. Hypothesis Test 3

Hypothesis 3 = Empowerment of members has a direct and significant effect on the organisational commitment of Puskesmas Ngemplak 1.

The third hypothesis in this study states that member empowerment affects the results of empirical research that support organisational commitment. This is indicated by the t value of 4.891, which is greater than the t table (2.021) and the significance value of 0.000, which is smaller than 0.05 and the significance value of 0.687 in a positive

direction. This means that member empowerment has a direct and significant effect on organisational commitment.

4.3.4. Hypothesis Test 4

Hypothesis 4 = Empowerment of members has a direct and significant effect on the performance of the employees of Puskesmas Ngemplak 1.

Table 2 above shows that the member empowerment variable has a t-value of 2.721, more significant than the t table (2.021), a significance value of 0.010, more diminutive than 0.05 and a significance value of 0.285 in a positive direction. This means that the fourth hypothesis, which states that member empowerment has a direct and significant effect on performance, is supported by the results of empirical research.

4.3.5. Hypothesis Test 5

Hypothesis 5 = Organisational commitment has a direct and significant effect on the performance of the employees of Puskesmas Ngemplak 1.

The fifth hypothesis in this study which states that organisational commitment has a direct and significant effect on performance is supported by empirical research. This is indicated by the t value of 2.866, more significant than the t table (2.021) and the significance value of 0.007, which is smaller than 0.05 and the regression coefficient value of 0.273 in a positive direction.

4.4. F Test Results

Based on the results of statistical testing in the first model with the dependent variable being organisational commitment, the significance of the F test (probability) is 0.000 ($p < 0.05$), and the calculated F value of 58.373 is greater than the F table (3.25), meaning that there is a significant influence. Together between organisational culture and empowerment of members to organisational commitment. Then in the second model with the performance dependent variable, the calculated F value is $89.904 > F$ table (2.87), and the significance value is 0.000, which is smaller than 0.05. So it can be concluded that the organisational culture, empowerment of members and organisational commitment to the employees of Puskesmas Ngemplak 1.

4.5. Coefficient of Determination (R Square)

Based on table 2 above in the first model with the dependent variable organisational commitment, it can be seen that the coefficient of determination (R Square) multiple regression is 0.759. This shows that organisational culture and member empowerment jointly affect organisational commitment by 75.9%, and the remaining 24.1% of organisational commitment is influenced by other factors not examined in this study. Furthermore, in the second model with the performance dependent variable, it is known that the coefficient of determination (R Square) is 0.882. This shows that organisational culture, member empowerment, and organisational commitment jointly affect the performance of Puskesmas Ngemplak 1 employees by 88.2% and the remaining 11.8% of performance is influenced by other factors not examined in this study.

4.6. Path Analysis

Path analysis is a different part of regression analysis. In general, regression is used to test whether the independent variable directly affects the dependent variable. Meanwhile, path analysis tries the direct effect and explains the indirect impact of the

independent variable through the intervening variable on the dependent variable. The path analysis image is presented as follows:

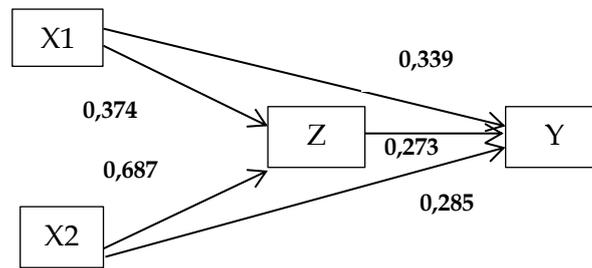


Figure 1. Path Analysis Model

Based on the picture above, it can be seen that the direct and indirect effects are as follows:

Table 3. Result of Path Analysis

Variable	Live	Indirect	Total
Organizational Culture	0,339	$0,374 \times 0,273 = 0,102$	$0,339 + 0,102 = 0,441$
Empowerment	0,285	$0,687 \times 0,273 = 0,188$	$0,285 + 0,273 = 0,558$
Organizational Commitment	0,273		

Source: Primary data processed, 2021

4.6. Discussion

4.6.1. The influence of organisational culture on organisational commitment of employees of Puskesmas Ngemplak 1

The first hypothesis in this study which states that organisational culture affects organisational commitment, is supported statistically by empirical results. This is evidenced by a significant value that is smaller than 0.05. Organisational culture is a critical characteristic that its members uphold so that it differentiates organisations from one another. The cultural archetype is a significant factor in determining organisational effectiveness. In addition, for example, the culture of an institution will also affect the shape of the institution, and the most important thing is that culture is closely related to quality.

The results of this study support previous research conducted by Othman Hussein Al-Bataineh, Rashidah Binti Mohammad Ibrahim, Ahmad Firdause Md Fadzil, (2019), which shows that organisational culture affects organisational commitment. Employees at Puskesmas Ngemplak 1 have functions and tasks that must be carried out. To carry out these main functions and functions requires a supportive organisational culture because organisations can be created by forming a culture according to the people in the organisation. This is in line with the research of Khuzaini and Kaihatu (2008), which proves that the work attitude of employees that are experiencing rapid changes in the commitment of employees to the organisation they work for. According to him, technological advances and globalisation encourage organisations to change the way they are managed. This condition will indirectly impact employee attitudes towards their work and the organisation that employs them.

4.6.2. The influence of organisational culture on the performance of employees of Puskesmas Ngemplak 1

The second hypothesis, which states that organisational culture affects the performance of Puskesmas Ngemplak 1 employees, is supported statistically by empirical results. This is evidenced by the significance value of 0.000, which is smaller than 0.05. Organisational culture has an essential function. The function of organisational culture is as a boundary for individual behaviour within it. Organisational culture also has tasks in line with what has been described, namely: giving organisational identity to its members. It eases collective commitment, promotes social system stability, and shapes behaviours managers perceive their presence.

The results of this study support previous research conducted by Soedjono (2005) with the results of his study, which states that organisational culture has a significant and positive effect on organisational performance. A conducive organisational culture indicates that the work atmosphere created is harmonious both concerning fellow employees and with the leadership. The existence of a pleasant work atmosphere can directly foster confidence in employees to provide optimal performance results. In addition, a conducive organisational culture can result in every employee feeling comfortable carrying out each employee's primary duties daily.

4.6.3. The effect of empowerment of members on the performance of employees of Puskesmas Ngemplak 1.

The third hypothesis in this study which states that member empowerment affects organisational commitment, is supported statistically by empirical research. This is evidenced by the significance value of 0.000, which is greater than 0.05. Empowerment is one way that organisations can make the changes needed to excel and survive in increasingly fierce competition. Nilmawati (2003) states that empowerment is the giving of responsibility and authority to employees, involvement of employees in decision making, conditions of mutual trust between management and employees, sharing of information, knowledge and commitment from employees to take responsibility for work. Furthermore, Nilmawati (2003) argues that through empowerment, you will understand why and what is happening in the organisation because employees are more involved in making decisions and are given sufficient authority and responsibility in completing member tasks.

The results of this study are in line with the opinion of Row Brown (2004), which states that empowerment has a close relationship with professionalism which is initially always owned by individuals. Meanwhile, Nilmawati (2003) argues that through empowerment, you will understand why and what is happening in the organisation because employees are more involved in making decisions and are given sufficient authority and responsibility in completing tasks within the organisation. Empowerment is one way that organisations can make the changes needed to excel and survive in increasingly fierce competition.

4.6.4. The effect of empowerment of members on the performance of employees of Puskesmas Ngemplak 1.

The fourth hypothesis, which states that empowerment of members affects performance, is supported statistically by empirical research. This is evidenced by the significance value of 0.000, which is smaller than 0.05. One of the indicators that affect the performance of employees in a company is the empowerment of the employees

themselves. According to Robert and Greene, empowerment is a process of how people are getting more potent enough to participate in sharing control and influencing events and institutions that affect their lives (Damanik and Pattiasina, 2009: 93). Employee empowerment is an individual encouragement in developing personal responsibility for carrying out their work which is linked to achieving company goals. Therefore, the path taken by companies to improve employee performance is through employee empowerment (Clutterluck, 2008: 54).

The results of this study support previous research conducted by Jaclyen Tielung, (2013), which shows that Employee Empowerment influences employee performance where with high empowerment, employees can improve performance at PT PLN (Persero) Region VII Manado. There is an effort to empower employees to suit employees' desires with tasks and jobs directly to improve the employee's performance. Furthermore, it is conveyed that empowerment is an excellent program or tool because of changes in the organisation and the participation of members. In addition, there is good empowerment felt by employees where management provides more opportunities for employees to develop creativity, flexibility and autonomy for their work.

4.6.5. The effect of organisational commitment on the performance of employees of Puskesmas Ngemplak 1.

The fifth hypothesis, which states that organisational commitment affects performance, is supported statistically by empirical results. These results are indicated by a significant value that is smaller than 0.05. Schatz and Schatz 1995, as quoted by Hasan, (2007: 21), said that commitment is the most essential thing for everyone in their work. Without a commitment, the tasks given to him are difficult to carry out properly. High commitment to the job can motivate someone to do something sincerely.

The results of this study support previous research conducted by Jaclyen Tielung (2013), which states that Organizational Commitment influences Employee Performance of PT PLN (Persero) Region VII Manado and Motivation is the most dominant variable affecting employee performance. Commitment leads to several specific behavioural outcomes. First, employees who are highly committed must have a strong desire to stay in the organisation and optimise their performance to remain in the organisation. Employees who are highly committed to the goals of an organisation and have a positive attitude have a strong desire to come to work and contribute to the achievement of goals. According to management, who have high performance are members of old employees who are committed to the organisation regardless of whether they are happy with their work or not, and new employee members who can adjust quickly to their work. This indicates that the level of performance affects the level of commitment to the achievement of organisational goals.

V. Conclusion and Recommendation

5.1. Conclusion

Based on the previous chapter's discussion, this study aims to determine the effect of organisational culture and member empowerment on organisational commitment and performance. Based on the research results that have been obtained, it can be concluded as follows.

1. Organisational culture has a unidirectional and significant effect on the organisational commitment of employees of Puskesmas Ngemplak 1. This is evidenced by the significance value of the t-test of 0.000, which is less than 0.05 and the regression coefficient in a positive direction.
2. Organisational culture has a unidirectional and significant effect on the performance of the employees of Puskesmas Ngemplak 1. This is evidenced by the significance value of the t-test of 0.000, which is less than 0.05 and the regression coefficient in a positive direction.
3. The empowerment of members has a direct and significant effect on the organisational commitment of Puskesmas Ngemplak 1. This is evidenced by the significance value of the t-test of 0.000, more significant than 0.05 and the regression coefficient in a positive direction.
4. Empowerment of members has a unidirectional and significant effect on the employee performance of Puskesmas Ngemplak 1. This is evidenced by the significance value of the t-test of 0.000, which is less than 0.05 and the regression coefficient in a positive direction.
5. Organisational commitment has a unidirectional and significant effect on the performance of Puskesmas Ngemplak 1. This is evidenced by the significance value of the t-test of 0.007, which is smaller than 0.05 and the regression coefficient in a positive direction.

5.2. Recommendation

Based on the research results, the researcher can give several recommendations, including:

- It is suggested that the puskesmas pay more attention and efforts to improve the quality of the organisational culture at the puskesmas. Improving organisational culture can be done by holding outbound to reduce gaps and training to reduce stress.
- Puskesmas Ngemplak 1 is advised to further empower employees' abilities and potentials by providing opportunities to better contribute to mutual progress and giving guidance programs to develop human resources.
- We recommend that you increase the number of samples to become more significant and cover all elements of the population in a balanced manner so that the research results obtained can better reflect the actual situation and the results can be generalised more broadly.
- It is recommended that further research be able to develop and use other variables that are also thought to affect performance and the variables that have been studied, including workers compensation, discipline, work motivation, and other factors.

References

- Akuntansi, P. S., Ekonomi, F., Ilmu, D. A. N., Islam, U., & Syarif, N. (2008). *Komitmen Organisasi Sebagai*. 3, 312-324.
- Bangun, W. (2012). *Manajemen Sumber Daya Manusia*. 233.
- Damanik, Juda, & Pattiasina, C. (2009). *Buku Pintar Pekerja Sosial*. 93.
- Ghozali, I. (2013). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 21*.
- Handoko, T. H. (2001). *Manajemen Personalialia dan Sumber Daya Manusia*.

- hidayah, siti nur. (2016). Manajemen Kinerja di Institusi Pendidikan Tinggi: Kepuasan Kerja dan Budaya Organisasi. *Jurnal Manajemen Pendidikan, Yogyakarta, Manajemen Pendidikan Islam, UIN SUKA Yogyakarta*, 1.
- Ismail, I. (2008). Pengaruh Budaya Organisasi terhadap Kepemimpinan dan Kinerja Karyawan Pemerintah Kabupaten-kabupaten di Madura. 12(1), 18-36.
- Khan, M. R. et al. (2010). The Impact of Organizational Commitment on Employee Job Performance. *European Journal of Social Sciences*, 15(3), 292-298.
- Kreitner, R. dan A. K. (2003). *Perilaku organisasi*.
- Luthans. (2006). *Perilaku Organisasi*.
- Mas'ud, F. (2004). *Survai Diagnosis Organisasional: Konsep dan Aplikasi*.
- Mathis, R. L. dan J. H. J. (2006). Manajemen Sumber Daya Manusia. *Human Resource Management*.
- Meyer, J.P., and Allen, N. . (1997). *Commitment in the workplace, theory, research, and application* Sage Publications.
- Nilamawati. (2003). Mencapai kesuksesan organisasi melalui pemberdayaan. *Ekobis*, 4.
- Notoatmodjo, S. (2003). *Pengembangan Sumber Daya Manusia*.
- Rivai, V. (2004). *Kiat Memimpin dalam Abad ke-21*.
- Simamora, H. (2009). *Manajemen Sumber Daya Manusia*.
- Soedjono. (2005). Pengaruh Budaya Organisasi Terhadap Kinerja Organisasi dan Kepuasan Kerja Karyawan pada Terminal Penumpang Umum di Surabaya. *Jurnal Manajemen Dan Kewirausahaan*, 7(1), 22-47.
- Spreitzer, G. M. (1995). Psychological empowerment in the workplace: Dimensions, Measurement and Validation. *Academy of Management Journal*, 38, 1442-1465.
- Stephen P. Robbins. (1996). *Organisational Behavior: Concepts, Controversies, Applications*.
- Stephen P. Robbins. (2006). *Perilaku Organisasi*.
- Sugiyono. (2016). *Metode Penelitian Manajemen*.
- Sutrisno, H. E. (2009). *Manajemen Sumber Daya Manusia*.
- Tania, A., & Sutanto, eddy m. (2013). pengaruh Motivasi Kerja Dan Kepuasan Kerja Terhadap Komitmen Organisasional Karyawan Pt . Dai Knife Di Surabaya. *Jurnal AGORA*, 1(3).
- Tjahjono dkk. (2006). Pengaruh Motivasi Kerja dan Budaya Organisasi terhadap Kinerja Pegawai di Lingkungan Dinas Bina Marga Propinsi Jawa Tengah.

Effect Of Organizational Culture And Empowerment On Organizational Commitment To Improve Employee Performance In Puskesmas Ngeplak 1

Astrilia Wulandari^{1*}, Didik Subiyanto², Jajuk Herawati³

^{1,2,3} Faculty of Economics, University of Sarjanawiyata Tamansiswa, Yogyakarta, Indonesia

*Corresponding email: astriliawulan06@gmail.com

Article History

Received:
May 27, 2021
Revised:
June 3, 2021
Accepted:
July 20, 2021

Abstract

This study examines the effect of Organizational Culture and Empowerment on Organizational Commitment to improve Employee Performance at Puskesmas Ngeplak 1. This research was conducted on all employees of Puskesmas Ngeplak 1, totalling 40 people. This research is quantitative. The sample of this study used a sampling technique with a questionnaire or questionnaire. The sample data collection was carried out by distributing questionnaires directly to each employee. The number of questionnaires distributed and processed was as many as 20 questionnaires. Data processing in this study uses multiple linear regression analysis techniques, assisted by the SPSS program version 20.0. The results of this study indicate that organisational culture has a positive and significant effect on organisational commitment. Organisational culture has a positive and significant impact on performance. The empowerment of members has a positive and significant impact on organisational commitment. Assignment of members has a positive and significant effect on performance, and organisational commitment also positively and significantly impacts performance. This proves that organisational culture and member empowerment on organisational commitment significantly affect the performance of the employees of Puskesmas Ngeplak 1.

Keywords: Organizational Culture, Empowerment, Commitment and Employee Performance.

JEL Classification: L20, M10

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:

<https://doi.org/10.46306/bbijbm.v1i2.6>

Web:

<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Wulandari, A., Subiyanto, D., & Herawati, Jajuk. (2021) Effect Of Organizational Culture And Empowerment On Organizational Commitment To Improve Employee Performance In Puskesmas Ngeplak 1. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 90-103. DOI: <https://doi.org/10.46306/bbijbm.v1i2.6>

I. Introduction

The impact of the reforms requires various organisations, both private and government, to carry out many innovations to deal with the demands of change and policies in line with environmental changes. An organisation is required to formulate the proper procedures to cope with any changes that will occur. The success of policy formulation of concern is management concerning the empowerment of human resources (Tjahjono et al., 2006).

The existence of change has an impact on changes in organisational culture, so we are required to be able to deal with it in a way that is more respectful of diversity, which refers to different demographic attributes such as race, ethnicity, gender, age, physical status, religion, education, and so on. In addition to diversity (diversity), a pretty complex challenge is changing the modern organisational culture that is no longer by the values of the ancient organisational culture within all employees. Here, it is also clear that very few people are willing to leave the old ways. Now many leaders and state officials are challenging to change and often ignore the state apparatus organisation's moral values and culture (Tjahjono et al., 2006).

According to him, technological advances and globalisation encourage organisations to change the way they are managed. This condition will indirectly impact employee attitudes towards their work and the organisation that employs them. (Kreitner, 2003) emphasises that organisational commitment reflects how an individual identifies with the organisation to be bound by its goals.

The UPTD Puskesmas Ngemplak 1 has functions (objectives) and main tasks, including; provide direct health services to the public, cooperate with the sectors concerned in implementing the Pusekesmas program, stimulate the public, including the private sector, to carry out activities in the context of first aid for themselves, and provide assistance in the form of material-technical guidance and medical referrals as well as health referrals to the public provided that assistance does not create dependence. To achieve the main functions and tasks of the UPTD Puskesmas Ngemplak 1, it requires a harmonious organisational culture and empowerment to gain commitment and foster passion and enthusiasm for its members.

Employee commitment to the organisation is an implication of the various changes that occur, proving that the work attitude of employees that are experiencing rapid changes in the commitment of employees to the organisation where they work (Akuntansi et al., 2008). Employees' commitment to organisational values can be created by forming a culture by the people in the organisation. It will trigger employees to think, behave, and behave according to organisational values (Sutanto, 2002).

An essential factor besides organisational culture that can affect organisational commitment and performance is empowerment. According to Row Brown (2004), assignment is close to the professionalism, which individuals initially always own. Meanwhile (Nilmawati, 2003) argues that through empowerment, you will understand why and what is happening in the organisation because employees are more involved in making decisions and are given sufficient authority and responsibility in completing tasks within the organisation.

Empowerment is one way that organisations can make the changes needed to excel and survive in increasingly fierce competition. (Nilmawati, 2003) states that empowerment is the giving of responsibility and authority to employees, involvement

of employees in decision making, a condition of mutual trust between management and employees, sharing of information, knowledge and commitment from employees to take responsibility. at work. Furthermore (Nilmawati, 2003) argues that through empowerment, you will understand why and what is happening in the organisation because employees are more involved in making decisions and are given sufficient authority and responsibility in completing member tasks.

Employee performance is the level of success of employees in carrying out their duties and responsibilities. Employee performance, in general, is influenced by two factors, namely internal and external factors (Ismail, 2008). Internal factors are factors that come from within employees, which include job satisfaction and organisational commitment. Meanwhile, external factors come from outside the employee, including leadership, safety and security, and organisational culture. One of the external factors that influence employee performance is organisational culture. Organisational culture is the values that develop in an organisation, where these values are used to direct the behaviour of organisational members (Soedjono, 2005). The commitment of an employee to the organisation can be an essential instrument to improve the employee's performance (Khan, 2010). Commitment organisational culture also has a relationship with organisational culture. Robbins and Judge (2008: 100-101) suggest that organisational commitment is the level to which an employee side with an organisation.

The key asset that is very important for developing and achieving the goals of an organisation or company is human resources. Successful organisations need employees who will do more than just their formal duties and deliver performance that exceeds expectations. Organisations want employees willing to perform tasks that are not listed in their job descriptions (Sutrisno, 2009).

An employee will have a high level of performance if there is a match between work and abilities. If this can be fulfilled, there will be a feeling of responsibility for their work and a willingness to achieve organisational goals through the full implementation of tasks. Therefore, organisations need to pay attention to managing human resources (employees) to produce a high performance to improve overall organisational performance. Three factors affect individual employee performance, namely: (1) the individual's ability to carry out the job; (2) level of effort; and (3) organisational support (Mathis, 2006). Employee performance can be improved if these three factors are present in the employee, and employee performance will decrease or decrease if one of these factors is not present.

II. Literature Review

2.1. Organisational Culture

Organisational culture is a critical characteristic that its members uphold so that it differentiates organisations from one another. Organisational culture is also a pattern of basic assumptions found and developed by a particular group. It studies and masters the problems of external adaptation and internal integration, which has worked well enough to be adequately considered and therefore taught to new members to perceive and think. And felt correct concerning the problem. Furthermore, Robbins (2006) states that organisational culture has the following characteristics:

1. Innovation and risk-return. The extent to which employees are supported to be innovative and dare to take risks.
2. Orientation to results. The extent to which management focuses on outcomes rather than the techniques and processes used to achieve those results.
3. Orientation to people. The extent to which management's decisions consider the impact of results on people in the organisation.
4. Team orientation. The extent to which work activities are organised on a team basis rather than on an individual basis.
5. Aggressiveness. The extent to which people are more aggressive and competitive than relaxed.

2.2. Empowerment

According to Robert and Greene, empowerment is a process of how people are getting more vigorous enough to participate in sharing control and influencing events and institutions that affect their lives (Damanik and Pattiasina, 2009). Employee empowerment is an individual encouragement in developing personal responsibility for carrying out their work which is linked to achieving company goals. Empowerment is significant in employee involvement. Empowerment or (empowerment) is the authority to make decisions in an area of specific operational activities without having to obtain approval from others (Luthans, 2006). In Spreitzer's (1995) research, it was found four general characteristics that empowered people to possess in the concept of Thomas and Velthouse (1990), namely:

1. Sense of meaning is the value of the work's purpose from its relationship to individual ideals or standards.
2. Sense of competence Competence or self-efficacy is more of an individual's belief in carrying out activities using their skills. This dimension uses the term competence rather than self-esteem because it focuses on efficacy, specifically in job roles.
3. Sense of self-determination If competence is a skill in behaviour, then self-determination is a feeling of choosing to make choices and do a job.
4. Sense of impact is the degree to which a person can influence work results both strategically, administratively and operationally.

2.3. Organisational Commitment

Meyer and Allen (1997) identified three different themes in defining commitment: commitment as an affective attachment to the organisation, commitment as a perceived cost associated with leaving the organisation, and commitment as an obligation to stay in the organisation. According to Allen and Meyer, these three forms of commitment are referred to as:

1. Affective commitment is the degree to which an individual is psychologically tied to the organisation that employs him through feelings such as loyalty and affection because he agrees to the organisational goals.
2. Continuous commitment is based on losses when leaving the organisation, which is often interpreted as calculative commitment. In other words, an employee has a solid continuous commitment because they feel they need it (need to), and there is a consideration of cost losses when leaving the organisation.
3. Normative commitment is employees' belief that they feel they have to stay or stay in the organisation because of personal loyalty. Employees with high

normative commitment will remain in the organisation because they think they have to do so.

2.4. Performance

According to Handoko (2000: 50), performance is defined as how an organisation assesses and evaluates the performance of employees or employees. According to Tika (2006: 121), performance is defined as something produced from one's work to achieve the goals of an organisation within a period. Certain. Employee Performance Indicators Bangun (2012) states that to facilitate employee performance appraisal. Work standards must be measured and understood. Here are five employee performance indicators:

1. The quantity of work is the amount of work produced by individuals or groups as a standard of work, by doing work by the output target that must be created per person per one hour of labour and doing work by the number of activity cycles completed.
2. The quality of work is a measure or requirement required in the company for its employees to meet targets and perfect results.
3. Timeliness of completing work by predetermined deadlines and using optimal processing time to produce the output expected by the company.
4. The consequences of doing work require the employee's attendance, namely by arriving on time and doing work following predetermined working hours.
5. Cooperation Not all work can be completed by one employee alone, for certain types of work may have to be completed by two or more employees. Employee performance can be judged by their ability to work with other colleagues.

III. Methodology

Based on the research, the population used were all employees of the Ngemplak 1 Public Health Center. Both structural employees and ordinary employees. The people observed there were 40 people. The method of determining the number of samples is done by using saturated sampling. The number of samples taken from Puskesmas Ngemplak 1 was 40 respondents. The technique or method for this research is through a questionnaire. The data analysis technique used in this research is descriptive analysis and multiple linear regression.

IV. Results and Discussion

4.1. Results

The validity test in this study used the Pearson Correlation Test (Product Moment Pearson Correlation) through the SPSS (Statistical Product and Service Solutions) program. The validity test results show that all items in each variable are declared valid because they have a calculated r value > 0.312 . So that all of these items can be used in further calculations for the hypothesis.

The reliability test in this study used Cronbach's Alpha. Based on the study results, it was obtained that the Cronbach's Alpha coefficient value of all variables had a Cronbach's Alpha coefficient value > 0.600 . This indicates that each research instrument has a good level of reliability.

Data analysis in this study includes descriptive statistics and regression tests. Descriptive statistics are used to provide an overview of each variable in the study. The descriptive statistics presented consist of minimum value, maximum value, average value, and standard deviation for each variable are shown in the following table.

Tabel 1. Descriptive Statistics

Variable	Minimum	Maximum	Mean	Std. Deviation
Organizational culture	3,00	5,00	4,2300	0,53694
Empowerment	3,20	5,00	4,1800	0,48738
Organizational Commitment	2,80	5,00	4,2650	0,57537
Performance	3,20	5,00	4,3100	0,47057

Source: Primary data processed, 2021

The descriptive results from table 1 above show that the organisational culture variable has a minimum value of 3.00 and a maximum value of 5.00 with an average value of 4.23 and a standard deviation of 0.54. Furthermore, the member empowerment variable has a minimum value of 3.20 and a maximum value of 5.00, with an average of 4.18 and a standard deviation of 0.49. The organisational commitment variable has a minimum value of 2.80 and a maximum value of 5.00, with an average of 4.27 and a standard deviation of 0.58. The performance variable has a minimum value of 3.20 and a maximum value of 5.00, with an average value of 4.31 and a standard deviation of 0.47. All variables in this study have an average value close to number 4, which means that most respondents respond to the statement of this variable item by providing an answer with a score of 4.

Hypothesis testing in this study using multiple linear regression test. Based on the multiple regression estimation with the SPSS program, the results are as follows:

Tabel 2. Descriptive Statistics

Dependent Variable: Organisational Commitment				
Variable	Unstandardized coefficient B	t count	Sig.	Conclusion
Organizational Culture	0,374	2,934	0,006	H1; supported
Empowerment	0,687	4,891	0,000	H3; supported
Constanta = -0,946				
R ² = 0,759				
F count = 58,373				
Significant = 0,000				
Dependent Variable : Performance				
Variable	Unstandardized coefficient B	t count	Sig.	Conclusion
Organizational Culture	0,339	4,132	0,000	H2; supported
Empowerment	0,285	2,721	0,010	H4; supported
Organizational	0,273	2,866	0,007	H5; supported

Commitment
Constanta = 2,601
R ² = 0,882
F count = 89,904
Significant = 0,000

Source: Primary data processed, 2021

4.2. Regression Equation

4.2.1. Model 1 (Dependent: Organisational commitment)

Based on table 2, it is known that the regression equation formed is as follows:

$$Z = -0.946 + 0.374 X1 + 0.687 X2 + e$$

Information:

Z = Organizational commitment

X1 = Organizational culture

X2 = Empowerment of members

The meaning of the regression coefficient is as follows:

- a. Constant (a) = - 0.946

The constant is a number without any variables. A constant value of -0.946 indicates that organisational commitment is without the influence of other variables. This means that the value of organisational commitment will increase without being influenced by organisational culture and member empowerment variables.

- b. The regression coefficient (β_1) = 0.374

This means that if the organisational culture increases, it is better by one unit, then there will be an increase in the organisational commitment by 0.374 units, assuming other variables remain. A positive direction means that the better the organisational culture, the higher the organisational commitment.

- c. Regression coefficient (β_2) = 0.687

The regression coefficient, which has a positive direction, means that the higher the empowerment of members, the higher the organisational commitment. The coefficient value of 0.687 indicates that if the assignment of members is better by one unit, there will be an increase in the organisational commitment by 0.687 teams with the assumption that other variables are constant.

4.2.2. Model 2 (Dependent: Performance)

Based on table 2 it can be seen that the regression equation formed is:

$$Y = 2.601 + 0.339 X1 + 0.285 X2 + 0.273 Z + e$$

Information:

Y = Performance

X1 = Organizational culture

X2 = Empowerment of members

Z = Organizational commitment

The meaning of the regression coefficient is as follows:

- a) Constant (a) = 2.601

Constants are numbers in the absence of a variable. A constant value of 2.601 indicates that the performance is without the influence of other variables. This means that the performance value will increase without being influenced by the variables of organisational culture, member empowerment, audit opinion, the size of the public accounting firm, and organisational commitment.

- b) Regression coefficient (β_1) = 0.339
This means that if the organisational culture increases, it is better by one unit, then there will be an increase in performance of 0.339 units, assuming other variables remain. Positive direction means that the higher the organisational culture, the higher the performance.
- c) Regression coefficient (β_2) = 0.285
The regression coefficient, which has a positive direction, means that the higher the empowerment of members, the higher the performance. The coefficient value of 0.285 indicates that if the assignment of members is better by one unit, there will be an increase in performance of 0.285 units, assuming other variables remain.
- d) Regression coefficient (β_3) = 0.273
The regression coefficient value means that if organisational commitment increases by one unit, there will be an increase in performance of 0.273 units, assuming other variables remain. The positive direction of the regression coefficient means that the higher the organisational commitment, the higher the performance.

4.3. Hypothesis Test Results (t-test)

The multiple linear regression test table above is used to answer the following hypothesis:

4.3.1. Hypothesis Test 1

Hypothesis 1 = Organisational culture has a direct and significant effect on the organisational commitment of employees of Puskesmas Ngemplak 1.

Based on the results of the hypothesis testing conducted, it can be seen that the results of empirical research support the first hypothesis in this study. This is indicated by the t value of 2.934, which is greater than the t table (2.021). The significance value of 0.006 is smaller than 0.05, and the regression coefficient value of 0.374 is positive. So it can be said that organisational culture has a direct and significant effect on organisational commitment.

4.3.2. Hypothesis Test 2

Hypothesis 2 = Organisational culture has a direct and significant effect on the performance of the employees of Puskesmas Ngemplak 1.

Based on the results of the hypothesis testing conducted, it can be seen that organisational culture has a direct and significant effect on employee performance. This is indicated by the t value of 4.132, which is greater than the t table (2.021), the significance value of 0.000, more significant than 0.05 and the regression coefficient value of 0.339. So it can be said that the second hypothesis in this study is supported by empirical research.

4.3.3. Hypothesis Test 3

Hypothesis 3 = Empowerment of members has a direct and significant effect on the organisational commitment of Puskesmas Ngemplak 1.

The third hypothesis in this study states that member empowerment affects the results of empirical research that support organisational commitment. This is indicated by the t value of 4.891, which is greater than the t table (2.021) and the significance value of 0.000, which is smaller than 0.05 and the significance value of 0.687 in a positive

direction. This means that member empowerment has a direct and significant effect on organisational commitment.

4.3.4. Hypothesis Test 4

Hypothesis 4 = Empowerment of members has a direct and significant effect on the performance of the employees of Puskesmas Ngemplak 1.

Table 2 above shows that the member empowerment variable has a t-value of 2.721, more significant than the t table (2.021), a significance value of 0.010, more diminutive than 0.05 and a significance value of 0.285 in a positive direction. This means that the fourth hypothesis, which states that member empowerment has a direct and significant effect on performance, is supported by the results of empirical research.

4.3.5. Hypothesis Test 5

Hypothesis 5 = Organisational commitment has a direct and significant effect on the performance of the employees of Puskesmas Ngemplak 1.

The fifth hypothesis in this study which states that organisational commitment has a direct and significant effect on performance is supported by empirical research. This is indicated by the t value of 2.866, more significant than the t table (2.021) and the significance value of 0.007, which is smaller than 0.05 and the regression coefficient value of 0.273 in a positive direction.

4.4. F Test Results

Based on the results of statistical testing in the first model with the dependent variable being organisational commitment, the significance of the F test (probability) is 0.000 ($p < 0.05$), and the calculated F value of 58.373 is greater than the F table (3.25), meaning that there is a significant influence. Together between organisational culture and empowerment of members to organisational commitment. Then in the second model with the performance dependent variable, the calculated F value is $89.904 > F$ table (2.87), and the significance value is 0.000, which is smaller than 0.05. So it can be concluded that the organisational culture, empowerment of members and organisational commitment to the employees of Puskesmas Ngemplak 1.

4.5. Coefficient of Determination (R Square)

Based on table 2 above in the first model with the dependent variable organisational commitment, it can be seen that the coefficient of determination (R Square) multiple regression is 0.759. This shows that organisational culture and member empowerment jointly affect organisational commitment by 75.9%, and the remaining 24.1% of organisational commitment is influenced by other factors not examined in this study. Furthermore, in the second model with the performance dependent variable, it is known that the coefficient of determination (R Square) is 0.882. This shows that organisational culture, member empowerment, and organisational commitment jointly affect the performance of Puskesmas Ngemplak 1 employees by 88.2% and the remaining 11.8% of performance is influenced by other factors not examined in this study.

4.6. Path Analysis

Path analysis is a different part of regression analysis. In general, regression is used to test whether the independent variable directly affects the dependent variable. Meanwhile, path analysis tries the direct effect and explains the indirect impact of the

independent variable through the intervening variable on the dependent variable. The path analysis image is presented as follows:

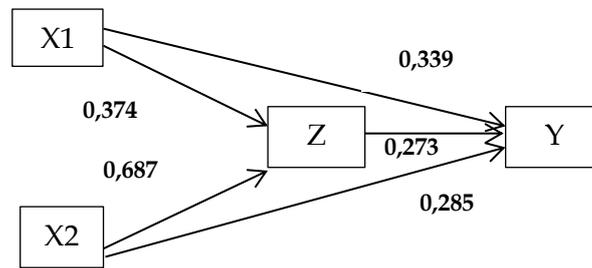


Figure 1. Path Analysis Model

Based on the picture above, it can be seen that the direct and indirect effects are as follows:

Table 3. Result of Path Analysis

Variable	Live	Indirect	Total
Organizational Culture	0,339	$0,374 \times 0,273 = 0,102$	$0,339 + 0,102 = 0,441$
Empowerment	0,285	$0,687 \times 0,273 = 0,188$	$0,285 + 0,273 = 0,558$
Organizational Commitment	0,273		

Source: Primary data processed, 2021

4.6. Discussion

4.6.1. The influence of organisational culture on organisational commitment of employees of Puskesmas Ngemplak 1

The first hypothesis in this study which states that organisational culture affects organisational commitment, is supported statistically by empirical results. This is evidenced by a significant value that is smaller than 0.05. Organisational culture is a critical characteristic that its members uphold so that it differentiates organisations from one another. The cultural archetype is a significant factor in determining organisational effectiveness. In addition, for example, the culture of an institution will also affect the shape of the institution, and the most important thing is that culture is closely related to quality.

The results of this study support previous research conducted by Othman Hussein Al-Bataineh, Rashidah Binti Mohammad Ibrahim, Ahmad Firdause Md Fadzil, (2019), which shows that organisational culture affects organisational commitment. Employees at Puskesmas Ngemplak 1 have functions and tasks that must be carried out. To carry out these main functions and functions requires a supportive organisational culture because organisations can be created by forming a culture according to the people in the organisation. This is in line with the research of Khuzaini and Kaihatu (2008), which proves that the work attitude of employees that are experiencing rapid changes in the commitment of employees to the organisation they work for. According to him, technological advances and globalisation encourage organisations to change the way they are managed. This condition will indirectly impact employee attitudes towards their work and the organisation that employs them.

4.6.2. The influence of organisational culture on the performance of employees of Puskesmas Ngemplak 1

The second hypothesis, which states that organisational culture affects the performance of Puskesmas Ngemplak 1 employees, is supported statistically by empirical results. This is evidenced by the significance value of 0.000, which is smaller than 0.05. Organisational culture has an essential function. The function of organisational culture is as a boundary for individual behaviour within it. Organisational culture also has tasks in line with what has been described, namely: giving organisational identity to its members. It eases collective commitment, promotes social system stability, and shapes behaviours managers perceive their presence.

The results of this study support previous research conducted by Soedjono (2005) with the results of his study, which states that organisational culture has a significant and positive effect on organisational performance. A conducive organisational culture indicates that the work atmosphere created is harmonious both concerning fellow employees and with the leadership. The existence of a pleasant work atmosphere can directly foster confidence in employees to provide optimal performance results. In addition, a conducive organisational culture can result in every employee feeling comfortable carrying out each employee's primary duties daily.

4.6.3. The effect of empowerment of members on the performance of employees of Puskesmas Ngemplak 1.

The third hypothesis in this study which states that member empowerment affects organisational commitment, is supported statistically by empirical research. This is evidenced by the significance value of 0.000, which is greater than 0.05. Empowerment is one way that organisations can make the changes needed to excel and survive in increasingly fierce competition. Nilmawati (2003) states that empowerment is the giving of responsibility and authority to employees, involvement of employees in decision making, conditions of mutual trust between management and employees, sharing of information, knowledge and commitment from employees to take responsibility for work. Furthermore, Nilmawati (2003) argues that through empowerment, you will understand why and what is happening in the organisation because employees are more involved in making decisions and are given sufficient authority and responsibility in completing member tasks.

The results of this study are in line with the opinion of Row Brown (2004), which states that empowerment has a close relationship with professionalism which is initially always owned by individuals. Meanwhile, Nilmawati (2003) argues that through empowerment, you will understand why and what is happening in the organisation because employees are more involved in making decisions and are given sufficient authority and responsibility in completing tasks within the organisation. Empowerment is one way that organisations can make the changes needed to excel and survive in increasingly fierce competition.

4.6.4. The effect of empowerment of members on the performance of employees of Puskesmas Ngemplak 1.

The fourth hypothesis, which states that empowerment of members affects performance, is supported statistically by empirical research. This is evidenced by the significance value of 0.000, which is smaller than 0.05. One of the indicators that affect the performance of employees in a company is the empowerment of the employees

themselves. According to Robert and Greene, empowerment is a process of how people are getting more potent enough to participate in sharing control and influencing events and institutions that affect their lives (Damanik and Pattiasina, 2009: 93). Employee empowerment is an individual encouragement in developing personal responsibility for carrying out their work which is linked to achieving company goals. Therefore, the path taken by companies to improve employee performance is through employee empowerment (Clutterluck, 2008: 54).

The results of this study support previous research conducted by Jaclyen Tielung, (2013), which shows that Employee Empowerment influences employee performance where with high empowerment, employees can improve performance at PT PLN (Persero) Region VII Manado. There is an effort to empower employees to suit employees' desires with tasks and jobs directly to improve the employee's performance. Furthermore, it is conveyed that empowerment is an excellent program or tool because of changes in the organisation and the participation of members. In addition, there is good empowerment felt by employees where management provides more opportunities for employees to develop creativity, flexibility and autonomy for their work.

4.6.5. The effect of organisational commitment on the performance of employees of Puskesmas Ngemplak 1.

The fifth hypothesis, which states that organisational commitment affects performance, is supported statistically by empirical results. These results are indicated by a significant value that is smaller than 0.05. Schatz and Schatz 1995, as quoted by Hasan, (2007: 21), said that commitment is the most essential thing for everyone in their work. Without a commitment, the tasks given to him are difficult to carry out properly. High commitment to the job can motivate someone to do something sincerely.

The results of this study support previous research conducted by Jaclyen Tielung (2013), which states that Organizational Commitment influences Employee Performance of PT PLN (Persero) Region VII Manado and Motivation is the most dominant variable affecting employee performance. Commitment leads to several specific behavioural outcomes. First, employees who are highly committed must have a strong desire to stay in the organisation and optimise their performance to remain in the organisation. Employees who are highly committed to the goals of an organisation and have a positive attitude have a strong desire to come to work and contribute to the achievement of goals. According to management, who have high performance are members of old employees who are committed to the organisation regardless of whether they are happy with their work or not, and new employee members who can adjust quickly to their work. This indicates that the level of performance affects the level of commitment to the achievement of organisational goals.

V. Conclusion and Recommendation

5.1. Conclusion

Based on the previous chapter's discussion, this study aims to determine the effect of organisational culture and member empowerment on organisational commitment and performance. Based on the research results that have been obtained, it can be concluded as follows.

1. Organisational culture has a unidirectional and significant effect on the organisational commitment of employees of Puskesmas Ngemplak 1. This is evidenced by the significance value of the t-test of 0.000, which is less than 0.05 and the regression coefficient in a positive direction.
2. Organisational culture has a unidirectional and significant effect on the performance of the employees of Puskesmas Ngemplak 1. This is evidenced by the significance value of the t-test of 0.000, which is less than 0.05 and the regression coefficient in a positive direction.
3. The empowerment of members has a direct and significant effect on the organisational commitment of Puskesmas Ngemplak 1. This is evidenced by the significance value of the t-test of 0.000, more significant than 0.05 and the regression coefficient in a positive direction.
4. Empowerment of members has a unidirectional and significant effect on the employee performance of Puskesmas Ngemplak 1. This is evidenced by the significance value of the t-test of 0.000, which is less than 0.05 and the regression coefficient in a positive direction.
5. Organisational commitment has a unidirectional and significant effect on the performance of Puskesmas Ngemplak 1. This is evidenced by the significance value of the t-test of 0.007, which is smaller than 0.05 and the regression coefficient in a positive direction.

5.2. Recommendation

Based on the research results, the researcher can give several recommendations, including:

- It is suggested that the puskesmas pay more attention and efforts to improve the quality of the organisational culture at the puskesmas. Improving organisational culture can be done by holding outbound to reduce gaps and training to reduce stress.
- Puskesmas Ngemplak 1 is advised to further empower employees' abilities and potentials by providing opportunities to better contribute to mutual progress and giving guidance programs to develop human resources.
- We recommend that you increase the number of samples to become more significant and cover all elements of the population in a balanced manner so that the research results obtained can better reflect the actual situation and the results can be generalised more broadly.
- It is recommended that further research be able to develop and use other variables that are also thought to affect performance and the variables that have been studied, including workers compensation, discipline, work motivation, and other factors.

References

- Akuntansi, P. S., Ekonomi, F., Ilmu, D. A. N., Islam, U., & Syarif, N. (2008). *Komitmen Organisasi Sebagai*. 3, 312-324.
- Bangun, W. (2012). *Manajemen Sumber Daya Manusia*. 233.
- Damanik, Juda, & Pattiasina, C. (2009). *Buku Pintar Pekerja Sosial*. 93.
- Ghozali, I. (2013). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 21*.
- Handoko, T. H. (2001). *Manajemen Personalial dan Sumber Daya Manusia*.

- hidayah, siti nur. (2016). Manajemen Kinerja di Institusi Pendidikan Tinggi: Kepuasan Kerja dan Budaya Organisasi. *Jurnal Manajemen Pendidikan, Yogyakarta, Manajemen Pendidikan Islam, UIN SUKA Yogyakarta*, 1.
- Ismail, I. (2008). Pengaruh Budaya Organisasi terhadap Kepemimpinan dan Kinerja Karyawan Pemerintah Kabupaten-kabupaten di Madura. 12(1), 18-36.
- Khan, M. R. et al. (2010). The Impact of Organizational Commitment on Employee Job Performance. *European Journal of Social Sciences*, 15(3), 292-298.
- Kreitner, R. dan A. K. (2003). *Perilaku organisasi*.
- Luthans. (2006). *Perilaku Organisasi*.
- Mas'ud, F. (2004). *Survai Diagnosis Organisasional: Konsep dan Aplikasi*.
- Mathis, R. L. dan J. H. J. (2006). Manajemen Sumber Daya Manusia. *Human Resource Management*.
- Meyer, J.P., and Allen, N. . (1997). *Commitment in the workplace, theory, research, and application* Sage Publications.
- Nilmawati. (2003). Mencapai kesuksesan organisasi melalui pemberdayaan. *Ekobis*, 4.
- Notoatmodjo, S. (2003). *Pengembangan Sumber Daya Manusia*.
- Rivai, V. (2004). *Kiat Memimpin dalam Abad ke-21*.
- Simamora, H. (2009). *Manajemen Sumber Daya Manusia*.
- Soedjono. (2005). Pengaruh Budaya Organisasi Terhadap Kinerja Organisasi dan Kepuasan Kerja Karyawan pada Terminal Penumpang Umum di Surabaya. *Jurnal Manajemen Dan Kewirausahaan*, 7(1), 22-47.
- Spreitzer, G. M. (1995). Psychological empowerment in the workplace: Dimensions, Measurement and Validation. *Academy of Management Journal*, 38, 1442-1465.
- Stephen P. Robbins. (1996). *Organisational Behavior: Concepts, Controversies, Applications*.
- Stephen P. Robbins. (2006). *Perilaku Organisasi*.
- Sugiyono. (2016). *Metode Penelitian Manajemen*.
- Sutrisno, H. E. (2009). *Manajemen Sumber Daya Manusia*.
- Tania, A., & Sutanto, eddy m. (2013). pengaruh Motivasi Kerja Dan Kepuasan Kerja Terhadap Komitmen Organisasional Karyawan Pt . Dai Knife Di Surabaya. *Jurnal AGORA*, 1(3).
- Tjahjono dkk. (2006). Pengaruh Motivasi Kerja dan Budaya Organisasi terhadap Kinerja Pegawai di Lingkungan Dinas Bina Marga Propinsi Jawa Tengah.

How Does ARBook Promotional Media For MSME Crafts Using Augmented Reality Marker Tracking Works?

Hardika Dwi Hermawan^{1*}, Zakky Muhammad Noor², Titik Ulfatun³,
Septiarida Nonalisa⁴, Agatha Saputri⁵, Irma Yuliana⁶

^{1,3,6} Universitas Muhammadiyah Surakarta, Indonesia

² Desamind Indonesia Foundation, Indonesia

⁴ Statistics Indonesia, Indonesia

⁵ Universitas Negeri Yogyakarta, Indonesia

*Corresponding email: hardikadh@ums.ac.id

Article History

Received:
July 27, 2021

Revised:
August 12,
2021

Accepted:
August 24,
2021

Abstract

The present study aimed to develop a virtual book displaying Jogja craftwork using Augmented Reality (AR) technology as an interactive promotional media to advertise handicraft products originated from the Special Region of Yogyakarta. "Buku Kerajinan Jogja" (Jogja Handicraft Book) application under this research was developed through Research and Development (R&D). The first stage of its Development was needs analysis and literature study, followed by designing the application using Use Case driven object modeling. The next was the development stage of the application and its functional testing by two media experts. In the fourth stage, two-steps software testing was carried out, namely (1) verification and validation test, and (2) quality and feasibility testing to examine its functionality, usability, portability, efficiency, maintainability, and reliability (ISO 9126-1). The findings suggest that (1) the Development of the product, *Buku Kerajinan Jogja*, might have gone through a series of proper software engineering processes from design to testing consistent with the desired specifications. Secondly, (2) the overall performance of *Buku Kerajinan Jogja* seems to be "Good" with test results of 82.98%, 82.5%, 83.3%, 85.0%, 75.0%, 75.0% consecutively for usability, functionality, reliability, portability, maintainability, and efficiency (ISO 9126-1).

Keywords: Promotional media; AR Book; Augmented Reality; MSME.

JEL Classification: L20, M10

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:
<https://doi.org/10.46306/bbijbm.v1i2.10>

Web:
[http://bbijbm.lppmbinabangsa.id/index.php/home/i
ssue/view/2](http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2)

Citation:

Hermawan, H.D., Noor, Z.M., Ulfatun, T., Nonalisa, S., Saputri, A., & Yuliana, I. (2021) How Does ARBook Promotional Media For MSME Crafts Using Augmented Reality Marker Tracking Works?. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 104-118. DOI: <https://doi.org/10.46306/bbijbm.v1i2.10>

I. Introduction

Micro, small, medium enterprises (MSMEs) play an important role in Indonesia's economic growth. It has been mentioned that MSMEs could absorb around 97% of employment and contribute 61.07% of total gross domestic product (GDP). The total number of MSMEs in Indonesia grew 1.98% in 2019, with about 65.46 million units of MSMEs (BPS as cited in Kementerian Koperasi dan UKM, 2019). The amount of MSMEs is predicted to grow in the next following years.

Furthermore, MSMEs are not only contributing to employment absorption but also affecting poverty reduction in Indonesia. As Nursini (2020) pointed out, directly and indirectly, MSMEs impacted the country's poverty alleviation, although it depends on the different business scales. She found that small and medium enterprises are more effective than micro and small enterprises at alleviating poverty because they minimize the number of poor people and the Poverty Gap and the Severity Index.

The potential contribution of MSMEs to the national economy is expected to rise year by year. Wibowo (2020) argued that by 2030, these businesses could contribute up to USD 140 billion to the Indonesian economy if they develop and implement digital technology. This will be a considerable number of contributions if they take this opportunity.

There are several challenges to MSMEs, especially innovation. Pachouti & Sankalp (2016) mentioned that the constraints to innovation for SMEs in India consist of people and skills, financial, information, government policy, infrastructure, and market constraints. It is said that the economic challenges are the most significant barriers to SME innovation. Similarly, International Labour Office (2019) reported that SMEs' significant constraints in Indonesia are financial. Besides financial challenges, SMEs must face a non-financial issue, such as a lack of understanding of manufacturing and packaging techniques; lack of opportunity to stay up with the latest techniques leading to poor product quality control; lack of financial literacy, education, and training; SMEs have a limited understanding of marketing; SME's limited ability to supply products and services that meet market demand; lack of ability to develop human resources; and a lack of financial and accounting knowledge.

The current situation of the coronavirus disease 19 (COVID-19) pandemic also might exacerbate the MSMEs condition. MSMEs are the ones most affected by the ongoing COVID-19 crisis. Several researchers have reported the impacts of COVID-19 on MSMEs in Indonesia. The comprehensive study conducted by UNDP Indonesia/LPEM FEB UI (2020) revealed several has implications of the COVID-19 pandemic on MSMEs in Indonesia, especially in terms of supply and demand shocks and product distribution, and business revenue. First, nearly half of the MSMEs surveyed said they had trouble sourcing raw materials. Second, during the pandemic, nine out of ten MSMEs saw a drop in demand for their goods. Third, COVID-19 made it impossible for most MSMEs to sell their items due to distribution difficulties. Fourth, during the pandemic, two-thirds of MSMEs saw a drop in sales. It can be seen that the immediate strategies needed to tackle these issues.

The handicraft sector is one type of MSMEs influencing by the COVID-19. The lost number of local and foreign tourists in Bali and Yogyakarta has affected the handicraft business (Atmojo & Fridayani, 2021). Furthermore, the Indonesian Institute of Sciences (2020) reported that the economic contractions of wood and rattan handicraft due to COVID-19 are around 17.03% for micro-enterprises, 0.38% for small enterprises, and

0.01% for medium enterprises. Several attempts have been made to address these issues, such as utilizing online marketplaces for marketing. However, promoting and selling the products online is not enough. The MSMEs need more creativity and innovation to promote their products (Purwandari, 2019; Hardilawati, 2019).

The innovation of promotion media could be done by combining the advanced technology through marker tracking augmented reality (AR). Higher inventory turnover, improved average sales, decreased sales costs, lesser customer returns, higher levels of related-item selling, and better customer service outcomes are all expected benefits of a successful AR strategy for a brand or shop (Berman & Pollack, 2021). Furthermore, Kannaiah & Shanthi (2015) found a highly positive response towards the acceptance of AR as a marketing tool for both and offline sales. Little is known about the Development of the innovative media of promotion, which is book-formed, for MSMEs, especially in the handicraft sector. Thus, the purpose of this paper is to develop the promotion media (book-formed) for handicraft MSMEs, specifically in Yogyakarta, using marker tracking augmented reality.

II. Literature Review

Augmented Reality (AR) is a technology that successfully combines two-dimensional or three-dimensional virtual objects into the real world and projects these virtual objects with reality in real-time (Azuma, 1997). AR also has a unique advantage, namely can be applied to all senses (hearing, touching, and smelling). Besides, it has been harnessed in various fields, not only in health, military, and manufacturing industries but also in the world of education (Hermawan & Arifin, 2015). This AR technology can reveal specific information into the virtual world and present it in the real world with tools such as webcams, computers, Android phones, or special glasses.

AR is expected to add a large variety of exciting and interactive means of advertising (Affan, 2018; Rahimi, 2020). AR for product promotion has also been developed by several researchers, one of which is Hermawan et al. (2018), who developed AR for T-shirts to promote products. With the 3D visualization of augmented reality, multimedia applications can be used as promotional media. Promotional activities function as a communication tool between companies and consumers and as a media to influence consumers in purchasing activities relative to their wishes and needs. This is all done using promotional tools. In short, AR seems to be the best choice of promotional instrument in the era of technological advances as it is today (Rangkuti, 2009).

In general, there are two types of AR, Marker Based Tracking and Markerless Augmented Reality. The former approach employs black and white graphics in a square with a thick black border on a white background. In this type of AR, three main axes will be used, namely X, Y, and Z, with the help of coordinate points (0, 0, 0) and 3-dimensional virtual. This method was developed in the 1980s but has become known to the public since the early 1990s (Azuma, 1997). At this time, the Marker Tracking Augmented Reality method is being actively developed. The advantage of this method is simple and easy to use.

III. Methodology

This study was carried out within the scheme of Research and Development (R&D). According to Sugiyono (2009), Research and Development is a research approach used to produce specific items and test their effectiveness. Borg and Gall devised the stages employed in R&D, and they are as follows:

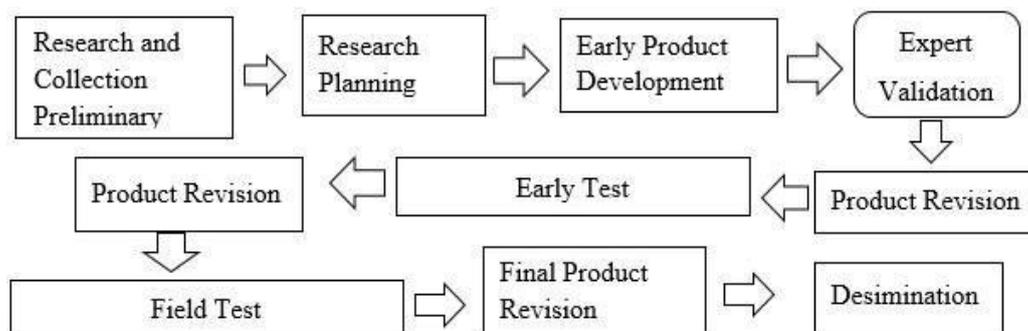


Figure 1. Research and Development Stages

The Development of the MSME handicraft book named "Buku Kerajinan Jogja" using Markerless Tracking AR under this study was carried out at the Laboratory of the Informatics Engineering Study Program, the Muhammadiyah University of Surakarta in January - April 2021. The research object examined was "Buku Kerajinan Jogja" and its Augmented Reality application as a promotional media for MSME products. "Buku Kerajinan Jogja" is available in the paper-based type and computer application format. As this paper is more focused on developing its application, the paper version of the book will not be thoroughly elaborated. Meanwhile, a user trial was carried out by visitors of tourist attractions around Malioboro, Yogyakarta. The research sample members vocational high school students with 60 samples.

In addition, conducting literature studies, observations, and surveys were done to collect the research data. Literature study is a form of writing that focuses on libraries as the subject of research projects. Data collection through observation has been one of the methods for gathering information by making direct observations of the object under the study. A questionnaire is a form of data collection instrument that consists of a series of questions. For this study, the 19-item list of questions for the usability testing as standardized by J.R Lewis was employed to examine the product developed.

Later, the data analysis in this study was based on the quantitative method, in which the authors harnessed the five-point Likert scale, namely "Very Poor," "Poor," "Fair," "Good," and "Very Good" in the questionnaires. According to Simamora (2005:27), the calculation of these data can be done by the following formula:

$$RS = \frac{m - n}{b}$$

Where:

- m = highest score on the scale
- n = lowest score on the scale
- b = number of classes or categories created

The authors interpret the calculation results through a five-scale semantic differential scale, where m= 7, n=1, and b=5 (five categories), thus the calculation is:

$$\begin{aligned}
 RS &= \frac{m-n}{b} \\
 &= \frac{7-1}{5} \\
 &= 1.2
 \end{aligned}$$

Therefore, the standard for the five categories formed with the 7th pole as the positive pole is as follows:

Table 1. Score Range for Each Category

Score Range	Category
1 - 2.2	Very Poor
2.2 - 3.4	Poor
3.4 - 4.6	Fair
4.6 - 5.8	Good
5.8 - 7.0	Very Good

Then the interval category can be made on a continuum as appear in Figure 2.

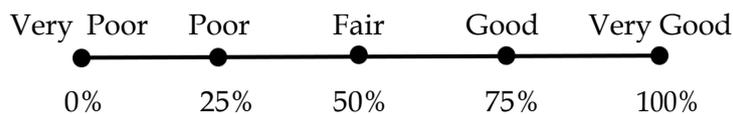


Figure 2. The Percentage for Each Category in an Interval Line

The interval line above shows the categories of data as processed into percentages. The results obtained were then categorized into "Very Poor," "Poor," "Fair," "Good," or "Very Good."

IV. Results and Discussion

4.1. Development Process

The following subheading presents the development process. In the first part, some terms and use case scenarios were defined and would appear in the developed computer application.

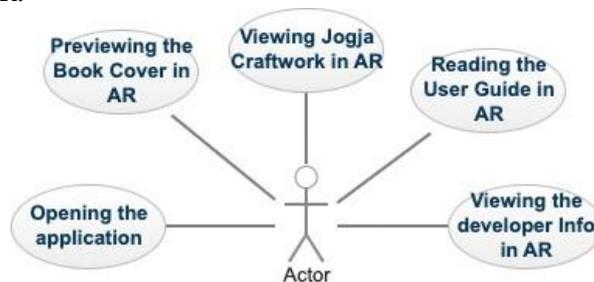


Figure 3. The Use Case Diagram of *Buku Kerajinan Jogja*

Use case diagrams were used to determine what functions are in a system and who has the right to operate these functions.

Table 2. Definition of the Actor

No	Actor	Description
1.	User	The person who runs the application

Table 3. Definition of the Use Case

No	Use Case	Description
1.	<i>Membuka Aplikasi</i> (Opening the application)	It is displaying the initial page when opening the application.
2.	<i>Melihat Informasi Cover Buku</i> (Previewing the Book Cover)	It is displaying the information on the cover page of <i>Buku Kerajinan Jogja</i> .
3.	<i>Membaca halaman petunjuk</i> (Reading the User Guide)	I demonstrated how to use the <i>Buku Kerajinan Jogja</i> application by directing the printed User Guide page to the computer screen.
4.	<i>Melihat Kerajinan Jogja</i> (Viewing Jogja Craftwork)	They are displaying information about the crafts available in Jogja. When the marker pages are directed to the computer application, they will display 3D objects through Augmented Reality.
5.	<i>Melihat info pengembang</i> (Viewing the developerInfo)	It is displaying information about the application developer on the Developer Info book page.

Table 4. Use Case Scenario: Pointing the Computer Camera at the Printed Book Cover and Opening the Application

No	Actor's Action	Description
1.	Opening the application	Displaying a page to adjust the screen size and frame rate Displaying the computer camera screen
2.	Pointing the computer camera at the cover page of <i>Buku Kerajinan Jogja</i>	Displaying information available on the cover of <i>Buku Kerajinan Jogja</i> through AR

Table 5. Use Case Scenario: Viewing Jogja Craftwork

No	Actor's Action	Description
1.	Pointing the Marker at the page of <i>Buku Kerajinan Jogja</i> as appear on the computer screen	Displaying types of Jogja Crafts through AR
2.	Moving the Marker on the page to the right, left, up, and down	Demonstrating the craft on 3D viewpoints from right, left, top and down view

Table 6. Use Case Scenario: Viewing the Developer Info

No	Actor's Action	Description
1.	Pointing the Marker at the developer info page to the computer screen	Displaying the app developer info in the form of AR

Table 7. Use Case Scenario: Viewing the User Guide

No	Actor's Action	Description
1.	Pointing the Marker at the User Guide page to the computer screen	Displaying information about how to use <i>Buku Kerajinan Jogja</i> in the form of AR

In this study, the generated software is a computer application named *Buku Kerajinan Jogja*, developed using AR technology. The other one is the printed version of *Buku Kerajinan Jogja*. The application was created using the ARToolkit development tool. The following is the system's work performance and presentation.

4.1.1. The Printed Version of *Buku Kerajinan Jogja*

The *Buku Kerajinan Jogja* is a book that is used as a promotional media for Jogja handicrafts which contains 1) Yogyakarta handicrafts, 2) Instructions for use, and 3) developer information based on Augmented Reality technology. The on-paper version of *Buku Kerajinan Jogja* is printed on 150 gr Main papers, as shown in Figure 4.



Figure 4. *Buku Kerajinan Jogja*

The book contains a craft marker on the right side of its pages. On the left side of the page is information about the products, specifically the craft name, description, category, material, price, address, and the craftsman's contact person, as seen in Figure 5. The function of the Marker on each page is to display 3D craft

objects individually through AR when directed to the computer screen.



Figure 5. A Page in *Buku Kerajinan Jogja*

4.1.2. The Application *Buku Kerajinan Jogja*

The application *Buku Kerajinan Jogja* becomes one package with the printed version of *Buku Kerajinan Jogja*. This application serves to read the Marker on the book's printed pages as it is programmed and contains a database of Jogja crafts. When the application is opened, the application will display a computer camera, as shown in Figure 6. When the Marker on the book page is directed to the computer camera, the Marker on the book page will display a 3D object following the craft featured on the page.



Figure 6. The Camera Screen on the Computer

4.1.3. How *Buku Kerajinan Jogja* Works

1. A user can click the *Buku Kerajinan Jogja* application shortcut on the computer.



Figure 7. *Buku Kerajinan Jogja* Application Shortcut

2. The initial setup (Property Sheet Properties) will appear after the application is opened, as shown in Figure 8. After that, the user is requested to manage the camera screen settings. The frame rate, color space/compression, and output size must all be set.

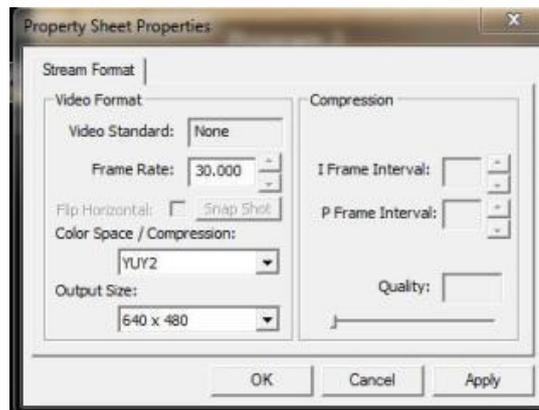


Figure 8. The Settings Page of *Property Sheet Properties*

3. The computer camera will turn on as soon as the user has set the computer screen to be viewed, as shown in Figure 9.
4. As the user holds the printed book and points its cover at the camera screen, the surface will display the text and information through AR, as shown in Figures 9 and 10.



Figure 9. Before being directed to the Computer Screen



Figure 10. After being directed to the Computer Screen

5. Then, the user may open the first page that contains instructions for using the book. As they run the page on the camera screen, it will display the AR User Guide, Figure 11.

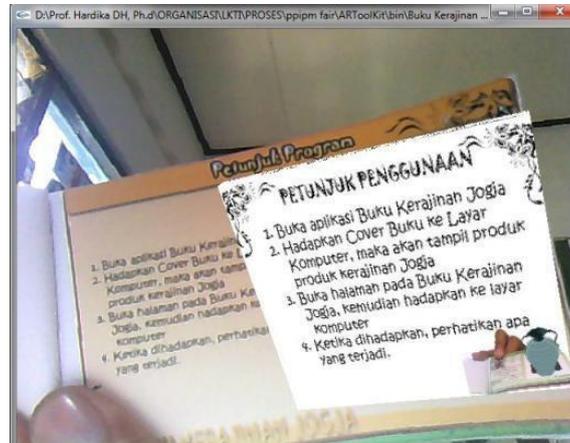


Figure 11. The User Guide

6. The following pages contain various Jogja crafts. As the user opens the pages containing the vessel and wishes to display the 3D objects, they can direct the page to the computer camera. Then, as seen in Figures 14 and 15, 3D objects will appear. The 3D objects on the pages can be rotated to the right, left, up, and down as the user wishes.



Figure 12. *Tas Wangi* (Vetiver Grass Handicraft) Page View



Figure 13. Multiple Craft Pages When Directed to the Camera Screen(The 3D Object Appears above the Marker)

4.2. Alfa and Beta Testing

Alpha testing was carried out to examine the quality of the software developed. The results of this test are in the form of research questionnaire responses by media experts who analyzed the product from its functionality, reliability, portability, maintainability, and efficiency (ISO 9126-1). The app developer, assisted by two experts in software engineering, carried out the software testing. The results of media testing in terms of functionality, reliability, portability, maintainability, and efficiency are listed in table 8 below.

Based on the Alpha testing results by media experts, the percentages of the test scores in terms of functionality, reliability, portability, maintainability, and efficiency consecutively are 82.5%, 83.3%, 85%, 75%, and 75%. Overall, the mean score of the application quality based on the testing is 80.17% and places the software in the "Good" category.

Table 8. Media Testing Results

No.	Testing	Response No.	Media Expert		Total	Percentage	Category
			Expert 1	Expert 2			
1.	Functionality	1	4	5	9	82.5%	Good
		2	4	4	8		
		3	3	4	7		
		4	4	5	9		
2.	Reliability	5	4	4	8	83.3%	Very Good
		6	4	4	8		
		7	4	4	8		
3.	Portability	8	4	5	9	85.0%	Very Good
		9	4	4	8		
4.	Maintainability	10	3	4	7	75%	Good
		11	4	4	8		
5.	Efficiency	12	4	4	8	75%	Good
		13	3	4	7		
Means						80.17%	Good

Beta testing was carried out to examine the feasibility of the application in terms of usability. The test was done by harnessing Jr. Lewis's usability questionnaire. Therefore, the application's performance would be known after the 19-item questionnaires were successfully administered to sixty purposively selected app users from a vocational school in Indonesia.



Figure 14. User Trial by Grade X Students Majoring in Informatics Engineering

The following is the result of the calculation of the means obtained from the questionnaire. The total score for the questionnaire items is 6,622, and then it is divided by the number of respondents, sixty users. Thus, the mean score of the responses for each respondent is 110.37 for a total of 19 questions. To find out the mean score for each questionnaire item, X, the following calculation was performed.

$$X = \frac{110.37}{19} = 5.81$$

As indicated, X equals 5.80, meaning that the mean score is the "Very Good" category based on Table 1. Then the percentage of the interval category was taken by calculating the proportions of the total data. Calculation of the maximum score of responses was made by $7 \times 19 \times 60 = 7980$, with seven as the highest score for each item, 19 as the number of things, and 60 as the number of respondents. As previously stated, the total score for all item responses is 6,622. According to data collected from sixty respondents, the usability of the developed *Buku Kerajinan Jogja* is $(6,622:7,980) \times 100\%$, which equals 82.98 percent.

4.3. Discussion

This section consists of a critical discussion on the findings, an explanation of the novelty of the study's results, justifications of the results, and discussions on how the results differ or equate to other related studies.

Table 9. Interpretation of the Test Results

No.	Aspect	Results	Category
1.	Functionality	<ul style="list-style-type: none"> The application can correctly perform 82.5% of the existing functions. Existing functions can run precisely and accurately. 	Good
2.	Reliability	<ul style="list-style-type: none"> The application seems to obtain a reliability score of 83.3%. The application may not hang, crash or stop unexpectedly. The application can survive and recover from component or environmental failures. 	Very Good
3.	Portability	<ul style="list-style-type: none"> The application seems to gain a portability score of 85%. The application can run on various windows operating systems. The application can run on multiple computer screen sizes. 	Very Good
4.	Maintainability	<ul style="list-style-type: none"> The application has a score of 75% for maintainability. The application can undergo version changes and upgrades. 	Good

5.	Efficiency	<ul style="list-style-type: none"> • The application appears to get an efficiency score of 75%. • The application does not require excessive memory. • The application seems to have an efficient programming algorithm. 	Good
6.	Usability	<ul style="list-style-type: none"> • The application likely gains a usability score of 82.98% • Overall, it is expected that users felt satisfied with <i>Buku Kerajinan Jogja</i> as a promotional media 	Very Good

From design to testing, the *Buku Kerajinan Jogja* using AR technology went through various software engineering processes in compliance with specifications. A list of functional requirements as defined in the form of use cases throughout the design stage. The design's outputs were then integrated with development tools such as ARToolkit. The developed product was then put to Alpha and Beta testing before being made available to end-users.

Alpha testing involved the app developers and media experts in analyzing the quality of the software. Functionality, reliability, portability, maintainability, and efficiency are all quality criteria of the software examined in the Alpha test. Beta testing was undergone to investigate the usability of the computer software. Sixty teenagers from vocational school students conducted the test. Table 9 shows the results of Alpha and Beta testing.

V. Conclusion

From the result and discussion, several conclusions can be drawn. First, the Development of ARBook *Buku Kerajinan Jogja* as a promotional media has possibly gone through a series of proper software engineering processes from design to testing in compliance with the specifications. Secondly, *Buku Kerajinan Jogja* as a promotional media for handicraft products of Yogyakarta MSMEs, in general, was somewhat "Good" (with a means of 80.17%) as specified in its scores for functionality (82.5%), reliability (83.3%), portability (85%), maintainability (75%), and efficiency (75%). In addition, *Buku Kerajinan Jogja* has been deemed viable by its users, receiving a usability score of 82.98%. Finally, the study suggests that *Buku Kerajinan Jogja* developed using Augmented Reality technology can serve as a feasible promotional media for advertising Yogyakarta MSME handicrafts.

References

- Affan, B. N., Suryanto, A., & Arfriandi, A. (2018). Implementation of augmented reality as information and promotion media on Dieng tourism area. *INSIST*, 3(1), 128-133.
- Alhumaidan, H., Lo, K. P. Y., & Selby, A. (2018). Co-designing with children a collaborative augmented reality book based on a primary school textbook. *International Journal of Child-Computer Interaction*, 15, 24-36.

- Atmojo, M. E., & Fridayani, H. D. (2021). An assessment of covid-19 pandemic impact on Indonesian tourism sector. *Journal of Governance and Public Policy*, 8(1), 1-9. <https://doi.org/http://dx.doi.org/10.18196/jgpp.811338>
- Azuma RT. A Survey of Augmented Reality. *Presence: Teleoperators and Virtual Environments* 1997:355-385
- Berman, B., & Pollack, D. (2021). Strategies for the successful implementation of augmented reality. *Business Horizons*, In Press. <https://doi.org/https://doi.org/10.1016/j.bushor.2021.02.027>
- Erwin, S., Undang, S., & Aditya, G. Y. (2016). Implementasi Teknologi Augmented Reality Pada Buku Panduan Wudhu Berbasis Mobile Android. *JOIN Vol. 1 No. 1*. 2527, 9165.
- Ferrer-Torregrosa, J., Torralba, J., Jimenez, M. A., García, S., & Barcia, J. M. (2015). ARBOOK: Development and assessment of a tool based on augmented reality for anatomy. *Journal of Science Education and Technology*, 24(1), 119-124.
- Hardilawati, W. L., Sandri, S. H., & Binangkit, I. D. (2019). The Role of Innovation and E-Commerce in Small Business. *vol*, 373, 83-87.
- Hermawan, H. D., & Arifin, F. (2015, November). The Development and analysis of quality of " Batik Detector" as a learning media for Indonesia Batik motifs Android based in Indonesian School of Singapore. In *2015 International Conference on Science and Technology (TICST)* (pp. 281-287). IEEE.
- Hermawan, H. D., Saputri, A., & Hafizhah. (2018, June). Augmented reality T-shirt for product promotion. In *AIP Conference Proceedings* (Vol. 1977, No. 1, p. 030036). AIP Publishing LLC.
- Indonesian Institute of Sciences. (2020). *Dampak wabah corona untuk perekonomian Indonesia*. Indonesian Institute of Sciences. [http://lipi.go.id/berita/single/Dampak-Wabah-Corona-untuk Perekonomian-Indonesia/21964](http://lipi.go.id/berita/single/Dampak-Wabah-Corona-untuk-Perekonomian-Indonesia/21964)
- International Labour Office. (2019). *Financing small businesses in Indonesia: Challenges and opportunities*. International Labour Office. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_695134.pdf
- Kannaiah, D., & Shanthi, R. (2015). The impact of augmented reality on e-commerce. *Journal of Marketing and Consumer Research*, 8, 64-73. <https://core.ac.uk/download/pdf/234693855.pdf>
- Kementerian Koperasi dan UKM. (2019). *Perkembangan data usaha mikro, kecil, menengah (UMKM) dan usaha besar (UB) tahun 2018-2019*. https://www.kemenkopukm.go.id/uploads/laporan/1617162002_SANDINGAN_DATA_UMKM_2018-2019.pdf
- Nursini, N. (2020). Micro, small, and medium enterprises (MSMEs) and poverty reduction: empirical evidence from Indonesia. *Development Studies Research*, 7(1), 153-166. <https://doi.org/10.1080/21665095.2020.1823238>
- Pachouti, A., & Sankalp, S. (2016). *Barriers to innovaton in Indian small and medium-sized enterprises* (Issue 588). <https://www.adb.org/sites/default/files/publication/189392/adbi-wp588.pdf>
- Purwandari, B., Otmen, B., & Kumarylalita, L. (2019, July). Adoption factors of e-marketplace and instagram for micro, small, and medium enterprises (MSMEs) in Indonesia. In *Proceedings of the 2019 2nd International Conference on Data Science and Information Technology* (pp. 111-116).
- Rahimi, R., Hassan, A., & Tekin, O. (2020). Augmented reality apps for tourism destination promotion. In *Destination Management and Marketing: Breakthroughs in Research and Practice* (pp. 1066-1077). IGI Global.

Rasid, N. B. M., & Buang, N. A. (2019). The tendency towards entrepreneurship among students of Maktab Rendah Sains Mara (MRSM). *Indonesian Journal on Learning and Advanced Education (IJOLAE)*, 1(1), 1-8.

UNDP Indonesia/LPEM FEB UI. (2020). *Impact of COVID-19 pandemic on MSMEs in Indonesia*.

[https://www.id.undp.org/content/dam/indonesia/2021/docs/INS- Report Impact of COVID-19 Pandemic on MSMEs in Indonesia.pdf](https://www.id.undp.org/content/dam/indonesia/2021/docs/INS-ReportImpactofCOVID-19PandemiconMSMEsinIndonesia.pdf)

Wibowo, P. (2020). *McKinsey: Micro, small & medium-sized enterprises can contribute \$140B to Indonesia's GDP by 2030*. Indonesia-Investments. <https://www.indonesia-investments.com/news/todays-headlines/mckinsey-micro-small-medium-enterprises-can-contribute-140b-to-indonesia-s-gdp-by-2030/item9337>

How Does ARBook Promotional Media For MSME Crafts Using Augmented Reality Marker Tracking Works?

Hardika Dwi Hermawan^{1*}, Zakky Muhammad Noor², Titik Ulfatun³,
Septiarida Nonalisa⁴, Agatha Saputri⁵, Irma Yuliana⁶

^{1,3,6} Universitas Muhammadiyah Surakarta, Indonesia

² Desamind Indonesia Foundation, Indonesia

⁴ Statistics Indonesia, Indonesia

⁵ Universitas Negeri Yogyakarta, Indonesia

*Corresponding email: hardikadh@ums.ac.id

Article History

Received:
July 27, 2021

Revised:
August 12,
2021

Accepted:
August 24,
2021

Abstract

The present study aimed to develop a virtual book displaying Jogja craftwork using Augmented Reality (AR) technology as an interactive promotional media to advertise handicraft products originated from the Special Region of Yogyakarta. "Buku Kerajinan Jogja" (Jogja Handicraft Book) application under this research was developed through Research and Development (R&D). The first stage of its Development was needs analysis and literature study, followed by designing the application using Use Case driven object modeling. The next was the development stage of the application and its functional testing by two media experts. In the fourth stage, two-steps software testing was carried out, namely (1) verification and validation test, and (2) quality and feasibility testing to examine its functionality, usability, portability, efficiency, maintainability, and reliability (ISO 9126-1). The findings suggest that (1) the Development of the product, *Buku Kerajinan Jogja*, might have gone through a series of proper software engineering processes from design to testing consistent with the desired specifications. Secondly, (2) the overall performance of *Buku Kerajinan Jogja* seems to be "Good" with test results of 82.98%, 82.5%, 83.3%, 85.0%, 75.0%, 75.0% consecutively for usability, functionality, reliability, portability, maintainability, and efficiency (ISO 9126-1).

Keywords: Promotional media; AR Book; Augmented Reality; MSME.

JEL Classification: L20, M10

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:
<https://doi.org/10.46306/bbijbm.v1i2.10>

Web:
[http://bbijbm.lppmbinabangsa.id/index.php/home/i
ssue/view/2](http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2)

Citation:

Hermawan, H.D., Noor, Z.M., Ulfatun, T., Nonalisa, S., Saputri, A., & Yuliana, I. (2021) How Does ARBook Promotional Media For MSME Crafts Using Augmented Reality Marker Tracking Works?. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 104-118. DOI: <https://doi.org/10.46306/bbijbm.v1i2.10>

I. Introduction

Micro, small, medium enterprises (MSMEs) play an important role in Indonesia's economic growth. It has been mentioned that MSMEs could absorb around 97% of employment and contribute 61.07% of total gross domestic product (GDP). The total number of MSMEs in Indonesia grew 1.98% in 2019, with about 65.46 million units of MSMEs (BPS as cited in Kementerian Koperasi dan UKM, 2019). The amount of MSMEs is predicted to grow in the next following years.

Furthermore, MSMEs are not only contributing to employment absorption but also affecting poverty reduction in Indonesia. As Nursini (2020) pointed out, directly and indirectly, MSMEs impacted the country's poverty alleviation, although it depends on the different business scales. She found that small and medium enterprises are more effective than micro and small enterprises at alleviating poverty because they minimize the number of poor people and the Poverty Gap and the Severity Index.

The potential contribution of MSMEs to the national economy is expected to rise year by year. Wibowo (2020) argued that by 2030, these businesses could contribute up to USD 140 billion to the Indonesian economy if they develop and implement digital technology. This will be a considerable number of contributions if they take this opportunity.

There are several challenges to MSMEs, especially innovation. Pachouti & Sankalp (2016) mentioned that the constraints to innovation for SMEs in India consist of people and skills, financial, information, government policy, infrastructure, and market constraints. It is said that the economic challenges are the most significant barriers to SME innovation. Similarly, International Labour Office (2019) reported that SMEs' significant constraints in Indonesia are financial. Besides financial challenges, SMEs must face a non-financial issue, such as a lack of understanding of manufacturing and packaging techniques; lack of opportunity to stay up with the latest techniques leading to poor product quality control; lack of financial literacy, education, and training; SMEs have a limited understanding of marketing; SME's limited ability to supply products and services that meet market demand; lack of ability to develop human resources; and a lack of financial and accounting knowledge.

The current situation of the coronavirus disease 19 (COVID-19) pandemic also might exacerbate the MSMEs condition. MSMEs are the ones most affected by the ongoing COVID-19 crisis. Several researchers have reported the impacts of COVID-19 on MSMEs in Indonesia. The comprehensive study conducted by UNDP Indonesia/LPEM FEB UI (2020) revealed several has implications of the COVID-19 pandemic on MSMEs in Indonesia, especially in terms of supply and demand shocks and product distribution, and business revenue. First, nearly half of the MSMEs surveyed said they had trouble sourcing raw materials. Second, during the pandemic, nine out of ten MSMEs saw a drop in demand for their goods. Third, COVID-19 made it impossible for most MSMEs to sell their items due to distribution difficulties. Fourth, during the pandemic, two-thirds of MSMEs saw a drop in sales. It can be seen that the immediate strategies needed to tackle these issues.

The handicraft sector is one type of MSMEs influencing by the COVID-19. The lost number of local and foreign tourists in Bali and Yogyakarta has affected the handicraft business (Atmojo & Fridayani, 2021). Furthermore, the Indonesian Institute of Sciences (2020) reported that the economic contractions of wood and rattan handicraft due to COVID-19 are around 17.03% for micro-enterprises, 0.38% for small enterprises, and

0.01% for medium enterprises. Several attempts have been made to address these issues, such as utilizing online marketplaces for marketing. However, promoting and selling the products online is not enough. The MSMEs need more creativity and innovation to promote their products (Purwandari, 2019; Hardilawati, 2019).

The innovation of promotion media could be done by combining the advanced technology through marker tracking augmented reality (AR). Higher inventory turnover, improved average sales, decreased sales costs, lesser customer returns, higher levels of related-item selling, and better customer service outcomes are all expected benefits of a successful AR strategy for a brand or shop (Berman & Pollack, 2021). Furthermore, Kannaiah & Shanthi (2015) found a highly positive response towards the acceptance of AR as a marketing tool for both and offline sales. Little is known about the Development of the innovative media of promotion, which is book-formed, for MSMEs, especially in the handicraft sector. Thus, the purpose of this paper is to develop the promotion media (book-formed) for handicraft MSMEs, specifically in Yogyakarta, using marker tracking augmented reality.

II. Literature Review

Augmented Reality (AR) is a technology that successfully combines two-dimensional or three-dimensional virtual objects into the real world and projects these virtual objects with reality in real-time (Azuma, 1997). AR also has a unique advantage, namely can be applied to all senses (hearing, touching, and smelling). Besides, it has been harnessed in various fields, not only in health, military, and manufacturing industries but also in the world of education (Hermawan & Arifin, 2015). This AR technology can reveal specific information into the virtual world and present it in the real world with tools such as webcams, computers, Android phones, or special glasses.

AR is expected to add a large variety of exciting and interactive means of advertising (Affan, 2018; Rahimi, 2020). AR for product promotion has also been developed by several researchers, one of which is Hermawan et al. (2018), who developed AR for T-shirts to promote products. With the 3D visualization of augmented reality, multimedia applications can be used as promotional media. Promotional activities function as a communication tool between companies and consumers and as a media to influence consumers in purchasing activities relative to their wishes and needs. This is all done using promotional tools. In short, AR seems to be the best choice of promotional instrument in the era of technological advances as it is today (Rangkuti, 2009).

In general, there are two types of AR, Marker Based Tracking and Markerless Augmented Reality. The former approach employs black and white graphics in a square with a thick black border on a white background. In this type of AR, three main axes will be used, namely X, Y, and Z, with the help of coordinate points (0, 0, 0) and 3-dimensional virtual. This method was developed in the 1980s but has become known to the public since the early 1990s (Azuma, 1997). At this time, the Marker Tracking Augmented Reality method is being actively developed. The advantage of this method is simple and easy to use.

III. Methodology

This study was carried out within the scheme of Research and Development (R&D). According to Sugiyono (2009), Research and Development is a research approach used to produce specific items and test their effectiveness. Borg and Gall devised the stages employed in R&D, and they are as follows:

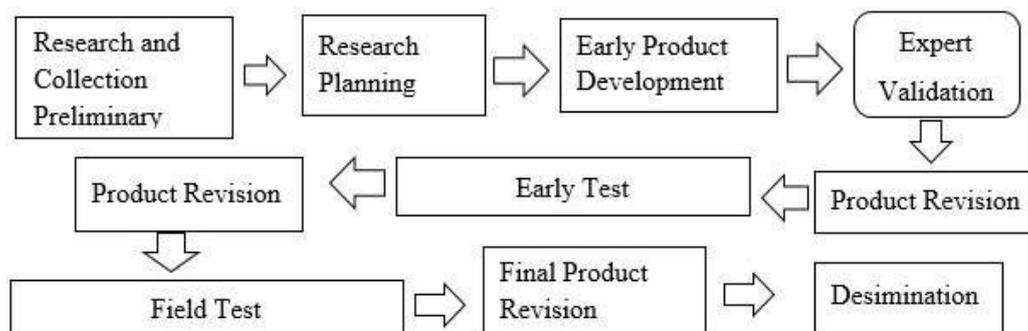


Figure 1. Research and Development Stages

The Development of the MSME handicraft book named "Buku Kerajinan Jogja" using Markerless Tracking AR under this study was carried out at the Laboratory of the Informatics Engineering Study Program, the Muhammadiyah University of Surakarta in January - April 2021. The research object examined was "Buku Kerajinan Jogja" and its Augmented Reality application as a promotional media for MSME products. "Buku Kerajinan Jogja" is available in the paper-based type and computer application format. As this paper is more focused on developing its application, the paper version of the book will not be thoroughly elaborated. Meanwhile, a user trial was carried out by visitors of tourist attractions around Malioboro, Yogyakarta. The research sample members vocational high school students with 60 samples.

In addition, conducting literature studies, observations, and surveys were done to collect the research data. Literature study is a form of writing that focuses on libraries as the subject of research projects. Data collection through observation has been one of the methods for gathering information by making direct observations of the object under the study. A questionnaire is a form of data collection instrument that consists of a series of questions. For this study, the 19-item list of questions for the usability testing as standardized by J.R Lewis was employed to examine the product developed.

Later, the data analysis in this study was based on the quantitative method, in which the authors harnessed the five-point Likert scale, namely "Very Poor," "Poor," "Fair," "Good," and "Very Good" in the questionnaires. According to Simamora (2005:27), the calculation of these data can be done by the following formula:

$$RS = \frac{m - n}{b}$$

Where:

- m = highest score on the scale
- n = lowest score on the scale
- b = number of classes or categories created

The authors interpret the calculation results through a five-scale semantic differential scale, where m= 7, n=1, and b=5 (five categories), thus the calculation is:

$$\begin{aligned}
 RS &= \frac{m-n}{b} \\
 &= \frac{7-1}{5} \\
 &= 1.2
 \end{aligned}$$

Therefore, the standard for the five categories formed with the 7th pole as the positive pole is as follows:

Table 1. Score Range for Each Category

Score Range	Category
1 - 2.2	Very Poor
2.2 - 3.4	Poor
3.4 - 4.6	Fair
4.6 - 5.8	Good
5.8 - 7.0	Very Good

Then the interval category can be made on a continuum as appear in Figure 2.

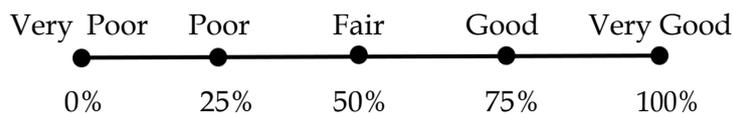


Figure 2. The Percentage for Each Category in an Interval Line

The interval line above shows the categories of data as processed into percentages. The results obtained were then categorized into "Very Poor," "Poor," "Fair," "Good," or "Very Good."

IV. Results and Discussion

4.1. Development Process

The following subheading presents the development process. In the first part, some terms and use case scenarios were defined and would appear in the developed computer application.

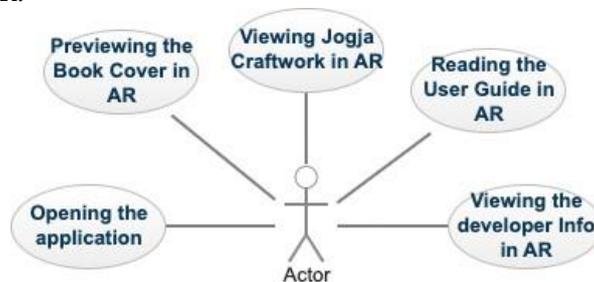


Figure 3. The Use Case Diagram of *Buku Kerajinan Jogja*

Use case diagrams were used to determine what functions are in a system and who has the right to operate these functions.

Table 2. Definition of the Actor

No	Actor	Description
1.	User	The person who runs the application

Table 3. Definition of the Use Case

No	Use Case	Description
1.	<i>Membuka Aplikasi</i> (Opening the application)	It is displaying the initial page when opening the application.
2.	<i>Melihat Informasi Cover Buku</i> (Previewing the Book Cover)	It is displaying the information on the cover page of <i>Buku Kerajinan Jogja</i> .
3.	<i>Membaca halaman petunjuk</i> (Reading the User Guide)	I demonstrated how to use the <i>Buku Kerajinan Jogja</i> application by directing the printed User Guide page to the computer screen.
4.	<i>Melihat Kerajinan Jogja</i> (Viewing Jogja Craftwork)	They are displaying information about the crafts available in Jogja. When the marker pages are directed to the computer application, they will display 3D objects through Augmented Reality.
5.	<i>Melihat info pengembang</i> (Viewing the developerInfo)	It is displaying information about the application developer on the Developer Info book page.

Table 4. Use Case Scenario: Pointing the Computer Camera at the Printed Book Cover and Opening the Application

No	Actor's Action	Description
1.	Opening the application	Displaying a page to adjust the screen size and frame rate Displaying the computer camera screen
2.	Pointing the computer camera at the cover page of <i>Buku Kerajinan Jogja</i>	Displaying information available on the cover of <i>Buku Kerajinan Jogja</i> through AR

Table 5. Use Case Scenario: Viewing Jogja Craftwork

No	Actor's Action	Description
1.	Pointing the Marker at the page of <i>Buku Kerajinan Jogja</i> as appear on the computer screen	Displaying types of Jogja Crafts through AR
2.	Moving the Marker on the page to the right, left, up, and down	Demonstrating the craft on 3D viewpoints from right, left, top and down view

Table 6. Use Case Scenario: Viewing the Developer Info

No	Actor's Action	Description
1.	Pointing the Marker at the developer info page to the computer screen	Displaying the app developer info in the form of AR

Table 7. Use Case Scenario: Viewing the User Guide

No	Actor's Action	Description
1.	Pointing the Marker at the User Guide page to the computer screen	Displaying information about how to use <i>Buku Kerajinan Jogja</i> in the form of AR

In this study, the generated software is a computer application named *Buku Kerajinan Jogja*, developed using AR technology. The other one is the printed version of *Buku Kerajinan Jogja*. The application was created using the ARToolkit development tool. The following is the system's work performance and presentation.

4.1.1. The Printed Version of *Buku Kerajinan Jogja*

The *Buku Kerajinan Jogja* is a book that is used as a promotional media for Jogja handicrafts which contains 1) Yogyakarta handicrafts, 2) Instructions for use, and 3) developer information based on Augmented Reality technology. The on-paper version of *Buku Kerajinan Jogja* is printed on 150 gr Main papers, as shown in Figure 4.



Figure 4. *Buku Kerajinan Jogja*

The book contains a craft marker on the right side of its pages. On the left side of the page is information about the products, specifically the craft name, description, category, material, price, address, and the craftsman's contact person, as seen in Figure 5. The function of the Marker on each page is to display 3D craft

objects individually through AR when directed to the computer screen.



Figure 5. A Page in *Buku Kerajinan Jogja*

4.1.2. The Application *Buku Kerajinan Jogja*

The application *Buku Kerajinan Jogja* becomes one package with the printed version of *Buku Kerajinan Jogja*. This application serves to read the Marker on the book's printed pages as it is programmed and contains a database of Jogja crafts. When the application is opened, the application will display a computer camera, as shown in Figure 6. When the Marker on the book page is directed to the computer camera, the Marker on the book page will display a 3D object following the craft featured on the page.

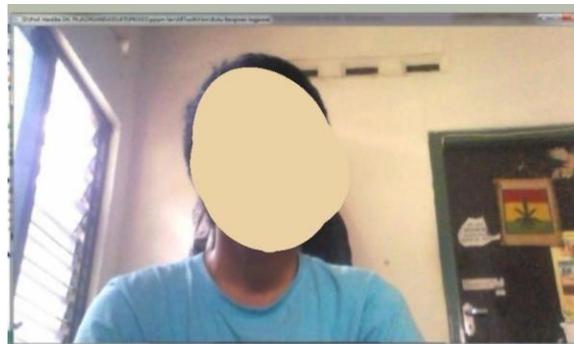


Figure 6. The Camera Screen on the Computer

4.1.3. How *Buku Kerajinan Jogja* Works

1. A user can click the *Buku Kerajinan Jogja* application shortcut on the computer.



Figure 7. *Buku Kerajinan Jogja* Application Shortcut

2. The initial setup (Property Sheet Properties) will appear after the application is opened, as shown in Figure 8. After that, the user is requested to manage the camera screen settings. The frame rate, color space/compression, and output size must all be set.

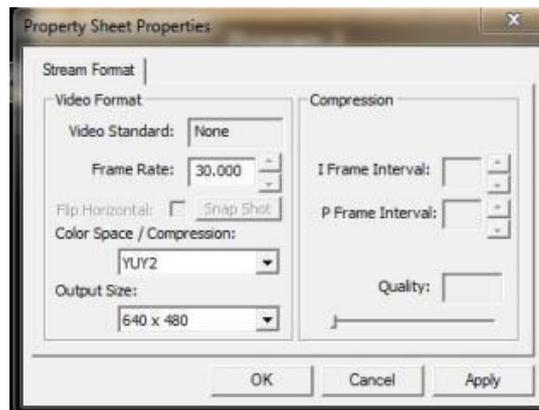


Figure 8. The Settings Page of *Property Sheet Properties*

3. The computer camera will turn on as soon as the user has set the computer screen to be viewed, as shown in Figure 9.
4. As the user holds the printed book and points its cover at the camera screen, the surface will display the text and information through AR, as shown in Figures 9 and 10.



Figure 9. Before being directed to the Computer Screen



Figure 10. After being directed to the Computer Screen

5. Then, the user may open the first page that contains instructions for using the book. As they run the page on the camera screen, it will display the AR User Guide, Figure 11.

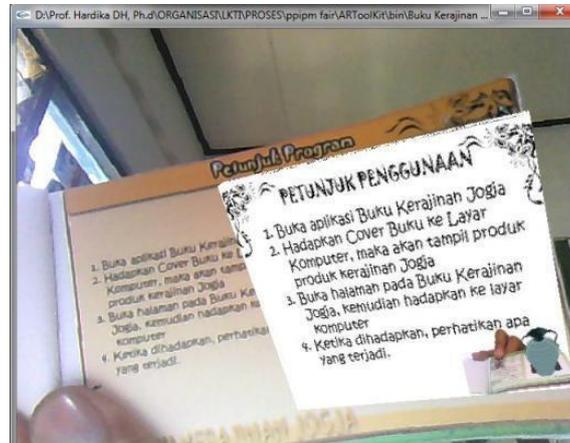


Figure 11. The User Guide

6. The following pages contain various Jogja crafts. As the user opens the pages containing the vessel and wishes to display the 3D objects, they can direct the page to the computer camera. Then, as seen in Figures 14 and 15, 3D objects will appear. The 3D objects on the pages can be rotated to the right, left, up, and down as the user wishes.



Figure 12. *Tas Wangi* (Vetiver Grass Handicraft) Page View



Figure 13. Multiple Craft Pages When Directed to the Camera Screen(The 3D Object Appears above the Marker)

4.2. Alfa and Beta Testing

Alpha testing was carried out to examine the quality of the software developed. The results of this test are in the form of research questionnaire responses by media experts who analyzed the product from its functionality, reliability, portability, maintainability, and efficiency (ISO 9126-1). The app developer, assisted by two experts in software engineering, carried out the software testing. The results of media testing in terms of functionality, reliability, portability, maintainability, and efficiency are listed in table 8 below.

Based on the Alpha testing results by media experts, the percentages of the test scores in terms of functionality, reliability, portability, maintainability, and efficiency consecutively are 82.5%, 83.3%, 85%, 75%, and 75%. Overall, the mean score of the application quality based on the testing is 80.17% and places the software in the "Good" category.

Table 8. Media Testing Results

No.	Testing	Response No.	Media Expert		Total	Percentage	Category
			Expert 1	Expert 2			
1.	Functionality	1	4	5	9	82.5%	Good
		2	4	4	8		
		3	3	4	7		
		4	4	5	9		
2.	Reliability	5	4	4	8	83.3%	Very Good
		6	4	4	8		
		7	4	4	8		
3.	Portability	8	4	5	9	85.0%	Very Good
		9	4	4	8		
4.	Maintainability	10	3	4	7	75%	Good
		11	4	4	8		
5.	Efficiency	12	4	4	8	75%	Good
		13	3	4	7		
Means						80.17%	Good

Beta testing was carried out to examine the feasibility of the application in terms of usability. The test was done by harnessing Jr. Lewis's usability questionnaire. Therefore, the application's performance would be known after the 19-item questionnaires were successfully administered to sixty purposively selected app users from a vocational school in Indonesia.



Figure 14. User Trial by Grade X Students Majoring in Informatics Engineering

The following is the result of the calculation of the means obtained from the questionnaire. The total score for the questionnaire items is 6,622, and then it is divided by the number of respondents, sixty users. Thus, the mean score of the responses for each respondent is 110.37 for a total of 19 questions. To find out the mean score for each questionnaire item, X, the following calculation was performed.

$$X = \frac{110.37}{19} = 5.81$$

As indicated, X equals 5.80, meaning that the mean score is the "Very Good" category based on Table 1. Then the percentage of the interval category was taken by calculating the proportions of the total data. Calculation of the maximum score of responses was made by $7 \times 19 \times 60 = 7980$, with seven as the highest score for each item, 19 as the number of things, and 60 as the number of respondents. As previously stated, the total score for all item responses is 6,622. According to data collected from sixty respondents, the usability of the developed *Buku Kerajinan Jogja* is $(6,622:7,980) \times 100\%$, which equals 82.98 percent.

4.3. Discussion

This section consists of a critical discussion on the findings, an explanation of the novelty of the study's results, justifications of the results, and discussions on how the results differ or equate to other related studies.

Table 9. Interpretation of the Test Results

No.	Aspect	Results	Category
1.	Functionality	<ul style="list-style-type: none"> The application can correctly perform 82.5% of the existing functions. Existing functions can run precisely and accurately. 	Good
2.	Reliability	<ul style="list-style-type: none"> The application seems to obtain a reliability score of 83.3%. The application may not hang, crash or stop unexpectedly. The application can survive and recover from component or environmental failures. 	Very Good
3.	Portability	<ul style="list-style-type: none"> The application seems to gain a portability score of 85%. The application can run on various windows operating systems. The application can run on multiple computer screen sizes. 	Very Good
4.	Maintainability	<ul style="list-style-type: none"> The application has a score of 75% for maintainability. The application can undergo version changes and upgrades. 	Good

5.	Efficiency	<ul style="list-style-type: none"> • The application appears to get an efficiency score of 75%. • The application does not require excessive memory. • The application seems to have an efficient programming algorithm. 	Good
6.	Usability	<ul style="list-style-type: none"> • The application likely gains a usability score of 82.98% • Overall, it is expected that users felt satisfied with <i>Buku Kerajinan Jogja</i> as a promotional media 	Very Good

From design to testing, the *Buku Kerajinan Jogja* using AR technology went through various software engineering processes in compliance with specifications. A list of functional requirements as defined in the form of use cases throughout the design stage. The design's outputs were then integrated with development tools such as ARToolkit. The developed product was then put to Alpha and Beta testing before being made available to end-users.

Alpha testing involved the app developers and media experts in analyzing the quality of the software. Functionality, reliability, portability, maintainability, and efficiency are all quality criteria of the software examined in the Alpha test. Beta testing was undergone to investigate the usability of the computer software. Sixty teenagers from vocational school students conducted the test. Table 9 shows the results of Alpha and Beta testing.

V. Conclusion

From the result and discussion, several conclusions can be drawn. First, the Development of ARBook *Buku Kerajinan Jogja* as a promotional media has possibly gone through a series of proper software engineering processes from design to testing in compliance with the specifications. Secondly, *Buku Kerajinan Jogja* as a promotional media for handicraft products of Yogyakarta MSMEs, in general, was somewhat "Good" (with a means of 80.17%) as specified in its scores for functionality (82.5%), reliability (83.3%), portability (85%), maintainability (75%), and efficiency (75%). In addition, *Buku Kerajinan Jogja* has been deemed viable by its users, receiving a usability score of 82.98%. Finally, the study suggests that *Buku Kerajinan Jogja* developed using Augmented Reality technology can serve as a feasible promotional media for advertising Yogyakarta MSME handicrafts.

References

- Affan, B. N., Suryanto, A., & Arfriandi, A. (2018). Implementation of augmented reality as information and promotion media on Dieng tourism area. *INSIST*, 3(1), 128-133.
- Alhumaidan, H., Lo, K. P. Y., & Selby, A. (2018). Co-designing with children a collaborative augmented reality book based on a primary school textbook. *International Journal of Child-Computer Interaction*, 15, 24-36.

- Atmojo, M. E., & Fridayani, H. D. (2021). An assessment of covid-19 pandemic impact on Indonesian tourism sector. *Journal of Governance and Public Policy*, 8(1), 1-9. <https://doi.org/http://dx.doi.org/10.18196/jgpp.811338>
- Azuma RT. A Survey of Augmented Reality. *Presence: Teleoperators and Virtual Environments* 1997:355-385
- Berman, B., & Pollack, D. (2021). Strategies for the successful implementation of augmented reality. *Business Horizons*, In Press. <https://doi.org/https://doi.org/10.1016/j.bushor.2021.02.027>
- Erwin, S., Undang, S., & Aditya, G. Y. (2016). Implementasi Teknologi Augmented Reality Pada Buku Panduan Wudhu Berbasis Mobile Android. *JOIN Vol. 1 No. 1*. 2527, 9165.
- Ferrer-Torregrosa, J., Torralba, J., Jimenez, M. A., García, S., & Barcia, J. M. (2015). ARBOOK: Development and assessment of a tool based on augmented reality for anatomy. *Journal of Science Education and Technology*, 24(1), 119-124.
- Hardilawati, W. L., Sandri, S. H., & Binangkit, I. D. (2019). The Role of Innovation and E-Commerce in Small Business. *vol*, 373, 83-87.
- Hermawan, H. D., & Arifin, F. (2015, November). The Development and analysis of quality of " Batik Detector" as a learning media for Indonesia Batik motifs Android based in Indonesian School of Singapore. In *2015 International Conference on Science and Technology (TICST)* (pp. 281-287). IEEE.
- Hermawan, H. D., Saputri, A., & Hafizhah. (2018, June). Augmented reality T-shirt for product promotion. In *AIP Conference Proceedings* (Vol. 1977, No. 1, p. 030036). AIP Publishing LLC.
- Indonesian Institute of Sciences. (2020). *Dampak wabah corona untuk perekonomian Indonesia*. Indonesian Institute of Sciences. [http://lipi.go.id/berita/single/Dampak-Wabah-Corona-untuk Perekonomian-Indonesia/21964](http://lipi.go.id/berita/single/Dampak-Wabah-Corona-untuk-Perekonomian-Indonesia/21964)
- International Labour Office. (2019). *Financing small businesses in Indonesia: Challenges and opportunities*. International Labour Office. https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_695134.pdf
- Kannaiah, D., & Shanthi, R. (2015). The impact of augmented reality on e-commerce. *Journal of Marketing and Consumer Research*, 8, 64-73. <https://core.ac.uk/download/pdf/234693855.pdf>
- Kementerian Koperasi dan UKM. (2019). *Perkembangan data usaha mikro, kecil, menengah (UMKM) dan usaha besar (UB) tahun 2018-2019*. https://www.kemenkopukm.go.id/uploads/laporan/1617162002_SANDINGAN_DATA_UMKM_2018-2019.pdf
- Nursini, N. (2020). Micro, small, and medium enterprises (MSMEs) and poverty reduction: empirical evidence from Indonesia. *Development Studies Research*, 7(1), 153-166. <https://doi.org/10.1080/21665095.2020.1823238>
- Pachouti, A., & Sankalp, S. (2016). *Barriers to innovaton in Indian small and medium-sized enterprises* (Issue 588). <https://www.adb.org/sites/default/files/publication/189392/adbi-wp588.pdf>
- Purwandari, B., Otmen, B., & Kumarylalita, L. (2019, July). Adoption factors of e-marketplace and instagram for micro, small, and medium enterprises (MSMEs) in Indonesia. In *Proceedings of the 2019 2nd International Conference on Data Science and Information Technology* (pp. 111-116).
- Rahimi, R., Hassan, A., & Tekin, O. (2020). Augmented reality apps for tourism destination promotion. In *Destination Management and Marketing: Breakthroughs in Research and Practice* (pp. 1066-1077). IGI Global.

Rasid, N. B. M., & Buang, N. A. (2019). The tendency towards entrepreneurship among students of Maktab Rendah Sains Mara (MRSM). *Indonesian Journal on Learning and Advanced Education (IJOLAE)*, 1(1), 1-8.

UNDP Indonesia/LPEM FEB UI. (2020). *Impact of COVID-19 pandemic on MSMEs in Indonesia*.

[https://www.id.undp.org/content/dam/indonesia/2021/docs/INS- Report Impact of COVID-19 Pandemic on MSMEs in Indonesia.pdf](https://www.id.undp.org/content/dam/indonesia/2021/docs/INS-ReportImpactofCOVID-19PandemiconMSMEsinIndonesia.pdf)

Wibowo, P. (2020). *McKinsey: Micro, small & medium-sized enterprises can contribute \$140B to Indonesia's GDP by 2030*. Indonesia-Investments. <https://www.indonesia-investments.com/news/todays-headlines/mckinsey-micro-small-medium-enterprises-can-contribute-140b-to-indonesia-s-gdp-by-2030/item9337>

Intellectual Capital: A Strategic Pattern Of Improving Organizational Performance

Ega Jalaludin*

Universitas Bina Bangsa, Indonesia

*Corresponding email: egajalaludin@gmail.com

Article

History

Received:
July 27, 2021
Revised:
August 12,
2021
Accepted:
August 24,
2021

Abstract

Industrial Era 4.0 forces every company to have a strategic pattern in improving organizational performance. The industrial revolution has changed the way humans work manually towards automation or digitization by machines. Thus, innovation and human knowledge are the key to the birth of an increasingly sophisticated industry to meet human needs themselves. This study discusses the intellectual capital variables owned by human resources in an organization. The type of research used is descriptive qualitative research because it is sourced from relevant journals. The research objects in this study are journals and other scientific articles that discuss intellectual capital and its impact on improving organizational performance. This research is expected to reveal more clearly how intellectual capital can significantly enhance organizational performance.

Keywords: Intellectual Capital, Organizational Performance, Human Capital.

JEL Classification: L20, M10.

Type of paper: Literature Review.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:

<https://doi.org/10.46306/bbijbm.v1i2.11>

Web:

<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Jalaludin, E. (2021) Intellectual Capital: A Strategic Pattern Of Improving Organizational Performance. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 119-124. DOI: <https://doi.org/10.46306/bbijbm.v1i2.11>.

I. Introduction

In this era, science and technology have developed very rapidly. It directly or indirectly results in dynamic changes in all aspects, be it social, educational, legal, and even business aspects. Initially, labor-based companies have gradually shifted to implementing science and technology-based performance (Soetedjo and Mursida, 2014). Advances in science and technology have driven industrial changes in the world. This new industrial era is an era of digitalization which is widely known as the fourth industrial change or better known as the industrial revolution 4.0.

In the industrial revolution 4.0, changes occur rapidly, and the dominance of machines over human resources (employees) will, of course, be more outstanding. The things that underlie this include the human desire so that existing work can be completed quickly and with quality to compete and achieve competitive advantage (Suwardana, 2017). The industrial revolution changed the way humans work manually towards a pattern of automation or digitization by machines. Thus, innovation and human knowledge are the key to the birth of an increasingly sophisticated industry to meet human needs themselves. In an industry that continues to grow, especially in industry 4.0, human resources in organizations are a central topic in all strategic management literature. However, while it is recognized that there has been much progress in identifying the qualifications and human resource capacities required by business organizations in recent years, an excellent analytical framework for studying intellectual capital is still lacking.

II. Literature Review

Ulrich (1998) states that intellectual capital is a multiplication function of competence and commitment. Along with the arguments of Ulrich (1998) and Quinn et al. (1996), an examination of the characteristics and features of intellectual capital reveals that it represents a particular case insofar as the different components complement each other. This brings a new dimension to human resource analysis. Without revolution, this methodology can be used for capital goods that show a high degree of complementarity. Several studies have shown that unique or scarce resources impact firm performance (Barney, 1991; Castrogiovanni, 1991; Grant, 1991; Mahoney, 1995; Nahapiet and Ghoshal, 1998; Pfeffer and Salancik, 1978; Tsai and Ghoshal, 1998).

Some economists have always focused on the productive effect rather than the quality of a job. William Petty (seventeenth century) was the first economist known to emphasize differences in labor quality and identified what came to be termed human resources when he argued for the inclusion of "human capital" in the accounting of wealth for actuarial purposes. In *Wealth of Nations*, Adam Smith (1776) wrote at length about the knowledge and skills of workers and employees on the production process and quality. He also argues that wages should be determined (among other things) by the effort, time, energy, and money spent by workers to acquire the necessary skills for their work tasks. When analyzing wage determination, he explicitly states that education and learning should be considered 'investments' in people. He saw that the productivity of skilled workers was higher than that of unskilled workers and, as a result, emerged the justifying argument that higher incomes arise from qualified workers.

The theory emphasizing the importance of human capital also emerged from Alfred Marshall (1890, p. 469), who more than a century after Adam Smith (1776) stated: "The most valuable of all capital is that which is invested in people," at the time the theory was issued. Alfred uses the term human capital (human capital). Then came Irving Fisher's idea of capital came as the founding basis of modern human capital theory as it emerged in the second half of the twentieth century. "The stock of wealth that exists in a short time is called capital. The flow of services over some time is called revenue" (Fisher, 1906, p. 52, italics). His definition of income and capital was 'all-inclusive,' and Fisher thus cut down much of the controversy among capital theorists at the time regarding the nature of capital goods such as materiality, monetary aspects, durability, or repetition of use. He emphasized that all types of stock will be capital when generating services and even explicitly include humans.

Theodore W. Schultz and Jacob Mincer, who independently and for different purposes (macroeconomics for the former and micro-economics for the latter), elaborated on human capital theory towards the end of the 1950s, relying on Fisher's theory of capital. They consider human capital an independent capital category analogous to conventional capital concerning economic and productive characteristics. The capital theory has, over the years, developed somewhat within a consistent theoretical framework containing a complete set of tools and concepts applied to human resources. This leads to solid and convincing results and provides reasonably good explanatory power for micro and macro-economic phenomena.

III. Methodology

The method used in this study is a method with a qualitative approach. Qualitative methods help provide detailed descriptions of phenomena. Qualitative encourages understanding of the substance of an event. Thus, qualitative research is not only to fulfill the researcher's desire to get an overview/explanation but also to help to get a more profound explanation (Sofaer, 1999). Thus, researchers need to equip themselves with adequate knowledge regarding the problems to be studied in qualitative research.

IV. Results and Discussion

Intellectual capital is a critical success factor in an organization, and because of this, it will increasingly become a concern in the study of organizational strategy. This conclusion is not without reason. It is based on findings on the performance of organizations, particularly knowledge-intensive organizations (e.g., see Bounfour and Edvinsson 2005; Lonnqvist and Mettanen). However, experiences in these micro-organizations are now also beginning to be transferred to the context of society or development in general. Bounfour and Edvinsson raised this theme in *Intellectual Capital for Communities* (2005).

Answering why intellectual capital has become a strategic pattern in the context of organizational or community performance or progress, we can first refer to the phenomenon of the shift in the type of society from an industrial and service society to a knowledge society. Drucker (1997, 2001), for example, predicts the arrival and, at the same time, describes the shift towards the era of the knowledge society. In this type of

society, knowledge, learning capability, and investing in building intellectual bases are drivers of rapid change. Therefore, humans as knowledge workers are the main actors.

Alfred Marshall has voiced the vital position of knowledge in this new economic and social order since 1891. According to him, knowledge is the most potent production engine (in Bontis 2005; King and McGrath 2004). Schumpeter also conveyed the same emphasis in 1934, Hayek in 1945, and Machlup in 1962. This is also in line with the context of the 'knowledge revolution' (Auber 2005) as there was also a shift in the economic model towards a knowledge economy (knowledge economy) (Bounfour and Edvinsson 2005, Aubert 2005) or the learning economy (Lundvall 1996). An economy characterized by knowledge has three plus one key characteristics, namely 1) research and education, 2) relations to growth, and 3) learning and capability, and 4) the importance of change, the dominance of a (more) flat structure, and capital. Social.

Global donor agencies such as the World Bank have also developed a program known as Knowledge for Development to encourage the development of countries towards a knowledge economy (King and McGrath 2004). Second, at the micro-enterprise level, it seems rather difficult to exclude or link these developments in the context of competition and the search for the basis of competitive advantage. The discourse on competition and competitive advantage has experienced a significant shift in business strategy studies and economic development. Initially, the theory of absolute advantage and comparative advantage was known in inter-regional or international trade or economic interactions. Then came the brilliant thought of Michael Porter about competitive advantage in the 1980s. However, Porter's view is then considered unable to comprehensively explain the superiority of an organization or country over others.

Recently, a new stream in competitive advantage analysis has emerged, known as the resource-based view of the firm (RBV). This last view is considered relevant in the context of a strong economy characterized by a knowledge/learning economy or an economy that relies on intangible assets. This second phenomenon (competition context and competitive advantage) can be understood when every organization seeks to find the right competitive strategy and competitiveness base to excel. Barney (2007) defines the concept of the strategy itself as related to an organization's theory of how it performs and excels in its business field.

In the discourse of finding ways to excel, there is a shift in view in understanding strategy. In the model developed by Porter or called the industrial organization/OI approach, strategy is simply a matter of positioning in the market. Then the RBV group considers that the economic value and competitive advantage of a financial organization lie in the ownership and effective use of organizational resources that can add value (valuable), are rarely owned (rare/scarce/unique), difficult to imitate (imperfectly imitable/hard). To copy), and are not replaced by other (non-substitutable) resources (Barney 1991, 2001, 2007; Lewin and Phelan 1999; Wright, McMahan, and McWilliams 1992). Therefore, the competitive strategy must be placed on finding, obtaining, developing, and maintaining strategic resources. The two strategic resources in question are human (human capital) and organizational (organizational capital).

According to Khan, "Intellectual capital can be defined in different ways," said Lonnqvist and Mettanan (tt). In the context of measuring knowledge investment, a topic under the theme of intellectual capital, Khan (2005) states that there is not yet a

commonly accepted definition of knowledge investment. However, there is beginning to be harmonized understanding of it. Therefore, the reports used in this paper are open to being supplemented by other definitions that may contain different meanings that are not the same.

The concept of intellectual capital is now starting to emerge as an essential concept in the life and development of organizations and wider economic life. It is now used in the center of rivaling or complementing other ideas of capital. The familiar concepts of capital include (financial) capital, physical capital, and human capital. As a concept, intellectual capital refers to capital that is non-physical or intangible (intangible assets) or invisible (invisible). It is related to human knowledge and experience and the technology used. Intellectual capital has the potential to advance organizations and society (Lonnqvist and Mettanen tt).

In summary, Smedlund and Poyhonen (2005) discuss intellectual capital as an organizational capability to create, transfer, and implement knowledge. Appearing comparable to that, Nahapiet and Ghoshal (1998) refer to it as knowledge and knowing abilities possessed by a social collectivity (e.g., organizations, intellectual communities, professional communities). They use this definition to consider its proximity to the concept of human capital, one of the elements of intellectual capital that Fitz-enz (2000) calls a catalyst capable of activating intangibles, another inactive component.

Explicitly, this definition seems inadequate to explain empirically the extent to which the scope of the meaning of intellectual capital, in the two components, is knowledge and knowing capability. However, in their explanation, they distinguish two types of knowledge, namely personal learning, both explicit (called conscious knowledge by Spender) and tacit knowledge (intuitive understanding), and social expertise, which also consists of detailed (objectified knowledge) and implied (collective wisdom). The explanation clarifies the limitations of their concept, which can be compared with definitions by other authors (e.g., Fitz-enz 2000; Pyke, Rylander, and Roos 2001; Lonnqvist and Mettanen tt), which describe the key components of intellectual capital, which will be discussed separately in the following sections. Lower.

The discussion of the components of intellectual capital is part of the definition or scope of the concept. As found in Lonnqvist and Mettanen (tt) and problems in terms of concept definition, there appear to be some inconsistencies in the identification of components of intellectual capital between authors. However, they can be broadly said to be the same or similar. Lonnqvist and Mettanen, for example, refer to the framework used by Edvinsson and Malone (1997), Sveiby (1997), Brooking (1996), and Marr et al. (2002).

Edvinsson and Malone (1997) divide intellectual capital into human, structural, and customer capital. Sveiby (see also in Guthrie and Petty 2000) mentions that the components of intellectual capital are worker competence, internal structure, and external structure. The meaning or scope of each element from the two sources is almost in harmony. Edvinsson and Malone included the sub-components of organizational culture and management philosophy as part of human capital, while Sveiby placed it as part of the internal structure.

According to Brooking (1996), intellectual capital is divided into four components: human-centered assets, infrastructure assets, intellectual property assets, and

intellectual property assets. -market assets (market assets). If observed, this distinction is not very different from the components of Edvinsson and Malone and Sveiby, except that Brooking further breaks down the structural capital or internal structure component into two separate parts, namely infrastructure and intellectual property. Infrastructure assets include the processes, methods, and technologies used by an organization/community to work. Meanwhile, the intellectual property contains copyrights and patents. Marr et al.'s (2002) model is no different, even though it is called differently and is grouped into two major components, namely stakeholder resources (consisting of (external) stakeholder relationships and human resources and structural resources (physical/tangible and virtual/intangible).

An additional framework that can be proposed that is entirely consistent is Pyke et al. (2001) and Fitz-enz (2000). This framework may be used as the leading guide, given the confirmation of Pyke et al. that after going through various reviews in the last two years (referring to the year of their publication), there has been a convergence in the categorization and language used in the intellectual capital model. According to these two sources, intellectual capital is composed of 3 components, namely 1) all attributes of human capital (such as intellectual, skills, creativity, work methods), 2) organizational capital (organizational capital, such as intellectual property, process data, culture), and 3) relational capital (relational capital, seven all external relations with consumers, suppliers, partners, networks, regulators, etc.).

V. Conclusion and Recommendation

All of these components form a unified entity called intellectual capital. These components are also comparable to the details in the taxonomy of intangible resources developed by Bounfour (2005), namely autonomous intangibles and dependent intangibles, which contain all the elements discussed above.

References

- Göran Roos, (2005), "Intellectual capital and strategy: a primer for today's manager," Handbook of Business Strategy, Vol. 6 Iss 1 pp. 123 - 132
- Intellectual capital: a human capital perspective Lars Nerdrum Researcher, Norwegian Institute for Studies in Research and Higher Education (NIFU), Oslo, Norway, and Truls Erikson Associate Professor, Norwegian University of Science and Technology (NTNU), Trondheim, Norway.

Intellectual Capital: A Strategic Pattern Of Improving Organizational Performance

Ega Jalaludin*

Universitas Bina Bangsa, Indonesia

*Corresponding email: egajalaludin@gmail.com

Article

History

Received:
July 27, 2021
Revised:
August 12,
2021
Accepted:
August 24,
2021

Abstract

Industrial Era 4.0 forces every company to have a strategic pattern in improving organizational performance. The industrial revolution has changed the way humans work manually towards automation or digitization by machines. Thus, innovation and human knowledge are the key to the birth of an increasingly sophisticated industry to meet human needs themselves. This study discusses the intellectual capital variables owned by human resources in an organization. The type of research used is descriptive qualitative research because it is sourced from relevant journals. The research objects in this study are journals and other scientific articles that discuss intellectual capital and its impact on improving organizational performance. This research is expected to reveal more clearly how intellectual capital can significantly enhance organizational performance.

Keywords: Intellectual Capital, Organizational Performance, Human Capital.

JEL Classification: L20, M10.

Type of paper: Literature Review.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:

<https://doi.org/10.46306/bbijbm.v1i2.11>

Web:

<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Jalaludin, E. (2021) Intellectual Capital: A Strategic Pattern Of Improving Organizational Performance. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 119-124. DOI: <https://doi.org/10.46306/bbijbm.v1i2.11>.

I. Introduction

In this era, science and technology have developed very rapidly. It directly or indirectly results in dynamic changes in all aspects, be it social, educational, legal, and even business aspects. Initially, labor-based companies have gradually shifted to implementing science and technology-based performance (Soetedjo and Mursida, 2014). Advances in science and technology have driven industrial changes in the world. This new industrial era is an era of digitalization which is widely known as the fourth industrial change or better known as the industrial revolution 4.0.

In the industrial revolution 4.0, changes occur rapidly, and the dominance of machines over human resources (employees) will, of course, be more outstanding. The things that underlie this include the human desire so that existing work can be completed quickly and with quality to compete and achieve competitive advantage (Suwardana, 2017). The industrial revolution changed the way humans work manually towards a pattern of automation or digitization by machines. Thus, innovation and human knowledge are the key to the birth of an increasingly sophisticated industry to meet human needs themselves. In an industry that continues to grow, especially in industry 4.0, human resources in organizations are a central topic in all strategic management literature. However, while it is recognized that there has been much progress in identifying the qualifications and human resource capacities required by business organizations in recent years, an excellent analytical framework for studying intellectual capital is still lacking.

II. Literature Review

Ulrich (1998) states that intellectual capital is a multiplication function of competence and commitment. Along with the arguments of Ulrich (1998) and Quinn et al. (1996), an examination of the characteristics and features of intellectual capital reveals that it represents a particular case insofar as the different components complement each other. This brings a new dimension to human resource analysis. Without revolution, this methodology can be used for capital goods that show a high degree of complementarity. Several studies have shown that unique or scarce resources impact firm performance (Barney, 1991; Castrogiovanni, 1991; Grant, 1991; Mahoney, 1995; Nahapiet and Ghoshal, 1998; Pfeffer and Salancik, 1978; Tsai and Ghoshal, 1998).

Some economists have always focused on the productive effect rather than the quality of a job. William Petty (seventeenth century) was the first economist known to emphasize differences in labor quality and identified what came to be termed human resources when he argued for the inclusion of "human capital" in the accounting of wealth for actuarial purposes. In *Wealth of Nations*, Adam Smith (1776) wrote at length about the knowledge and skills of workers and employees on the production process and quality. He also argues that wages should be determined (among other things) by the effort, time, energy, and money spent by workers to acquire the necessary skills for their work tasks. When analyzing wage determination, he explicitly states that education and learning should be considered 'investments' in people. He saw that the productivity of skilled workers was higher than that of unskilled workers and, as a result, emerged the justifying argument that higher incomes arise from qualified workers.

The theory emphasizing the importance of human capital also emerged from Alfred Marshall (1890, p. 469), who more than a century after Adam Smith (1776) stated: "The most valuable of all capital is that which is invested in people," at the time the theory was issued. Alfred uses the term human capital (human capital). Then came Irving Fisher's idea of capital came as the founding basis of modern human capital theory as it emerged in the second half of the twentieth century. "The stock of wealth that exists in a short time is called capital. The flow of services over some time is called revenue" (Fisher, 1906, p. 52, italics). His definition of income and capital was 'all-inclusive,' and Fisher thus cut down much of the controversy among capital theorists at the time regarding the nature of capital goods such as materiality, monetary aspects, durability, or repetition of use. He emphasized that all types of stock will be capital when generating services and even explicitly include humans.

Theodore W. Schultz and Jacob Mincer, who independently and for different purposes (macroeconomics for the former and micro-economics for the latter), elaborated on human capital theory towards the end of the 1950s, relying on Fisher's theory of capital. They consider human capital an independent capital category analogous to conventional capital concerning economic and productive characteristics. The capital theory has, over the years, developed somewhat within a consistent theoretical framework containing a complete set of tools and concepts applied to human resources. This leads to solid and convincing results and provides reasonably good explanatory power for micro and macro-economic phenomena.

III. Methodology

The method used in this study is a method with a qualitative approach. Qualitative methods help provide detailed descriptions of phenomena. Qualitative encourages understanding of the substance of an event. Thus, qualitative research is not only to fulfill the researcher's desire to get an overview/explanation but also to help to get a more profound explanation (Sofaer, 1999). Thus, researchers need to equip themselves with adequate knowledge regarding the problems to be studied in qualitative research.

IV. Results and Discussion

Intellectual capital is a critical success factor in an organization, and because of this, it will increasingly become a concern in the study of organizational strategy. This conclusion is not without reason. It is based on findings on the performance of organizations, particularly knowledge-intensive organizations (e.g., see Bounfour and Edvinsson 2005; Lonnqvist and Mettanen). However, experiences in these micro-organizations are now also beginning to be transferred to the context of society or development in general. Bounfour and Edvinsson raised this theme in *Intellectual Capital for Communities* (2005).

Answering why intellectual capital has become a strategic pattern in the context of organizational or community performance or progress, we can first refer to the phenomenon of the shift in the type of society from an industrial and service society to a knowledge society. Drucker (1997, 2001), for example, predicts the arrival and, at the same time, describes the shift towards the era of the knowledge society. In this type of

society, knowledge, learning capability, and investing in building intellectual bases are drivers of rapid change. Therefore, humans as knowledge workers are the main actors.

Alfred Marshall has voiced the vital position of knowledge in this new economic and social order since 1891. According to him, knowledge is the most potent production engine (in Bontis 2005; King and McGrath 2004). Schumpeter also conveyed the same emphasis in 1934, Hayek in 1945, and Machlup in 1962. This is also in line with the context of the 'knowledge revolution' (Auber 2005) as there was also a shift in the economic model towards a knowledge economy (knowledge economy) (Bounfour and Edvinsson 2005, Aubert 2005) or the learning economy (Lundvall 1996). An economy characterized by knowledge has three plus one key characteristics, namely 1) research and education, 2) relations to growth, and 3) learning and capability, and 4) the importance of change, the dominance of a (more) flat structure, and capital. Social.

Global donor agencies such as the World Bank have also developed a program known as Knowledge for Development to encourage the development of countries towards a knowledge economy (King and McGrath 2004). Second, at the micro-enterprise level, it seems rather difficult to exclude or link these developments in the context of competition and the search for the basis of competitive advantage. The discourse on competition and competitive advantage has experienced a significant shift in business strategy studies and economic development. Initially, the theory of absolute advantage and comparative advantage was known in inter-regional or international trade or economic interactions. Then came the brilliant thought of Michael Porter about competitive advantage in the 1980s. However, Porter's view is then considered unable to comprehensively explain the superiority of an organization or country over others.

Recently, a new stream in competitive advantage analysis has emerged, known as the resource-based view of the firm (RBV). This last view is considered relevant in the context of a strong economy characterized by a knowledge/learning economy or an economy that relies on intangible assets. This second phenomenon (competition context and competitive advantage) can be understood when every organization seeks to find the right competitive strategy and competitiveness base to excel. Barney (2007) defines the concept of the strategy itself as related to an organization's theory of how it performs and excels in its business field.

In the discourse of finding ways to excel, there is a shift in view in understanding strategy. In the model developed by Porter or called the industrial organization/OI approach, strategy is simply a matter of positioning in the market. Then the RBV group considers that the economic value and competitive advantage of a financial organization lie in the ownership and effective use of organizational resources that can add value (valuable), are rarely owned (rare/scarce/unique), difficult to imitate (imperfectly imitable/hard). To copy), and are not replaced by other (non-substitutable) resources (Barney 1991, 2001, 2007; Lewin and Phelan 1999; Wright, McMahan, and McWilliams 1992). Therefore, the competitive strategy must be placed on finding, obtaining, developing, and maintaining strategic resources. The two strategic resources in question are human (human capital) and organizational (organizational capital).

According to Khan, "Intellectual capital can be defined in different ways," said Lonnqvist and Mettanan (tt). In the context of measuring knowledge investment, a topic under the theme of intellectual capital, Khan (2005) states that there is not yet a

commonly accepted definition of knowledge investment. However, there is beginning to be harmonized understanding of it. Therefore, the reports used in this paper are open to being supplemented by other definitions that may contain different meanings that are not the same.

The concept of intellectual capital is now starting to emerge as an essential concept in the life and development of organizations and wider economic life. It is now used in the center of rivaling or complementing other ideas of capital. The familiar concepts of capital include (financial) capital, physical capital, and human capital. As a concept, intellectual capital refers to capital that is non-physical or intangible (intangible assets) or invisible (invisible). It is related to human knowledge and experience and the technology used. Intellectual capital has the potential to advance organizations and society (Lonnqvist and Mettanen tt).

In summary, Smedlund and Poyhonen (2005) discuss intellectual capital as an organizational capability to create, transfer, and implement knowledge. Appearing comparable to that, Nahapiet and Ghoshal (1998) refer to it as knowledge and knowing abilities possessed by a social collectivity (e.g., organizations, intellectual communities, professional communities). They use this definition to consider its proximity to the concept of human capital, one of the elements of intellectual capital that Fitz-enz (2000) calls a catalyst capable of activating intangibles, another inactive component.

Explicitly, this definition seems inadequate to explain empirically the extent to which the scope of the meaning of intellectual capital, in the two components, is knowledge and knowing capability. However, in their explanation, they distinguish two types of knowledge, namely personal learning, both explicit (called conscious knowledge by Spender) and tacit knowledge (intuitive understanding), and social expertise, which also consists of detailed (objectified knowledge) and implied (collective wisdom). The explanation clarifies the limitations of their concept, which can be compared with definitions by other authors (e.g., Fitz-enz 2000; Pyke, Rylander, and Roos 2001; Lonnqvist and Mettanen tt), which describe the key components of intellectual capital, which will be discussed separately in the following sections. Lower.

The discussion of the components of intellectual capital is part of the definition or scope of the concept. As found in Lonnqvist and Mettanen (tt) and problems in terms of concept definition, there appear to be some inconsistencies in the identification of components of intellectual capital between authors. However, they can be broadly said to be the same or similar. Lonnqvist and Mettanen, for example, refer to the framework used by Edvinsson and Malone (1997), Sveiby (1997), Brooking (1996), and Marr et al. (2002).

Edvinsson and Malone (1997) divide intellectual capital into human, structural, and customer capital. Sveiby (see also in Guthrie and Petty 2000) mentions that the components of intellectual capital are worker competence, internal structure, and external structure. The meaning or scope of each element from the two sources is almost in harmony. Edvinsson and Malone included the sub-components of organizational culture and management philosophy as part of human capital, while Sveiby placed it as part of the internal structure.

According to Brooking (1996), intellectual capital is divided into four components: human-centered assets, infrastructure assets, intellectual property assets, and

intellectual property assets. -market assets (market assets). If observed, this distinction is not very different from the components of Edvinsson and Malone and Sveiby, except that Brooking further breaks down the structural capital or internal structure component into two separate parts, namely infrastructure and intellectual property. Infrastructure assets include the processes, methods, and technologies used by an organization/community to work. Meanwhile, the intellectual property contains copyrights and patents. Marr et al.'s (2002) model is no different, even though it is called differently and is grouped into two major components, namely stakeholder resources (consisting of (external) stakeholder relationships and human resources and structural resources (physical/tangible and virtual/intangible).

An additional framework that can be proposed that is entirely consistent is Pyke et al. (2001) and Fitz-enz (2000). This framework may be used as the leading guide, given the confirmation of Pyke et al. that after going through various reviews in the last two years (referring to the year of their publication), there has been a convergence in the categorization and language used in the intellectual capital model. According to these two sources, intellectual capital is composed of 3 components, namely 1) all attributes of human capital (such as intellectual, skills, creativity, work methods), 2) organizational capital (organizational capital, such as intellectual property, process data, culture), and 3) relational capital (relational capital, seven all external relations with consumers, suppliers, partners, networks, regulators, etc.).

V. Conclusion and Recommendation

All of these components form a unified entity called intellectual capital. These components are also comparable to the details in the taxonomy of intangible resources developed by Bounfour (2005), namely autonomous intangibles and dependent intangibles, which contain all the elements discussed above.

References

- Göran Roos, (2005), "Intellectual capital and strategy: a primer for today's manager," Handbook of Business Strategy, Vol. 6 Iss 1 pp. 123 - 132
- Intellectual capital: a human capital perspective Lars Nerdrum Researcher, Norwegian Institute for Studies in Research and Higher Education (NIFU), Oslo, Norway, and Truls Erikson Associate Professor, Norwegian University of Science and Technology (NTNU), Trondheim, Norway.

The Impact Of The Gojek And Tokopedia Mergers On The Welfare Of Gojek Drivers

Djanut Totok Suwarsono^{1*}, Basrowi²

^{1,2} Student of Master of Management, Postgraduate of Bina Bangsa University, Indonesia

*Corresponding email: totowarsono@gmail.com

Article History

Received:
July 27, 2021

Revised:
August 12,
2021

Accepted:
August 24,
2021

Abstract

Gojek and Tokopedia are now giants in the start-up industry in Indonesia. Tokopedia was the largest E-Commerce in Indonesia for the last few years before the presence of Shopee, which became Tokopedia's main competitor. Meanwhile, Gojek is the largest online transportation company in Indonesia. Combining the two is believed to create a unique ecosystem because it combines e-commerce, on-demand services and financial services in one system. This research aims to find out the welfare impact for Gojek drivers after the Gojek Tokopedia Merger. The method used in this research is qualitative research by interviewing randomly selected informants in Serang Regency, Serang City and Cilegon City. The study was conducted in June 2021, involving ten informants, all of whom were Gojek drivers. This research uses qualitative research methods. The sampling technique used is purposive sampling and snowball sampling. The instrument is the researcher himself as the primary research instrument. The researcher goes directly to the field to meet the informants, conducts interviews now, collects research data, analyzes the data to make conclusions. This study concluded that the Merger between Gojek and Tokopedia, in general, did not affect the welfare of Gojek Drivers, both positive and negative effects.

Keywords: Gojek, Tokopedia, Merger, E-Commerce, Start-up, Unicorn.

JEL Classification: M21

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:

<https://doi.org/10.46306/bbijbm.v1i2.12>

Web:

<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Suwarsono, D.T., & Basrowi. (2021) The Impact Of The Gojek And Tokopedia Mergers On The Welfare Of Gojek Drivers. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 125-136. DOI: <https://doi.org/10.46306/bbijbm.v1i2.12>.

I. Introduction

According to Gojek Co CEO Andre Soelistyo, the merger of Gojek and Tokopedia is a historic moment that marks the next phase of growth for Gojek, Tokopedia and Goto Financial. The merger between the two is also sure to change the competitive landscape of e-commerce companies and changes in society's culture in terms of the use of technology. Gojek and Tokopedia have initially been two different companies with different business platforms. Gojek, founded by Nadiem Makarim, is a technology company in Indonesia that opens application-based online motorcycle taxi services. It was founded in 2015, and it turns out that the community enthusiastically welcomed its presence. Installers and users of the Gojek application continue to grow and develop from day to day until they have expanded to regions. The company also continues to innovate by increasingly complementing the services provided, such as food delivery services, ticket sales, package delivery, etc. And now, with Grab, Gojek dominates the online transportation market share in Southeast Asia. According to App Annie data, the Grab application has been downloaded by 187 million users as of June 2020, while Gojek has 170 million users. The most extensive user base is located in Indonesia. From Grab's side, it's around 66%, while Gojek is 90%. So specifically for Indonesia, Gojek is still far superior in controlling the market share of the online transportation market.

Since its inception, Tokopedia has almost always been a leader in the country's e-commerce business. After being displaced by Shopee in 2020, in the first half of 2021, Tokopedia again won control of the Indonesian e-commerce market share of 32.04%, while Shopee fell to 29.73% in March 2021. (Iqbal & Indonasia, 2021).

Tokopedia officially appeared colouring the Indonesian e-commerce industry in 2009 by William Tanuwijaya by echoing the mission of Digital Economic Equity. The goal to be achieved is to reduce the gap between big cities and small cities. The company encourages the equitable distribution of the digital economy by motivating Indonesians to start selling online in the first ten years. And in the following decade, Tokopedia is committed to creating a super ecosystem and strives to create a comprehensive ecosystem that can be a mainstay in daily life. On that basis, with a mission to encourage progress, Tokopedia and Gojek unite their strengths through GoTo by combining e-commerce, on-demand, as well as financial and payment services.

Gojek and Tokopedia mean combining two large business entities consisting of tens of millions of customers and many business partners. The number of Gojek partners recorded in 2021 reaches 2 million driver-partners, both motorcycle taxis, online taxis, and food delivery. Meanwhile, the number of merchants who joined Tokopedia reached 11 million people, 95% of whom were MSMEs. Gojek's presence in supporting Tokopedia has succeeded in increasing sales of fashion products up to 4 times greater than the average monthly sales. Corporations, the collaboration between the two will provide enormous benefits. This advantage is also expected to be felt by Gojek Partners, who act as Drivers and Merchants. According to Gojek Group's Chief Food Officer, Catherine Hindra Sutjahyo (Rosana, 2021), it is said that this condition will also benefit driver-partners and merchants due to the increasing number of markets.

However, it turned out that there was a negative response that we found in the media, namely the threat from Driver Partners to go on a service strike if GoTo's new

management policy resulted in a decrease in welfare for Drivers (CNN, 2021). This shows that what was conveyed in (Rosana 2021) by the Gojek Group CFO about the benefits that Gojek Driver Partners will enjoy is not entirely accurate and needs to be re-tested for validity.

What happened to the merger of Gojek and Tokopedia is different from the merger of companies in a general sense when viewed from the side of the Human Resources members. The working relationship between the Gojek company Tokopedia and its partners is mutually beneficial, not a relationship between an employer and an employee or a relationship between superiors and subordinates. So it becomes interesting to know how the perceptions of the partners of the two companies in responding to the merger. Like what benefits they will feel or even the losses they will receive due to the merger. However, when two companies merge, it will be followed by the making of new policies obtained from a compromise between the two companies which will undoubtedly change the pattern that the partners of each company have followed. Changes in incentives, tariffs, policy on the delivery of goods and other variables can potentially divide Partners' perceptions into two camps that reject or support the merger even though refusal or support will not change the decision for the merger to occur. The merger between the two companies will continue to run, so it will be interesting to see the impact for Gojek partners after the merger decision is realized.

Based on the description of the background above, the researcher is interested in making a study entitled, "The impact of the Gojek and Tokopedia merger on the welfare of gojek drivers." It is hoped that from the results of this study, we can find out how the impact felt by Gojek drivers as a result of the merger carried out by Gojek and Tokopedia?

This research is intended for Gojek Driver Partners who have joined as Gojek Partners since before the merger process between Gojek and Tokopedia and who serve online motorcycle taxi services using motorbikes (Go-Ride), Goods Delivery (Go Send), and purchase food and beverages. Drinks (Go food) do not involve drivers who serve delivery services using four-wheeled cars (Go-Car). The informants to be researched are Gojek drivers who serve delivery services in the Serang City, Serang Regency and Cilegon City areas with the assumption that the three areas are close to each other and some of the regions intersect with each other. The three regencies and cities originally came from one district, namely Serang Regency. The division was carried out into Serang Regency, Serang City and Cilegon City, so we judge that these three regions have relatively the same characteristics. Their residents also interact with each other without any regional sentiments between the three. Very many residents of Serang district live in Serang district but work and do business in Cilegon city or Serang city, so that population mobility between these three areas is very high.

The formulation of the problem to be conveyed by the researcher is how to answer the questions How is the response of the Gojek Driver in responding to the Gojek Tokopedia Merger?, What are the advantages or disadvantages for Gojek drivers with the Gojek Tokopedia Merger?, What is the income of Gojek drivers before and after the Gojek-Tokopedia merger?, and How is the loyalty of Gojek Drivers after the Gojek Tokopedia Merger?.

II. Literature Review

The discussion about the merger cannot be separated from the term acquisition, so there are many mentions of Merger & Acquisition as a single term. In a merger, two organizations become a new business, usually with a new name. Companies that carry out mergers are generally companies of equal size or capacity (Lupina-Wegener et al., 2014; Sigamoney & Deke, 2013). A union is a business combination that occurs when two companies, more or less on an equal footing, decide to merge (Kivuti, 2013). Acquisitions occur for reasons of diversification. Diversification is risk reduction through investment decisions. Suppose a large conglomerate company thinks it has too much risk exposure because too much of its business is invested in one industry. In that case, it will buy enterprises to in another. That will provide a measure of diversification for the acquiring company (Mtengwa & Malleo, 2018). So a merger is the merging of 2 companies with the same business footing into a new company with a new name to reduce risk exposure and maximize profits.

According to (Kivuti, 2013) mergers can be divided into five types, namely Horizontal Mergers, which occur where two companies are in the same field of competition and share the same product line and market. A vertical Merger is a combination that involves customers and companies or suppliers. And a company, e.g. a cone supplier, merges with an ice cream maker, and A market expansion merger is a merger in which two companies selling the same product in different markets are merged. A product extension merger is a merger that occurs when two companies sell other but related products in the same market. The same, and the conglomerate Merger involves two companies that do not have the same line of business.

Mtengwa & Malleo (2018) conveyed that many studies and works of literature tried to find the motives and goals of companies to carry out mergers and acquisitions. Still, in the end, none of them could explain the general rules about how companies can conduct mergers and acquisitions. This happens because the intentions that arise when formulating mergers and acquisitions will determine the whole mergers and acquisitions process. According to (Mtengwa & Malleo, 2018), there are six motives behind mergers and acquisitions: to achieve certain economies of scale, To capture an enormous market share synergy, to promote knowledge and transfer of resources, to reduce double marginalization, and for the benefit of restructuring. Assets.

According to (American Express, 2019), In general, the impact felt by employees from the occurrence of a merger between 2 companies is the emergence of perception of uncertainty from employees when an employee sees his colleague being dismissed by the company, the event of competition between employees from 2 companies and the possibility of avoiding cooperation, a decrease in employee morale, and a mismatch. With colleagues, causing frustration for employees.

According to (Chuang, 2010), Employees are willing to accept changes if there are personal benefits that the employee can enjoy, such as a new position, increase in income, or greater power. The next factor used as a reason for employees to accept changes is if the change creates a more excellent perception of security, such as a

job match with the skills possessed, long-term contracts or permanent work agreements. The following reason is better working conditions, higher position prestige, new challenges, increased authority, personal satisfaction, etc.

Rejection from employees is one factor that interferes with the success of a change made by the company. Many factors lead to this rejection. However, facing this rejection is a manager's job and an indicator of a manager's success.

According to (Chuang, 2010) there are at least nine factors or reasons for employees refusing to change company policy, namely the factor of worrying about losing their job due to a reduction in employees, worries about reduced income, worries about losing pride or self-satisfaction, losing network transfers due to job location changes, concerns about having a new boss who snatches them away. Freedom of work, fear of losing a job, loss of authority, a new uncomfortable work environment and fear of losing status and recognition from others.

According to (American Express, 2019), companies that merge will create a perception of uncertainty from employees, which has implications for employee motivation and performance decline. For employees, change is an act that causes discomfort, and the task of a manager must find new ways of thinking and doing, paths that should lead the organization to solve problems in the most efficient way (Cornescu & Adam, 2016).

There are three types of resistance to change. According to (Rose, 1974), the first is logical and rational resistance, namely resistance from disagreement with valuable facts, analytical reasoning, logic and science. The second is psychological resistance, namely resistance based on emotions and attitudes. The last is sociological resistance, namely resistance that occurs because of sociological factors such as norms, group values and social values.

III. Methodology

In this study, the sampling technique used was purposive sampling and snowball sampling. While the research instrument used is the researcher himself as the primary research instrument, the researcher will go directly to the field to meet the informants, conduct interviews in person or by telephone, then collect research data, analyze the data to make conclusions for data collection techniques using techniques such as those conveyed in (Ajayi, 2017) namely interviews and observations. However, in this study, researchers will only use interview and observation techniques and add one documentation variable to support the validity of the research. And lastly, the data analysis technique follows the concept (Mudjia, 2017), which classifies data analysis in 6 steps: data collection, data refinement, data processing, data analysis, data analysis process, and research conclusions.

IV. Results and Discussion

Researchers researched 10 Gojek Drivers who were met randomly on the streets around Serang Regency, Serang City and Cilegon City by taking moments indicating that the informants to be interviewed were in comfortable conditions and did not feel disturbed by the arrival of the researcher and show a welcome attitude to be spoken to or interviewed. The moment they rest in the courtyard of the mosque / musholla becomes a very comfortable place to talk casually. In addition, informants are also pleasant to talk to while resting under a roadside tree while waiting for customer orders. But sometimes, the interview cannot get maximum results because the discussion is stopped before all information is obtained. After all, the informant has to go to fulfil his duty to provide services to his customers. Suppose the interview is conducted in this situation. In that case, the researcher will try to direct the conversation to some of the main questions and minimize questions or discussions that do not lead to the desired answer in the study. The following location chosen by the researcher was several Go-Resto merchants who usually had a lot of Gojek Drivers sitting around while waiting for customer orders that the restaurant was preparing. In addition, the researcher also interviewed two informants by telephone because the informants would determine the interview time by referring to their free time and mood. From this study's results, we found that not all Gojek drivers were aware of the merger between Gojek and Tokopedia. Others know but do not understand what the difference between before and after the union is.

4.1. Informants responded to the Gojek Tokopedia Merger

When the researchers asked how the informants responded to the Gojek Tokopedia Merger, it turned out that most of them responded in a mediocre manner and argued that the merger event did not have any impact on them. Only a tiny portion showed a slightly positive response and hoped for the merger. Gojek Tokopedia brings fresh air to improve the welfare of informants. One of the reasons that caused the informants to not feel any changes from the Gojek Tokopedia merger incident is because it turns out that in the Gojek application system, there is a performance assessment and priority account selection systematically and automatically so that drivers have priority accounts that differ from one to another. Other. Some informants get Go-Ride priority accounts so that every day they serve more customer delivery services and only get very few orders for Food (Go-Food) or Goods (Go-Send). As for those who call Go-Food priority accounts, most of the charges that come in are orders to deliver food ordered by customers from Go-Resto Merchant through the Go-Food feature. Those with Go-Food priority accounts usually get very few demands to provide/pick up customers (Go-Ride) or deliver goods (Go-Send). Likewise, if the informant has a Go-Send priority account, he usually gets orders to provide goods, and a few get orders to deliver customers or deliver food orders. After the merger between Gojek Tokopedia, researchers tried to learn what features are available in the Gojek application. And we conclude that the Service feature resulting from the union between Gojek and Tokopedia and has the potential to increase the number of orders for Drivers is the Go-Send feature.

Meanwhile, several other features such as Go-Pulsa, Go-Nearby, Go-Billing, Go-Give, Go-Sure and Go-Investation are not at all related to the service activities

carried out by the informants. According to (Dokotri et al., 2016), after the merger and acquisition occurred between 2 companies, there would be a different response from the employees who were members of the two companies. Mergers and Acquisitions may be well received by employees or may also result in rejection from employees. The implication is that the stakeholders who determine the policy must have a clear concept and have sufficient knowledge about the idea of change that will be carried out. After the merger, this knowledge can help make decisions or make the right strategy to stem adverse reactions affecting work attitudes.

4.2. Regarding the advantages or disadvantages for Gojek drivers after the Gojek Tokopedia merger

Regarding the advantages or disadvantages for Gojek drivers after the Gojek Tokopedia merger, it turns out that of the ten informants we met, only four people claimed to have received orders to deliver goods ordered by Tokopedia customers. Meanwhile, six other informants said they had never received an order to return goods ordered by Tokopedia customers. In terms of profits, only informants who have Go-Send priority accounts feel the benefits or advantages of the Gojek Tokopedia merger. The perceived advantage is the addition of orders when compared to before the merger. As a form of collaboration from Gojek Tokopedia that triggers an increase in the number of orders for Gojek Drivers, the Indonesian Shopping Time program is usually held on the 25-30th of each month. At the event, shoppers at Tokopedia were given a discounted Kejar promo starting from IDR 5,000 + Special Cashback + Gosend Postage up to IDR 20,000. there is also a special promo for Gojek customers by giving Gosend free shipping discounts of up to Rp. 25,000 (Admin, 2021). These offers are undoubtedly desirable to Tokopedia customers and Gojek customers. They attract customers to check out and purchase the goods immediately they are interested in because buying these items will get discounts, cashback and even postage discounts. From previous experiences, during the pandemic, Tokopedia sales increased. One of the programs that triggered the increase in sales was the Indonesian Time program at the end of every month after some people received their monthly salaries. Of course, in theory, an increase in Tokopedia sales will increase the number of orders for Gojek Drivers. However, in this study, we found facts that were not linear with the increase in sales on Tokopedia. Most of the informants we interviewed admitted that they had never received Go-Send orders from customer purchases at Tokopedia. Of course, this is an anomaly that deserves further research. We assume that the order received by Gojek Drivers is not linear with the increase in sales at Tokopedia, possibly because the maximum Go-Send reach is only 40 Km. This is a crucial factor because most sellers with competitive prices base their deliveries on Jakarta. When they order goods from Tokopedia to be sent to Cilegon / Serang, they cannot use Go-Send. Still, they must use Expeditions such as JNE, Sicepat, Anter Aja and others. Etc. Another factor that might affect the lack of Go-Send orders from Tokopedia is because the number of merchants whose delivery bases are from local Cilegon / Serang is not too many. It could be that the selling price cannot compete with merchants whose headquarters is in Jakarta, making buyers prefer to buy from stores. merchants in Jakarta than those from Local Serang / Cilegon because apart from being cheaper, you can also take advantage of the Free Shipping promo of up to Rp. 20,000. Mergers between companies will undoubtedly have a beneficial impact on the company, investors and possibly its employees.

But on the other hand, it can make employees depressed, and it is the job of business owners to reduce the losses inherent in mergers and acquisitions. The impact of unions on employees is one of the riskiest factors when discussing the advantages and disadvantages of merging between 2 companies. Poor employee management after a merger may destroy the company, no matter how much new assets are acquired or how much money can be generated due to mergers and acquisitions (AmericanExpress, 2019). However, all informants agreed that the merger between Gojek and Tokopedia so far has not had a significant positive impact on the welfare of Gojek Drivers.

Some of the informants highlighted the various difficulties faced when getting Go-Send orders. For example, there is a driver who receives an order to deliver products with large dimensions such as bicycles, plastic furniture (chairs, tables, cabinets, etc.), they object to accepting the order because the fleet to carry these large-dimensional products must use a car (Go-Car) which has adequate capacity to carry products with large dimensions. But in the end, the informants could not refuse to bring the product and had to deliver it to the consumer even though this action was hazardous to endanger the driver. They can't refuse because if they cancel the order, they will get sanctions from Gojek in the form of a reduction in value, resulting in a decrease in their account performance. Their account rarely receives orders, which will have implications for their income decline.

Regarding the policy changes implemented after the Gojek Tokopedia merger, the informant said that no new policies have benefited or harmed them so far. Regarding the applicable tariffs, they are still using the tariff scheme that was in effect before the merger. Likewise, with incentives so far, there has been no incentive policy for the Cilegon and Serang areas. The researcher asked about the demo news conducted by Gojek Drivers as a reaction to the change in the incentive scheme, whose information was widely spread on the internet. However, some informants said that the changes were only implemented in Jakarta and were not implemented in the regions. Please also note that Gojek imposes different rates for each location. So the tariffs imposed in Jakarta are different from those set in Serang, Bandung and other cities. Even in big cities like Jakarta, Gojek sets different rates for specific hours. Examples of tariffs during peak hours such as at 6:00 - 8:00 AM are made more expensive when compared to rates at 08:00 - 11:00 AM because the hours 06:00 - 08:00 AM are referred to as Prime Time which at that time many workers go to work and cause congestion everywhere, so the tariff is made more expensive. However, for the Cilegon / Serang area, standard rates apply regardless of the day and hour.

4.3. Regarding whether there was a change in income between before and after the merger

Regarding whether there was a change in income between before and after the merger, the informants objected to answering or conveying information about how much they earn on average each day. However, the informants generally said that they did not feel any change in their income after the merger. The shift in income only changes when the first two things happen, namely being diligent and not cancelling. When drivers are active in receiving orders from customers and serving customers well, one of them is not cancelling orders from customers. The account rating is getting Gojek gives better and more frequent rankings priority. And vice

versa, if you are lazy in accepting orders and even often cancel, it is sure that the reputation of the account will continue to decline so that it does not get priority as an account receiving orders from customers. So when asked whether the merger affected Driver's income, some answered that it did not affect their income. They have the principle that what determines the amount of income that will be received is from themselves. One of Gojek's policies that reduce their daily income is when Gojek changes the system giving bonuses to Driver-partners. According to (Bang Jek, 2021), since July 17, 2020, Gojek has officially changed the point system, and incentives called the Blessing Program Incentive. This system reacts to the reduction in the tariff scheme imposed by the Grab Company, Gojek's main competitor, due to the difficulty of getting orders during the pandemic. The Blessing Program Incentive system allows Drivers to earn a minimum income of IDR 90,000 per day with several conditions that must be met. Namely, Driver-partners must collect 12 points from orders received between 08.00 - 20.00 AM with a minimum order completion performance level of 75%.

The driver's income at 08.00 - 20.00, which is obtained, is less than 90,000. Gojek will add the difference to the minimum amount of the blessing program income, and point income will also be aligned for all regions, namely GoRide and GoSend get 1 point while GoFood will earn 1.5 points. Likewise, additional points with a specific nominal value are removed. Driver income for the minimum GoRide order, which used to get 7,200 per 4 km, is now returned to 8,000. Previously, the Gojek driver incentive program used point conversions that were differentiated according to region. For big-city areas, driver-partners must collect 30 points to get incentives. As for small spaces, drivers must collect 20 points to enjoy the total incentive bonus. The point calculation is also based on region, and some get 1.5 points for GoFood, some get 2 points for completed GoFood orders. The amount of incentives is also distinguished between the 20 scheme and the 30 scheme.

Now for this blessing program, everything is aligned with the achievement of 12 points between 08.00 - 20.00 AM. Minimum earnings alignment only applies to partners who have earned points between the specified hours, and the minimum income from that hour is less than 90,000. Drivers have given various responses regarding the pros and cons of this program. Still, in general, the drivers think that implementing this program has resulted in a very significant decrease in income for drivers compared to the previous incentive system. However, the policy for changing the point system and incentives is not related to the Gojek Tokopedia Merger. According to (Liang et al., 2017), employees consider that mergers are needed at a moderate level, which has implications for perceptions about the benefits of unions, which in employees' perceptions are also at an intermediate level. (Liang et al., 2017) also said that, in general, there was no significant resistance to the changes proposed by management so that the integration process would run smoothly into the new corporate culture. This happens because, in their employees' perception, they do not significantly feel the difference in the effect of the merger related to the increase or decrease in the income they get. So it can be concluded that, in general, mergers and acquisitions are only carried out based on their interests. The positive impacts that occur are also enjoyed mainly by the owners of the company. The minimal effect that can be felt by employees and this is confirmed in the Gojek-Tokopedia merger, which turned out to be a mediocre

response by Gojek partners due to the perception that the merger This will not have an impact on improving their welfare.

4.4. Regarding the Loyalty of the Informants to the Company

Regarding the loyalty of the informants to the company, the informants told the researchers that whatever the conditions, they would remain loyal to Gojek because, for them, this was the only job they could do. They also do not deny many offers to join as drivers at competing companies such as Grab and Maxim. Still, in general, they view that these companies have their respective advantages and disadvantages. Especially for Gojek, one of the reasons for the incredible loyalty of drivers to the company is because Gojek is known as a local product made by the nation's children, so there is a strong urge to maintain Gojek's dominance over other online transportation companies. According to (Karimi, 2019), a merger between two companies means merging two organizational cultures, which affects employee loyalty because there is social integration and cultural integration in this process. The suitability of organizational culture will determine how the synergy between employees from the two companies will be. For this reason, good communication is needed to consolidate between the two companies. The emergence of negative perceptions from employees must be adequately anticipated so that perceptions of fairness arise from employees towards the company.

V. Conclusion and Recommendation

5.1. Conclusion

From all points that the researcher conveys in the formulation of the problem, the first is about the informant's response who claims to be not much affected by the merger. Then the informant also does not feel the advantages and disadvantages of the consolidation, the income of the informant also does not change much after the union and the last is related The loyalty of the informants is maintained even though there is or there is no merger, the researchers conclude that the Merger / Merger of Gojek and Tokopedia companies, in general, does not have a welfare impact for Gojek Drivers, both positive and negative impacts. This may be because the people of Serang Regency, Serang City and Cilegon City haven't made many purchases at Tokopedia and sent using Go-Send. As for the decrease in income experienced by Drivers happened not because of the Merger between Gojek Tokopedia but more because of 2 factors, namely: Driver's nasty reputation factor as a result of the driver's performance who often refuses/cancels orders from customers. And secondly, because of the change in the point and incentive scheme that Gojek has implemented since July 17, 2020, this change in the point and incentive system has nothing to do with the Gojek Tokopedia merger.

5.2. Recommendation

Based on the conclusions obtained in this study, the researchers propose suggestions for gojek drivers as follows: 1) improve Driver's reputation by not refusing/cancelling orders received because when Driver cancels an order, Gojek will give a point penalty that changes the driver's account to no longer be a priority account so it is not recommended to accept orders from customers, 2) providing exemplary service to

customers so that customers give a good rating regarding driver performance because a good rating will make driver accounts give priority to getting orders from customers.

Advice for Gojek companies: A) Perform advertisements to introduce new features in the Gojek application because only a small number of customers know about these features and what benefits customers can experience when using these features, b) Provide attractive incentives for Gojek Drivers who successfully achieve specific performance indicators. The aim is to bind the loyalty of Drivers and as an effort to restrain Drivers from moving to competing companies such as Grab and Maxim.

References

- Admin, G. (2021). *Kejar diskon mulai Rp5.000 + Cashback Special + Ongkir Gosend hingga Rp20.000* □ *Spesial untuk pelanggan Gojek*. Business Strategy and the Environment. <https://www.gojek.com/blog/gojek/promo-tokopedia/>
- Ajayi, V. O. (2017). *Primary Sources of Data and Secondary Sources of Data*. September, 1–6. <https://doi.org/10.13140/RG.2.2.24292.68481>
- AmericanExpress. (2019). *The Effects of Mergers and Acquisition on Employees*. Business Strategy and the Environment. <https://www.americanexpress.com/en-ca/business/trends-and-insights/articles/the-effects-of-mergers-and-acquisition-on-employees/>
- Bang Jek. (2021). *Program Berkat – Skema Insentif Gojek Terbaru*. <https://gojekblog.com/skema-insentif-rogram-berkat-gojek-2020/>
- Chuang, Y.-S. (2010). Individual Resistance from Employees to Organizational Change. *Journal of Global Business Management*.
- CNN, I. (2021). *Driver Gojek Ancam Demo Gara-gara Insentif GoKilat Dipangkas*. Business Strategy and the Environment. <https://www.cnnindonesia.com/ekonomi/20210607110643-92-651119/driver-gojek-ancam-demo-gara-gara-insentif-gokilat-dipangkas>
- Cornescu, V., & Adam, R. (2016). Organizational Change – Managing Employees Resistance. *Challenges, Performances and Tendencies in Organisation Management*, December, 381–389. https://doi.org/10.1142/9789814656023_0042
- Dokotri, J., Jidong, D. E., & Pam, V. D. (2016). Merger, acquisition and employees' work attitude ... Dokotri, et al Merger, Acquisition and Employees' Work Attitude after Bank Reform in Nigeria. *Review of Social Sciences*, 01(09), 1–12.
- Iqbal, M., & Indonasia, C. (2021). *Bukan Shopee, Ini Juara Marketplace RI di Kuartal I/2021*. Business Strategy and the Environment. <https://www.cnbcindonesia.com/tech/20210421232912-37-239796/bukan-shopee-ini-juara-marketplace-ri-di-kuartal-i-2021>
- Karimi, K. L. (2019). Effects of Business Mergers on Employee Loyalty in Selected Companies Listed at the Nairobi Securities Exchange. *Journalofbusiness.Org*, 19(1). <https://journalofbusiness.org/index.php/GJMBR/article/view/2676>
- Kivuti, M. (2013). *The influence of mergers and acquisitions on employee performance: A case of Equatorial Commercial Bank*. 1–89.
- Liang, H., Renneboog, L., & Vansteenkiste, C. (2017). Corporate Employee-Engagement and Merger Outcomes. *SSRN Electronic Journal*, February. <https://doi.org/10.2139/ssrn.2932021>

- Lupina-Wegener, A., Drzensky, F., Ullrich, J., & Van Dick, R. (2014). Focusing on the bright tomorrow? A longitudinal study of organizational identification and projected continuity in a corporate merger. *British Journal of Social Psychology*, 53(4), 752–772. <https://doi.org/10.1111/bjso.12056>
- Mtengwa, B. A., & Malleo, J. A. (2018). Stakeholder's Perception on Quality of Mergers and Acquisitions in Tanzania. *International Journal of Academic Research in Business and Social Sciences*, 8(10), 1108–1124. <https://doi.org/10.6007/ijarbss/v8-i10/4832>
- Mudjia, R. (2017). STUDI KASUS DALAM PENELITIAN KUALITATIF: KONSEP DAN PROSEDURNYA. *Ekp*, 13(3), 1576–1580.
- Rosana, Fransiska. (2021). Tokopedia dan Gojek bicara potensi pertumbuhan transaksi pasca merger. Business Strategy and the Environment. <https://bisnis.tempo.co/read/1465373/tokopedia-dan-gojek-bicara-potensi-pertumbuhan-transaksi-pasca-merger>
- Rose, R. (1974). Models of Change. *Current Sociology*, 22(1–3), 201–221. <https://doi.org/10.1177/001139217402200110>
- Sigamoney, C., & Deke, A. (2013). THE IMPACT OF MERGERS AND ACQUISITIONS ON EMPLOYEE MORALE: AN EVALUATION OF H&S NETWORKS IN SOUTH AFRICA. *Corporate Governance: The International Journal of Business in Society*.

The Impact Of The Gojek And Tokopedia Mergers On The Welfare Of Gojek Drivers

Djanut Totok Suwarsono^{1*}, Basrowi²

^{1,2} Student of Master of Management, Postgraduate of Bina Bangsa University, Indonesia

*Corresponding email: totowarsono@gmail.com

Article History

Received:
July 27, 2021

Revised:
August 12,
2021

Accepted:
August 24,
2021

Abstract

Gojek and Tokopedia are now giants in the start-up industry in Indonesia. Tokopedia was the largest E-Commerce in Indonesia for the last few years before the presence of Shopee, which became Tokopedia's main competitor. Meanwhile, Gojek is the largest online transportation company in Indonesia. Combining the two is believed to create a unique ecosystem because it combines e-commerce, on-demand services and financial services in one system. This research aims to find out the welfare impact for Gojek drivers after the Gojek Tokopedia Merger. The method used in this research is qualitative research by interviewing randomly selected informants in Serang Regency, Serang City and Cilegon City. The study was conducted in June 2021, involving ten informants, all of whom were Gojek drivers. This research uses qualitative research methods. The sampling technique used is purposive sampling and snowball sampling. The instrument is the researcher himself as the primary research instrument. The researcher goes directly to the field to meet the informants, conducts interviews now, collects research data, analyzes the data to make conclusions. This study concluded that the Merger between Gojek and Tokopedia, in general, did not affect the welfare of Gojek Drivers, both positive and negative effects.

Keywords: Gojek, Tokopedia, Merger, E-Commerce, Start-up, Unicorn.

JEL Classification: M21

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:

<https://doi.org/10.46306/bbijbm.v1i2.12>

Web:

<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Suwarsono, D.T., & Basrowi. (2021) The Impact Of The Gojek And Tokopedia Mergers On The Welfare Of Gojek Drivers. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 125-136. DOI: <https://doi.org/10.46306/bbijbm.v1i2.12>.

I. Introduction

According to Gojek Co CEO Andre Soelistyo, the merger of Gojek and Tokopedia is a historic moment that marks the next phase of growth for Gojek, Tokopedia and Goto Financial. The merger between the two is also sure to change the competitive landscape of e-commerce companies and changes in society's culture in terms of the use of technology. Gojek and Tokopedia have initially been two different companies with different business platforms. Gojek, founded by Nadiem Makarim, is a technology company in Indonesia that opens application-based online motorcycle taxi services. It was founded in 2015, and it turns out that the community enthusiastically welcomed its presence. Installers and users of the Gojek application continue to grow and develop from day to day until they have expanded to regions. The company also continues to innovate by increasingly complementing the services provided, such as food delivery services, ticket sales, package delivery, etc. And now, with Grab, Gojek dominates the online transportation market share in Southeast Asia. According to App Annie data, the Grab application has been downloaded by 187 million users as of June 2020, while Gojek has 170 million users. The most extensive user base is located in Indonesia. From Grab's side, it's around 66%, while Gojek is 90%. So specifically for Indonesia, Gojek is still far superior in controlling the market share of the online transportation market.

Since its inception, Tokopedia has almost always been a leader in the country's e-commerce business. After being displaced by Shopee in 2020, in the first half of 2021, Tokopedia again won control of the Indonesian e-commerce market share of 32.04%, while Shopee fell to 29.73% in March 2021. (Iqbal & Indonasia, 2021).

Tokopedia officially appeared colouring the Indonesian e-commerce industry in 2009 by William Tanuwijaya by echoing the mission of Digital Economic Equity. The goal to be achieved is to reduce the gap between big cities and small cities. The company encourages the equitable distribution of the digital economy by motivating Indonesians to start selling online in the first ten years. And in the following decade, Tokopedia is committed to creating a super ecosystem and strives to create a comprehensive ecosystem that can be a mainstay in daily life. On that basis, with a mission to encourage progress, Tokopedia and Gojek unite their strengths through GoTo by combining e-commerce, on-demand, as well as financial and payment services.

Gojek and Tokopedia mean combining two large business entities consisting of tens of millions of customers and many business partners. The number of Gojek partners recorded in 2021 reaches 2 million driver-partners, both motorcycle taxis, online taxis, and food delivery. Meanwhile, the number of merchants who joined Tokopedia reached 11 million people, 95% of whom were MSMEs. Gojek's presence in supporting Tokopedia has succeeded in increasing sales of fashion products up to 4 times greater than the average monthly sales. Corporations, the collaboration between the two will provide enormous benefits. This advantage is also expected to be felt by Gojek Partners, who act as Drivers and Merchants. According to Gojek Group's Chief Food Officer, Catherine Hindra Sutjahyo (Rosana, 2021), it is said that this condition will also benefit driver-partners and merchants due to the increasing number of markets.

However, it turned out that there was a negative response that we found in the media, namely the threat from Driver Partners to go on a service strike if GoTo's new

management policy resulted in a decrease in welfare for Drivers (CNN, 2021). This shows that what was conveyed in (Rosana 2021) by the Gojek Group CFO about the benefits that Gojek Driver Partners will enjoy is not entirely accurate and needs to be re-tested for validity.

What happened to the merger of Gojek and Tokopedia is different from the merger of companies in a general sense when viewed from the side of the Human Resources members. The working relationship between the Gojek company Tokopedia and its partners is mutually beneficial, not a relationship between an employer and an employee or a relationship between superiors and subordinates. So it becomes interesting to know how the perceptions of the partners of the two companies in responding to the merger. Like what benefits they will feel or even the losses they will receive due to the merger. However, when two companies merge, it will be followed by the making of new policies obtained from a compromise between the two companies which will undoubtedly change the pattern that the partners of each company have followed. Changes in incentives, tariffs, policy on the delivery of goods and other variables can potentially divide Partners' perceptions into two camps that reject or support the merger even though refusal or support will not change the decision for the merger to occur. The merger between the two companies will continue to run, so it will be interesting to see the impact for Gojek partners after the merger decision is realized.

Based on the description of the background above, the researcher is interested in making a study entitled, "The impact of the Gojek and Tokopedia merger on the welfare of gojek drivers." It is hoped that from the results of this study, we can find out how the impact felt by Gojek drivers as a result of the merger carried out by Gojek and Tokopedia?

This research is intended for Gojek Driver Partners who have joined as Gojek Partners since before the merger process between Gojek and Tokopedia and who serve online motorcycle taxi services using motorbikes (Go-Ride), Goods Delivery (Go Send), and purchase food and beverages. Drinks (Go food) do not involve drivers who serve delivery services using four-wheeled cars (Go-Car). The informants to be researched are Gojek drivers who serve delivery services in the Serang City, Serang Regency and Cilegon City areas with the assumption that the three areas are close to each other and some of the regions intersect with each other. The three regencies and cities originally came from one district, namely Serang Regency. The division was carried out into Serang Regency, Serang City and Cilegon City, so we judge that these three regions have relatively the same characteristics. Their residents also interact with each other without any regional sentiments between the three. Very many residents of Serang district live in Serang district but work and do business in Cilegon city or Serang city, so that population mobility between these three areas is very high.

The formulation of the problem to be conveyed by the researcher is how to answer the questions How is the response of the Gojek Driver in responding to the Gojek Tokopedia Merger?, What are the advantages or disadvantages for Gojek drivers with the Gojek Tokopedia Merger?, What is the income of Gojek drivers before and after the Gojek-Tokopedia merger?, and How is the loyalty of Gojek Drivers after the Gojek Tokopedia Merger?.

II. Literature Review

The discussion about the merger cannot be separated from the term acquisition, so there are many mentions of Merger & Acquisition as a single term. In a merger, two organizations become a new business, usually with a new name. Companies that carry out mergers are generally companies of equal size or capacity (Lupina-Wegener et al., 2014; Sigamoney & Deke, 2013). A union is a business combination that occurs when two companies, more or less on an equal footing, decide to merge (Kivuti, 2013). Acquisitions occur for reasons of diversification. Diversification is risk reduction through investment decisions. Suppose a large conglomerate company thinks it has too much risk exposure because too much of its business is invested in one industry. In that case, it will buy enterprises to in another. That will provide a measure of diversification for the acquiring company (Mtengwa & Malleo, 2018). So a merger is the merging of 2 companies with the same business footing into a new company with a new name to reduce risk exposure and maximize profits.

According to (Kivuti, 2013) mergers can be divided into five types, namely Horizontal Mergers, which occur where two companies are in the same field of competition and share the same product line and market. A vertical Merger is a combination that involves customers and companies or suppliers. And a company, e.g. a cone supplier, merges with an ice cream maker, and A market expansion merger is a merger in which two companies selling the same product in different markets are merged. A product extension merger is a merger that occurs when two companies sell other but related products in the same market. The same, and the conglomerate Merger involves two companies that do not have the same line of business.

Mtengwa & Malleo (2018) conveyed that many studies and works of literature tried to find the motives and goals of companies to carry out mergers and acquisitions. Still, in the end, none of them could explain the general rules about how companies can conduct mergers and acquisitions. This happens because the intentions that arise when formulating mergers and acquisitions will determine the whole mergers and acquisitions process. According to (Mtengwa & Malleo, 2018), there are six motives behind mergers and acquisitions: to achieve certain economies of scale, To capture an enormous market share synergy, to promote knowledge and transfer of resources, to reduce double marginalization, and for the benefit of restructuring. Assets.

According to (American Express, 2019), In general, the impact felt by employees from the occurrence of a merger between 2 companies is the emergence of perception of uncertainty from employees when an employee sees his colleague being dismissed by the company, the event of competition between employees from 2 companies and the possibility of avoiding cooperation, a decrease in employee morale, and a mismatch. With colleagues, causing frustration for employees.

According to (Chuang, 2010), Employees are willing to accept changes if there are personal benefits that the employee can enjoy, such as a new position, increase in income, or greater power. The next factor used as a reason for employees to accept changes is if the change creates a more excellent perception of security, such as a

job match with the skills possessed, long-term contracts or permanent work agreements. The following reason is better working conditions, higher position prestige, new challenges, increased authority, personal satisfaction, etc.

Rejection from employees is one factor that interferes with the success of a change made by the company. Many factors lead to this rejection. However, facing this rejection is a manager's job and an indicator of a manager's success.

According to (Chuang, 2010) there are at least nine factors or reasons for employees refusing to change company policy, namely the factor of worrying about losing their job due to a reduction in employees, worries about reduced income, worries about losing pride or self-satisfaction, losing network transfers due to job location changes, concerns about having a new boss who snatches them away. Freedom of work, fear of losing a job, loss of authority, a new uncomfortable work environment and fear of losing status and recognition from others.

According to (American Express, 2019), companies that merge will create a perception of uncertainty from employees, which has implications for employee motivation and performance decline. For employees, change is an act that causes discomfort, and the task of a manager must find new ways of thinking and doing, paths that should lead the organization to solve problems in the most efficient way (Cornescu & Adam, 2016).

There are three types of resistance to change. According to (Rose, 1974), the first is logical and rational resistance, namely resistance from disagreement with valuable facts, analytical reasoning, logic and science. The second is psychological resistance, namely resistance based on emotions and attitudes. The last is sociological resistance, namely resistance that occurs because of sociological factors such as norms, group values and social values.

III. Methodology

In this study, the sampling technique used was purposive sampling and snowball sampling. While the research instrument used is the researcher himself as the primary research instrument, the researcher will go directly to the field to meet the informants, conduct interviews in person or by telephone, then collect research data, analyze the data to make conclusions for data collection techniques using techniques such as those conveyed in (Ajayi, 2017) namely interviews and observations. However, in this study, researchers will only use interview and observation techniques and add one documentation variable to support the validity of the research. And lastly, the data analysis technique follows the concept (Mudjia, 2017), which classifies data analysis in 6 steps: data collection, data refinement, data processing, data analysis, data analysis process, and research conclusions.

IV. Results and Discussion

Researchers researched 10 Gojek Drivers who were met randomly on the streets around Serang Regency, Serang City and Cilegon City by taking moments indicating that the informants to be interviewed were in comfortable conditions and did not feel disturbed by the arrival of the researcher and show a welcome attitude to be spoken to or interviewed. The moment they rest in the courtyard of the mosque / musholla becomes a very comfortable place to talk casually. In addition, informants are also pleasant to talk to while resting under a roadside tree while waiting for customer orders. But sometimes, the interview cannot get maximum results because the discussion is stopped before all information is obtained. After all, the informant has to go to fulfil his duty to provide services to his customers. Suppose the interview is conducted in this situation. In that case, the researcher will try to direct the conversation to some of the main questions and minimize questions or discussions that do not lead to the desired answer in the study. The following location chosen by the researcher was several Go-Resto merchants who usually had a lot of Gojek Drivers sitting around while waiting for customer orders that the restaurant was preparing. In addition, the researcher also interviewed two informants by telephone because the informants would determine the interview time by referring to their free time and mood. From this study's results, we found that not all Gojek drivers were aware of the merger between Gojek and Tokopedia. Others know but do not understand what the difference between before and after the union is.

4.1. Informants responded to the Gojek Tokopedia Merger

When the researchers asked how the informants responded to the Gojek Tokopedia Merger, it turned out that most of them responded in a mediocre manner and argued that the merger event did not have any impact on them. Only a tiny portion showed a slightly positive response and hoped for the merger. Gojek Tokopedia brings fresh air to improve the welfare of informants. One of the reasons that caused the informants to not feel any changes from the Gojek Tokopedia merger incident is because it turns out that in the Gojek application system, there is a performance assessment and priority account selection systematically and automatically so that drivers have priority accounts that differ from one to another. Other. Some informants get Go-Ride priority accounts so that every day they serve more customer delivery services and only get very few orders for Food (Go-Food) or Goods (Go-Send). As for those who call Go-Food priority accounts, most of the charges that come in are orders to deliver food ordered by customers from Go-Resto Merchant through the Go-Food feature. Those with Go-Food priority accounts usually get very few demands to provide/pick up customers (Go-Ride) or deliver goods (Go-Send). Likewise, if the informant has a Go-Send priority account, he usually gets orders to provide goods, and a few get orders to deliver customers or deliver food orders. After the merger between Gojek Tokopedia, researchers tried to learn what features are available in the Gojek application. And we conclude that the Service feature resulting from the union between Gojek and Tokopedia and has the potential to increase the number of orders for Drivers is the Go-Send feature.

Meanwhile, several other features such as Go-Pulsa, Go-Nearby, Go-Billing, Go-Give, Go-Sure and Go-Investation are not at all related to the service activities

carried out by the informants. According to (Dokotri et al., 2016), after the merger and acquisition occurred between 2 companies, there would be a different response from the employees who were members of the two companies. Mergers and Acquisitions may be well received by employees or may also result in rejection from employees. The implication is that the stakeholders who determine the policy must have a clear concept and have sufficient knowledge about the idea of change that will be carried out. After the merger, this knowledge can help make decisions or make the right strategy to stem adverse reactions affecting work attitudes.

4.2. Regarding the advantages or disadvantages for Gojek drivers after the Gojek Tokopedia merger

Regarding the advantages or disadvantages for Gojek drivers after the Gojek Tokopedia merger, it turns out that of the ten informants we met, only four people claimed to have received orders to deliver goods ordered by Tokopedia customers. Meanwhile, six other informants said they had never received an order to return goods ordered by Tokopedia customers. In terms of profits, only informants who have Go-Send priority accounts feel the benefits or advantages of the Gojek Tokopedia merger. The perceived advantage is the addition of orders when compared to before the merger. As a form of collaboration from Gojek Tokopedia that triggers an increase in the number of orders for Gojek Drivers, the Indonesian Shopping Time program is usually held on the 25-30th of each month. At the event, shoppers at Tokopedia were given a discounted Kejar promo starting from IDR 5,000 + Special Cashback + Gosend Postage up to IDR 20,000. there is also a special promo for Gojek customers by giving Gosend free shipping discounts of up to Rp. 25,000 (Admin, 2021). These offers are undoubtedly desirable to Tokopedia customers and Gojek customers. They attract customers to check out and purchase the goods immediately they are interested in because buying these items will get discounts, cashback and even postage discounts. From previous experiences, during the pandemic, Tokopedia sales increased. One of the programs that triggered the increase in sales was the Indonesian Time program at the end of every month after some people received their monthly salaries. Of course, in theory, an increase in Tokopedia sales will increase the number of orders for Gojek Drivers. However, in this study, we found facts that were not linear with the increase in sales on Tokopedia. Most of the informants we interviewed admitted that they had never received Go-Send orders from customer purchases at Tokopedia. Of course, this is an anomaly that deserves further research. We assume that the order received by Gojek Drivers is not linear with the increase in sales at Tokopedia, possibly because the maximum Go-Send reach is only 40 Km. This is a crucial factor because most sellers with competitive prices base their deliveries on Jakarta. When they order goods from Tokopedia to be sent to Cilegon / Serang, they cannot use Go-Send. Still, they must use Expeditions such as JNE, Sicepat, Anter Aja and others. Etc. Another factor that might affect the lack of Go-Send orders from Tokopedia is because the number of merchants whose delivery bases are from local Cilegon / Serang is not too many. It could be that the selling price cannot compete with merchants whose headquarters is in Jakarta, making buyers prefer to buy from stores. merchants in Jakarta than those from Local Serang / Cilegon because apart from being cheaper, you can also take advantage of the Free Shipping promo of up to Rp. 20,000. Mergers between companies will undoubtedly have a beneficial impact on the company, investors and possibly its employees.

But on the other hand, it can make employees depressed, and it is the job of business owners to reduce the losses inherent in mergers and acquisitions. The impact of unions on employees is one of the riskiest factors when discussing the advantages and disadvantages of merging between 2 companies. Poor employee management after a merger may destroy the company, no matter how much new assets are acquired or how much money can be generated due to mergers and acquisitions (AmericanExpress, 2019). However, all informants agreed that the merger between Gojek and Tokopedia so far has not had a significant positive impact on the welfare of Gojek Drivers.

Some of the informants highlighted the various difficulties faced when getting Go-Send orders. For example, there is a driver who receives an order to deliver products with large dimensions such as bicycles, plastic furniture (chairs, tables, cabinets, etc.), they object to accepting the order because the fleet to carry these large-dimensional products must use a car (Go-Car) which has adequate capacity to carry products with large dimensions. But in the end, the informants could not refuse to bring the product and had to deliver it to the consumer even though this action was hazardous to endanger the driver. They can't refuse because if they cancel the order, they will get sanctions from Gojek in the form of a reduction in value, resulting in a decrease in their account performance. Their account rarely receives orders, which will have implications for their income decline.

Regarding the policy changes implemented after the Gojek Tokopedia merger, the informant said that no new policies have benefited or harmed them so far. Regarding the applicable tariffs, they are still using the tariff scheme that was in effect before the merger. Likewise, with incentives so far, there has been no incentive policy for the Cilegon and Serang areas. The researcher asked about the demo news conducted by Gojek Drivers as a reaction to the change in the incentive scheme, whose information was widely spread on the internet. However, some informants said that the changes were only implemented in Jakarta and were not implemented in the regions. Please also note that Gojek imposes different rates for each location. So the tariffs imposed in Jakarta are different from those set in Serang, Bandung and other cities. Even in big cities like Jakarta, Gojek sets different rates for specific hours. Examples of tariffs during peak hours such as at 6:00 - 8:00 AM are made more expensive when compared to rates at 08:00 - 11:00 AM because the hours 06:00 - 08:00 AM are referred to as Prime Time which at that time many workers go to work and cause congestion everywhere, so the tariff is made more expensive. However, for the Cilegon / Serang area, standard rates apply regardless of the day and hour.

4.3. Regarding whether there was a change in income between before and after the merger

Regarding whether there was a change in income between before and after the merger, the informants objected to answering or conveying information about how much they earn on average each day. However, the informants generally said that they did not feel any change in their income after the merger. The shift in income only changes when the first two things happen, namely being diligent and not cancelling. When drivers are active in receiving orders from customers and serving customers well, one of them is not cancelling orders from customers. The account rating is getting Gojek gives better and more frequent rankings priority. And vice

versa, if you are lazy in accepting orders and even often cancel, it is sure that the reputation of the account will continue to decline so that it does not get priority as an account receiving orders from customers. So when asked whether the merger affected Driver's income, some answered that it did not affect their income. They have the principle that what determines the amount of income that will be received is from themselves. One of Gojek's policies that reduce their daily income is when Gojek changes the system giving bonuses to Driver-partners. According to (Bang Jek, 2021), since July 17, 2020, Gojek has officially changed the point system, and incentives called the Blessing Program Incentive. This system reacts to the reduction in the tariff scheme imposed by the Grab Company, Gojek's main competitor, due to the difficulty of getting orders during the pandemic. The Blessing Program Incentive system allows Drivers to earn a minimum income of IDR 90,000 per day with several conditions that must be met. Namely, Driver-partners must collect 12 points from orders received between 08.00 - 20.00 AM with a minimum order completion performance level of 75%.

The driver's income at 08.00 - 20.00, which is obtained, is less than 90,000. Gojek will add the difference to the minimum amount of the blessing program income, and point income will also be aligned for all regions, namely GoRide and GoSend get 1 point while GoFood will earn 1.5 points. Likewise, additional points with a specific nominal value are removed. Driver income for the minimum GoRide order, which used to get 7,200 per 4 km, is now returned to 8,000. Previously, the Gojek driver incentive program used point conversions that were differentiated according to region. For big-city areas, driver-partners must collect 30 points to get incentives. As for small spaces, drivers must collect 20 points to enjoy the total incentive bonus. The point calculation is also based on region, and some get 1.5 points for GoFood, some get 2 points for completed GoFood orders. The amount of incentives is also distinguished between the 20 scheme and the 30 scheme.

Now for this blessing program, everything is aligned with the achievement of 12 points between 08.00 - 20.00 AM. Minimum earnings alignment only applies to partners who have earned points between the specified hours, and the minimum income from that hour is less than 90,000. Drivers have given various responses regarding the pros and cons of this program. Still, in general, the drivers think that implementing this program has resulted in a very significant decrease in income for drivers compared to the previous incentive system. However, the policy for changing the point system and incentives is not related to the Gojek Tokopedia Merger. According to (Liang et al., 2017), employees consider that mergers are needed at a moderate level, which has implications for perceptions about the benefits of unions, which in employees' perceptions are also at an intermediate level. (Liang et al., 2017) also said that, in general, there was no significant resistance to the changes proposed by management so that the integration process would run smoothly into the new corporate culture. This happens because, in their employees' perception, they do not significantly feel the difference in the effect of the merger related to the increase or decrease in the income they get. So it can be concluded that, in general, mergers and acquisitions are only carried out based on their interests. The positive impacts that occur are also enjoyed mainly by the owners of the company. The minimal effect that can be felt by employees and this is confirmed in the Gojek-Tokopedia merger, which turned out to be a mediocre

response by Gojek partners due to the perception that the merger This will not have an impact on improving their welfare.

4.4. Regarding the Loyalty of the Informants to the Company

Regarding the loyalty of the informants to the company, the informants told the researchers that whatever the conditions, they would remain loyal to Gojek because, for them, this was the only job they could do. They also do not deny many offers to join as drivers at competing companies such as Grab and Maxim. Still, in general, they view that these companies have their respective advantages and disadvantages. Especially for Gojek, one of the reasons for the incredible loyalty of drivers to the company is because Gojek is known as a local product made by the nation's children, so there is a strong urge to maintain Gojek's dominance over other online transportation companies. According to (Karimi, 2019), a merger between two companies means merging two organizational cultures, which affects employee loyalty because there is social integration and cultural integration in this process. The suitability of organizational culture will determine how the synergy between employees from the two companies will be. For this reason, good communication is needed to consolidate between the two companies. The emergence of negative perceptions from employees must be adequately anticipated so that perceptions of fairness arise from employees towards the company.

V. Conclusion and Recommendation

5.1. Conclusion

From all points that the researcher conveys in the formulation of the problem, the first is about the informant's response who claims to be not much affected by the merger. Then the informant also does not feel the advantages and disadvantages of the consolidation, the income of the informant also does not change much after the union and the last is related The loyalty of the informants is maintained even though there is or there is no merger, the researchers conclude that the Merger / Merger of Gojek and Tokopedia companies, in general, does not have a welfare impact for Gojek Drivers, both positive and negative impacts. This may be because the people of Serang Regency, Serang City and Cilegon City haven't made many purchases at Tokopedia and sent using Go-Send. As for the decrease in income experienced by Drivers happened not because of the Merger between Gojek Tokopedia but more because of 2 factors, namely: Driver's nasty reputation factor as a result of the driver's performance who often refuses/cancels orders from customers. And secondly, because of the change in the point and incentive scheme that Gojek has implemented since July 17, 2020, this change in the point and incentive system has nothing to do with the Gojek Tokopedia merger.

5.2. Recommendation

Based on the conclusions obtained in this study, the researchers propose suggestions for gojek drivers as follows: 1) improve Driver's reputation by not refusing/cancelling orders received because when Driver cancels an order, Gojek will give a point penalty that changes the driver's account to no longer be a priority account so it is not recommended to accept orders from customers, 2) providing exemplary service to

customers so that customers give a good rating regarding driver performance because a good rating will make driver accounts give priority to getting orders from customers.

Advice for Gojek companies: A) Perform advertisements to introduce new features in the Gojek application because only a small number of customers know about these features and what benefits customers can experience when using these features, b) Provide attractive incentives for Gojek Drivers who successfully achieve specific performance indicators. The aim is to bind the loyalty of Drivers and as an effort to restrain Drivers from moving to competing companies such as Grab and Maxim.

References

- Admin, G. (2021). *Kejar diskon mulai Rp5.000 + Cashback Special + Ongkir Gosend hingga Rp20.000* □ *Spesial untuk pelanggan Gojek*. Business Strategy and the Environment. <https://www.gojek.com/blog/gojek/promo-tokopedia/>
- Ajayi, V. O. (2017). *Primary Sources of Data and Secondary Sources of Data*. September, 1–6. <https://doi.org/10.13140/RG.2.2.24292.68481>
- AmericanExpress. (2019). *The Effects of Mergers and Acquisition on Employees*. Business Strategy and the Environment. <https://www.americanexpress.com/en-ca/business/trends-and-insights/articles/the-effects-of-mergers-and-acquisition-on-employees/>
- Bang Jek. (2021). *Program Berkat – Skema Insentif Gojek Terbaru*. <https://gojekblog.com/skema-insentif-rogram-berkat-gojek-2020/>
- Chuang, Y.-S. (2010). Individual Resistance from Employees to Organizational Change. *Journal of Global Business Management*.
- CNN, I. (2021). *Driver Gojek Ancam Demo Gara-gara Insentif GoKilat Dipangkas*. Business Strategy and the Environment. <https://www.cnnindonesia.com/ekonomi/20210607110643-92-651119/driver-gojek-ancam-demo-gara-gara-insentif-gokilat-dipangkas>
- Cornescu, V., & Adam, R. (2016). Organizational Change – Managing Employees Resistance. *Challenges, Performances and Tendencies in Organisation Management*, December, 381–389. https://doi.org/10.1142/9789814656023_0042
- Dokotri, J., Jidong, D. E., & Pam, V. D. (2016). Merger, acquisition and employees' work attitude ... Dokotri, et al Merger, Acquisition and Employees' Work Attitude after Bank Reform in Nigeria. *Review of Social Sciences*, 01(09), 1–12.
- Iqbal, M., & Indonasia, C. (2021). *Bukan Shopee, Ini Juara Marketplace RI di Kuartal I/2021*. Business Strategy and the Environment. <https://www.cnbcindonesia.com/tech/20210421232912-37-239796/bukan-shopee-ini-juara-marketplace-ri-di-kuartal-i-2021>
- Karimi, K. L. (2019). Effects of Business Mergers on Employee Loyalty in Selected Companies Listed at the Nairobi Securities Exchange. *Journalofbusiness.Org*, 19(1). <https://journalofbusiness.org/index.php/GJMBR/article/view/2676>
- Kivuti, M. (2013). *The influence of mergers and acquisitions on employee performance: A case of Equatorial Commercial Bank*. 1–89.
- Liang, H., Renneboog, L., & Vansteenkiste, C. (2017). Corporate Employee-Engagement and Merger Outcomes. *SSRN Electronic Journal*, February. <https://doi.org/10.2139/ssrn.2932021>

- Lupina-Wegener, A., Drzensky, F., Ullrich, J., & Van Dick, R. (2014). Focusing on the bright tomorrow? A longitudinal study of organizational identification and projected continuity in a corporate merger. *British Journal of Social Psychology*, 53(4), 752–772. <https://doi.org/10.1111/bjso.12056>
- Mtengwa, B. A., & Malleo, J. A. (2018). Stakeholder's Perception on Quality of Mergers and Acquisitions in Tanzania. *International Journal of Academic Research in Business and Social Sciences*, 8(10), 1108–1124. <https://doi.org/10.6007/ijarbss/v8-i10/4832>
- Mudjia, R. (2017). STUDI KASUS DALAM PENELITIAN KUALITATIF: KONSEP DAN PROSEDURNYA. *Ekp*, 13(3), 1576–1580.
- Rosana, Fransiska. (2021). Tokopedia dan Gojek bicara potensi pertumbuhan transaksi pasca merger. Business Strategy and the Environment. <https://bisnis.tempo.co/read/1465373/tokopedia-dan-gojek-bicara-potensi-pertumbuhan-transaksi-pasca-merger>
- Rose, R. (1974). Models of Change. *Current Sociology*, 22(1–3), 201–221. <https://doi.org/10.1177/001139217402200110>
- Sigamoney, C., & Deke, A. (2013). THE IMPACT OF MERGERS AND ACQUISITIONS ON EMPLOYEE MORALE: AN EVALUATION OF H&S NETWORKS IN SOUTH AFRICA. *Corporate Governance: The International Journal of Business in Society*.

Analysis of Work Discipline and Work Competence on Employee Performance at PT. Parkland World Indonesia

Gatot Hartoko^{1*}, Eka Sintia Noviyanti², Muhamad Saleh³, Fatari⁴,
Ardi Hidayat⁵, Abdul Bahits⁶

^{1,2,3,4,5,6} Universitas Bina Bangsa, Indonesia

* Corresponding email: gatot.hartoko@binabangsa.ac.id

Article History

Received:
June 1, 2021
Revised:
July 1, 2021
Accepted:
July 13, 2021

Abstract

This study aims to determine how much influence the work discipline and work competence have on employee performance in the department development department of PT. Parkland World Indonesia Serang. This study uses a quantitative approach using a survey method with a saturated sample whose population is sampled as all 40 respondents. The analysis technique used is multiple linear regression analysis, correlations, T-test, F test, and coefficient of determination. The study work discipline variables and work competence have a significant partial effect on employee performance. Evidenced by the magnitude of the work discipline regression coefficient of 0.546 and work competence of 0.518 with a significant value of 0,000 (0,000 < 0.05). Simultaneously a significant effect on employee performance, evidenced by $T_{count} > T_{table}$ or $35,071 > 3,250$. Partially the comparison of t-count and t-table shows the work discipline variable $T_{count} > T_{table}$ or $4,478 > 2,026$ and the work competency variable $T_{count} > T_{table}$ or $4,848 > 2,026$. The coefficient of determination obtained by 65.5% of employee performance, the remaining 34.5% is influenced by other variables that are not meticulous such as motivation, leadership style, and others.

Keywords: Work discipline, Work Competence, Employee Performance.

JEL Classification: M10, M20

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:
<https://doi.org/10.46306/bbijbm.v1i2.13>

Web:
<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Hartoko, G. et al.. (2021) Analysis of Work Discipline and Work Competence on Employee Performance at PT. Parkland World Indonesia. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 137-97. DOI: <https://doi.org/10.46306/bbijbm.v1i2.13>

I. Introduction

The era of globalization is marked by the rapid development of all business activities. Such dynamic environmental changes have forced various companies to carry out their vision, mission, and adaptation strategies in the company's structure, culture, and systems. Changes that occur due to advances in technology and information, companies must dare to change processes that require training and development to anticipate future needs. In a company's operating system, the potential of Human Resources is essentially one of the capital and plays a most crucial role in achieving company goals. Therefore, companies need to manage Human Resources as well as possible. Likewise, facing today's competition, companies must have quality human resources.

The most influential factor in human resources is performance. The performance of employees who produce products of good quality and quantity following the standards will earn the public's trust. Employee performance results from work in quality and quantity achieved by an employee carrying out his duties by the responsibilities given to him (Mangkunegara, 2016). Managing human resources in a company is not easy because it involves various parties, namely employees, leaders, and the system itself. According to company needs, several ways can be taken to create good human resource performance: providing clear and organized work instructions and creating awareness of the existence of discipline and high competence that will affect employee performance.

Work discipline is essential for a company because, in a disciplined atmosphere, the company will be able to carry out its work programs to achieve the goals that have been set. Employees who are disciplined and orderly obey all applicable norms and regulations will increase efficiency, effectiveness, and productivity. Work discipline is a management action to encourage employees to comply with the demands of various provisions. Discipline is a force that develops within the employee's body and causes employees to conform voluntarily to decisions, regulations, and high values of work and behaviour (Sutrisno, 2016). Discipline is also defined as a system that contains policies, rules, procedures that regulate behaviour both individually and in groups in the organizational strategy.

Competence is the primary variable that must be owned by an employee in carrying out his work. With the competence that has been owned, it can help employees complete work according to predetermined targets. Competence is an ability to carry out or perform a job or task based on skills and knowledge and supported by the work attitude required by the job. (Wibowo, 2014).

Competence is not new in the discourse of human resource management and organizational psychology. Competence commensurate with skills, knowledge, and highly educated. Some perceive that it is commensurate with feasible (feasible), reliable (reliable), suitable, trustworthy, and intelligent. But until now, there are still many companies that employ or place someone to work with a job desk who is not a competent person in this field. Even Human Resource Development (HRD) is commonly referred to as "Personal," which accepts new employees for certain positions, not according to the background or competence of the person, but only with needs. Private companies also face competition in the business world. All private

companies in Indonesia are facing a global market that affects performance, and this can be a problem that can be experienced by every company, including private companies engaged in footwear (shoes) or footwear. One of the private companies experiencing quite complex problems is PT. Parkland World Indonesia Serang branch.

PT. Parkland World Indonesia, known by the acronym PWI, is a company in a limited liability company. This company is engaged in footwear (shoes) and has a total land area of 170,893 M2. PT. Parkland World Indonesia produces sports shoes with one leading buyer (Adidas) and two additional buyers (New Balance and Reebok). This company is located in Serang Regency, one of the leading company centres of all branches of PT. Parkland World Indonesia, located in Indonesia and an extension of this company, produces Reebok and Adidas brand shoes. From year to year, the company has experienced significant development. This is indicated by the increasing number of products made, the increasingly diverse shoe designs, the addition of workers, and most importantly, the construction of a factory with this increasingly modern technology.

PT. Parkland World Indonesia Serang branch has 3 SAMPLE departments, namely Development Center Running, Non-Core Development, and Reebok Development. Development is the process of improving employees' technical, theoretical, conceptual, and moral skills through education and training to suit current and future job needs. The Development Department is one of the most critical divisions in this company for the future. Development and very high creativity determine this company deserves to be the best shoe production company globally with many competitors in manufacturing footwear. Development determines how many production orders come from consumers by making shoes with various best designs to attract many enthusiasts.

Low work discipline can be seen and the phenomenon that appears at PT. Parkland World Indonesia Serang branch includes a lack of employee understanding of the existing regulations, giving rise to different perceptions that can lead to a lack of awareness of employees to comply with applicable regulations in the company and lack a sense of responsibility. Unstable working conditions will cause absenteeism or absenteeism resulting in decreased employee performance and violations that often occur. Employees are delayed in entering office hours and checking back home before office hours.

Table 1. Recapitulation of employee attendance at the Development Department PT. Parkland World Indonesia Serang Branch in 2020

Period	Month	Number of employees	Alpha	Permit	Late	Leave
Jan-Dec 2020	January	40	2	0	5	15
	February	40	1	1	2	18
	March	40	2	0	2	19
	April	40	1	0	4	20

Source: SCAN OUT Attendance Department Development

Based on the table above, it can be seen that there are still many undisciplined employees, such as employees who do not attend without explanation and are late. The

high absenteeism of late employees will reduce working hours to complete work programs and company activities.

II. Literature Review

The term performance comes from job performance or actual performance (work achievement or achievement achieved by someone). The definition of performance is the quality and quantity of work performed by an employee in carrying out his duties following his responsibilities (Mangkunegara, 2016). Performance is the output produced by employees with the given tasks and responsibilities.

Edison (2016) argues performance results from a process that refers to and is measured over a certain period based on predetermined provisions or agreements. Thus, performance is the result of the referring process and the measured approach over a predetermined time.

According to Singodimedjo in Sutrisno (2016), discipline is an attitude of willingness and willingness to obey and obey the norms of the regulations that apply around him. So, discipline shows one's self-awareness of the rules and regulations of the organization.

According to Terry in Sutrisno (2016), discipline is an employee driving tool. For each job to run smoothly, it must be endeavoured to have good discipline. Terry disagrees if discipline is only associated with unpleasant things (punishment) because punishment is the final tool for disciplining. So, discipline is one of the most important things for a company to run smoothly, and realize that someone must be aware of discipline but don't get punished.

Spencer and Spencer in Sutrisno (2016) say competence underlies the characteristics of an individual associated with the results obtained in a job. The essential elements of competence mean that ability is chronic as part of a person's personality and can be predicted in a job task. Competence is something that bases the characteristics of a person related to a person's abilities and personality.

Boulter, Dalziel, and Hill in Sutrisno (2016) argue that competence is a person's primary characteristic to provide superior performance in specific jobs, roles, or situations. Skills are things people can do well. So competence is in the form of outstanding skills or the image shown by someone in public.

Human resources can survive because they have managerial competence, namely the ability to formulate the company's vision and strategy and obtain and direct other resources to realize the vision and implement the company's strategy.

III. Methodology

The method used in this study uses a survey method with a quantitative approach. This study intends to explain the variables' position and the relationship between one variable and another. The population in this study were all employees who were in the PT. Parkland World Indonesia Serang in the Reebok Development Department, there is a set population of 40 people. At the same time, the sample in this study amounted to 40 people, with the sampling method using a saturated sample. This study uses two data collection methods, namely primary data and secondary data. Primary data was collected using a questionnaire. Using a Likert scale, secondary data was taken from existing data at the research site through the library and observation studio. To set the style, type Equation in the style box. But this style only sets the tab stop position. To put the equation in the right place, press the tab button one time. And to type the equation number, press the tab button once again from the right side of the equation.

IV. Results and Discussion

4.1. Results

Testing the hypothesis in this study using SPSS version 25.0 and can be seen in the table below:

Table 2. T-Test Result

		Coefficients				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.840	7.541		.377	.709
	Disiplin Kerja	.546	.122	.468	4.478	.000
	Kompetensi Kerja	.518	.107	.506	4.848	.000

a. Dependent Variable: Kinerja Karyawan

Source: SPSS

Table 3. F Test Result

		ANOVA				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	540.162	2	270.081	35.071	.000 ^b
	Residual	284.938	37	7.701		
	Total	825.100	39			

a. Dependent Variable: Kinerja Karyawan

b. Predictors: (Constant), Kompetensi Kerja, Disiplin kerja

Source: SPSS

4.2. Discussion

This research has been carried out as well as possible and has used the proceeds of the scientific method. The research discussion is as follows:

T-test (partial) Work Discipline (X1) on employee performance (Y). It is found that $t \text{ count} > t \text{ table}$, $4,478 > 2,026$, then H_0 is rejected and H_a is accepted, which means that there is an influence of Work Discipline (X1) on employee performance (Y) Department Development PT. Parkland World Indonesia Serang. The results of this study are in line with the research of Jeine K. Turangan (2016), Hustia, A., Hendro, O., & Herlangga, T. (2021).

T-test (partial) Work Competence (X2) on employee performance (Y). It is obtained that $t \text{ count} > t \text{ table}$, $4,848 > 2,026$ then H_0 is rejected, and H_a is accepted, meaning that there is an influence of the Work Competency variable (X2) on the Performance variable (Y) of the Development department of PT. Parkland World Indonesia Serang. The results of this study are in line with the research of Wiwin Setianingsih, Mukthar Abdul Kader (2018), Hustia, A., Hendro, O., & Herlangga, T. (2021).

F Test for Work Discipline (X1) and Work Competence (X2) on employee performance (Y). If $F \text{ count} > F \text{ table}$, $35,071 > 3,250$, then H_0 is rejected, and H_a is accepted, which means that Work Discipline (X1) and Work Competence (X2) affect employee performance (Y) Department Development PT. Parkland World Indonesia Serang. The multiple correlation values are 0.809, while the multiple regression value is 2.860, the coefficient of determination is 65.5%, which means that Work Discipline (X1) and Work Competence (X2) have an effect of 65.5% on employee performance (Y), while the remaining 34,5% influenced by other variables not examined. The results of this study are in line with the research of Astriyani (2019)

V. Conclusion

Based on the analysis and discussion results, we can draw the following conclusions: Work Discipline affects the performance of the Development Department employees at PT. Parkland World Indonesia Serang. The Work Competence variable has an effect on the Development Department Performance variable at PT. Parkland World Indonesia Serang. Then Work Discipline and Work Competence affect employee performance.

References

- Astriyani, D.V. (2019). Pengaruh Disiplin Kerja, Kompetensi dan Insentif terhadap Kinerja Karyawan pada Cv Gavra Perkasa Gresik. *Jurnal Manajerial Bisnis*, 2(3): 219-230.

- Edison, Emron. Yohny anwar, Imas Komariyah. (2016). *Manajemen Sumber Daya Manusia*. Bandung: Alfabeta.
- Hustia, A., Hendro, O., & Herlangga, T. (2021). Influence of Work Motivation, Job Satisfaction and Work Discipline on Employee Performance at PT. Truba Jaga Cita. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(1), 28-38. DOI: 10.46306/bbijbm.v1i1.3
- Jeine K. Turangan (2016). Pengaruh Pengaruh Disiplin Kerja, Kompetensi, dan Kompensasi Terhadap Kinerja Guru. *Jurnal EMBA*. Vol. 5(2): 1402-1411.
- Mangkunegara, P.A. (2016) *Manajemen Sumber Daya Manusia Perusahaan*. Bandung: PT. Remaja Rosdakarya.
- Setianingsih, W., & Kader, M.A. (2018). Pengaruh Disiplin Kerja, Kompetensi, dan Kompensasi Terhadap Kinerja Guru. *Jurnal ekologi Ilmu Manajemen*. 5(2): 313-320.
- Sutrisno, E. (2016). *Manajemen Sumber Daya Manusia*. Jakarta: Prenadamedia Group.
- Wibowo. (2014). *Perilaku Dalam Organisasi*. Jakarta: Rajawali Pers.

Analysis of Work Discipline and Work Competence on Employee Performance at PT. Parkland World Indonesia

Gatot Hartoko^{1*}, Eka Sintia Noviyanti², Muhamad Saleh³, Fatari⁴,
Ardi Hidayat⁵, Abdul Bahits⁶

^{1,2,3,4,5,6} Universitas Bina Bangsa, Indonesia

* Corresponding email: gatot.hartoko@binabangsa.ac.id

Article History

Received:
June 1, 2021
Revised:
July 1, 2021
Accepted:
July 13, 2021

Abstract

This study aims to determine how much influence the work discipline and work competence have on employee performance in the department development department of PT. Parkland World Indonesia Serang. This study uses a quantitative approach using a survey method with a saturated sample whose population is sampled as all 40 respondents. The analysis technique used is multiple linear regression analysis, correlations, T-test, F test, and coefficient of determination. The study work discipline variables and work competence have a significant partial effect on employee performance. Evidenced by the magnitude of the work discipline regression coefficient of 0.546 and work competence of 0.518 with a significant value of 0,000 (0,000 < 0.05). Simultaneously a significant effect on employee performance, evidenced by $T_{count} > T_{table}$ or $35,071 > 3,250$. Partially the comparison of t-count and t-table shows the work discipline variable $T_{count} > T_{table}$ or $4,478 > 2,026$ and the work competency variable $T_{count} > T_{table}$ or $4,848 > 2,026$. The coefficient of determination obtained by 65.5% of employee performance, the remaining 34.5% is influenced by other variables that are not meticulous such as motivation, leadership style, and others.

Keywords: Work discipline, Work Competence, Employee Performance.

JEL Classification: M10, M20

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:
<https://doi.org/10.46306/bbijbm.v1i2.13>

Web:
<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Hartoko, G. et al.. (2021) Analysis of Work Discipline and Work Competence on Employee Performance at PT. Parkland World Indonesia. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 137-97. DOI: <https://doi.org/10.46306/bbijbm.v1i2.13>

I. Introduction

The era of globalization is marked by the rapid development of all business activities. Such dynamic environmental changes have forced various companies to carry out their vision, mission, and adaptation strategies in the company's structure, culture, and systems. Changes that occur due to advances in technology and information, companies must dare to change processes that require training and development to anticipate future needs. In a company's operating system, the potential of Human Resources is essentially one of the capital and plays a most crucial role in achieving company goals. Therefore, companies need to manage Human Resources as well as possible. Likewise, facing today's competition, companies must have quality human resources.

The most influential factor in human resources is performance. The performance of employees who produce products of good quality and quantity following the standards will earn the public's trust. Employee performance results from work in quality and quantity achieved by an employee carrying out his duties by the responsibilities given to him (Mangkunegara, 2016). Managing human resources in a company is not easy because it involves various parties, namely employees, leaders, and the system itself. According to company needs, several ways can be taken to create good human resource performance: providing clear and organized work instructions and creating awareness of the existence of discipline and high competence that will affect employee performance.

Work discipline is essential for a company because, in a disciplined atmosphere, the company will be able to carry out its work programs to achieve the goals that have been set. Employees who are disciplined and orderly obey all applicable norms and regulations will increase efficiency, effectiveness, and productivity. Work discipline is a management action to encourage employees to comply with the demands of various provisions. Discipline is a force that develops within the employee's body and causes employees to conform voluntarily to decisions, regulations, and high values of work and behaviour (Sutrisno, 2016). Discipline is also defined as a system that contains policies, rules, procedures that regulate behaviour both individually and in groups in the organizational strategy.

Competence is the primary variable that must be owned by an employee in carrying out his work. With the competence that has been owned, it can help employees complete work according to predetermined targets. Competence is an ability to carry out or perform a job or task based on skills and knowledge and supported by the work attitude required by the job. (Wibowo, 2014).

Competence is not new in the discourse of human resource management and organizational psychology. Competence commensurate with skills, knowledge, and highly educated. Some perceive that it is commensurate with feasible (feasible), reliable (reliable), suitable, trustworthy, and intelligent. But until now, there are still many companies that employ or place someone to work with a job desk who is not a competent person in this field. Even Human Resource Development (HRD) is commonly referred to as "Personal," which accepts new employees for certain positions, not according to the background or competence of the person, but only with needs. Private companies also face competition in the business world. All private

companies in Indonesia are facing a global market that affects performance, and this can be a problem that can be experienced by every company, including private companies engaged in footwear (shoes) or footwear. One of the private companies experiencing quite complex problems is PT. Parkland World Indonesia Serang branch.

PT. Parkland World Indonesia, known by the acronym PWI, is a company in a limited liability company. This company is engaged in footwear (shoes) and has a total land area of 170,893 M2. PT. Parkland World Indonesia produces sports shoes with one leading buyer (Adidas) and two additional buyers (New Balance and Reebok). This company is located in Serang Regency, one of the leading company centres of all branches of PT. Parkland World Indonesia, located in Indonesia and an extension of this company, produces Reebok and Adidas brand shoes. From year to year, the company has experienced significant development. This is indicated by the increasing number of products made, the increasingly diverse shoe designs, the addition of workers, and most importantly, the construction of a factory with this increasingly modern technology.

PT. Parkland World Indonesia Serang branch has 3 SAMPLE departments, namely Development Center Running, Non-Core Development, and Reebok Development. Development is the process of improving employees' technical, theoretical, conceptual, and moral skills through education and training to suit current and future job needs. The Development Department is one of the most critical divisions in this company for the future. Development and very high creativity determine this company deserves to be the best shoe production company globally with many competitors in manufacturing footwear. Development determines how many production orders come from consumers by making shoes with various best designs to attract many enthusiasts.

Low work discipline can be seen and the phenomenon that appears at PT. Parkland World Indonesia Serang branch includes a lack of employee understanding of the existing regulations, giving rise to different perceptions that can lead to a lack of awareness of employees to comply with applicable regulations in the company and lack a sense of responsibility. Unstable working conditions will cause absenteeism or absenteeism resulting in decreased employee performance and violations that often occur. Employees are delayed in entering office hours and checking back home before office hours.

Table 1. Recapitulation of employee attendance at the Development Department PT. Parkland World Indonesia Serang Branch in 2020

Period	Month	Number of employees	Alpha	Permit	Late	Leave
Jan-Dec 2020	January	40	2	0	5	15
	February	40	1	1	2	18
	March	40	2	0	2	19
	April	40	1	0	4	20

Source: SCAN OUT Attendance Department Development

Based on the table above, it can be seen that there are still many undisciplined employees, such as employees who do not attend without explanation and are late. The

high absenteeism of late employees will reduce working hours to complete work programs and company activities.

II. Literature Review

The term performance comes from job performance or actual performance (work achievement or achievement achieved by someone). The definition of performance is the quality and quantity of work performed by an employee in carrying out his duties following his responsibilities (Mangkunegara, 2016). Performance is the output produced by employees with the given tasks and responsibilities.

Edison (2016) argues performance results from a process that refers to and is measured over a certain period based on predetermined provisions or agreements. Thus, performance is the result of the referring process and the measured approach over a predetermined time.

According to Singodimedjo in Sutrisno (2016), discipline is an attitude of willingness and willingness to obey and obey the norms of the regulations that apply around him. So, discipline shows one's self-awareness of the rules and regulations of the organization.

According to Terry in Sutrisno (2016), discipline is an employee driving tool. For each job to run smoothly, it must be endeavoured to have good discipline. Terry disagrees if discipline is only associated with unpleasant things (punishment) because punishment is the final tool for disciplining. So, discipline is one of the most important things for a company to run smoothly, and realize that someone must be aware of discipline but don't get punished.

Spencer and Spencer in Sutrisno (2016) say competence underlies the characteristics of an individual associated with the results obtained in a job. The essential elements of competence mean that ability is chronic as part of a person's personality and can be predicted in a job task. Competence is something that bases the characteristics of a person related to a person's abilities and personality.

Boulter, Dalziel, and Hill in Sutrisno (2016) argue that competence is a person's primary characteristic to provide superior performance in specific jobs, roles, or situations. Skills are things people can do well. So competence is in the form of outstanding skills or the image shown by someone in public.

Human resources can survive because they have managerial competence, namely the ability to formulate the company's vision and strategy and obtain and direct other resources to realize the vision and implement the company's strategy.

III. Methodology

The method used in this study uses a survey method with a quantitative approach. This study intends to explain the variables' position and the relationship between one variable and another. The population in this study were all employees who were in the PT. Parkland World Indonesia Serang in the Reebok Development Department, there is a set population of 40 people. At the same time, the sample in this study amounted to 40 people, with the sampling method using a saturated sample. This study uses two data collection methods, namely primary data and secondary data. Primary data was collected using a questionnaire. Using a Likert scale, secondary data was taken from existing data at the research site through the library and observation studio. To set the style, type Equation in the style box. But this style only sets the tab stop position. To put the equation in the right place, press the tab button one time. And to type the equation number, press the tab button once again from the right side of the equation.

IV. Results and Discussion

4.1. Results

Testing the hypothesis in this study using SPSS version 25.0 and can be seen in the table below:

Table 2. T-Test Result

		Coefficients				
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	2.840	7.541		.377	.709
	Disiplin Kerja	.546	.122	.468	4.478	.000
	Kompetensi Kerja	.518	.107	.506	4.848	.000

a. Dependent Variable: Kinerja Karyawan

Source: SPSS

Table 3. F Test Result

		ANOVA				
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	540.162	2	270.081	35.071	.000 ^b
	Residual	284.938	37	7.701		
	Total	825.100	39			

a. Dependent Variable: Kinerja Karyawan

b. Predictors: (Constant), Kompetensi Kerja, Disiplin kerja

Source: SPSS

4.2. Discussion

This research has been carried out as well as possible and has used the proceeds of the scientific method. The research discussion is as follows:

T-test (partial) Work Discipline (X1) on employee performance (Y). It is found that $t \text{ count} > t \text{ table}$, $4,478 > 2,026$, then H_0 is rejected and H_a is accepted, which means that there is an influence of Work Discipline (X1) on employee performance (Y) Department Development PT. Parkland World Indonesia Serang. The results of this study are in line with the research of Jeine K. Turangan (2016), Hustia, A., Hendro, O., & Herlangga, T. (2021).

T-test (partial) Work Competence (X2) on employee performance (Y). It is obtained that $t \text{ count} > t \text{ table}$, $4,848 > 2,026$ then H_0 is rejected, and H_a is accepted, meaning that there is an influence of the Work Competency variable (X2) on the Performance variable (Y) of the Development department of PT. Parkland World Indonesia Serang. The results of this study are in line with the research of Wiwin Setianingsih, Mukthar Abdul Kader (2018), Hustia, A., Hendro, O., & Herlangga, T. (2021).

F Test for Work Discipline (X1) and Work Competence (X2) on employee performance (Y). If $F \text{ count} > F \text{ table}$, $35,071 > 3,250$, then H_0 is rejected, and H_a is accepted, which means that Work Discipline (X1) and Work Competence (X2) affect employee performance (Y) Department Development PT. Parkland World Indonesia Serang. The multiple correlation values are 0.809, while the multiple regression value is 2.860, the coefficient of determination is 65.5%, which means that Work Discipline (X1) and Work Competence (X2) have an effect of 65.5% on employee performance (Y), while the remaining 34,5% influenced by other variables not examined. The results of this study are in line with the research of Astriyani (2019)

V. Conclusion

Based on the analysis and discussion results, we can draw the following conclusions: Work Discipline affects the performance of the Development Department employees at PT. Parkland World Indonesia Serang. The Work Competence variable has an effect on the Development Department Performance variable at PT. Parkland World Indonesia Serang. Then Work Discipline and Work Competence affect employee performance.

References

- Astriyani, D.V. (2019). Pengaruh Disiplin Kerja, Kompetensi dan Insentif terhadap Kinerja Karyawan pada Cv Gavra Perkasa Gresik. *Jurnal Manajerial Bisnis*, 2(3): 219-230.

- Edison, Emron. Yohny anwar, Imas Komariyah. (2016). *Manajemen Sumber Daya Manusia*. Bandung: Alfabeta.
- Hustia, A., Hendro, O., & Herlangga, T. (2021). Influence of Work Motivation, Job Satisfaction and Work Discipline on Employee Performance at PT. Truba Jaga Cita. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(1), 28-38. DOI: 10.46306/bbijbm.v1i1.3
- Jeine K. Turangan (2016). Pengaruh Pengaruh Disiplin Kerja, Kompetensi, dan Kompensasi Terhadap Kinerja Guru. *Jurnal EMBA*. Vol. 5(2): 1402-1411.
- Mangkunegara, P.A. (2016) *Manajemen Sumber Daya Manusia Perusahaan*. Bandung: PT. Remaja Rosdakarya.
- Setianingsih, W., & Kader, M.A. (2018). Pengaruh Disiplin Kerja, Kompetensi, dan Kompensasi Terhadap Kinerja Guru. *Jurnal ekologi Ilmu Manajemen*. 5(2): 313-320.
- Sutrisno, E. (2016). *Manajemen Sumber Daya Manusia*. Jakarta: Prenadamedia Group.
- Wibowo. (2014). *Perilaku Dalam Organisasi*. Jakarta: Rajawali Pers.

Analysis of Income Tax Revenue After Application of Single Tariff on Income Tax Payable and Its Contribution to Tax Revenue

Noviyanti¹, Mohamad Husni^{2*}

^{1,2} Universitas Bina Bangsa, Indonesia

*Corresponding email: mohamad.husni@binabangsa.ac.id

Article History

Received:
July 1, 2021
Revised:
July 28, 2021
Accepted:
August 13,
2021

Abstract

The purpose of this study is to analyze the tax revenue of 2013, 2015 and 2017 that did not reach the target of tax revenue and know its contribution to tax revenue for APBN and know the amount of tax payable or tax expense paid after the application of 25% single rate to the corporate taxpayer. This research method is qualitative research method by using secondary data of tang come from financial report of the manufacturing company of chemical sub-sector from Indonesia Stock Exchange (IDX). Percentage of tax target achievement that did not meet the target in 2013, 2015 and 2017 caused by several things. The tax deductions paid due to several things typically occur due to fixed and time differences in the financial statements.

Keywords: Single Tariff, Tax Receipts, APBN.

JEL Classification: M41

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:
<https://doi.org/10.46306/bbijbm.v1i2.14>

Web:
<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Noviyanti., & Husni, M. (2021) Analysis of Income Tax Revenue After Application of Single Tariff on Income Tax Payable and Its Contribution to Tax Revenue. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 144-150. DOI: <https://doi.org/10.46306/bbijbm.v1i2.14>.

I. Introduction

The role of taxes in a country is critical in economic development. The size of the tax rate in a country has been determined based on the Tax Law. Indonesia is a developing country with a large population. Equitable distribution of facilities and infrastructure development is still very much needed to increase Indonesia's economic growth. In carrying out the distribution of facilities and infrastructure in Indonesia, the Indonesian government requires a large amount of funding. One way to fill the state treasury for funding government operational activities is obtained through taxes. Taxes are one of the most effective ways to serve the state treasury because taxes are obtained from the Indonesian people and are forced. Taxes have two essential functions: the revenue (Budgeter) and the regulating function (Regular). Budgeter function is a tax that serves to put money into the state treasury. The regular function is a function that understands that taxes can be used as an instrument to achieve specific goals.

Law No. 36 of 2008 concerning Income Tax Article 17 stipulated a single corporate income tax rate from 28% in 2009 to 25% in 2010. The purpose of the single tariff application is to comply with the principle of simplicity. The reduction in corporate income tax rates is intended to reduce the company's tax burden so that companies have the additional economic capacity for business development, investment and competitiveness improvement. Meanwhile, the gradual reduction in income tax rates is intended to maintain state revenues and state budget financing stability. With changes in tax rates, analysis needs to be carried out (1) How are the analysis of income tax revenue in the APBN and its contribution to the APBN and (2) how is the revenue for corporate income tax after a single rate?

II. Literature Review

The definition of tax according to Law Number 16 of 2009 concerning the fourth amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures in Article 1 paragraph 1 reads: "Taxes are mandatory contributions to the state-owned by individuals or entities that are coercive in nature based on the law, without receiving direct compensation and are used for the needs of the state for the greatest prosperity of the people."

According to the Law on Income Tax Number 36 of 2008, income tax is "Taxes imposed on income are additional economic capabilities obtained by an individual or corporate taxpayers, both economic additions from Indonesia and outside Indonesia for consumption or to increase the wealth of the taxpayer concerned in any name and any form."

According to the Law on Income Tax Number 36 of 2008, income tax is "Taxes imposed on income are additional economic capabilities obtained by an individual or corporate taxpayers, both economic additions from Indonesia and outside Indonesia for consumption or to increase the wealth of the taxpayer concerned in any name and any form."

The single tariff for entities is regulated in Law no. 36 of 2008 Article 17 Paragraph 2a. The effective corporate income tax rate from 2010 to the present is 25%. The aims and objectives of reconstructing the corporate income tax collection system are based on the

value of justice because of the strategic role of corporate income tax collection in development and state revenue. The change from the original progressive tariff to single taxation is the answer to many proposals from business actors as well as various considerations made by the government so that tax rates in Indonesia are more straightforward and can encourage the business world (corporations) to be more competitive, both with internal and external strengths. The presence of investments from abroad.

Corporate Income Tax is the tax payable by corporate taxpayers on their taxable income in a tax year. The tax subject in Corporate Income Tax is an entity, a legal entity with a deed of establishment. Such as PT, BUMN, BUMD and others. The principles of collection adopted area. The source principle is the imposition of tax on income originating from that country regardless of the status of the tax subject of the recipient of the revenue; b. Domicile principle (Residence Principle), namely the imposition of taxes on SPDN on all income, on SPLN on income originating from that country; and c. Principle of Citizenship (Citizenship), taxation based on citizenship status.

Contributions are used to determine the extent to which corporate income tax in the sample taken contributes to the APBN. Knowing the grant is done by comparing the payment of corporate income tax for a certain period with the total tax revenue for a certain period. According to the Law of the Republic of Indonesia Number 18 of 2016 concerning the State Revenue and Expenditure Budget for Fiscal Year 2017. "The State Revenue and Expenditure Budget, from now on abbreviated as APBN, is the annual financial plan of the state government approved by the House of Representatives."

III. Methodology

The type of research used is descriptive qualitative because the data analysis is in the form of written or spoken words and considers the opinions of other people who can be called sources. The design in this study in this study was used to develop a theory built through data obtained in the field. In the qualitative method, the researcher initially carried out an exploration and in-depth data collection, starting from observations to preparing reports. The population of this study is the annual financial report data of chemical manufacturing companies listed on the Indonesia Stock Exchange (IDX). There are 11 (eleven) companies listed on the Indonesian stock exchange. The sample in this study was to take five companies with the years 2012 - 2017.

IV. Results and Discussion

4.1. Results

Amount of Taxes Payable or Tax Expense Paid After the Application of the Single 25% Tariff Is Enforced Against Corporate Taxpayers

Table 1. Total Tax Revenue

No	Year	Total Tax revenue	Difference
1.	2012	59.743.652.946	
2.	2013	56.090.683.364	(3.652.969.582)
3.	2014	53.467.642.019	(2.632.041.345)
4.	2015	53.243.042.437	(224.599.582)
5.	2016	38.215.113.089	(15.027.929.350)
6.	2017	60.328.676.624	22.113.563.540

In 2012 the total tax revenue from the sample was Rp. 59,743,652,946. This total is the second-highest total after 2017. This year's total is high because this year is the 3rd year the single tariff has been implemented.

From 2013 to 2016, the total tax revenue from the sample decreased. The biggest decline occurred in 2016 with a total of Rp. 38,215,113,089. The decline was generally due to the slow pace of economic growth in Indonesia. It was coupled with the depreciation of the Rupiah against the US Dollar. In particular, this occurs due to adjustments caused by time differences and fixed differences in taxation in the company's financial statements.

In 2016 corporate tax revenue was very small because, this year, tax law enforcement is being implemented with the Tax Amnesty program. In this program, there are facilities provided by taxes to taxpayers, namely the elimination of taxes that should be owed (PPH and PPN and PPnBM), administrative sanctions, and criminal sanctions, for which tax assessments have not been issued and the elimination of administrative sanctions for tax assessments that have been given. Published. Because the company utilizes the facilities provided. One of them by PT. Duta Pertiwi, in 2016 and 2017, received tax refunds.

In 2017, total corporate tax revenue experienced a significant increase. This increase occurred because, in 2016, the Tax Amnesty program was implemented. This program increases total admissions as the program ended in March 2017.

The revenue contribution ratio is used to determine how enormous tax revenue contribution is to the State Budget. The greater the amount of income, the more outstanding the gift to the state budget.

Table 3. Contribution of Tax Revenue to APBN

Year	Realization of APBN	Tax Revenue	Contribution	Certification
2012	1.338.109.600.000.000	980.518.100.000.000	73.28%	Very Good
2013	1.438.891.100.000.000	1.077.306.700.000.000	74.87%	Very Good
2014	1.550.490.800.000.000	1.146.865.800.000.000	73.97%	Very Good
2015	1.508.020.400.000.000	1.240.418.900.000.000	82.25%	Very Good
2016	1.786.225.000.000.000	1.539.166.200.000.000	86.17%	Very Good
2017	1.750.283.400.000.000	1.498.871.600.000.000	85.64%	Very Good

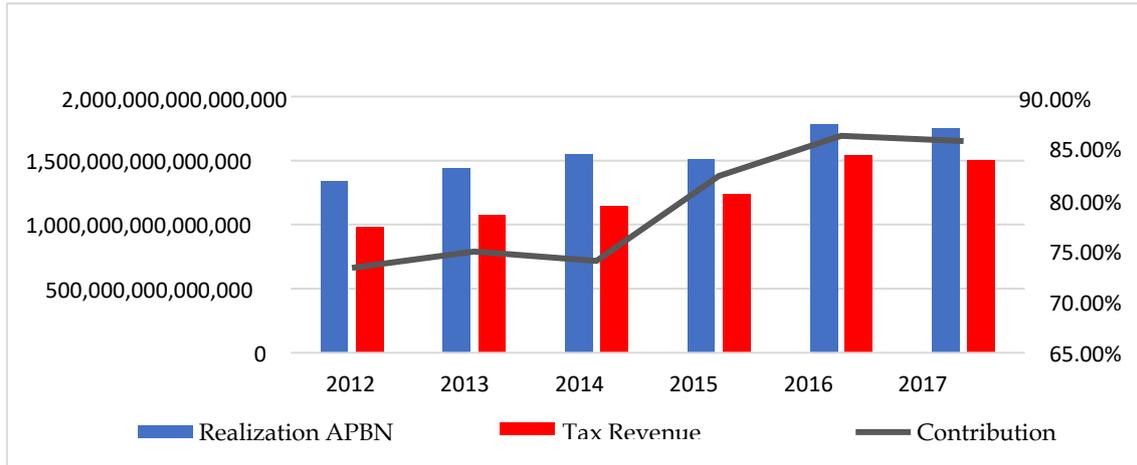


Figure 1. Realization and Tax Revenue

Based on the figure above, the Realization of APBN and Realization of Tax Revenues, the contribution that occurs every year has increased except for 2014, which has decreased. Although in 2014 there was a decline, the decline was not too significant. Contributions that continue to rise above 50% indicate that applying a single tariff of 25% can encourage corporate taxpayers to pay their taxes owed.

However, the total realization in 2017 has decreased from 2016. However, although it has reduced, revenue realization in 2017 is still higher than in 2012 - 2015. In 2016 it could be higher because the total includes the receipt of the Tax Amnesty program ransom.

4.2. Discussion

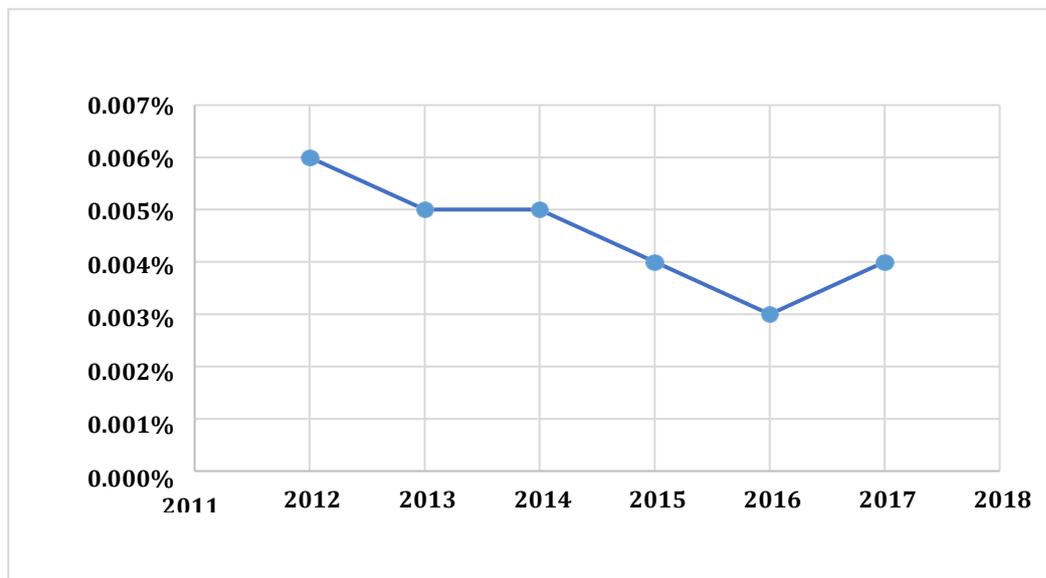


Figure 2. Contribution of Corporate Tax Revenue After Single Tariff With Tax Revenue in APBN

Based on the figure above, the contribution of corporate tax revenue after a single rate. It is seen that the contribution result is significantly less. Due to the decrease in the realization of corporate tax revenues after applying the single tariff, it continued to decline but increased in

2017. Another factor causing the meagre contribution is the small total amount of corporate income tax compared to the realization of tax revenues in the APBN. However, the completion of tax revenues in the APBN after implementing a single tariff is seen as very effective because it continues to increase every year. One of the contributing factors is that it is deficient because corporate tax revenues continue to decline due to time differences and fixed differences in the company's financial statements, and declining sales for the chemical sub-sector. In addition, many companies carry out earnings management to reduce corporate income tax payments.

V. Conclusion and Recommendation

Contribution of Tax Revenue to the APBN, the assistance that occurs every year has increased except for 2014, which has decreased. Although in 2014 there was a decline, the decline was not too significant. Contributions that continue to rise above 50% indicate that applying a single tariff of 25% can encourage corporate taxpayers to pay their taxes owed. However, the total realization in 2017 has decreased from 2016. However, although it has reduced, revenue realisation in 2017 is still higher than in 2012 - 2015. In 2016 it could be higher because the total includes the receipt of the Tax Amnesty program ransom.

It is seen that the contribution result is significantly less. Due to the decrease in the realization of corporate tax revenues after applying the single tariff, it continued to decline but increased in 2017. Another factor causing the meagre contribution is the small total amount of corporate income tax compared to the realization of tax revenues in the APBN. However, the culmination of tax revenues in the APBN after implementing a single tariff is seen as very effective because it continues to increase every year. One of the contributing factors is that it is deficient because corporate tax revenues continue to decline due to time differences and fixed differences in its financial statements, and declining sales for the chemical sub-sector.

References

- Astriyani, D.V. (2019). Pengaruh Disiplin Kerja, Kompetensi dan Insentif terhadap Adelina, Rima. 2013. Analisis Efektifitas Dan Kontribusi Penerimaan Pajak Bumi Dan Bangunan (PBB) Terhadap Pendapatan Daerah Di Kabupaten Gresik. Surabaya. Unviersitas Surabaya
- Agung, Mulyo. 2011. Perpajakan Indonesia Seri PPh Badan. Jakarta. Mitra Wacana Media
- Albert, Rini Aprilia. 2013. Analisis Perubahan Tarif Pajak Penghasilan Sebelum Dan Sesudah Berlakunya UU No. 36 Tahun 2008 Terhadap Manajemen Laba. STIE MDP
- Amar, Siti Salama, Nurul Hasanah. 2016. Analisis Perbandingan Laba Bersih Sebelum dan Sesudah Reformasi Pajak Penghasilan Badan Tahun 2013. Madura. Universitas Madura.
- Arifin, Imrom. 2006. Penelitian Kualitatif. Bandung. Kalimasahada Press
- Arikunto, Suharsimi. 2010. Prosedur Penelitian Suatu Pendekatan Praktik. Yogyakarta. Rineka Cipta

- Fitriyanti, Dewi. Dkk. 2012. Analisis Perbedaan Earnings Management Sebelum Dan Sesudah Pemberlakuan UU No. 36 Tahun 2008 Tentang Pajak Penghasilan Badan. Jambi. Universitas Jambi
- Hamidi. 2004. Metode Penelitian Kualitatif. Malang. Universitas Muhamadyah Press
- Handyanu, Luh Indah, Naniek Noviani. 2015. Penerapan PP 46 tahun 2013 Pada Perhitungan PPh Terutang. Bali. Univeristas Udayana
- Judisseno, Rimsy K. 2004. Perpajakan. Jakarta. PT Gramedia Pustaka Utama.
- Mardiasmo. 2011. Perpajakan. Yogyakarta. ANDI
- Moleong, Dr. Lexy J. 2004. Metode Penelitian Kualitatif Edisi Revisi .Jakarta. PT Remaja Rosdakarya
- Patilima, Hamid. 2007. Metode Penelitian Kualitatif. Bandung. CV ALFABETA
- Ristiyanti, Anik Wahyuni, Much. Syafruddin. 2012. Manajemen Laba Sebagai Respon Perubahan Traif Pajak Penghasilan Badan Pada Perusahaan Manufaktur Yang Terdaftar Di BEI. Semarang. Universitas Diponegoro
- Sugiyono. 2013. Metode Penelitian Pendidikan Pendekatan Kuantitaif, Kualitatif, dan R&D. Bandung. Alfabeta Bandung.
- Sukmadinata, Syaodih Nana. 2009. Metode Penelitian Pendidikan. Bandung: PT. Remaja Rosdakarya.
- Sutopo, HB. 2006, Metode Penelitian Kualitatif, Surakarta. UNS Press
- Octovido, Irsandy, Nengah Sudjana, Devi Farah Azizah. 2014. Analisis Efektivitas Dan Kontribusi Pajak Daerah Sebagai Sumber Pendapatan Asli Daerah Kota Batu (Studi Pada Dinas Pendapatan Daerah Kota Batu Tahun 2009-2013). Malang.Universitas Brawijaya
- Winarti, Herry Laksito. 2014. Analisis Efesiensi Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indoensia Sebelum Dan Sesudah Berlakunya Undang-Undang PPh Tahun 2008. Semarang. Universitas Diponegoro
- Wibowo. (2014). Perilaku Dalam Organisasi. Jakarta: Rajawali Pers.

Analysis of Income Tax Revenue After Application of Single Tariff on Income Tax Payable and Its Contribution to Tax Revenue

Noviyanti¹, Mohamad Husni^{2*}

^{1,2} Universitas Bina Bangsa, Indonesia

*Corresponding email: mohamad.husni@binabangsa.ac.id

Article History

Received:
July 1, 2021
Revised:
July 28, 2021
Accepted:
August 13,
2021

Abstract

The purpose of this study is to analyze the tax revenue of 2013, 2015 and 2017 that did not reach the target of tax revenue and know its contribution to tax revenue for APBN and know the amount of tax payable or tax expense paid after the application of 25% single rate to the corporate taxpayer. This research method is qualitative research method by using secondary data of tang come from financial report of the manufacturing company of chemical sub-sector from Indonesia Stock Exchange (IDX). Percentage of tax target achievement that did not meet the target in 2013, 2015 and 2017 caused by several things. The tax deductions paid due to several things typically occur due to fixed and time differences in the financial statements.

Keywords: Single Tariff, Tax Receipts, APBN.

JEL Classification: M41

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:
<https://doi.org/10.46306/bbijbm.v1i2.14>

Web:
<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Noviyanti., & Husni, M. (2021) Analysis of Income Tax Revenue After Application of Single Tariff on Income Tax Payable and Its Contribution to Tax Revenue. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 144-150. DOI: <https://doi.org/10.46306/bbijbm.v1i2.14>.

I. Introduction

The role of taxes in a country is critical in economic development. The size of the tax rate in a country has been determined based on the Tax Law. Indonesia is a developing country with a large population. Equitable distribution of facilities and infrastructure development is still very much needed to increase Indonesia's economic growth. In carrying out the distribution of facilities and infrastructure in Indonesia, the Indonesian government requires a large amount of funding. One way to fill the state treasury for funding government operational activities is obtained through taxes. Taxes are one of the most effective ways to serve the state treasury because taxes are obtained from the Indonesian people and are forced. Taxes have two essential functions: the revenue (Budgeter) and the regulating function (Regular). Budgeter function is a tax that serves to put money into the state treasury. The regular function is a function that understands that taxes can be used as an instrument to achieve specific goals.

Law No. 36 of 2008 concerning Income Tax Article 17 stipulated a single corporate income tax rate from 28% in 2009 to 25% in 2010. The purpose of the single tariff application is to comply with the principle of simplicity. The reduction in corporate income tax rates is intended to reduce the company's tax burden so that companies have the additional economic capacity for business development, investment and competitiveness improvement. Meanwhile, the gradual reduction in income tax rates is intended to maintain state revenues and state budget financing stability. With changes in tax rates, analysis needs to be carried out (1) How are the analysis of income tax revenue in the APBN and its contribution to the APBN and (2) how is the revenue for corporate income tax after a single rate?

II. Literature Review

The definition of tax according to Law Number 16 of 2009 concerning the fourth amendment to Law Number 6 of 1983 concerning General Provisions and Tax Procedures in Article 1 paragraph 1 reads: "Taxes are mandatory contributions to the state-owned by individuals or entities that are coercive in nature based on the law, without receiving direct compensation and are used for the needs of the state for the greatest prosperity of the people."

According to the Law on Income Tax Number 36 of 2008, income tax is "Taxes imposed on income are additional economic capabilities obtained by an individual or corporate taxpayers, both economic additions from Indonesia and outside Indonesia for consumption or to increase the wealth of the taxpayer concerned in any name and any form."

According to the Law on Income Tax Number 36 of 2008, income tax is "Taxes imposed on income are additional economic capabilities obtained by an individual or corporate taxpayers, both economic additions from Indonesia and outside Indonesia for consumption or to increase the wealth of the taxpayer concerned in any name and any form."

The single tariff for entities is regulated in Law no. 36 of 2008 Article 17 Paragraph 2a. The effective corporate income tax rate from 2010 to the present is 25%. The aims and objectives of reconstructing the corporate income tax collection system are based on the

value of justice because of the strategic role of corporate income tax collection in development and state revenue. The change from the original progressive tariff to single taxation is the answer to many proposals from business actors as well as various considerations made by the government so that tax rates in Indonesia are more straightforward and can encourage the business world (corporations) to be more competitive, both with internal and external strengths. The presence of investments from abroad.

Corporate Income Tax is the tax payable by corporate taxpayers on their taxable income in a tax year. The tax subject in Corporate Income Tax is an entity, a legal entity with a deed of establishment. Such as PT, BUMN, BUMD and others. The principles of collection adopted area. The source principle is the imposition of tax on income originating from that country regardless of the status of the tax subject of the recipient of the revenue; b. Domicile principle (Residence Principle), namely the imposition of taxes on SPDN on all income, on SPLN on income originating from that country; and c. Principle of Citizenship (Citizenship), taxation based on citizenship status.

Contributions are used to determine the extent to which corporate income tax in the sample taken contributes to the APBN. Knowing the grant is done by comparing the payment of corporate income tax for a certain period with the total tax revenue for a certain period. According to the Law of the Republic of Indonesia Number 18 of 2016 concerning the State Revenue and Expenditure Budget for Fiscal Year 2017. "The State Revenue and Expenditure Budget, from now on abbreviated as APBN, is the annual financial plan of the state government approved by the House of Representatives."

III. Methodology

The type of research used is descriptive qualitative because the data analysis is in the form of written or spoken words and considers the opinions of other people who can be called sources. The design in this study in this study was used to develop a theory built through data obtained in the field. In the qualitative method, the researcher initially carried out an exploration and in-depth data collection, starting from observations to preparing reports. The population of this study is the annual financial report data of chemical manufacturing companies listed on the Indonesia Stock Exchange (IDX). There are 11 (eleven) companies listed on the Indonesian stock exchange. The sample in this study was to take five companies with the years 2012 - 2017.

IV. Results and Discussion

4.1. Results

Amount of Taxes Payable or Tax Expense Paid After the Application of the Single 25% Tariff Is Enforced Against Corporate Taxpayers

Table 1. Total Tax Revenue

No	Year	Total Tax revenue	Difference
1.	2012	59.743.652.946	
2.	2013	56.090.683.364	(3.652.969.582)
3.	2014	53.467.642.019	(2.632.041.345)
4.	2015	53.243.042.437	(224.599.582)
5.	2016	38.215.113.089	(15.027.929.350)
6.	2017	60.328.676.624	22.113.563.540

In 2012 the total tax revenue from the sample was Rp. 59,743,652,946. This total is the second-highest total after 2017. This year's total is high because this year is the 3rd year the single tariff has been implemented.

From 2013 to 2016, the total tax revenue from the sample decreased. The biggest decline occurred in 2016 with a total of Rp. 38,215,113,089. The decline was generally due to the slow pace of economic growth in Indonesia. It was coupled with the depreciation of the Rupiah against the US Dollar. In particular, this occurs due to adjustments caused by time differences and fixed differences in taxation in the company's financial statements.

In 2016 corporate tax revenue was very small because, this year, tax law enforcement is being implemented with the Tax Amnesty program. In this program, there are facilities provided by taxes to taxpayers, namely the elimination of taxes that should be owed (PPH and PPN and PPnBM), administrative sanctions, and criminal sanctions, for which tax assessments have not been issued and the elimination of administrative sanctions for tax assessments that have been given. Published. Because the company utilizes the facilities provided. One of them by PT. Duta Pertiwi, in 2016 and 2017, received tax refunds.

In 2017, total corporate tax revenue experienced a significant increase. This increase occurred because, in 2016, the Tax Amnesty program was implemented. This program increases total admissions as the program ended in March 2017.

The revenue contribution ratio is used to determine how enormous tax revenue contribution is to the State Budget. The greater the amount of income, the more outstanding the gift to the state budget.

Table 3. Contribution of Tax Revenue to APBN

Year	Realization of APBN	Tax Revenue	Contribution	Certification
2012	1.338.109.600.000.000	980.518.100.000.000	73.28%	Very Good
2013	1.438.891.100.000.000	1.077.306.700.000.000	74.87%	Very Good
2014	1.550.490.800.000.000	1.146.865.800.000.000	73.97%	Very Good
2015	1.508.020.400.000.000	1.240.418.900.000.000	82.25%	Very Good
2016	1.786.225.000.000.000	1.539.166.200.000.000	86.17%	Very Good
2017	1.750.283.400.000.000	1.498.871.600.000.000	85.64%	Very Good

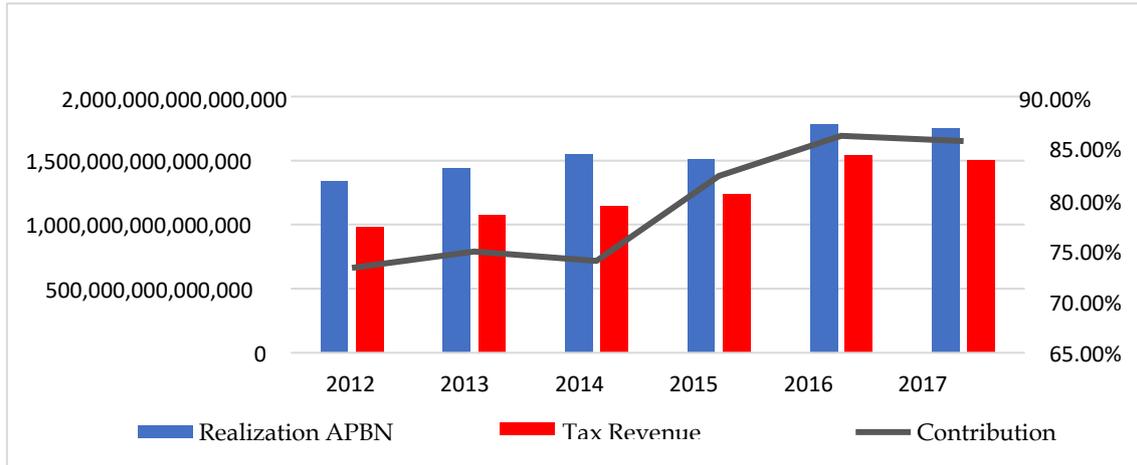


Figure 1. Realization and Tax Revenue

Based on the figure above, the Realization of APBN and Realization of Tax Revenues, the contribution that occurs every year has increased except for 2014, which has decreased. Although in 2014 there was a decline, the decline was not too significant. Contributions that continue to rise above 50% indicate that applying a single tariff of 25% can encourage corporate taxpayers to pay their taxes owed.

However, the total realization in 2017 has decreased from 2016. However, although it has reduced, revenue realization in 2017 is still higher than in 2012 - 2015. In 2016 it could be higher because the total includes the receipt of the Tax Amnesty program ransom.

4.2. Discussion

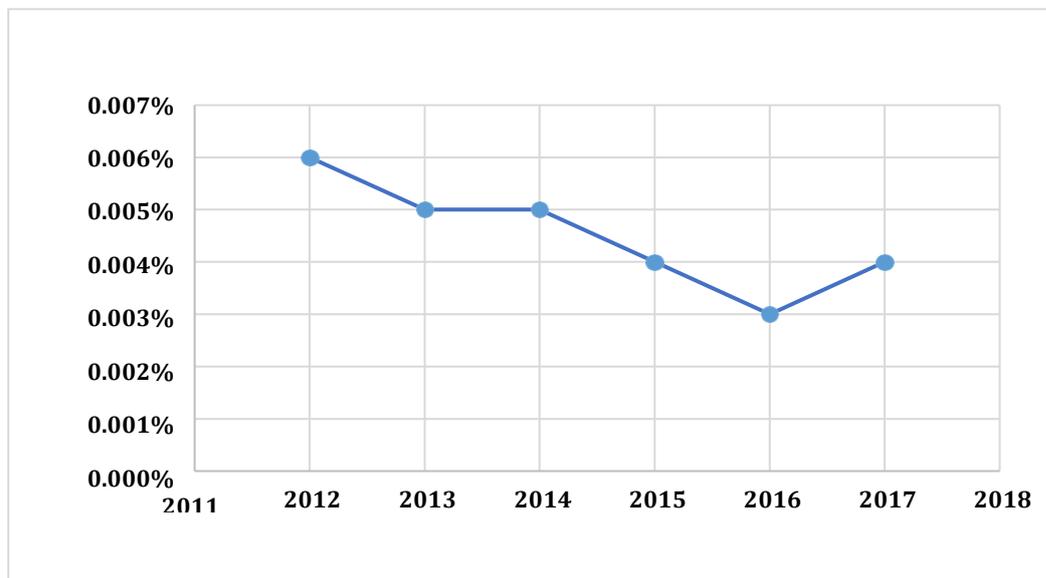


Figure 2. Contribution of Corporate Tax Revenue After Single Tariff With Tax Revenue in APBN

Based on the figure above, the contribution of corporate tax revenue after a single rate. It is seen that the contribution result is significantly less. Due to the decrease in the realization of corporate tax revenues after applying the single tariff, it continued to decline but increased in

2017. Another factor causing the meagre contribution is the small total amount of corporate income tax compared to the realization of tax revenues in the APBN. However, the completion of tax revenues in the APBN after implementing a single tariff is seen as very effective because it continues to increase every year. One of the contributing factors is that it is deficient because corporate tax revenues continue to decline due to time differences and fixed differences in the company's financial statements, and declining sales for the chemical sub-sector. In addition, many companies carry out earnings management to reduce corporate income tax payments.

V. Conclusion and Recommendation

Contribution of Tax Revenue to the APBN, the assistance that occurs every year has increased except for 2014, which has decreased. Although in 2014 there was a decline, the decline was not too significant. Contributions that continue to rise above 50% indicate that applying a single tariff of 25% can encourage corporate taxpayers to pay their taxes owed. However, the total realization in 2017 has decreased from 2016. However, although it has reduced, revenue realisation in 2017 is still higher than in 2012 - 2015. In 2016 it could be higher because the total includes the receipt of the Tax Amnesty program ransom.

It is seen that the contribution result is significantly less. Due to the decrease in the realization of corporate tax revenues after applying the single tariff, it continued to decline but increased in 2017. Another factor causing the meagre contribution is the small total amount of corporate income tax compared to the realization of tax revenues in the APBN. However, the culmination of tax revenues in the APBN after implementing a single tariff is seen as very effective because it continues to increase every year. One of the contributing factors is that it is deficient because corporate tax revenues continue to decline due to time differences and fixed differences in its financial statements, and declining sales for the chemical sub-sector.

References

- Astriyani, D.V. (2019). Pengaruh Disiplin Kerja, Kompetensi dan Insentif terhadap Adelina, Rima. 2013. Analisis Efektifitas Dan Kontribusi Penerimaan Pajak Bumi Dan Bangunan (PBB) Terhadap Pendapatan Daerah Di Kabupaten Gresik. Surabaya. Unviersitas Surabaya
- Agung, Mulyo. 2011. Perpajakan Indonesia Seri PPh Badan. Jakarta. Mitra Wacana Media
- Albert, Rini Aprilia. 2013. Analisis Perubahan Tarif Pajak Penghasilan Sebelum Dan Sesudah Berlakunya UU No. 36 Tahun 2008 Terhadap Manajemen Laba. STIE MDP
- Amar, Siti Salama, Nurul Hasanah. 2016. Analisis Perbandingan Laba Bersih Sebelum dan Sesudah Reformasi Pajak Penghasilan Badan Tahun 2013. Madura. Universitas Madura.
- Arifin, Imrom. 2006. Penelitian Kualitatif. Bandung. Kalimasahada Press
- Arikunto, Suharsimi. 2010. Prosedur Penelitian Suatu Pendekatan Praktik. Yogyakarta. Rineka Cipta

- Fitriyanti, Dewi. Dkk. 2012. Analisis Perbedaan Earnings Management Sebelum Dan Sesudah Pemberlakuan UU No. 36 Tahun 2008 Tentang Pajak Penghasilan Badan. Jambi. Universitas Jambi
- Hamidi. 2004. Metode Penelitian Kualitatif. Malang. Universitas Muhamadyah Press
- Handyanu, Luh Indah, Naniek Noviani. 2015. Penerapan PP 46 tahun 2013 Pada Perhitungan PPh Terutang. Bali. Univeristas Udayana
- Judisseno, Rimsky K. 2004. Perpajakan. Jakarta. PT Gramedia Pustaka Utama.
- Mardiasmo. 2011. Perpajakan. Yogyakarta. ANDI
- Moleong, Dr. Lexy J. 2004. Metode Penelitian Kualitatif Edisi Revisi .Jakarta. PT Remaja Rosdakarya
- Patilima, Hamid. 2007. Metode Penelitian Kualitatif. Bandung. CV ALFABETA
- Ristiyanti, Anik Wahyuni, Much. Syafruddin. 2012. Manajemen Laba Sebagai Respon Perubahan Traif Pajak Penghasilan Badan Pada Perusahaan Manufaktur Yang Terdaftar Di BEI. Semarang. Universitas Diponegoro
- Sugiyono. 2013. Metode Penelitian Pendidikan Pendekatan Kuantitaif, Kualitatif, dan R&D. Bandung. Alfabeta Bandung.
- Sukmadinata, Syaodih Nana. 2009. Metode Penelitian Pendidikan. Bandung: PT. Remaja Rosdakarya.
- Sutopo, HB. 2006, Metode Penelitian Kualitatif, Surakarta. UNS Press
- Octovido, Irsandy, Nengah Sudjana, Devi Farah Azizah. 2014. Analisis Efektivitas Dan Kontribusi Pajak Daerah Sebagai Sumber Pendapatan Asli Daerah Kota Batu (Studi Pada Dinas Pendapatan Daerah Kota Batu Tahun 2009-2013). Malang.Universitas Brawijaya
- Winarti, Herry Laksito. 2014. Analisis Efesiensi Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indoensia Sebelum Dan Sesudah Berlakunya Undang-Undang PPh Tahun 2008. Semarang. Universitas Diponegoro
- Wibowo. (2014). Perilaku Dalam Organisasi. Jakarta: Rajawali Pers.

The Implementation of Total Quality Management with Fishbone Method in PT. Kaliaren Jaya Plywood

Kriswanto^{1*}, Ayus Ahmad Yusuf²

^{1,2} Faculty of Economy Universitas Kuningan, Indonesia

*Corresponding email: kriswanto116@gmail.com

Article History

Received:
July 1, 2021
Revised:
August 6,
2021
Accepted:
August 24,
2021

Abstract

The problem in this study is the Expansion of Total Quality Management with the Fishbone Method at PT. Kaliaren Jaya Plywood. Implementation of Total Quality Management by using the Fishbone method at PT. Kaliaren Jaya Plywood, obstacles faced in implementing Total Quality Management by using the Fishbone method at PT. Kaliaren Jaya Plywood, the efforts made in overcoming barriers in the Implementation of Total Quality Management by using the Fishbone method at PT. Kaliaren Jaya Plywood. The study results are: In the application of Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood has been very well such that production is the main thing in implementing company activities. Quality is the primary concern of both the product and its management. Continuous improvement to improve company performance. The obstacles encountered from the implementation of Total Quality Management by using the Fishbone method at PT. Kaliaren Jaya Plywood, namely: Lack of attention from production equipment which is still inadequate. Then the placement of production materials is still not following operational standards that have been previously determined. The effort felt by PT. Kaliaren Jaya Plywood is thought because the implementation of Total Quality Management is beneficial in the performance of company activities, especially for: Production must be further optimized so that the company becomes more advanced so that it can extend business cooperation with other companies. The company can optimize the performance of all departments to provide the best quality and increase the company's competitiveness. The research method used is qualitative. Whereby interviewing the president, director, head of the production, and employees. The research results using the fishbone method show that the implementation of total quality management is the main thing for companies and employees.

Keywords: Total Quality Management, Fishbone Method.

JEL Classification: M11, O10

Type of paper: Research Paper.

Citation:

Kriswanto., & Yusuf, A.A. (2021) The Implementation of Total Quality Management with Fishbone Method in PT. Kaliaren Jaya Plywood. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 151-157. DOI: <https://doi.org/10.46306/bbijbm.v1i2.15>

I. Introduction

According to the Ministry of Forestry of the Republic of Indonesia, the current growth of Indonesia's plywood industry places Indonesia at the bottom of China, Japan, Malaysia, and even Vietnam. The number of plywood factories still operating in 2013 was 150 companies with a production capacity of 12,396,815 m³ per year or an average of 82,645 m³ per company. This number means a decrease compared to 2000, which amounted to 102 companies with a production capacity of 9,806,505 m³ or an average of 96,142 m³ per company. Meanwhile, in 2013 102 companies were operating in the veneer industry with a production capacity of 3,095,795 m³ per year.

Table 1. Production Data of PT. Kaliaren Jaya Plywood

Bulan	2018			2019		
	Lembar	Cacat	Persentase	Lembar	Cacat	Persentase
Januari	27.092	7.217	0,26 %	23.504	4.470	0,19 %
Februari	20.530	6.812	0,33 %	21.157	4.916	0,23 %
Maret	21.302	4.913	0,23 %	26.151	6.461	0,24 %
April	23.997	6.190	0,25 %	21.622	6.613	0,30 %
Mei	23.043	5.291	0,22 %	14.751	3.132	0,21 %
Juni	9.517	2.039	0,21 %	6.024	1.750	0,29 %
Juli	29.551	6.215	0,21 %	25.609	4.034	0,15 %
Agustus	29.304	6.703	0,22 %	25.333	6.491	0,25 %
September	25.049	3.759	0,15 %	25.648	6.212	0,24 %
Oktober	31.187	5.468	0,17 %	26.745	6.534	0,24 %
November	28.244	6.186	0,22 %	24.453	5.680	0,23 %
Desember	26.783	7.021	0,26 %	23.564	5.556	0,23 %
Jumlah	295.599	67.814	2,3 %	238.952	61.849	0,25 %

Source: PT. Kaliaren Jaya Plywood, 2020

Judging from the table data above, the researcher can conclude that the production results from PT. Kaliaren Jaya Plywood is not suitable because of the 2018 production data, which is 295,599. The production of 67,814 pieces of rejecting can be determined, which is around 2.3% when compared to the exhibition in 2019, namely as many as 238,852 and the production of leaving 61,849 pieces can be determined; which is about 0.25%, so the output has decreased by 0.02%, it can be said to have reduced production which is not good. Formulation of the problem are 1). How to implement Total Quality Management using Fishbone method at PT. Kaliaren Jaya Plywood?; 2). What are the obstacles faced in implementing Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood?; and 3). What efforts are being made to overcome the barriers in applying Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood?. And Research purposes are: 1). Implementation of Total Quality Management using the Fishbone method at PT. Kaliaren Jaya

Plywood; 2). Obstacles encountered in the performance of Total Quality Management using the Fishbone method At PT. Kaliaren Jaya Plywood; 3). Efforts were made to overcome barriers in applying Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood.

II. Literature Review

According to Ishikawa in Nasution (2015:17), Total Quality Management is the combination of all management functions, all parts of a company and everyone into a holistic philosophy built on the concepts of quality, teamwork, and productivity, customer satisfaction. Total Quality Management is an approach in running a business that tries to maximize the organization's competitiveness through continuous improvement of products, services, people, processes, and the environment (Tjiptono, 2003:4). According to Vincent Gasperz (2001:5), Total Quality Management is defined as a way of continuously improving performance (Continuous Performance Improvement) at every level of operation or process, in every functional area.

A measure of the good and bad of an object, grade, level, degree, or quality (Qadratilah, 2011:341). Quality is a structured process to improve the output produced. Quality is not a magical object or something complicated, and quality is based on common sense. Integrated quality management is managed with an approach that is continuously focused on improving quality so that its products comply with quality standards and the quality of the people served in implementing public service tasks and community development (Hadari, 2005:46). According to Ishikawa in M.N. Nasution (2001), quality management combines all management functions, all parts of a company and everyone into a holistic philosophy built on the concept of quality, teamwork, productivity, and customer satisfaction.

By applying a fishbone diagram where a company or industry that is experiencing a "problem" and "cause" will be quickly appropriately resolved, and the problems in it will be solved in this diagram, everything will be more explicit about the possible "cause" and looking for the "root" of the real problem (Gaspersz and Fontana, 2011).

III. Methodology

This type of research used is qualitative research. This study examines the efforts made in overcoming obstacles in the Analysis of the Application of Total Quality Management Using the Fishbone Method at PT. Kaliaren Jaya Plywood determines the quality results of the sample products used are production data, namely company data in 2018-2019. The data is about production data.

Data collection methods used in data collection are through interviews, company data, and direct observation of the quality of the product. The data analysis method used in this research is the descriptive analysis method. Data analysis used qualitative analysis using the Fish Bone method to assess and get good results.

Fishbone Diagram, this tool was first developed by Kaoru Ishikawa in 1950 by Japanese quality experts. This diagram is used to find potential causes and problems in the manufacturing process. According to Nasution (2005) the Cause-and-Effect Diagram is a structured approach that allows more detailed analysis to be carried out in finding the causes of a problem, non-conformances, and gaps that occur. Cause and effect diagrams are used to identify and analyze a process or situation and find possible causes for an issue or problem that arises. According to Heizer and Render (2015), the sources of quality problems found based on the 5M and 1E principles, namely:

- a. Manpower (labor), related to deficiencies in knowledge, fundamental skills related to mental and physical, fatigue, stress, indifference, etc.
- b. Machines (Machinery and equipment), relating to the absence of a preventive maintenance system for production machines, including other facilities and equipment, not following task specifications, not calibrated, too complicated, too hot, etc.
- c. Methods (work methods), related to the absence of correct, unclear, unknown, unstandardized, unsuitable, etc., work procedures and methods.
- d. Materials (raw materials and auxiliary materials), quality specifications, and supporting raw materials already exist in an industry so that later there will be no obstacles during the production process and handling of raw materials and auxiliary materials, etc.
- e. Environment, relating to the place and time of work, ignores aspects of cleanliness, health, work safety, a conducive work environment, lack of lighting, poor ventilation, excessive noise, etc.
- f. Measurement is an activity of determining numbers for an object systematically.

IV. Results and Discussion

4.1. Men Power

Researchers make observations or go directly to the field to dig up the data researchers need about Man Power (Workforce); researchers conduct interviews with the principal director, head of the production, and employees. Researchers conducted interviews with the chief director as follows: "*The workforce here is quite good. I am the main director. Always monitoring every day and evaluating every week so that I know the production results are in good or bad condition so that if I find out that the production results are bad enough, I will immediately provide a rotation policy and buy better raw materials*". The conclusion that researchers can draw is that the workforce of PT. Kaliaren Jaya Plywood is quite good.

4.2. Machines

Researchers make observations or go directly to the field to dig up the data that researchers need about machines (machinery and equipment). Researchers conduct

interviews with the principal director, head of the production, and employees. Researchers conducted interviews with the prominent director as follows: *"This company always carries out maintenance or rejuvenation so that production aids such as printing machines, cutting machines, production materials (sengon wood) can be fulfilled and fulfilled."* Researchers can conclude that the Machines (Machinery and Equipment) of PT. Kaliaren Jaya Plywood is quite good.

4.3. Methods

Researchers make observations or go directly to the field to dig up the data that researchers need regarding methods (work methods); researchers conduct interviews with the principal director, head of the production, and employees.

Researchers conducted interviews with the principal director as follows: *"I always monitor the SOP here so that all workers can work safely and the results will be more improved, and of higher quality, I hope the employees can understand and understand the importance of implementing SOPs in the work environment."* The conclusion that researchers can draw is that the methods (work methods) at PT. Kaliaren Jaya Plywood is quite good.

4.4. Materials

Researchers make observations or go directly to the field to dig up the data researchers need regarding, Materials (Raw Materials); researchers conduct interviews with the principal director, head of the production, and employees.

Researchers conducted interviews with the principal director as follows: *"I always fulfill the raw materials here so that there are no production delays, which results in decreased customer satisfaction. With this, I always see and monitor the stock of materials in the warehouse"*. The conclusion that researchers can draw is that the materials at PT. Kaliaren Jaya Plywood is quite good.

4.5. Environment

Researchers make observations or go directly to the field to dig up the data that researchers need regarding the environment; researchers conduct interviews with the principal director, head of the production, and employees. Researchers conducted interviews with the chief director as follows: *"This company was founded by considering the environmental situation and conditions, in my opinion in Kaliaren it is right because the environment here is still beautiful, the citizens are polite and can leave themselves, and I admit that here it is quite comfortable, access can be affordable."* The conclusion that can be drawn is that PT. Kaliaren Jaya Plywood has not all implemented a total quality management system. This application is very influential in all production fields, which will make the production process safer and even better in the future.

V. Conclusion and Recommendation

5.1. Conclusion

In implementing Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood where: Production is the main thing in the implementation of the activities of a company, quality is the primary concern of both the product and its management, and Continuous improvement to improve company performance. The obstacles encountered from the implementation of Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood, namely: Lack of attention from

production equipment that is still not good, placement of production materials is still not following predetermined operational standards, and production is still experiencing bottlenecks in terms of production materials that are not suitable or production equipment that is often damaged. The efforts made by PT. Kaliaren Jaya Plywood in implementing Total Quality Management are very helpful in carrying out company activities, especially for: Monitoring and evaluating employees every day, Extra care for production machines, Checking raw materials so that there are no bottlenecks in the production process, and Arrangement of raw materials so that it is easy to carry out the production process.

5.2. Recommendation

Production capacity should be increased again for the implementation of Total Quality Management in the company, which can provide more benefits for the company, Maximizing machining technology to be more effective in production, Adding production tools to make the production process faster, Perform maintenance on production machines that have been damaged, and Adding better production materials in the future.

References

- Ayi Astuti, Yosef Abdul Ghani, Oda I.B Haryanto, (2018) Implementasi Total Quality Management Untuk Meningkatkan Mutu Manufacturing Dan Jasa Di Pt. Dahana (Persero) Subang, *Jurnal Ekonomi, Bisnis & Entrepreneurship* Vol. 12, No. 1, April 2018, 1-9
- Dr. Rula Ali Al-Damen, (2017) *The impact of Total Quality Management organizational performance Case of Jordan Oil Petroleum Company* *International Journal of Business and Social Science* Vol. 8, No. 1; January 2017
- Bagus Agung Susetiyo, Sya'ad Afifuddin, Sri Fajar Ayu (2016) Pengaruh Kualitas Produk, Kualitas Pelayanan Dan Kepuasan Pelanggan Terhadap Penjualan Karet Di PT.Perkebunan Nusantara III (Persero) Agrica (*Jurnal Agribisnis Sumatera Utara*) Vol. 4 No. 1/ Juli 2016
- Raisa Shoffiani Jusuf (2013) Analisis Pengaruh TQM, Sistem Pengukuran Kinerja Dan Reward Terhadap Kinerja Manajerial *Jurnal EMBA* Vol.1 No.3 Juni 2013, Hal. 634-644
- Desy Eka Kartika Sari, Surachman, Kusuma Ratnawati, (2018) Pengaruh *Total Quality Management (TQM)* Terhadap Kinerja Karyawan Dengan Mediasi Kepuasan Kerja *Jurnal Bisnis dan Manajemen* Vol. 5 No.1, Januari 2018, p 11-25
- Vicy M. Dasmasele, Jenny Morasa, Sintje Rondonuwu (2020) Penerapan Total Quality Management terhadap produk cacat pada PT. Sinar Pure Foods International di Bitung Indonesia *Accounting Journal* Volume 2, Number 2, Year 2020
- Huy Truong, Paulo Sampaio, Maria do Sameiro Carvalho, Ana Cristina Fernandes, Duong Thi Binh An (2014) *The role of quality management practices in operational performance An empirical study in a transitional economy* *Proceedings of the 1st International Conference on Quality Engineering and Management, 2014*
- Síría Barros, Paulo Sampaio, Pedro Saraiva, (2014) *Quality Management Principles And Practice Simpaciton The Companies' quality Performance Icq'14-Tokyo, Japan 10.19-10.22, 2014* V1-5
- Sandhy Primadhana Islamy, Nursya'bani Purnama (2017) Analisis Pengaruh Penerapan Total Quality Management Terhadap Kinerja Operasional Pada

PT.SoGoodFood,primadhana11@gmail.com,.nursyabanipurnama@yahoo.co.id,
Universitas Islam Indonesia.

- Presti Putri Riwana, Rusdinal, Hade Afriansyah, (2019) Pengaruh Penerapan Manajemen Mutu Terpadu (TQM) dalam Meningkatkan Kepuasan Pelanggan
- Sin Kit Yeng, Muhammad Shahr Jusoh, Noormaizatul Akmar Ishak, (2018) *the Impact of Total Quality Management (TQM) On Competitive Advantage: An Onceptual Mixed Method Study inthe Malaysia Luxury Hotel Industries Academy of Strategic Management Journal Volume 17, Issue 2, 201*
- Lita Wahyu Amalia, Mohd.Harisudin, Putrieti Mandasari (2016) Aplikasi Diagram *Fishbone* Dalam Pengendalian Mutu Jamur Kuping Kering (Study Kasus Pada Ud Sky Agro Kabupaten Karanganyar), *AGRISTA: Vol.5 N0.3 September 2017 : 192-202 ISSN : 2302-1713*
- Sam'un Jaja Raharja, Ria Arifiant, Rivani (2018)*Fistbone Analysis Of The Cuality Control Of Ceramic Products: Study Of The Export Ceramic Center In Plered Purwakarta,Review Of Integrative Business And Economics Research , Vol 7,Supplemenary Issue 2*
- Slameto (2016)*The application of fishbone diagram analisis to improve school qualityDINAMIKA ILMU Vol.16 No.1, 2016 P-ISS: 1411-3031;E-ISSN: 2442-9651*
- Maulana Amirul Adha, Achamad Supriyanto, Agus Timan (2019)Strategi Peningkatan Mutu Lulusan Madrasah Menggunakan *Diagram Fishbone*, *TARBAWI jurnal keilmuan manajemen pendidikanVol. 5 No.01, Juni 2019,11-12P-ISSN 2442-8809,E-ISSN 2621-9549*
- Purba, H.H. (2008). Diagram fishbone dari Ishikawa. Retrieved from <http://hardipurba.com/2008/09/25/diagram-fishbone-dari-ishikawa.html>.
- Gaspersz, V. dan A. Fontana. 2011. *Integrated Management Problem Solving Panduan bagi Praktisi Bisnis dan Industri*. USA: Vinchristo Publication.
- Tague, N. R. (2005). *The quality toolbox*. (2th ed.). Milwaukee, Wisconsin: ASQ Quality Press. Available from <http://asq.org/quality-press/display-item/index.html?item=H1224>.

The Implementation of Total Quality Management with Fishbone Method in PT. Kaliaren Jaya Plywood

Kriswanto^{1*}, Ayus Ahmad Yusuf²

^{1,2} Faculty of Economy Universitas Kuningan, Indonesia

*Corresponding email: kriswanto116@gmail.com

Article History

Received:
July 1, 2021
Revised:
August 6,
2021
Accepted:
August 24,
2021

Abstract

The problem in this study is the Expansion of Total Quality Management with the Fishbone Method at PT. Kaliaren Jaya Plywood. Implementation of Total Quality Management by using the Fishbone method at PT. Kaliaren Jaya Plywood, obstacles faced in implementing Total Quality Management by using the Fishbone method at PT. Kaliaren Jaya Plywood, the efforts made in overcoming barriers in the Implementation of Total Quality Management by using the Fishbone method at PT. Kaliaren Jaya Plywood. The study results are: In the application of Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood has been very well such that production is the main thing in implementing company activities. Quality is the primary concern of both the product and its management. Continuous improvement to improve company performance. The obstacles encountered from the implementation of Total Quality Management by using the Fishbone method at PT. Kaliaren Jaya Plywood, namely: Lack of attention from production equipment which is still inadequate. Then the placement of production materials is still not following operational standards that have been previously determined. The effort felt by PT. Kaliaren Jaya Plywood is thought because the implementation of Total Quality Management is beneficial in the performance of company activities, especially for: Production must be further optimized so that the company becomes more advanced so that it can extend business cooperation with other companies. The company can optimize the performance of all departments to provide the best quality and increase the company's competitiveness. The research method used is qualitative. Whereby interviewing the president, director, head of the production, and employees. The research results using the fishbone method show that the implementation of total quality management is the main thing for companies and employees.

Keywords: Total Quality Management, Fishbone Method.

JEL Classification: M11, O10

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:
<https://doi.org/10.46306/bbijbm.v1i2.15>

Web:
<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Kriswanto., & Yusuf, A.A. (2021) The Implementation of Total Quality Management with Fishbone Method in PT. Kaliaren Jaya Plywood. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 151-157. DOI: <https://doi.org/10.46306/bbijbm.v1i2.15>

I. Introduction

According to the Ministry of Forestry of the Republic of Indonesia, the current growth of Indonesia's plywood industry places Indonesia at the bottom of China, Japan, Malaysia, and even Vietnam. The number of plywood factories still operating in 2013 was 150 companies with a production capacity of 12,396,815 m³ per year or an average of 82,645 m³ per company. This number means a decrease compared to 2000, which amounted to 102 companies with a production capacity of 9,806,505 m³ or an average of 96,142 m³ per company. Meanwhile, in 2013 102 companies were operating in the veneer industry with a production capacity of 3,095,795 m³ per year.

Table 1. Production Data of PT. Kaliaren Jaya Plywood

Bulan	2018			2019		
	Lembar	Cacat	Persentase	Lembar	Cacat	Persentase
Januari	27.092	7.217	0,26 %	23.504	4.470	0,19 %
Februari	20.530	6.812	0,33 %	21.157	4.916	0,23 %
Maret	21.302	4.913	0,23 %	26.151	6.461	0,24 %
April	23.997	6.190	0,25 %	21.622	6.613	0,30 %
Mei	23.043	5.291	0,22 %	14.751	3.132	0,21 %
Juni	9.517	2.039	0,21 %	6.024	1.750	0,29 %
Juli	29.551	6.215	0,21 %	25.609	4.034	0,15 %
Agustus	29.304	6.703	0,22 %	25.333	6.491	0,25 %
September	25.049	3.759	0,15 %	25.648	6.212	0,24 %
Oktober	31.187	5.468	0,17 %	26.745	6.534	0,24 %
November	28.244	6.186	0,22 %	24.453	5.680	0,23 %
Desember	26.783	7.021	0,26 %	23.564	5.556	0,23 %
Jumlah	295.599	67.814	2,3 %	238.952	61.849	0,25 %

Source: PT. Kaliaren Jaya Plywood, 2020

Judging from the table data above, the researcher can conclude that the production results from PT. Kaliaren Jaya Plywood is not suitable because of the 2018 production data, which is 295,599. The production of 67,814 pieces of rejecting can be determined, which is around 2.3% when compared to the exhibition in 2019, namely as many as 238,852 and the production of leaving 61,849 pieces can be determined; which is about 0.25%, so the output has decreased by 0.02%, it can be said to have reduced production which is not good. Formulation of the problem are 1). How to implement Total Quality Management using Fishbone method at PT. Kaliaren Jaya Plywood?; 2). What are the obstacles faced in implementing Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood?; and 3). What efforts are being made to overcome the barriers in applying Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood?. And Research purposes are: 1). Implementation of Total Quality Management using the Fishbone method at PT. Kaliaren Jaya

Plywood; 2). Obstacles encountered in the performance of Total Quality Management using the Fishbone method At PT. Kaliaren Jaya Plywood; 3). Efforts were made to overcome barriers in applying Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood.

II. Literature Review

According to Ishikawa in Nasution (2015:17), Total Quality Management is the combination of all management functions, all parts of a company and everyone into a holistic philosophy built on the concepts of quality, teamwork, and productivity, customer satisfaction. Total Quality Management is an approach in running a business that tries to maximize the organization's competitiveness through continuous improvement of products, services, people, processes, and the environment (Tjiptono, 2003:4). According to Vincent Gasperz (2001:5), Total Quality Management is defined as a way of continuously improving performance (Continuous Performance Improvement) at every level of operation or process, in every functional area.

A measure of the good and bad of an object, grade, level, degree, or quality (Qadratilah, 2011:341). Quality is a structured process to improve the output produced. Quality is not a magical object or something complicated, and quality is based on common sense. Integrated quality management is managed with an approach that is continuously focused on improving quality so that its products comply with quality standards and the quality of the people served in implementing public service tasks and community development (Hadari, 2005:46). According to Ishikawa in M.N. Nasution (2001), quality management combines all management functions, all parts of a company and everyone into a holistic philosophy built on the concept of quality, teamwork, productivity, and customer satisfaction.

By applying a fishbone diagram where a company or industry that is experiencing a "problem" and "cause" will be quickly appropriately resolved, and the problems in it will be solved in this diagram, everything will be more explicit about the possible "cause" and looking for the "root" of the real problem (Gaspersz and Fontana, 2011).

III. Methodology

This type of research used is qualitative research. This study examines the efforts made in overcoming obstacles in the Analysis of the Application of Total Quality Management Using the Fishbone Method at PT. Kaliaren Jaya Plywood determines the quality results of the sample products used are production data, namely company data in 2018-2019. The data is about production data.

Data collection methods used in data collection are through interviews, company data, and direct observation of the quality of the product. The data analysis method used in this research is the descriptive analysis method. Data analysis used qualitative analysis using the Fish Bone method to assess and get good results.

Fishbone Diagram, this tool was first developed by Kaoru Ishikawa in 1950 by Japanese quality experts. This diagram is used to find potential causes and problems in the manufacturing process. According to Nasution (2005) the Cause-and-Effect Diagram is a structured approach that allows more detailed analysis to be carried out in finding the causes of a problem, non-conformances, and gaps that occur. Cause and effect diagrams are used to identify and analyze a process or situation and find possible causes for an issue or problem that arises. According to Heizer and Render (2015), the sources of quality problems found based on the 5M and 1E principles, namely:

- a. Manpower (labor), related to deficiencies in knowledge, fundamental skills related to mental and physical, fatigue, stress, indifference, etc.
- b. Machines (Machinery and equipment), relating to the absence of a preventive maintenance system for production machines, including other facilities and equipment, not following task specifications, not calibrated, too complicated, too hot, etc.
- c. Methods (work methods), related to the absence of correct, unclear, unknown, unstandardized, unsuitable, etc., work procedures and methods.
- d. Materials (raw materials and auxiliary materials), quality specifications, and supporting raw materials already exist in an industry so that later there will be no obstacles during the production process and handling of raw materials and auxiliary materials, etc.
- e. Environment, relating to the place and time of work, ignores aspects of cleanliness, health, work safety, a conducive work environment, lack of lighting, poor ventilation, excessive noise, etc.
- f. Measurement is an activity of determining numbers for an object systematically.

IV. Results and Discussion

4.1. Men Power

Researchers make observations or go directly to the field to dig up the data researchers need about Man Power (Workforce); researchers conduct interviews with the principal director, head of the production, and employees. Researchers conducted interviews with the chief director as follows: "*The workforce here is quite good. I am the main director. Always monitoring every day and evaluating every week so that I know the production results are in good or bad condition so that if I find out that the production results are bad enough, I will immediately provide a rotation policy and buy better raw materials*". The conclusion that researchers can draw is that the workforce of PT. Kaliaren Jaya Plywood is quite good.

4.2. Machines

Researchers make observations or go directly to the field to dig up the data that researchers need about machines (machinery and equipment). Researchers conduct

interviews with the principal director, head of the production, and employees. Researchers conducted interviews with the prominent director as follows: *"This company always carries out maintenance or rejuvenation so that production aids such as printing machines, cutting machines, production materials (sengon wood) can be fulfilled and fulfilled."* Researchers can conclude that the Machines (Machinery and Equipment) of PT. Kaliaren Jaya Plywood is quite good.

4.3. Methods

Researchers make observations or go directly to the field to dig up the data that researchers need regarding methods (work methods); researchers conduct interviews with the principal director, head of the production, and employees.

Researchers conducted interviews with the principal director as follows: *"I always monitor the SOP here so that all workers can work safely and the results will be more improved, and of higher quality, I hope the employees can understand and understand the importance of implementing SOPs in the work environment."* The conclusion that researchers can draw is that the methods (work methods) at PT. Kaliaren Jaya Plywood is quite good.

4.4. Materials

Researchers make observations or go directly to the field to dig up the data researchers need regarding, Materials (Raw Materials); researchers conduct interviews with the principal director, head of the production, and employees.

Researchers conducted interviews with the principal director as follows: *"I always fulfill the raw materials here so that there are no production delays, which results in decreased customer satisfaction. With this, I always see and monitor the stock of materials in the warehouse"*. The conclusion that researchers can draw is that the materials at PT. Kaliaren Jaya Plywood is quite good.

4.5. Environment

Researchers make observations or go directly to the field to dig up the data that researchers need regarding the environment; researchers conduct interviews with the principal director, head of the production, and employees. Researchers conducted interviews with the chief director as follows: *"This company was founded by considering the environmental situation and conditions, in my opinion in Kaliaren it is right because the environment here is still beautiful, the citizens are polite and can leave themselves, and I admit that here it is quite comfortable, access can be affordable."* The conclusion that can be drawn is that PT. Kaliaren Jaya Plywood has not all implemented a total quality management system. This application is very influential in all production fields, which will make the production process safer and even better in the future.

V. Conclusion and Recommendation

5.1. Conclusion

In implementing Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood where: Production is the main thing in the implementation of the activities of a company, quality is the primary concern of both the product and its management, and Continuous improvement to improve company performance. The obstacles encountered from the implementation of Total Quality Management using the Fishbone method at PT. Kaliaren Jaya Plywood, namely: Lack of attention from

production equipment that is still not good, placement of production materials is still not following predetermined operational standards, and production is still experiencing bottlenecks in terms of production materials that are not suitable or production equipment that is often damaged. The efforts made by PT. Kaliaren Jaya Plywood in implementing Total Quality Management are very helpful in carrying out company activities, especially for: Monitoring and evaluating employees every day, Extra care for production machines, Checking raw materials so that there are no bottlenecks in the production process, and Arrangement of raw materials so that it is easy to carry out the production process.

5.2. Recommendation

Production capacity should be increased again for the implementation of Total Quality Management in the company, which can provide more benefits for the company, Maximizing machining technology to be more effective in production, Adding production tools to make the production process faster, Perform maintenance on production machines that have been damaged, and Adding better production materials in the future.

References

- Ayi Astuti, Yosef Abdul Ghani, Oda I.B Haryanto, (2018) Implementasi Total Quality Management Untuk Meningkatkan Mutu Manufacturing Dan Jasa Di Pt. Dahana (Persero) Subang, *Jurnal Ekonomi, Bisnis & Entrepreneurship* Vol. 12, No. 1, April 2018, 1-9
- Dr. Rula Ali Al-Damen, (2017) *The impact of Total Quality Management organizational performance Case of Jordan Oil Petroleum Company* *International Journal of Business and Social Science* Vol. 8, No. 1; January 2017
- Bagus Agung Susetiyo, Sya'ad Afifuddin, Sri Fajar Ayu (2016) Pengaruh Kualitas Produk, Kualitas Pelayanan Dan Kepuasan Pelanggan Terhadap Penjualan Karet Di PT.Perkebunan Nusantara III (Persero) Agrica (*Jurnal Agribisnis Sumatera Utara*) Vol. 4 No. 1/ Juli 2016
- Raisa Shoffiani Jusuf (2013) Analisis Pengaruh TQM, Sistem Pengukuran Kinerja Dan Reward Terhadap Kinerja Manajerial *Jurnal EMBA* Vol.1 No.3 Juni 2013, Hal. 634-644
- Desy Eka Kartika Sari, Surachman, Kusuma Ratnawati, (2018) Pengaruh *Total Quality Management (TQM)* Terhadap Kinerja Karyawan Dengan Mediasi Kepuasan Kerja *Jurnal Bisnis dan Manajemen* Vol. 5 No.1, Januari 2018, p 11-25
- Vicy M. Dasmasele, Jenny Morasa, Sintje Rondonuwu (2020) Penerapan Total Quality Management terhadap produk cacat pada PT. Sinar Pure Foods International di Bitung Indonesia *Accounting Journal* Volume 2, Number 2, Year 2020
- Huy Truong, Paulo Sampaio, Maria do Sameiro Carvalho, Ana Cristina Fernandes, Duong Thi Binh An (2014) *The role of quality management practices in operational performance An empirical study in a transitional economy* *Proceedings of the 1st International Conference on Quality Engineering and Management, 2014*
- Síría Barros, Paulo Sampaio, Pedro Saraiva, (2014) *Quality Management Principles And Practice Simpaciton The Companies' quality Performance Icq'14-Tokyo, Japan 10.19-10.22, 2014* V1-5
- Sandhy Primadhana Islamy, Nursya'bani Purnama (2017) Analisis Pengaruh Penerapan Total Quality Management Terhadap Kinerja Operasional Pada

PT.SoGoodFood,primadhana11@gmail.com,.nursyabanipurnama@yahoo.co.id,
Universitas Islam Indonesia.

- Presti Putri Riwana, Rusdinal, Hade Afriansyah, (2019) Pengaruh Penerapan Manajemen Mutu Terpadu (TQM) dalam Meningkatkan Kepuasan Pelanggan
- Sin Kit Yeng, Muhammad Shahr Jusoh, Noormaizatul Akmar Ishak, (2018) *the Impact of Total Quality Management (TQM) On Competitive Advantage: An Onceptual Mixed Method Study inthe Malaysia Luxury Hotel Industries Academy of Strategic Management Journal Volume 17, Issue 2, 201*
- Lita Wahyu Amalia, Mohd.Harisudin, Putrieti Mandasari (2016) Aplikasi Diagram *Fishbone* Dalam Pengendalian Mutu Jamur Kuping Kering (Study Kasus Pada Ud Sky Agro Kabupaten Karanganyar), *AGRISTA: Vol.5 N0.3 September 2017 : 192-202 ISSN : 2302-1713*
- Sam'un Jaja Raharja, Ria Arifiant, Rivani (2018)*Fistbone Analysis Of The Cuality Control Of Ceramic Products: Study Of The Export Ceramic Center In Plered Purwakarta,Review Of Integrative Business And Economics Research , Vol 7,Supplemenary Issue 2*
- Slameto (2016)*The application of fishbone diagram analisis to improve school qualityDINAMIKA ILMU Vol.16 No.1, 2016 P-ISS: 1411-3031;E-ISSN: 2442-9651*
- Maulana Amirul Adha, Achamad Supriyanto, Agus Timan (2019)Strategi Peningkatan Mutu Lulusan Madrasah Menggunakan *Diagram Fishbone*, *TARBAWI jurnal keilmuan manajemen pendidikanVol. 5 No.01,Juni 2019,11-12P-ISSN 2442-8809,E-ISSN 2621-9549*
- Purba, H.H. (2008). Diagram fishbone dari Ishikawa. Retrieved from <http://hardipurba.com/2008/09/25/diagram-fishbone-dari-ishikawa.html>.
- Gaspersz, V. dan A. Fontana. 2011. *Integrated Management Problem Solving Panduan bagi Praktisi Bisnis dan Industri*. USA: Vinchristo Publication.
- Tague, N. R. (2005). *The quality toolbox*. (2th ed.). Milwaukee, Wisconsin: ASQ Quality Press. Available from <http://asq.org/quality-press/display-item/index.html?item=H1224>.

The Effect of Quality of Work Life, Organizational Culture and Job Satisfaction on Employee Engagement

Nadya Shepti Natasya¹, Robi Awaluddin^{2*}

^{1,2} Universitas Kuningan, Indonesia

*Corresponding email: awaluddin.robi@uniku.ac.id

Article History

Received:
July 1st, 2021
Revised:
August 6th,
2021
Accepted:
August 24th,
2021

Abstract

This study aimed to examine and analyze the effect of quality of work-life, organizational culture and job satisfaction on employee engagement with employees of CV. Surya Nedika Isabella. The cause of the decline in employee performance is due to lack of job satisfaction and the lack of support for the work environment in the company so that employees feel less comfortable. The method used in this research is the quantitative method with a descriptive approach. The population in this study were all employees of CV. Surya Nedika Isabella, totaling 90 people. Data were collected by questionnaires that have been tested for validity and reliability. The data analysis technique used was the multiple linear regression method with the saturated sampling technique. The data collection technique used is a questionnaire/questionnaire. The results of this study are the quality of work-life has a significant effect on employee engagement, organizational culture has a substantial impact on employee engagement, job satisfaction has a significant impact on employee engagement, quality of work-life, organizational culture and job satisfaction has a significant effect on employee engagement.

Keywords: Quality of Work Life, Organizational Culture, Job Satisfaction, Employee Engagement.

JEL Classification: M10, L20

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:
<https://doi.org/10.46306/bbijbm.v1i2.16>

Web:
<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Natasya, N.S., & Awaluddin, R. (2021) The Effect of Quality of Work Life, Organizational Culture and Job Satisfaction on Employee Engagement. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 158-165. DOI: <https://doi.org/10.46306/bbijbm.v1i2.16>

I. Introduction

Human Resources (HR) in the company needs to be managed professionally to achieve a balance between the needs of employees and the demands and capabilities of the company's organization. This balance is the primary key for the company to develop productively and fairly (Mangkunegara, 2009).

CV. Surya Nedika Isabella is one of the companies engaged in the bottled drinking water industry in Kuningan Regency, which reaches the lower class with various brands such as Asmi, Afata, Arta and Eva. In this business, the level of competition in the business world is getting higher because there are many competitors in the bottled drinking water industry such as Anair, Aqua, Aziza, Sanqua and many more. To survive and thrive in this competition, companies must develop and process various resources owned by the company, such as capital, materials and machinery, to achieve company goals. In addition, the company also needs human resources, namely employees.

Employee performance CV. Surya Nedika Isabella, in 2018-2019 mostly received a performance assessment in the excellent category; however, the data shows that there are still employees who get a performance assessment in the superb class every year. Meanwhile, in 2020 there was a very significant decline in employee performance. From these conditions, it can be concluded that employee performance from year to year fluctuates with the lowest level of performance in 2020. Apart from employee performance data in 2018-2020, to strengthen the research, the author conducted a preliminary study to determine the employee engagement that occurs in employees by using a pre-questionnaire regarding Employee Engagement distributed to 90 respondents, namely employees of CV. Surya Nedika Isabella.

Based on the results of interviews with staff regarding Employee Engagement, it can be concluded that the level of Employee Engagement is still not high. Employee engagement with the company is still not high; this can be a problem because the heightened sense of engaged employees can affect the contribution that employees make to the company.

According to Kahn (1990). Employee engagement is a multidimensional form of emotional, cognitive, and physical aspects of intertwined employees. Rothbard (in Saks 2006) also suggests an explanation of attachment as a motivational construct that has two dimensions which include one's cognitive attention (availability) to think about one's work role in a period) and appreciation of one's intensity in focusing on one's work role.

Quality of Work Life / Quality of work-life, according to Cascio (In Suneth, 2012), is seen as a set of employee perceptions of security at work, job satisfaction, and conditions to grow and develop as humans.

According to Hofstede, 2010; Koesmono, 2005; Suharti & Suliyanto, (2012), Organizational culture is a rule that regulates how employees behave in the workplace, so it can be said that organizational culture is a guideline used in carrying out performance activities in an organization.

According to Sunyoto (2012), "Job satisfaction is a pleasant or unpleasant emotional state in which employees view their work".

Based on the description of the background above, the authors are interested in raising this theme in a study entitled: "The Effect of Quality of Work Life, Organizational Culture and Job Satisfaction on Employee Engagement (Survey on CV. Surya Nedika Isabella).

II. Methodology

The method used in this study uses a survey method with a quantitative approach. This study intends to explain the variables' position and the relationship between one variable and another. The population in this study were all employees who were in the CV. Surya Nedika Isabella. This study uses two data collection methods, namely primary data and secondary data. Preliminary data was collected using a questionnaire. Using a Likert scale, secondary data was taken from existing data at the research site through the library and observation studio, for data analysis using multiple linear regression using SPSS.

III. Results and Discussion

4.1. Results

4.1.1. Classic assumption test

Table 1. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		x1	x2	x3	y
N		90	90	90	90
Normal Parameters ^{a,b}	Mean	30.41	53.76	38.27	53.79
	Std. Deviation	2.600	4.660	3.193	4.372
Most Extreme Differences	Absolute	.137	.154	.156	.093
	Positive	.088	.071	.088	.079
	Negative	-.137	-.154	-.156	-.093
Test Statistic		.137	.154	.156	.093
Asymp. Sig. (2-tailed)		.061 ^c	.025 ^c	.023 ^c	.387 ^c

a. Test distribution is Normal.

b. Calculated from data.

The calculation of the SPSS test results in the table above, the results show that the whole significance level of the Quality of Work Life variable (X1) is 0.061, Organizational Culture Variable (X2) is 0.025 and Job Satisfaction Variable (X3) is 0.023 and Employee Engagement Variable (Y) is 0.387. Based on the results of these calculations, it is obtained that the significance value of the four variables measured is more significant than 0.05 so that the three data are normally distributed.

Table 2. Multikolinierity Test Results
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	804.662	950.690		.846	.400		
x1	.801	.058	.592	13.706	.000	.238	4.194
x2	.214	.045	.224	4.806	.000	.204	4.898
x3	.285	.068	.210	4.224	.000	.179	5.582

a. Dependent Variable: y

From the table above, it can be concluded that all variables, namely quality of work-life, organizational culture, and job satisfaction, have a tolerance value above > 0.1 and the VIF value of the three variables < 10 so that it can be concluded that there is no multicollinearity in the regression model.

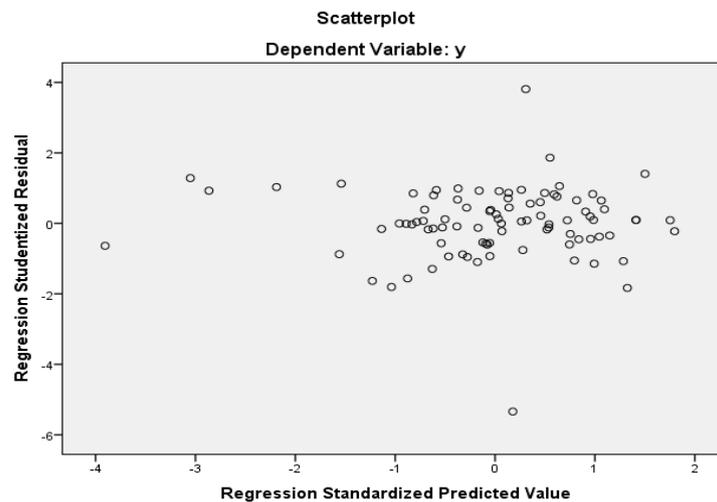


Figure 1. Heteroscedasticity Test Results (*Scatterplot Graph*)

From the picture above, it is known that the scatterplot does not have a clear pattern and the points spread above and below the number 0 on the Y axis, so it can be concluded that the research variables are free from heteroscedasticity.

Table 3. Multikolinierity Test Results
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.974 ^a	.948	.946	1.016	1.693

a. Predictors: (Constant), x3, x1, x2

b. Dependent Variable: y

Based on the table above, the DW (Durbin-Watson) value generated from the regression model of Quality of Work Life (Variable X1) Organizational Culture (Variable X2) and Job Satisfaction (X3) on Employee Engagement (Variable Y) is 1.693. This value will be compared with the value of the 5% (0.05) significance table with $n =$

90, $K = 3$ so that the results are $dU = 1.7264$ while the dW value $>$ from the dU limit and $< (4-dU) = 4 - 1, 7264 = 2.2736$, it can be concluded that there is no autocorrelation.

4.1.2. Multiple Linear Regression Analysis

Table 4. Multiple Linear Regression Analysis Results
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.747	1.349		.553	.581
x1	.789	.075	.469	10.582	.000
x2	.263	.051	.280	5.148	.000
x3	.390	.080	.285	4.867	.000

a. Dependent Variable: y

Based on the table above, the interpretation for the multiple linear regression test is obtained as follows:

$$Y = 0.747 + 0.789 X1 + 0.263 X2 + 0.390 X3$$

Based on the above equation can be explained as follows:

1. The constant value of 0.747 means an influence of the variables of quality of work-life, organizational culture and job satisfaction on Employee Engagement. It has a fixed value of 0.747. If quality of work-life = 0, organizational culture = 0 and job satisfaction = 0.
2. Based on the above calculation, it shows that the variable t-count (X1) quality of work life is more excellent than t-table (t-count = 13.706 > t-table = 1.987), meaning that the variable quality of work-life has a positive effect on employee engagement. So if the rate of work-life increases by one unit, the value tends to increase by 0.789 units.
3. Based on the calculation above, it shows that the variable t-count (X2) of organizational culture is more significant than t-table (t-count = 4.806 > t-table = 1.987), meaning that the organizational culture variable has a positive effect on employee engagement. So if organizational culture affects employee engagement, it will increase by one unit, the Employee Engagement value. Will increase by 0.263 units.
4. Based on the calculation above, it shows that the variable t-count (X3) job satisfaction is more excellent than t-table (t-count = 4.224 > t-table = 1.987), meaning that the variable job satisfaction has a positive effect on employee engagement. So if job satisfaction affects employee engagement, it will increase by one unit, the value of employee engagement will increase by 0.390 units.

Table 4. Multiple Linear Regression Analysis Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.974 ^a	.948	.946	1.016

a. Predictors: (Constant), x3, x1, x2

b. Dependent Variable: y

Based on the SPSS output table above, the value of the coefficient of determination or R Square is 948. This R Square value comes from the square of the correlation coefficient (R), which is $0.974 \times 0.974 = 0.948$. The magnitude of the coefficient of determination (R Square) is 0.963 or equal to 94,8%. This means that the variables of the quality of work-life (X1), organizational culture (X2), and job satisfaction (X3) affect the Employee Engagement variable (Y) by 94.8%. In comparison, the remaining 5.2% is influenced by other variables outside the research variables used.

Table 5. F Test Results
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1612.139	3	537.380	520.141	.000 ^b
	Residual	88.850	86	1.033		
	Total	1700.989	89			

a. Dependent Variable: y

b. Predictors: (Constant), x3, x1, x2

Based on the SPSS output table above, it is known that the F-count value is $520.141 > 2.71$ F-table. It can be concluded that the quality of work-life, organizational culture and job satisfaction have a positive and significant influence on employee engagement. All indicators of the variables of quality of work-life, organizational culture and job satisfaction influence employee engagement. If one of the qualities of work-life, organizational culture and job satisfaction changes, employee engagement will change. However, the magnitude of the changes complements each other so that the influence of the importance of the variables cannot be determined.

4.2. Discussion

Based on the research results that have been done, it can be seen that the quality of work-life has a positive and significant effect on employee engagement. These results are supported by research conducted by (Musadieq, Mochammad Al Afrianty Tri Wulida 2018). Quality of work life can provide a sense of security at work. Work rewards and job satisfaction will create conditions for growth and development. And triggers forming good and quality employee performance. In addition, the quality of work-life also facilitates employees to pay attention to their personal lives and respect for humans in their work environment. Based on the description above, it can be said that the Quality of Work Life is a factor that can affect employee engagement. Quality of life of employees refers to the state of the work environment that can meet the personal needs of members of the organization. A work environment is a place where individuals are involved with their daily work. Thus, the quality of work-life starts from the individual's perception of his work environment, whether with this work

environment he can fulfil his personal needs or not. Good quality of work-life will also foster an employee's desire to stay or work at the company. And employees who are already attached to the company will work well and improve their performance.

Based on the research results that have been done, it can be seen that organizational culture has a positive and significant effect on employee engagement. These results are supported by research conducted (Ahmad Fauzi Batubara Rafiqur Rahman 2020). Then it can be said that organizational culture is a factor that can affect employee engagement. Organizational culture in a company is undoubtedly essential for its members to implement and comply with the prevailing organizational culture. This is useful for developing individual interests as well as corporate interests.

Based on the research results that have been done, it can be seen that job satisfaction has a positive and significant effect on employee engagement. These results are supported by research conducted by (Dinar Nur Affini, Ngadino Surip 2018). The results showed that the Quality of Work Life (X1), Organizational Culture (X2), and Job Satisfaction (X3) together had an effect on Employee Engagement (Y) on the CV. Surya Nedika Isabella. Based on the research results, it can be seen that job satisfaction, organizational culture, and quality of work-life have a positive and significant effect on employee engagement.

These results are supported by research conducted by (Retno Purwani Setyaningrum, Arief Teguh Nugroho, Gustiani Wahidatussholihah 2020) with Job Satisfaction, Organizational Culture and Quality of Work Life and Employee Engagement in the case of PT. Granitoguna Building Ceramics. The research results on job satisfaction, organizational culture and quality of work-life have a positive and significant effect on employee engagement variables. This shows that job satisfaction, organizational culture and quality of work-life can affect employee engagement. When the company has reasonable job satisfaction, organizational culture and quality of work-life, together, these three variables will affect employee engagement.

IV. Conclusion and Recommendation

Based on the results and conclusions in this study, suggestions are taken into consideration for the company. Based on the answers and responses from respondents regarding the Quality of Work Life on the CV. Surya Nedika Isabella has a statement item with the lowest value with a salary/reward indicator. Therefore, the company should provide a bonus for employee performance as a form of appreciation given by the company for the contribution made by the company based on the work achieved by each employee. Based on the results of the answers and responses from respondents regarding Organizational Culture on the CV. Surya Nedika Isabella has a statement item with the lowest value with a Result Orientation indicator. Therefore, employees must develop themselves to get optimal results and complete tasks thoroughly and reliably. Based on the results of answers and responses from respondents regarding Job Satisfaction on the CV. Surya Nedika Isabella has a statement item with the lowest value with an indicator of salary suitability. Therefore, the company must provide a salary/reward following the position and duties of the employee. If the salary earned by employees is following their duties and responsibilities, employee job satisfaction

will arise with the company. Based on the results of answers and responses from respondents regarding Employee Engagement in CV. Surya Nedika Isabella has a statement item with the lowest score with indicators of team and co-worker relations. Therefore, it is necessary to have good relations with co-workers/teams to complete the work well, the decision-making process, and problem-solving compactly to create pleasing cooperation to improve employee performance.

References

- Arikunto, S. (2010). *Prosedur Penelitian Suatu Pendekatan Praktik*. Rineka Cipta.
- Ahmad Fauzi Batu Bara, Arrafiqurahman, 2020. Pengaruh Work Life Balance Dan Budaya Organisasi Terhadap Employee Engagement Pada Generasi Milenial di PT. Tambusai Kabupaten Hulu. *HJIMB Vol 2, No, 3, 2020*, pp: 54-62
- Arikunto, S. (2014). *Prosedur Penelitian*. Rineka Cipta.
- Arikunto, S. 2007. *Prosedur Penelitian: Suatu Pendekatan Praktik*. Jakarta: PT Rineka Cipta.
- Arikunto. (2007). *Prosedur Penelitian suatu Pendekatan Praktik*. PT: Rineka Cipta.
- Azeem S. M. (2010), *Job Satisfaction and Organizational Commitment Among*.
- Cascio Wayne, 2001, *Motivation and Personality*, American Management Association, New York
- Dinar Nur Afiani, Ngadino Surip, 2018, *Pengaruh Kompensasi Dan Kepuasan Kerja Terhadap Employee engagement Yang Berdampak Pada Turnover Intentions*, *Jurnal Ilmiah Manajemen Bisnis*, Volume 4, No. 1, Maret 2018: 113-127
- Kahn, Universitas Gadjah Mada, Jogjakarta W. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Journal Management*, 33, (4), 692-724
- Koesmono, H. T. (2005). Pengaruh budaya organisasi terhadap motivasi dan kepuasan kerja serta kinerja karyawan pada sub sektor industri pengolahan kayu skala menengah di Jawa Timur. *Jurnal Manajemen dan Kewirausahaan*, 7(2), 171-188.
- Retno Purwani Setyaningrum, Arief Teguh Nugroho, Gustiani Wahidatussholihah. (2020). *Job Satisfaction, Organizational Culture and Quality of Work Life and Employee Engagement: the case of PT. Granitoguna Building Ceramics*, International Conference on Innovations in Social Sciences and Education (ICoISSE) Bandung, Indonesia, July 25th
- Suharti, L., & Suliyanto, D. (2012). The effects of organizational culture and leadership style toward employee engagement and their impacts toward employee loyalty. *World Review of Business Research*, 2(5), 128-139.
- Suharti, L., & Suliyanto, D. (2012). The effects of organizational culture and leadership style toward employee engagement and their impacts toward employee loyalty. *World Review of Business Research*, 2(5), 128-139.
- Sunyoto Danang. *Uji KHI Kuadrat & Regresi untuk Penelitian*. Yogyakarta: Graha Ilmu, 2010.

The Effect of Quality of Work Life, Organizational Culture and Job Satisfaction on Employee Engagement

Nadya Shepti Natasya¹, Robi Awaluddin^{2*}

^{1,2} Universitas Kuningan, Indonesia

*Corresponding email: awaluddin.robi@uniku.ac.id

Article History

Received:
July 1st, 2021
Revised:
August 6th,
2021
Accepted:
August 24th,
2021

Abstract

This study aimed to examine and analyze the effect of quality of work-life, organizational culture and job satisfaction on employee engagement with employees of CV. Surya Nedika Isabella. The cause of the decline in employee performance is due to lack of job satisfaction and the lack of support for the work environment in the company so that employees feel less comfortable. The method used in this research is the quantitative method with a descriptive approach. The population in this study were all employees of CV. Surya Nedika Isabella, totaling 90 people. Data were collected by questionnaires that have been tested for validity and reliability. The data analysis technique used was the multiple linear regression method with the saturated sampling technique. The data collection technique used is a questionnaire/questionnaire. The results of this study are the quality of work-life has a significant effect on employee engagement, organizational culture has a substantial impact on employee engagement, job satisfaction has a significant impact on employee engagement, quality of work-life, organizational culture and job satisfaction has a significant effect on employee engagement.

Keywords: Quality of Work Life, Organizational Culture, Job Satisfaction, Employee Engagement.

JEL Classification: M10, L20

Type of paper: Research Paper.

@ BBIJBM 2021 published by Universitas Bina Bangsa, Indonesia
All rights reserved

DOI:

<https://doi.org/10.46306/bbijbm.v1i2.16>

Web:

<http://bbijbm.lppmbinabangsa.id/index.php/home/issue/view/2>

Citation:

Natasya, N.S., & Awaluddin, R. (2021) The Effect of Quality of Work Life, Organizational Culture and Job Satisfaction on Employee Engagement. *Bina Bangsa International Journal of Business and Management (BBIJBM)*, 1(2), 158-165. DOI: <https://doi.org/10.46306/bbijbm.v1i2.16>

I. Introduction

Human Resources (HR) in the company needs to be managed professionally to achieve a balance between the needs of employees and the demands and capabilities of the company's organization. This balance is the primary key for the company to develop productively and fairly (Mangkunegara, 2009).

CV. Surya Nedika Isabella is one of the companies engaged in the bottled drinking water industry in Kuningan Regency, which reaches the lower class with various brands such as Asmi, Afata, Arta and Eva. In this business, the level of competition in the business world is getting higher because there are many competitors in the bottled drinking water industry such as Anair, Aqua, Aziza, Sanqua and many more. To survive and thrive in this competition, companies must develop and process various resources owned by the company, such as capital, materials and machinery, to achieve company goals. In addition, the company also needs human resources, namely employees.

Employee performance CV. Surya Nedika Isabella, in 2018-2019 mostly received a performance assessment in the excellent category; however, the data shows that there are still employees who get a performance assessment in the superb class every year. Meanwhile, in 2020 there was a very significant decline in employee performance. From these conditions, it can be concluded that employee performance from year to year fluctuates with the lowest level of performance in 2020. Apart from employee performance data in 2018-2020, to strengthen the research, the author conducted a preliminary study to determine the employee engagement that occurs in employees by using a pre-questionnaire regarding Employee Engagement distributed to 90 respondents, namely employees of CV. Surya Nedika Isabella.

Based on the results of interviews with staff regarding Employee Engagement, it can be concluded that the level of Employee Engagement is still not high. Employee engagement with the company is still not high; this can be a problem because the heightened sense of engaged employees can affect the contribution that employees make to the company.

According to Kahn (1990). Employee engagement is a multidimensional form of emotional, cognitive, and physical aspects of intertwined employees. Rothbard (in Saks 2006) also suggests an explanation of attachment as a motivational construct that has two dimensions which include one's cognitive attention (availability) to think about one's work role in a period) and appreciation of one's intensity in focusing on one's work role.

Quality of Work Life / Quality of work-life, according to Cascio (In Suneth, 2012), is seen as a set of employee perceptions of security at work, job satisfaction, and conditions to grow and develop as humans.

According to Hofstede, 2010; Koesmono, 2005; Suharti & Suliyanto, (2012), Organizational culture is a rule that regulates how employees behave in the workplace, so it can be said that organizational culture is a guideline used in carrying out performance activities in an organization.

According to Sunyoto (2012), "Job satisfaction is a pleasant or unpleasant emotional state in which employees view their work".

Based on the description of the background above, the authors are interested in raising this theme in a study entitled: "The Effect of Quality of Work Life, Organizational Culture and Job Satisfaction on Employee Engagement (Survey on CV. Surya Nedika Isabella).

II. Methodology

The method used in this study uses a survey method with a quantitative approach. This study intends to explain the variables' position and the relationship between one variable and another. The population in this study were all employees who were in the CV. Surya Nedika Isabella. This study uses two data collection methods, namely primary data and secondary data. Preliminary data was collected using a questionnaire. Using a Likert scale, secondary data was taken from existing data at the research site through the library and observation studio, for data analysis using multiple linear regression using SPSS.

III. Results and Discussion

4.1. Results

4.1.1. Classic assumption test

Table 1. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

		x1	x2	x3	y
N		90	90	90	90
Normal Parameters ^{a,b}	Mean	30.41	53.76	38.27	53.79
	Std. Deviation	2.600	4.660	3.193	4.372
Most Extreme Differences	Absolute	.137	.154	.156	.093
	Positive	.088	.071	.088	.079
	Negative	-.137	-.154	-.156	-.093
Test Statistic		.137	.154	.156	.093
Asymp. Sig. (2-tailed)		.061 ^c	.025 ^c	.023 ^c	.387 ^c

a. Test distribution is Normal.

b. Calculated from data.

The calculation of the SPSS test results in the table above, the results show that the whole significance level of the Quality of Work Life variable (X1) is 0.061, Organizational Culture Variable (X2) is 0.025 and Job Satisfaction Variable (X3) is 0.023 and Employee Engagement Variable (Y) is 0.387. Based on the results of these calculations, it is obtained that the significance value of the four variables measured is more significant than 0.05 so that the three data are normally distributed.

Table 2. Multikolinierity Test Results
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	804.662	950.690		.846	.400		
x1	.801	.058	.592	13.706	.000	.238	4.194
x2	.214	.045	.224	4.806	.000	.204	4.898
x3	.285	.068	.210	4.224	.000	.179	5.582

a. Dependent Variable: y

From the table above, it can be concluded that all variables, namely quality of work-life, organizational culture, and job satisfaction, have a tolerance value above > 0.1 and the VIF value of the three variables < 10 so that it can be concluded that there is no multicollinearity in the regression model.

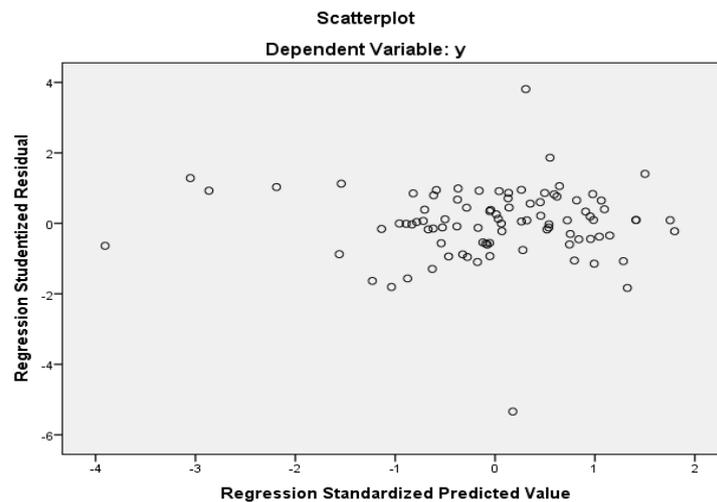


Figure 1. Heteroscedasticity Test Results (*Scatterplot Graph*)

From the picture above, it is known that the scatterplot does not have a clear pattern and the points spread above and below the number 0 on the Y axis, so it can be concluded that the research variables are free from heteroscedasticity.

Table 3. Multikolinierity Test Results
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.974 ^a	.948	.946	1.016	1.693

a. Predictors: (Constant), x3, x1, x2

b. Dependent Variable: y

Based on the table above, the DW (Durbin-Watson) value generated from the regression model of Quality of Work Life (Variable X1) Organizational Culture (Variable X2) and Job Satisfaction (X3) on Employee Engagement (Variable Y) is 1.693. This value will be compared with the value of the 5% (0.05) significance table with n =

90, $K = 3$ so that the results are $dU = 1.7264$ while the dW value $>$ from the dU limit and $< (4-dU) = 4 - 1, 7264 = 2.2736$, it can be concluded that there is no autocorrelation.

4.1.2. Multiple Linear Regression Analysis

Table 4. Multiple Linear Regression Analysis Results
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.747	1.349		.553	.581
x1	.789	.075	.469	10.582	.000
x2	.263	.051	.280	5.148	.000
x3	.390	.080	.285	4.867	.000

a. Dependent Variable: y

Based on the table above, the interpretation for the multiple linear regression test is obtained as follows:

$$Y = 0.747 + 0.789 X1 + 0.263 X2 + 0.390 X3$$

Based on the above equation can be explained as follows:

1. The constant value of 0.747 means an influence of the variables of quality of work-life, organizational culture and job satisfaction on Employee Engagement. It has a fixed value of 0.747. If quality of work-life = 0, organizational culture = 0 and job satisfaction = 0.
2. Based on the above calculation, it shows that the variable t-count (X1) quality of work life is more excellent than t-table (t-count = 13.706 > t-table = 1.987), meaning that the variable quality of work-life has a positive effect on employee engagement. So if the rate of work-life increases by one unit, the value tends to increase by 0.789 units.
3. Based on the calculation above, it shows that the variable t-count (X2) of organizational culture is more significant than t-table (t-count = 4.806 > t-table = 1.987), meaning that the organizational culture variable has a positive effect on employee engagement. So if organizational culture affects employee engagement, it will increase by one unit, the Employee Engagement value. Will increase by 0.263 units.
4. Based on the calculation above, it shows that the variable t-count (X3) job satisfaction is more excellent than t-table (t-count = 4.224 > t-table = 1.987), meaning that the variable job satisfaction has a positive effect on employee engagement. So if job satisfaction affects employee engagement, it will increase by one unit, the value of employee engagement will increase by 0.390 units.

Table 4. Multiple Linear Regression Analysis Results
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.974 ^a	.948	.946	1.016

a. Predictors: (Constant), x3, x1, x2

b. Dependent Variable: y

Based on the SPSS output table above, the value of the coefficient of determination or R Square is 948. This R Square value comes from the square of the correlation coefficient (R), which is $0.974 \times 0.974 = 0.948$. The magnitude of the coefficient of determination (R Square) is 0.963 or equal to 94,8%. This means that the variables of the quality of work-life (X1), organizational culture (X2), and job satisfaction (X3) affect the Employee Engagement variable (Y) by 94.8%. In comparison, the remaining 5.2% is influenced by other variables outside the research variables used.

Table 5. F Test Results
ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1612.139	3	537.380	520.141	.000 ^b
	Residual	88.850	86	1.033		
	Total	1700.989	89			

a. Dependent Variable: y

b. Predictors: (Constant), x3, x1, x2

Based on the SPSS output table above, it is known that the F-count value is 520.141 > 2.71 F-table. It can be concluded that the quality of work-life, organizational culture and job satisfaction have a positive and significant influence on employee engagement. All indicators of the variables of quality of work-life, organizational culture and job satisfaction influence employee engagement. If one of the qualities of work-life, organizational culture and job satisfaction changes, employee engagement will change. However, the magnitude of the changes complements each other so that the influence of the importance of the variables cannot be determined.

4.2. Discussion

Based on the research results that have been done, it can be seen that the quality of work-life has a positive and significant effect on employee engagement. These results are supported by research conducted by (Musadieq, Mochammad Al Afrianty Tri Wulida 2018). Quality of work life can provide a sense of security at work. Work rewards and job satisfaction will create conditions for growth and development. And triggers forming good and quality employee performance. In addition, the quality of work-life also facilitates employees to pay attention to their personal lives and respect for humans in their work environment. Based on the description above, it can be said that the Quality of Work Life is a factor that can affect employee engagement. Quality of life of employees refers to the state of the work environment that can meet the personal needs of members of the organization. A work environment is a place where individuals are involved with their daily work. Thus, the quality of work-life starts from the individual's perception of his work environment, whether with this work

environment he can fulfil his personal needs or not. Good quality of work-life will also foster an employee's desire to stay or work at the company. And employees who are already attached to the company will work well and improve their performance.

Based on the research results that have been done, it can be seen that organizational culture has a positive and significant effect on employee engagement. These results are supported by research conducted (Ahmad Fauzi Batubara Rafiqur Rahman 2020). Then it can be said that organizational culture is a factor that can affect employee engagement. Organizational culture in a company is undoubtedly essential for its members to implement and comply with the prevailing organizational culture. This is useful for developing individual interests as well as corporate interests.

Based on the research results that have been done, it can be seen that job satisfaction has a positive and significant effect on employee engagement. These results are supported by research conducted by (Dinar Nur Affini, Ngadino Surip 2018). The results showed that the Quality of Work Life (X1), Organizational Culture (X2), and Job Satisfaction (X3) together had an effect on Employee Engagement (Y) on the CV. Surya Nedika Isabella. Based on the research results, it can be seen that job satisfaction, organizational culture, and quality of work-life have a positive and significant effect on employee engagement.

These results are supported by research conducted by (Retno Purwani Setyaningrum, Arief Teguh Nugroho, Gustiani Wahidatussholihah 2020) with Job Satisfaction, Organizational Culture and Quality of Work Life and Employee Engagement in the case of PT. Granitoguna Building Ceramics. The research results on job satisfaction, organizational culture and quality of work-life have a positive and significant effect on employee engagement variables. This shows that job satisfaction, organizational culture and quality of work-life can affect employee engagement. When the company has reasonable job satisfaction, organizational culture and quality of work-life, together, these three variables will affect employee engagement.

IV. Conclusion and Recommendation

Based on the results and conclusions in this study, suggestions are taken into consideration for the company. Based on the answers and responses from respondents regarding the Quality of Work Life on the CV. Surya Nedika Isabella has a statement item with the lowest value with a salary/reward indicator. Therefore, the company should provide a bonus for employee performance as a form of appreciation given by the company for the contribution made by the company based on the work achieved by each employee. Based on the results of the answers and responses from respondents regarding Organizational Culture on the CV. Surya Nedika Isabella has a statement item with the lowest value with a Result Orientation indicator. Therefore, employees must develop themselves to get optimal results and complete tasks thoroughly and reliably. Based on the results of answers and responses from respondents regarding Job Satisfaction on the CV. Surya Nedika Isabella has a statement item with the lowest value with an indicator of salary suitability. Therefore, the company must provide a salary/reward following the position and duties of the employee. If the salary earned by employees is following their duties and responsibilities, employee job satisfaction

will arise with the company. Based on the results of answers and responses from respondents regarding Employee Engagement in CV. Surya Nedika Isabella has a statement item with the lowest score with indicators of team and co-worker relations. Therefore, it is necessary to have good relations with co-workers/teams to complete the work well, the decision-making process, and problem-solving compactly to create pleasing cooperation to improve employee performance.

References

- Arikunto, S. (2010). *Prosedur Penelitian Suatu Pendekatan Praktik*. Rineka Cipta.
- Ahmad Fauzi Batu Bara, Arrafiqurahman, 2020. Pengaruh Work Life Balance Dan Budaya Organisasi Terhadap Employee Engagement Pada Generasi Milenial di PT. Tambusai Kabupaten Hulu. *HJIMB Vol 2, No, 3, 2020*, pp: 54-62
- Arikunto, S. (2014). *Prosedur Penelitian*. Rineka Cipta.
- Arikunto, S. 2007. *Prosedur Penelitian: Suatu Pendekatan Praktik*. Jakarta: PT Rineka Cipta.
- Arikunto. (2007). *Prosedur Penelitian suatu Pendekatan Praktik*. PT: Rineka Cipta.
- Azeem S. M. (2010), *Job Satisfaction and Organizational Commitment Among*.
- Cascio Wayne, 2001, *Motivation and Personality*, American Management Association, New York
- Dinar Nur Afiani, Ngadino Surip, 2018, *Pengaruh Kompensasi Dan Kepuasan Kerja Terhadap Employee engagement Yang Berdampak Pada Turnover Intentions*, *Jurnal Ilmiah Manajemen Bisnis*, Volume 4, No. 1, Maret 2018: 113-127
- Kahn, Universitas Gadjah Mada, Jogjakarta W. (1990). Psychological conditions of personal engagement and disengagement at work. *Academy of Journal Management*, 33, (4), 692-724
- Koesmono, H. T. (2005). Pengaruh budaya organisasi terhadap motivasi dan kepuasan kerja serta kinerja karyawan pada sub sektor industri pengolahan kayu skala menengah di Jawa Timur. *Jurnal Manajemen dan Kewirausahaan*, 7(2), 171-188.
- Retno Purwani Setyaningrum, Arief Teguh Nugroho, Gustiani Wahidatussholihah. (2020). *Job Satisfaction, Organizational Culture and Quality of Work Life and Employee Engagement: the case of PT. Granitoguna Building Ceramics*, International Conference on Innovations in Social Sciences and Education (ICoISSE) Bandung, Indonesia, July 25th
- Suharti, L., & Suliyanto, D. (2012). The effects of organizational culture and leadership style toward employee engagement and their impacts toward employee loyalty. *World Review of Business Research*, 2(5), 128-139.
- Suharti, L., & Suliyanto, D. (2012). The effects of organizational culture and leadership style toward employee engagement and their impacts toward employee loyalty. *World Review of Business Research*, 2(5), 128-139.
- Sunyoto Danang. *Uji KHI Kuadrat & Regresi untuk Penelitian*. Yogyakarta: Graha Ilmu, 2010.