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Assalamu'alaikum Warahmatullahi Wabaraakatuh

Puji dan syukur kita panjatkan kehadirat Allah SWT, Tuhan Yang Maha Kuasa atas keberhasilan Pascasarjana Universitas Lampung menerbitkan "Katalog Jurnal Mahasiswa Pascasarjana Universitas Lampung Volume 1 Nomor 2 Tahun 2021" ini. Melalui penerbitan ini, diharapkan dapat menjadi informasi dan membuka jalan interaksi yang lebih intens antara Pascasarjana Universitas Lampung dengan *stakeholders* di luar kampus. Katalog Jurnal Mahasiswa Pascasarjana ini dimaksudkan sebagai upaya penyebarluasan hasil penelitian mahasiswa Magister (S2) sehingga pemanfaatan hasil-hasil penelitian tersebut dapat dioptimalkan dalam meningkatkan kontribusi Universitas Lampung terhadap pembangunan daerah, bangsa, negara, serta bagi kemanusiaan, dan peradaban.

Saat ini, Pascasarjana sedang bertransformasi baik pada aspek kelembagaan, penjaminan mutu maupun aspek tridarma perguruan tinggi sebagai *core business* utamanya. Pada aspek kelembagaan, Pascasarjana sedang berupaya untuk meningkatkan status menjadi sekolah yang secara teknis berimplikasi terhadap skenario pembukaan program studi baru baik pada jenjang magister maupun jenjang doktor. Pada aspek penjaminan mutu, Pascasarjana sedang mendesain sistem penjaminan mutu internal yang lebih relevan dan aplikatif sehingga target peningkatan jumlah program studi magister dan doktor yang terakreditasi unggul dapat dicapai. Adapun pada aspek tri darma, sistem pembelajaran yang relavan dengan dunia kerja terus dikembangkan termasuk di dalamnya penelitian, pengabdian, dan publikasi ilmiah dosen maupun mahasiswa.

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Wassalamu'alaikum warahmatullahi wabarakatuh

Bandar Lampung, 30 November 2021
Direktur.

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DAFTAR ISI

THE EFFECT OF HUMAN CAPITAL AND UNEMPLOYMENT RATE ON ECONOMIC GROWTH ON THE ISLAND OF SUMATRA

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Abstract – *This study aims to analyze the effect of human capital and the open unemployment rate on economic growth on the island of Sumatra. This type of research is quantitative, using the random effect (REM) method. The data used is annual secondary data between time series on the island of Sumatra in the period 2012-2019. The results showed that the variable school enrollment rate (APS) and life expectancy (AHH) had a positive and significant effect on economic growth on the island of Sumatra. Meanwhile, the open unemployment rate (TPT) has a negative and significant effect on economic growth on the island of Sumatra.*

INTRODUCTION

Investments can be made not only in physical, but also in non-physical fields. Physical investment includes buildings such as factories and employee housing, machinery and equipment, and inventories such as raw materials, semi-finished goods, and finished goods. Non- physical investment includes education, training, migration, health care and employment. Non-physical investment, better known as human resource investment, is the amount of funds spent and the opportunity to earn income during the investment process. The income during this investment process is in return and is expected to earn a higher level of income to be able to achieve a higher level of consumption. Such investment is called human capital. The word human capital became famous when Mincer (1958) published his article entitled "Investment in Human Capital and Personal Incame Distribution". After Mincer's publication, the term human capital was more popularly known since Gary S. Becker, a Nobel laureate in economics, made a publication entitled "Human Capital" (Becker, 1964) about human capital with an emphasis on the importance of education. Increased education will encourage technological progress, income and population.

After that Theodore W. Schult (1959) and other economists began to discuss the impact of investment in human resources for economic growth, then this matter became a concern. The discussion on this issue is that the relationship between investment in human resources and productivity began to spread, especially after the emergence of Gary S. Becker with his analysis of Human Capital (Warsito Jati, 2002). The main concept of human capital according to Becker (1993) is that humans

are not just resources but are capital that produces returns and every expenditure made in order to develop the quality and quantity of capital is an investment activity.

Human Capital is a noun that is defined as the expertise, knowledge, and experience possessed by individuals or residents, viewed in terms of individual value or costs for an organization or country. Bellante in 1983 stated that human capital is funds or individual expenditures that are invested in the stock of producing power or called earning power. The concept of human capital according to the modern view was pioneered by Schultz (1960) and Becker (1964). In its development, the concept of human capital can be explained as the ability or capacity either from birth or descent or collection formed during productive working age followed by other forms of capital or inputs aimed at achieving economic stability. Another definition mentions more specifically the concept of human capital is basically education or intellectual, skills and work experience (Yan et al. 2003). The term human capital is then generally defined as the accumulation of education, including working age knowledge and skills accumulated through formal education, training and experience.

According to Becker, education received at school, computer training, health spending, good and timely education, and honesty are also capital. This condition can be seen that a person will find it easier to increase income and health and can guarantee a better life. Therefore, economists have agreed to pay more attention to the costs of education, training and health which are important investments for human capital. It is said that human capital is because humans cannot be separated from knowledge, skills and invaluable health from money and physical assets (The Concise Encyclopedia of Economics 2002).

Becker adds that formal education is not the only way to invest in human capital. Apart from investing in education, workers must also learn and join training through training outside of working time especially for non-permanent work. This is because most universities do not provide such training to students while they are in college. Therefore, to enter the world of work, especially precarious work, these prospective workers must attend formal and informal training programs. For some jobs, training is available while working for employees. However, the amount of training available on the job is limited in terms of time. Thus, training outside of work time is also very necessary, especially to understand a complex job that takes a long time.

Having a higher level of education guarantees ongoing improvements in the level of technology people use. Thus accelerating the realization of the Vision of the Unitary State of the Republic of Indonesia, (National Development Planning Agency, 2019) President Joko Widodo initiated the "Indonesian Dream 2015-2085", namely: (1) Indonesian human resources whose intelligence outperforms other nations in the world; (2) Indonesian people who uphold pluralism, culture, religion and uphold ethical values; (3) Indonesia becomes the center of world education, technology and civilization; (4) The public and government officials are free from corrupt behavior; (5) The development of infrastructure that is evenly distributed throughout Indonesia; (6) Indonesia becomes an independent country and the most influential country in the Asia Pacific; and (7) Indonesia is a barometer of world economic growth. In realizing this dream, the Vision of Indonesia Year 2045 was formulated with 4 (four) pillars, namely: (1) Human Development and Mastery of Science and Technology, (2) Sustainable Economic Development, (3) Equitable Development, and (4) Consolidating National Resilience. and Governance.

Open unemployment is a workforce who really does not have a job. This type of unemployment is quite a lot because they have not got a job even though they have tried their best and as a result the increase in job vacancies is lower than the increase in the workforce. The effect of this situation in a long period of time they do not do a job. So they are unemployed for real and half the time, and hence the name

open unemployment. Open unemployment can also exist as a result of declining economic activity, from technological advances that reduce the use of labor, or as a result of a decline in the development of an industry. In talking about unemployment, what is always considered is not about the number of unemployed, but about the unemployment rate expressed as a percentage of the labor force. To see the affordability of workers (employment opportunities), the formula for the Open Unemployment Rate is used. The definition of the open unemployment rate is the percentage of the population who are looking for work, who are preparing for a business, who are not looking for work, because they feel it is impossible to get a job, who already have a job but have not started working from the existing workforce. The open unemployment rate provides an indication of the working age population that is included in the unemployed group. The unemployment rate is measured as a percentage of the number of unemployed to the total labor force. To measure the open unemployment rate in an area, it can be obtained from the percentage dividing the number of unemployed by the number of the labor force and expressed in percent.

Previous research relevant to this study, P. Eko Prasetyo (2008), In the process of complete and sustainable economic development, macroeconomic stability of a country is an important prerequisite to produce quality economic growth. To achieve quality economic growth, it is necessary to invest in sustainable human resources and use science and technology in a sustainable manner. The process of economic development will be able to change the condition of society from a vicious circle to a vicious circle if the economic growth is of good quality. Marno Kastowo (2011), regarding the role of human capital for economic growth from 1970-2008, that human capital with life expectancy, basic education, and labor productivity is proven to have a positive influence on the significance of economic growth. Efforts to increase human capital through education, health and work productivity need to be carried out consistently to promote sustainable economic growth. Hayat Abdullah (2014), to improve people's welfare requires a comprehensive synergy between human capital and adequate infrastructure development, of course this must be supported by a fiscal restructuring in policy making as well as substantive and accommodative reallocation. So that in the implementation of AFTA 2015, Indonesia is ready to become a trend setting in increasing economic growth, community welfare, increasing human resources and integrative development.

This research was conducted to analyze the effect of human capital and open unemployment on economic growth on the island of Sumatra. By looking at the influence of the School Enrollment Rate (APS), Life Expectancy (AHH) and Open Unemployment Rate (TPT) on economic growth on the island of Sumatra from 2012-2019.

RESEARCH METODHOLOGY

The approach used in this study is a quantitative descriptive approach. This study uses panel data, a combination of time series data for the period 2012-2019 and cross section data consisting of 10 provinces on the island of Sumatra to analyze the effect of human capital and the open unemployment rate on economic growth. model of this research are:

$$PE = \beta_0 + \beta_1 AP_{it} + \beta_2 AHH_{it} + \beta_3 P_{it} + \varepsilon_{it}$$

Where,

PE : Economic growth

β_0 : Intersep / constant

AP : School Participation Rate

AHH : Life expectancy

Pᵤ : Open Unemployment Rate

Eₜ : *Error term*

Model Selection Method for Panel Data
Chow test

Hypothesis testing
Coefficient of

Chow test is used to determine the better approach between Pooled Least Squared/PLS and Fixed Effect Model (FEM). The basis for rejecting the hypothesis above is to compare the F-statistical calculation with the F-table if the result of F-statistic > F-table, the most appropriate model to use is the Fixed Effect Model (Widarjono, 2013).

Hausman test

Hausman test plays a role in choosing the Fixed Effect Model (FEM) or Random Effect Model (REM). With the condition that if Chi-Squared statistic < Chi-Squared table, then the correct REM is used.

Langrange Multiplier Test

The Langrange Multiplier (LM) test is performed to determine whether the Random Effect or Common Effect model is more appropriate. The LM test is carried out by looking at the LM value of the Breusch-Pagan. If the LM statistical value is greater than the chi square statistical value at a level of significant 5%, the appropriate Random Effect model is used.

Classic assumption test
Normality test

The data is normally distributed by comparing the Jarque- Bera probability value with a significance level of 0.05. If the Jarque-Bera probability > α 0.05 then it could be said that the residuals are normally distributed (Gujarati, 2013).

Multicollinearity Test

One way to check for multicollinearity is to look at the unknown values between the independent variables in the model. If the value of each correlation coefficient is greater than the rule of thumb (0.8), then the model contains multicollinearity (Gujarati, 2013).

Heteroscedasticity Test

Heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from one observation to another observation. The model says it contains heteroscedasticity if the White statistic > chi-square table and vice versa (Gujarati, 2013).

Autocorrelation Test

One of the tests to detect autocorrelation is the Durbin- Watson test. The Durbin-Watson (DW) statistic value from the calculation using Eviews was then compared with the DW table value. Determining the area is assisted by DL and DU table values (Gujarati, 2013).

The value of the coefficient of determination R^2 is used to measure how much the independent variables together could explain the variation of the dependent variable used in the research. The value of R^2 lies between zero and one. The closer to one, the better model.

t-statistic test

The t-statistic test was used to determine whether the independent variable partially had a significant effect on the dependent variable at level $\alpha = 0.05$. With the criteria t- statistic > t-table. Then it could be shown that the independent variable, partial, dependent variable and vice versa.

F-statistics test

The F-Statistic test is used to prove whether the independent variables used in the research together significantly affect the dependent variable. With Criteria F-statistics > F-table then it could be said that independent variables are together affected the independent variable and vice versa (Widarjono, 2013).

RESULT

Based on the estimation results of the model selection test by comparing the values of the Chow test, Hausman test and LM test that have been carried out, the appropriate panel data model is the Random Effect Model (REM).

Classic assumption test

From the classical assumption test that has been done, the panel data regression model in this research is normally distributed, free from multicollinearity and free from heteroscedasticity or homoscedasticity. The standard OLS estimation model couldnot be a matter of space and time. Thus it is possible that unobservable effects on exports could be correlated to several explanatory variables. REM has the advantage of being able to overcome the problem of this type of explanatory variable, but produces inconsistent estimators because it ignores the display between the unobserved effect in the error and the explanatory variable (Trung Kien, 2009). The following are the results of panel data regression using a random effects model.

Table 1. Regression Results of Random Effect Model

Variable	Coefficient	t-Statistic	Prob.	Conclusion Constant
Constant	81.21444	4.877021	0.0000	-
APS	0.085548	3.084208	0.0028*	Significant
AHH	1.033955	4.292621	0.0001*	Significant
TPT	-0.472537	-4.929338	0.0000*	Significant

R-squared 0.457725
F-statistic 21.38344
Description: (*) 5% significant.

Hypothesis testing

Coefficient of Determination (R2)

The results of this study indicate the R2 value of 0.457725. This indicates that 45% of the value of economic growth on the island of Sumatra is jointly influenced by the school enrollment rate (APS) of higher education, life expectancy (AHH) and the open unemployment rate (TPT). While the remaining 55% is influenced by other factors outside the

F-Statistics Test Results

In this research, using a significance level of 5% (0.05), degrees of freedom (df) 1 = k-1 (3-1), df2 = nk (80-3) with the criteria k is the variable and n is the number of observations. The F-statistic value is 21.38344 > F-table is 3.12 so that the independent variable in this case has a significant or overall effect on the economic growth variable on the island of Sumatra.

T-statistics test results

By using a significance level of 5% (α=0.05) and degrees of freedom (n-k-1) = 76, the t-table value is 1,66515. So it could be said that each variable has an effect on on the economic growth variable on the island of Sumatra.

DISCUSSION

Effect of Human Capital on Economic Growth on the Island of Sumatra

Based on the results of research estimates, it can be seen that the school enrollment rate (APS) of higher education has a positive and significant influence on economic growth on the island of Sumatra. With a coefficient value of 0.085548 to economic growth on the island of Sumatra, so that if the school enrollment rate (APS) in higher education increases by 1 percent, economic growth on the island of Sumatra will increase by 0.085548 percent. Likewise, life expectancy (AHH) has a positive and significant influence on economic growth on the island of Sumatra. With a coefficient value of 1.033955 for economic growth on the island of Sumatra, so that if the life expectancy (AHH) increases by 1 percent, economic growth on the island of Sumatra will increase by 1.033955 percent. From the two explanations above, it can be explained that human capital has a positive and significant influence on economic growth on the island of Sumatra.

Effect of the Open Unemployment Rate (TPT) on Economic Growth on the Island of Sumatra

Based on the estimation results of the study, it can be seen that the open unemployment rate (TPT) has a negative and significant effect on economic growth on the island of Sumatra. With a coefficient value of -0.472537 for economic growth on the island of Sumatra, so that if the open unemployment rate (TPT) increases by 1 percent, economic growth on the island of Sumatra will decrease by -0.472537 percent.

CONCLUSION

The results of data analysis that have been carried out show that the increase in human capital has a positive and significant effect on increasing economic growth on the island of Sumatra. Meanwhile, the open unemployment rate (TPT) has a negative and significant effect on economic growth on the island of Sumatra.

SUGGESTION

The implementation of human capital is expected to be able to open up opportunities to increase economic growth and welfare so that it is necessary to improve the quality, quantity and existing education and health facilities. By increasing the level of education, it can produce human resources who can compete in the world of work and can create new jobs to reduce the unemployment rate on the island of sumatera

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EFFECT OF ENVIRONMENTAL PERFORMANCE AND ENVIRONMENTAL COSTS ON FINANCIAL PERFORMANCE WITH CSR DISCLOSURE AS INTERVENING VARIABLES

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Abstract

This research is a conceptual paper that aims to determine the effect of researchers will examine the effect of Environmental Performance and Environmental Costs on Financial Performance with CSR as an Intervening variable on mining companies listed on the Exchange Indonesian Securities and participated in the 2015-2018 PROPER. This research is expected to be used as a material consideration in making policies concerning environmental performance and as a tool to measure financial performance for the progress of the company. In addition to being taken into consideration, researchers hope that this research can be used to help in making investment decisions in the company as an evaluation material.

Keywords: environmental performance, environmental costs, CSR and financial performance.

Introduction

One way to assess the performance of a company is by looking at the company's financial performance. The achievement of the company's activities is illustrated by the profits generated. This is in agreement with Pujiasih (2013), namely the ability of a company to generate profits is the main thing in evaluating the company's financial performance. The use of earnings as a parameter in measuring financial performance is based on the fact that profits are needed by the company for the survival of the company (Jayati, 2012). The ever-increasing rate of profit reaching maximum profit is a good indicator of a company's financial performance. Wijadjaja (1996) said that companies with good financial performance will be able to continue to live and survive. Companies with poor performance will experience shaking and will die slowly. Therefore, companies are competing to create a perfect financial performance. The company's financial performance can be measured from periodic financial statements that provide an overview of the company's financial position (Sudaryanto, 2011). The principle of profit maximization in achieving good financial performance now has an impact that is not necessarily good for the community. The impact of the company's activities is the emergence of environmental damage, global warming, damage to the ecosystem, increased waste increases both air and soil pollution. According to McWilliams and Siegel (2001) in Fitriani (2013), *corporate sustainability* will be guaranteed if the company pays attention to social and environmental dimensions. Corporate responsibility is not only on the *single bottom line*, the *corporate value* reflected in financial aspects, but must be *triple bottom lines*, namely financial, social

and environmental aspects. Financial condition is not enough to guarantee the value of the company grow sustainably (*sustainable*), but also must pay attention to social and environmental dimensions to avoid

resistance from the local community (Untung, 2008). Also, the community is now aware of the social impact of companies that want to achieve maximum profit, so the community demands that companies pay attention to and overcome the social impacts caused (Rahmawati, 2012). This is by the Government Regulation of the Republic of Indonesia Number 47 of 2012 concerning the Social and Environmental Responsibility of Limited Liability Companies. This social responsibility is often called *Corporate Social Responsibility*. CSR according to Susanto (2009) is as a corporate responsibility both inward-directed to shareholders and friends in the form of profitability and company progress, as well as outward responsibilities associated as taxpayers and employment providers, increasing the welfare and competence of the community and preserve the environment for future generations. Thus, the company can benefit not only its business but also benefit other parties. Companies need to do CSR *Disclosure* in their annual report. So that it can increase attractiveness *stakeholder* and consumer loyalty will continue to increase. CSR *Disclosure* contains all activities related to the company's social and environment. This can be used as a promotional event for the company so that environmental performance, environmental costs, and the company's financial performance are viewed well by *stakeholders*. This is believed to give an *image of* good the company and the impact on selling increasing and can guarantee the sustainability (*Sustainability*)company.

Issues

One important aspect of social performance as a reflection of social responsibility is the company's environmental performance. Environmental Performance is a mechanism for companies to voluntarily integrate environmental concerns into their operations and interactions with *stakeholders*, which exceeds organizational responsibility in the legal field. Minister of the Environment, Siti Nurbaya said that the level of company compliance with the environment in 2016-2017 reached 92%, up 7% from last year's achievement. From that assessment, 19 companies received gold ratings, 150 companies ranked green, 1,486 ratings in blue, 130 ratings in red and 1 company ranked in black (bisnis.com). This indicates that 130 companies have not yet carried out environmental management in accordance with the requirements, in addition, there is also 1 company that intentionally or neglected to carry out operations that cause environmental damage, so that regulations are still needed, improvement of human resources and improvement of facilities environmental management to support companies that are still in the red and black ranks to be better in managing the environment. The efforts of the regulatory authorities to preserve and develop harmonious, harmonious and balanced environmental capabilities have been carried out by stipulating Law of the Republic of Indonesia Number 32 2009 concerning Environmental Protection and Management (UUPPLH) is a systematic and integrated effort undertaken to preserve environmental functions and prevent environmental pollution and/or damage which includes pollution, utilization, control e, supervision, and law enforcement. The government through the Ministry of Environment has even established a program called PROPER as a form of environmental compliance for companies in Indonesia. This is done in terms of assessing the company's environmental performance and spurring so that the company is getting better at trying to care for the environment. Good response to the PROPER program as an assessment of the company's environmental performance continues to increase (www.mnlh.go.id)

Literature Review

Legitimacy Theory

the theory is a theory that assumes that companies are constantly trying to ensure that the operations they run are under the rules and existing social norms (Deegan, 2004). *Legitimacy theory* is essentially a system-oriented theory, in this case, an organization or company is seen as one component of a larger social environment. The legitimacy theory states that organizations operate based on a value system that is commensurate with the value system owned by the community (Zaenuddin, 2007). Legitimacy theory is a strategic factor for companies to develop the company going forward. It can be used as a vehicle to construct a corporate strategy, especially about efforts to position themselves in the midst of increasingly advanced community environments. Thus, legitimacy is a potential benefit or resource for a company to survive (*going concern*). This definition implies that legitimacy is a company management system oriented towards alignment with the community (society), the Government, individuals, and community groups.

Stakeholder Theory

theory *stakeholder* states that the company has a social responsibility that requires them to consider the interests of all parties affected by their actions. This theory emphasizes to consider the interests, needs, and influence of parties related to company policies and operations, especially in corporate decision making. The company needs to maintain legitimacy *stakeholders* and put it within the framework of policy and decision making so that it can support the achievement of company goals, namely business and guarantee *going concern* Adam's(in Hadi, 2011).

Financial Performance

Understanding financial performance is a picture of the achievement of the implementation/program/ policy in realizing the goals, objectives, mission, and vision of an organization (Bastian, 2006). According to Fahmi, (2012) financial performance is an analysis tool that is carried out to see the extent to which the company has implemented the rules of financial implementation properly and correctly, such as by making a financial report that has met the standards in SAK (Financial Accounting Standards) or GAAP (*GeneralAccepted Accounting Principle*).

Environmental Performance Environmental

Performance is the company's performance in creating a good environment *green* (Suratno, 2008). In Indonesia, the application of corporate environmental performance is facilitated by the existence of a Company Work Rating Rating Program in Environmental Management (PROPER). PROPER is an instrument used by the Ministry of Environment to assess and rank company compliance in carrying out its environmental performance. The awareness of the company that determines good environmental performance is a manifestation of the company's accountability to the community and the environment.

Environmental Costs Environmental

Costs are costs incurred by companies related to environmental damage caused and protection carried out (Susenohaji, 2003). *The environmental cost* is the cost of *corporate* social *responsibility disclosure activities.* The environmental costs to companies can be seen in the allocation of funds for environmental development programs. According to Shohilin, 2004 environmental costs are costs incurred due to the presence or possibility of poor environmental quality.

Effect of Environmental Performance on Financial Performance

Disclosure of environmental performance is very important for companies to demonstrate their existence and participation in handling environmental problems. The company needs to show its existence and participation in handling environmental problems as a form of morally responsible corporate responsibility to the environment in which the company operates by the stated legislation theory. Djuitaningsih and Ristiawati (2011), stated that environmental performance has a positive and significant effect on financial performance because companies with good environmental performance will also get a good response from *stakeholders* and have an impact on increasing corporate income in the long run. Adhima (2011) also states the same thing that *Environmental performance disclosure* has a positive influence on a company's financial performance.

Ha1: Environmental Performance positive effect on Financial Performance.

Effect of Environmental Costs on Financial Performance

These environmental costs can be seen through the allocation of environmental development program funds in the company's financial statements and annual reports (Camelia, 2016). According to the research of Al Sharairi (2005), environmental costs have a positive effect on competitive advantage because the environmental costs incurred by companies can increase the company's reputation that has a positive effect on competitive advantage. This study is in line with Septiadi (2016) who found that environmental costs have a positive and significant effect on the company's financial performance.

Ha2: Environmental costs have a positive effect on financial performance.

The influence of CSR *Disclosure* on Financial Performance

Angela (2015) revealed that by implementing CSR, the company's image will the better so that the loyalty of consumers and *stakeholders is* higher. As consumer and loyalty increase stakeholders for a long time, company sales will improve, and ultimately with the implementation of CSR, it is expected that the level of profitability of the company will also increase (Satyo, 2005 in Rahmawati, 2012). According to Suryani's research (2012), Rahmawati (2012)), and Octavia (2014) showed that the influence of CSR Disclosure onfinancial performance was stated to be significant

Ha3: CSR *Disclosure* had a positive effect on Financial Performance.

Effect of Environmental Performance on Financial Performance with CSR Disclosure as an Intervening Variable.

Environmental performance is one of the indicators expressed in *Corporate Social Responsibility.* Therefore, if the environmental performance is good, the *Corporate Social Responsibility* of the company will be good too. *Good Corporate Social Responsibility* can be good *news* and add to the company's image so that investors or public trust can be increased in the company. In the end, the company can get additional capital and increase sales which result in increased *profits.* Thus, *Corporate Social Responsibility* can mediate the relationship between environmental performance and financial performance. Rakhiemah & Agustia (2009), Suryani (2012), Rahmawati (2012), and Pujiasih (2013) in their research stated that environmental performance and variables CSR *disclosure* together had a significant positive effect on financial performance.

Ha4: Environmental Performance has a positive effect on Financial Performance with *CSR Disclosure*s anIntervening Variable

Effect of Environmental Costs on Financial Performance with CSR *Disclosure* as an Intervening Variable.

Companies that budget environmental costs show their seriousness in environmental management concerns. Whether it's the costs to prevent environmental pollution or the costs to overcome environmental pollution due to company production activities. In addition to showing the seriousness of the company in managing the environment, the company's budgeted environmental costs support the implementation of *Corporate Social Responsibility*. A high budget *environmental cost* is expected to support CSR, thus giving investors a good view of the *sustainability* company's(Tunggal & Fachrurrozie, 2014).

Ha5: Environmental Costs have a positive effect on Financial Performance with *CSR Disclosure*s an Intervening Variable

Discussion

Company financial performance can be measured from periodic financial statements that provide an overview of the company's financial position (sudaryanto, 2011). Principle of profit maximization in achieving performance good finance now has an impact that is not necessarily good for the community. The impact of the company's activities is the emergence of environmental damage, global warming, damage to the ecosystem, increased waste increases both air and soil pollution. One factor that is consistently related to environmental performance and environmental costs to financial performance is *CSR Disclosure*. This is due to environmental performance and environmental costs are support for *CSR Disclosure*. If the environmental performance disclosed by the Ministry of Environment is good, then *CSR Disclosure* can be confirmed to be good. So this supports the relationship of environmental performance to financial performance.

Conclusion

This study is a conceptual study that discusses Environmental Performance and Environmental Costs of Financial Performance with CSR as an Intervening variable on mining companies listed on the Indonesia Stock Exchange and participating in the 2015-2018 PROPER. The results of this study are expected to be used as a material consideration in making policies regarding environmental performance and as a tool to measure financial performance for the progress of the company. Then with this research, it is expected that the company can pay attention to the environment and society around the company, so the focus of the company is not only profit-oriented. And for Investors, the results of the research can be used to assist in making investment decisions in the company as an evaluation material.

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PENGARUH EVENT PEMASARAN TERHADAP KESADARAN MEREK MELALUI KUALITAS PRODUK SEBAGAI VARIABEL MEDIASI PADA PRODUK MEREK SEPATU ADIDAS

Eko Hari Anandito

ABSTRACT

Eko Hari Anandito. *The Influence of Marketing Events on Brand Awareness through Product Quality as a Mediating Variable in Adidas Shoes Brand Products. Under Prof. Dr. Satria Bangsawan, S.E., M.Si and Dr. Ribhan, S.E., M.Si as Thesis Advisor.*

Today, Adidas is one of the most popular brands which basically focuses on the production of sports shoes, sports equipment and clothing. Especially for sports shoes, people wear Adidas pride shoes, they will think what they are wearing will enhance their personal athletic goals, or increase their self-confidence. Adidas not only relies on a marketing strategy in the form of advertising, but the Adidas company also uses celebrity endorsements which in turn can create strong purchase intentions to consumers. Apart from using marketing strategies such as advertising, Adidas always focuses on providing good quality products for consumers. Therefore, the research objectives are 1) To determine the effect of marketing events on brand awareness, 2) To determine the effect of marketing events on product quality as a mediating variable, 3) To determine the indirect effect of marketing events on brand awareness with production quality as a mediating variable, 4) To determine product quality as a mediating variable affecting between product quality and brand awareness

Research method: This research is a descriptive quantitative study, the data obtained from the research sample is analyzed according to the statistical method used and then interpreted. The sample in this study were 60 consumers of the adidas shoe brand. Data analysis was performed using the Structural Equation Modeling (SEM) method.

Research Results: 1) Marketing events have a positive and significant effect on brand awareness. The higher the marketing event, the higher the consumer's brand awareness, and vice versa. 2) Marketing events have a positive and significant effect on product quality. The higher the marketing event, the higher the quality of the adidas shoe brand products. 3) Product quality has a positive and significant effect on brand awareness. The higher the product quality, the higher the consumer brand awareness. 4) Marketing events can have an indirect effect on brand awareness mediated by product quality. High marketing events will improve the quality of the adidas shoe brand products so that consumers' desire to buy is even higher.

Keywords: Marketing Event, Product Quality, Brand Awareness

I. PENDAHULUAN

1. Latar Belakang

Di Indonesia, persaingan di industri alas kaki semakin ketat dan beragam. Itu membuat begitu banyak sepatu ritel dibuka dan dikembangkan. Dengan situasi itu, perusahaan berusaha membuat berbagai sepatu dan mencoba menambahkan nilai baru

pada produk mereka untuk menjaga konsumen mereka dan mendapatkan konsumen baru dan tentu saja untuk membuat mereka tetap bertahan di pasar.

Saat ini, Adidas adalah salah satu merek paling populer yang pada dasarnya berfokus pada produksi sepatu olahraga, peralatan olahraga dan pakaian. Khusus untuk sepatu olahraga, orang memakai sepatu kebanggaan Adidas, mereka akan berpikir apa yang mereka kenakan akan meningkatkan tujuan atletik pribadi mereka, atau meningkatkan kepercayaan diri mereka. Adidas tidak hanya bergantung pada strategi pemasaran dalam bentuk iklan, tetapi perusahaan Adidas juga menggunakan selebriti dukungan yang pada gilirannya dapat membuat niat beli yang kuat kepada konsumen. Selain menggunakan pemasaran strategi seperti periklanan, Adidas selalu fokus pada penyediaan kualitas produk yang baik untuk konsumen.

Top Brand Indeks (TBI) merek sepatu Adidas pada tahun 2017 dengan persentase 38,2 persen. Pada tahun 2018 *Top Brand Indeks* (TBI) merek sepatu adidas mengalami penurun menjadi 37,6 persen, pada tahun 2019 kembali mengalami penurunan menjadi 37,0% dan pada tahun 2020 mengalami kenaikan menjadi 38,6%

Rofiq (2010:45) dalam hasil penelitiannya menyatakan bahwa: *event marketing* berpengaruh terhadap jumlah pengunjung. Dengan demikian dapat disimpulkan bahwa *event marketing* dapat digunakan sebagai cara untuk menarik pelanggan untuk hadir di tempat dimana suatu produk itu dijual.

Adi Santoso (2016) dalam penelitiannya menyatakan bahwa: Kualitas produk merupakan totalitas fitur dan karakteristik yang yang mampu memuaskan kebutuhan, yang dinyatakan maupun tidak dinyatakan, kualitas mencakup pula daya tahan produk, kehandalan, ketepatan, kemudahan operasi dan perbaikan, serta atribut-atribut nilai lainnya.

Menurut Vika Yulia Sari (2017) dalam penelitiannya menyatakan bahwa: Kesadaran merek adalah kesanggupan seorang calon pembeli untuk mengenali atau mengingat kembali bahwa suatu merek merupakan bagian dari kategori produk tertentu.

Jadi berdasarkan latar belakang, penelitian ini akan dilakukan judul sebagai berikut "Pengaruh Event Pemasaran Terhadap Kesadaran Merek Melalui Kualitas Produk Sebagai Variabel Mediasi Pada Produk Merek Sepatu Adidas".

2. Permasalahan

Data dan fakta yang melatarbelakangi masalah di atas, maka penulis merumuskan masalah adalah:
a. Apakah event pemasaran berpengaruh terhadap kesadaran merek?
b. Apakah event pemasaran berpengaruh terhadap kualitas produk sebagai variabel mediasi?
c. Apakah kualitas produk sebagai variabel mediasi berpengaruh terhadap kesadaran merek?
d. Apakah kualitas produk sebagai variabel mediasi mempengaruhi antara kualitas produk terhadap kesadaran merek?

3. Metode Penelitian

Metode peneltian: Penelitian ini merupakan penelitian deskriptif kuantitatif, data yang diperoleh dari sampel penelitian dianalisis sesuai dengan metode statistik yang digunakan kemudian diinterpretasikan. Sampel dalam penelitian ini adalah konsumen merek sepatu adidas yang berjumlah 60 orang. Analisis data dilakukan dengan menggunakan metode *Structural Equation Modeling* (SEM).

II. PEMBAHASAN

1. Pengaruh Even Pemasaran terhadap Kesadaran Merek

Nilai p value pengaruh variabel even pemasaran terhadap kesadaran merek (EP → KM) sangat signifikan (p value = ***) dengan cr bertanda negatif sebesar 6,194. Oleh karena nilai p value yang diperoleh > 0,05 dan cr bertanda positif > 1,96 maka Ho dittolak dan disimpulkan bahwa even pemasaran berpengaruh positif dan signifikan terhadap kesadaran merek. Hal ini menunjukkan bahwa semakin tinggi even pemasaran, maka semakin tinggi kesadaran merek, begitu sebaliknya.

Berdasarkan analisis data deskriptif statistic total rata-rata nilai variabel event pemasaran sebesar 2,85 termasuk dalam kategori cukup rendah.

Adidas mencoba untuk memperkenalkan produk berjenis sepatu olah raga melalui strategi pemasaran event. Hal ini sesuai dengan menurut Y. Koh and Jackson (2006) event sebagai sarana untuk memperkenalkan citra merek dengan produknya secara langsung, karena dapat berinteraksi langsung dengan konsumen. Jadi adidas berusaha agar kesadaran merek dapat diketahui dan diingat oleh konsumennya secara langsung sehingga sepatu adidas menggunakan event sebagai strateginya. Dalam ndahmemperkenalkan produknya, adidas tidak hanya melakukan penjualan produk secara langsung namun juga melakukan beberapa pertunjukan dan permainan sehingga tercipta suatu emosi positif dibenak konsumen yang bertujuan terciptanya gambaran mengenai produk sehingga produk sepatu adidas mudah diingat.

Menurut Julie Z. Sneath (2008) menjelaskan mengenai pengaruh pemasaran event terhadap variabel citra merek bahwa event bukan hanya berarti penjualan saja, namun juga mampu meningkatkan citra merek suatu perusahaan. dapat dikatakan bahwa dengan adidas melakukan suatu event, adidase tidak hanya meningkatkan jumlah penjualan namun juga meningkatkan kesadaran merek dibenak konsumen.

Menurut Jan Dregner (2008) menjelaskan bahwa kuatnya pengalaman yang dirasakan selama mengikuti event menyebabkan kuatnya emosi yang dirasakan peserta, sehingga menciptakan image event yang positif. Dalam menciptakan suatu event adidas membuat acara yang mampu menarik minat konsumen untuk datang dan menyebabkan konsumen merasakan pengalaman tersendiri setelah mengikuti kegiatan event sehingga dari pengalaman tersebut tercipta image positif mengenai produk sepatu adidas.

2. Pengaruh Even Pemasaran terhadap Kualitas Produk

Nilai p value pengaruh variabel motivasi terhadap kepuasan kerja (EP → KP) sangat signifikan (p value = ***) dengan cr bertanda positif sebesar 7,829. Oleh karena nilai p value yang diperoleh > 0,05 dan cr > 1,96 maka Ho ditolak dan disimpulkan bahwa Even Pemasaran berpengaruh positif dan signifikan terhadap kualitas produk. Hal ini menunjukkan bahwa semakin tinggi even pemasaran, maka semakin tinggi kualitas produk, begitu sebaliknya.

Promosi merupakan faktor penentu dalam membangun brand image dan juga penyokong dari penjualan perusahaan. Hal tersebut dikarenakan brand image merupakan suatu persepsi yang dimunculkan oleh konsumen yang nantinya akan mempengaruhi apakah konsumen akan membeli atau tidak produk dari perusahaan.

Event memiliki pengaruh yang besar karena keterlibatan customer didalamnya. Sebelumnya event dianggap sebagai pelengkap kegiatan komunikasi lainnya karena perusahaan masih banyak mengandalkan kegiatan pemasangan iklan pada media massa.

Agus Hermawan (2013:38), mengemukakan pengertian event pemasaran adalah salah satu prioritas dari kegitan pemasaran yang diberitahukan kepada konsumen bahwa

perusahaan meluncurkan produk baru yang menggoda konsumen untuk melakukan kegiatan pembelian.

Penelitian yang dilakukan Annisa Muslim (2013), dengan judul penelitian: Pengaruh Event Marketing Dan Product Quality Terhadap Brand Awareness Pada Produk Plester Luka Nexcare. Dimana hasil penelitiannya menyatakan: variabel event marketing berhubungan positif dan signifikan dengan product quality.

3. Pengaruh Kualitas Produk terhadap Kesadaran Merek

Nilai p value pengaruh variabel kepuasan kerja terhadap *turnover intention* (KP → KM) sangat signifikan (p value = ***) dengan cr bertanda negatif sebesar 5,484. Oleh karena nilai p value yang diperoleh > 0,05 dan cr bertanda positif > 1,96 maka Ho dittolak dan disimpulkan bahwa kualitas produk berpengaruh positif dan signifikan terhadap kesadaran merek. Hal ini menunjukkan bahwa semakin tinggi kualitas produk, maka semakin tinggi kesadaran merek , begitu sebaliknya.

Berdasarkan analisis data deskriptif statistic total rata-rata nilai variabel kualitas produk Kualitas Produk yaitu sebesar 3,72 termasuk dalam kategori tinggi.

Suatu perusahaan dapat bersaing diperlukan suatu strategi dengan menciptakan produk yang berkualitas. Produk yang berkualitas diharapkan dapat memicu keinginan konsumen untuk melakukan pembelian yang kemudian dapat menimbulkan rasa puas setelah menggunakan produk tersebut. Karena apabila konsumen merasa puas, konsumen akan melakukan pembelian kembali atas produk yang sama. Selain dengan menggunakan produk, perusahaan juga perlu mengenalkan merek yang digunakan, agar para konsumen memiliki kesadaran merek. Kesadaran merek merupakan suatu awal pengenalan konsumen terhadap produk sebelum mereka (konsumen) melakukan pembelian serta menggunakan produk yang dibelinya dan timbul rasa puas setelahnya.

Menurut Simamora (2013) kualitas produk adalah kemampuan suatu produk untuk memenuhi fungsi - fungsinya. Suatu produk memiliki kualitas apabila sesuai dengan standar kualitas yang telah ditentukan.

Penelitian yang dilakukan Annisa Muslim (2013) dengan judul penelitian: Pengaruh Event Marketing Dan Product Quality Terhadap Brand Awareness Pada Produk Plester Luka Nexcare. Dimana hasil penelitiannya menyatakan: variabel product quality berpengaruh secara positif dan signifikan terhadap brand awareness.

4. Kualitas Produk Sebagai Variabel Mediasi Mempengaruhi Antara Kualitas Produk Terhadap Kesadaran Merek

Berdasarkan hasil uji Sobel, diperoleh nilai p value sebesar 0,000 dan T statistik sebesar 4,528. Oleh karena p value yang diperoleh > 0,05 dan T statistik > 1,96 maka Ho ditolak dan disimpulkan bahwa kualitas produk secara signifikan dapat memediasi pengaruh tidak langsung variabel even pemasarani terhadap kesadaran merek.

Berdasarkan analisis data deskriptif statistic total rata-rata nilai variabel kesadaran merek yaitu sebesar 3,81 termasuk dalam kategori tinggi.

Salah satu cara yang efektif dalam menyampaikan pesan sebuah brand adalah dengan mengajak customer dan potential customer untuk terlibat dalam sebuah event yang diselenggarakan oelh perusahaan. *Event marketing* adalah suatu bentuk promosi yang dilakukan dan di desain untuk menarik perhatian dan melibatkan suatu merek dengan cara melakukan kegiatan dalam bentuk suatu kebudayaan, olahraga, sosial.

Kotler & Keller (2009) menjelaskan bahwa *event marketing* adalah sebuah kegiatan yang disponsopri atau diselenggarakan oleh perusahaan untuk menciptakan suatu interaksi terkait dengan merek.

Kesadaran merek merupakan langkah awal bagi setiap konsumen terhadap setiap produk atau merek baru yang ditawarkan melalui periklanan. Aspek paling penting dari brand awareness adalah bentuk informasi dalam ingatan di tempat yang pertama.

Menurut Rossiter dan Percy dalam Mila (2014) konsep kesadaran merek yaitu kemampuan pembeli untuk mengidentifikasi (mengenal atau mengingat) suatu merek yang cukup detail untuk melakukan pembelian.

Kualitas merupakan totalitas fitur dan karakteristik yang yang mampu memuaskan kebutuhan, yang dinyatakan maupun tidak dinyatakan, kualitas mencakup pula daya tahan produk, kehandalan, ketepatan, kemudahan operasi dan perbaikan, serta atributatribut nilai lainnya.

Menurut Handoko (dalam Nirma Kurriwati, 2015) bahwa kualitas produk adalah suatu kondisi dari sebuah barang berdasarkan pada penilaian atas kesesuaiannya dengan standar ukur yang telah ditetapkan. Semakin sesuai standar yang ditetapkan maka akan dinilai produk tersebut semakin berkualitas.

Penelitian yang dilakukan Annisa Muslim (2013), dengan judul penelitian: Pengaruh Event Marketing Dan Product Quality Terhadap Brand Awareness Pada Produk Plester Luka Nexcare. Dimana hasil penelitiannya menyatakan: variabel event marketing dan product quality berpengaruh secara positif dan signifikan terhadap brand awareness. Berdasarkan analsis keragaman terhadap product quality, terdapat perbedaan keragaman kelompok jenis kelamin dan usia. Sementara itu tidak ditemukan perbedaan keragaman dalam variabel event marketing dan brand awareness.

Penelitian yang dilakukan Mai Ngoc Khuong (2017) dengan judul *The Effect of Event Sponsorship on Customer's Brand Awarness and Purchase Intention–A Case Study of Toyota Vietnam.* Dimana hasil penelitiannya menyatakan: *The empirical results showed that attitude and attention towards the sponsorship indirectly affected purchase intention. The fit of the sponsored events and event involvement both directly and indirectly affected customer's purchase intention. In addition, brand recognition played a meaningful mediation role in the relationship between event sponsorship and customer's purchase intention*

IV. SIMPULAN DAN SARAAN
1. Simpulan
Simpulan yang diperoleh dari hasil penelitian ini adalah sebagai berikut :
a. Even pemasaran berpengaruh positif dan signifikan terhadap kesadaran merek. Semakin tinggi even pemasaran maka kesadaran merek konsumen akan semakin tinggi, begitu sebaliknya.
b. Even pemasaran berpengaruh positif dan signifikan terhadap kualitas produk. Semakin tinggi even pemasaran maka semakin tinggi kualitas produk merek sepatu adidas.
c. Kualitas produk berpengaruh positif dan signifikan terhadap kesadaran merek. Semakin tinggi kualitas produk, maka semakin tinggi kesadaran merek konsumen.
d. Even pemasaran dapat berpengaruh secara tidak langsung terhadap kesadaran merek dengan dimediasi oleh kualitas produk. Even pemasaran yang tinggi akan meningkatkan kualitas produk merek sepatu adidas sehingga keinginan konsumen untuk membeli semakin tinggi.

2. Saran

a. Bagi Perusahaan

   (1) Untuk meningkatkan kualitas produk agar kesadaran merek konsumen lebih baik lagi untuk membeli produk sepatu adidas.

   (2) Lebih meningkatkan even pemaasaran agar kesadaran merek konsumen lebih baik lagi dan dapat membeli produk sepatu adidas .

b. Bagi Penelitian Selanjutnya

Penelitian selanjutnya sebaiknya dapat menggunakan model penelitian yang berbeda dengan penelitian ini, yaitu dengan melakukan pengembangan model yang telah digunakan dalam penelitian ini. Hal inidapat dilakukan dengan melibatkan variabel di luar variabel yang telah diteliti dalam penelitian ini.

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CEO TENURE AND EARNING MANAGEMENT (EMPIRICAL STUDY ON MANUFACTURING COMPANIES LISTED ON THE INDONESIAN STOCK EXCHANGE)

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Abstract

The action raises earnings management accounting reporting scandal in the business world. Research on management of profit made by the CEO at the beginning of the year working period and at the end of his tenure is comprehensive regarding the CEO incentive to undertake earnings management. Several previous studies have focused on the accrual-based earnings management techniques. But in this study earnings management is also measured by the real earnings management to get more comprehensive results. This study predicts that the CEO in the early years of operation will increase the earnings management earnings (income-increasing) which can be explained by the theory of career concerns.

Keywords: Accrual earnings management, real earnings management, the CEO of the early, late CEO, career concern theory

Introduction

The company is said to have a good performance when generating large profits and stock prices are high (Adiasih and Kusuma, 2011). When the CEO of serving stakeholders expect the company's performance is increasing from year to year, it sort of is what drives the main director to present the company's financial statements as possible. Scott (2000) states in general management compensation awarded based on two measurements of the management performance corporate profits and stock prices. Based on these two measurements is the case then the era of the relationship between compensation Executif Chief Officer (CEO) and earnings management. Research on management of profit made by the CEO at the beginning of the year working period and at the end of his tenure is comprehensive regarding the CEO incentive to undertake earnings management. Davidson et al. (2007) and Kalyta (2009) found that CEO at the end of his tenure will perform earnings management increase profits when retiring CEO was based on the company's performance. Several previous studies have focused on the accrual-based earnings management techniques. But in this study earnings management is also measured by the real earnings management to get more comprehensive results.

Right Issue

Earnings management actions cause scandal in business accounting reporting, including Enron, Merck, World Com and other companies in the United States (Cornett, et al. 2006). The same thing happened in Indonesia, namely earnings management conducted by PT Garuda Indonesia Tbk (GIAA) to the financial statements in 2018. In those statements, PT Garuda Indonesia (Persero) Tbk posted net income of USD809,85

thousand or equivalent Rp11,33 billion (assuming an exchange rate of Rp14,000 per US dollar). This figure rose sharply compared to 2017 a loss USD216,5 million. However, these financial statements polemical, because two commissioners Garuda Indonesia namely Tanjung and Dony Chairal Oskaria (currently not served), consider the financial statements of 2018 Garuda Indonesia is not in accordance with Statement of Financial Accounting Standards (SFAS). Financial statement manipulation case also happened in PT Kimia Farma Tbk. Based on the results of Bapepam (Capital Market Supervisory Agency, 2002), obtained evidence that there are misstatements in the financial statements of PT Kimia Farma Tbk, Former directors of PT Kimia Farma Tbk. has proved to have violated in the case of suspected inflation (mark-up) net profit in the financial statements of the state-owned company for the financial year 2001. The same case also happened in PT. Indofarma Tbk. Based on the results of inspection by Bapepam to PT. Indofarma Tbk. (Capital Market Supervisory Agency, 2004). Previous research predicts that the new CEO would do to lower earnings management earnings (income-decreasing), which can be explained by the big bath theory (Murphy and Zimmerman 1993; Wells 2002; Adiasih and Kusuma 2011; Bornemann et al. 2015). However, this study predicts that the CEO in the early years of operation will increase the earnings management earnings (income-increasing) which can be explained by the theory of career concerns. To test whether the CEO at the beginning of his tenure will perform earnings management that increase profitability, the study did not consider the transition to avoid lowering the earnings management earnings (taking a bath). Thus, this study contributes to closing the gap in the research literature.

Literature Review
Agency Theory
Conflicts of interest between agent and principal in achieving the prosperity that pleases called agency problem (agency problem). The agency problem may occur due to the asymmetry of information between owners and managers. This information asymmetry occurs when managers have the company's internal information that is relatively more and get relative information faster than external parties, such as investors and creditors. These conditions provide an opportunity for managers to use the information learned to manipulate financial reporting in an effort to maximize their own welfare (Richardson, 1998). As a rational man, the agent put his interests (without taking into account the interests of the principal), for example, by manipulation of the income statement.

Career Concern
Managerial labor market may trigger the CEO to perform their best performance since the labor market performance of the company's managerial using renew belief in the ability of the CEO and to determine the salary opportunities in the future (Gibbons and Murphy 1992). Because of concerns over his career, the new CEO served as likely to make a profit to secure a management position (Bornemann et al. 2015) and to revise the perception of market participants on the ability of the CEO (Holmstrom 1999).

Earning Management
Earnings management financial statements prepared for the purpose of providing information on the company's financial position, performance and changes in financial position that is useful to financial statement users in making economic decisions (IAS, 2009). Based on this statement can be described that the financial report is a communication tool that is used as a liaison between the parties that have an interest in the company. The financial statements as well as a tool for managers to take

responsibility for the management of the resources entrusted to them (Adiasih and Kusuma, 2011).

Discretionary Accrual

Discretionary accrualis a way to decrease or increase the earnings reporting difficult to detect through the manipulation of accounting policies relating to accruals, such as raising the cost of amortization or depreciation, recorded a great obligation to the price cuts, and record inventory obsolete. While accrual itself are all events that are operational in a year that does not affect the cash flow. In other words, the difference between the total accrual of income to cash flows from operating activities of the company. Total accruals are divided into two parts, namely the accrual that is naturally present in the financial statements referred to non-discretionary accruals and accrual is part of the data manipulation is called discretionary accrual accounting.

Earnings Management Through Real Activities

According to Roychowdhury (2006) earnings management is generally done in two ways: accrual earnings management and real earnings management. Several previous studies have focused on the accrual-based earnings management techniques. However, empirical evidence suggests that there is a shift in the way in which the management to manage earnings. Cohen and Zarowin (2008) states that the manager has shifted away from accrual earnings management leading to earnings management through real activities after the period of the Sarbanes Oxley Act (SOX).

Work Period (Tenure) Chief Executive Officer (CEO)

Tenure CEOs are intended in this research is the life of the Chief Executive Officer (CEO). CEO tenure in Indonesia itself based on the policy of each company. As CEO or president of the company on average 3-5 years, if there is no one thing that causes premature CEO dismissed as an example: the CEO of poor performance led to CEO was dismissed early by the company. This study tries to analyze the presence or absence of earnings management beginning or the end of the tenure of CEO tenure CEO.

Effect of CEO Tenure in Early Years Of Work Period Accrual and Real Earnings Management

CEO Early Years and Profit Management CEO in the early years of operation will try harder to show the best performance because of concerns about his career. Reputation CEO essence is the assessment of the ability of market participants and CEO, but it is not easy to directly measure the ability of the CEO. Therefore, the length of the CEO office is one measure of the ability of the CEO (Milbourn, 2003).

H1: CEO would be more aggressive use of earnings management by discretionary accrual proxy that increase profitability in the early years of operation than in the coming years tenure.

H2: CEO would be more aggressive use proxies of earnings management with abnormal discretionary expenses that increase profitability in the early years of operation than in the coming years tenure.

Effect of CEO at Year-End Work Period Accrual Of Earnings Management and Real

CEOs are nearing the end of retirement will try to increase profit in order to increase the compensation, pension funds (Kalyta 2009; Davidson et al. 2007). The lower the risk will be borne by the CEOs nearing retirement may be detected using aggressive earnings management (Zhang 2009). Furthermore, Reitenga and Tearney (2003) found that CEOs earning management that increase profitability at the approach end of

retirement in order to increase the probability served as a board of directors when the CEO retired. Based on the foregoing, the hypothesis is:

H3: CEO at the end of his tenure will be more aggressive use of earnings management by discretionary accrual proxy to increase profits.

H4: CEO at the end of his tenure will be more aggressive use proxies of earnings management with abnormal discretionary expenses to increase profit.

Discussion

Ali and Zhang (2015) argued that the CEO will have more incentive to manage earnings that increase profitability (income-increasing) in the early years of operation of the in coming years tenure. Research on management of profit made by the CEO at the beginning of the year working period and at the end of his tenure is comprehensive regarding the CEO incentive to undertake earnings management. Davidson et al. (2007) and Kalyta (2009) found that CEO at the end of his tenure will perform earnings management increase profits when retiring CEO was based on the company's performance. Several previous studies have focused on the accrual-based earnings management techniques. But in this study earnings management is also measured by the real earnings management to get more comprehensive results.

Conclution

Previous research predicts that the new CEO would do to lower earnings management earnings (income- decreasing), which can be explained by the big bath theory (Murphy and Zimmerman 1993; Wells 2002; Adiasih and Kusuma 2011; Bornemann et al. 2015). However, this study predicts that the CEO in the early years of operation will increase the earnings management earnings (income-increasing) which can be explained by the theory of career concerns. To test whether the CEO at the beginning of his tenure will perform earnings management that increase profitability, the study did not consider the transition to avoid lowering the earnings management earnings (taking a bath). Thus, this study contributes to closing the gap in the research literature.

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ANALYSIS OF ROBUSTA COFFEE DEVELOPMENT IN WAY KANAN REGENCY (STUDY ON ROBUSTA COFFEE PRODUCTION EFFICIENCY)

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Abstract

This study aims to determine the level of production efficiency of people's coffee plantations in Banjit District, Way Kanan Regency. The method used in this research is a case study. Respondents consisted of red- picked coffee farmers and random-picked coffee farmers. The research was conducted in three villages in Banjit district, namely Juku Batu Village, Menanga Siamang Village and Rantau Temiang Village, Banjit District, Way Kanan Regency. Determination of the location of the study was carried out purposively with the consideration that Banjit district is a district that has the largest commodity-producing potential in Way Kanan Regency. In addition, Banjit district has the production of red-picked and random-picked coffee commodities. The results showed that the production efficiency level of red-picked coffee was on average 0.814 while random-picked coffee was 0.680. Cost Benefit Analysis from the results of the study, namely the efficiency level of red-picked coffee farmers is more profitable than random-picked coffee farmers.

Keywords: Efficiency, Random-Picked Coffee, Red- Picked Coffee, Robusta Coffee.

I. INTRODUCTION

Lampung Province is one of the largest coffee producers in Indonesia, the history and development of Lampung coffee has made Lampung coffee become a major commodity with a distinctive taste, large production (export scale) of 4,011 tons, to several Asian and European countries. Moreover it becomes a livelihood for the community as a whole so it should be maintained and more efficient in its management.

Based on five-year average data (2013-2017), the average people's coffee production in Lampung Province is 109,949 tons or contributes 24.34 percent of all coffee production in Indonesia. The center of the highest coffee production is in the province of South Sumatra, about 121.25 tons per year. While other provinces contribute 26.33 percent to Indonesia's coffee production (Directorate General of Plantations, 2017).

As one of the largest robusta coffee production centers in Indonesia, the average robusta coffee productivity in Lampung Province is 830.62 kg/ha with aland area of 137,875 ha. Meanwhile, South Sumatra Province has an average production of 592.50 kg/ha with a land area of 206.018 ha. This shows that land area is not the only main

factor of production, so Lampung Province has the potential to be able to make a major contribution to increasing robusta coffee production in Indonesia.

The distribution points of coffee plantations in Lampung are still dominated by the four main coffee- producing districts. Among them are West Lampung, Tanggamus, North Lampung, and Way Kanan Regencies. From the four main areas in Lampung Province, the authors chose Way Kanan Regency as the research area because this area is one of the potential coffee-producing areas in Lampung but its production level is still relatively lower than other districts. In addition, the possibility of a technology spill offer is greater from the Province of South Sumatra and West Lampung Regency compared to other coffee-producing areas.

Based on the background above, the research question is "Is the development of Way Kanan Robusta Coffee efficient?". This has attracted researchers to raise the issue of coffee in Way Kanan Regency in terms of production efficiency.

II. RESEARCH METHOD

This research uses case study method. The study was conducted in three villages in Banjit District, namely Juku Batu Village, Menanga Siamang Village and Rantau Temiang Village, Banjit District, Way Kanan Regency in 2017. The determination of the location of the study was carried out purposively with the consideration that Banjit district is a district that has the potential to produce the largest commodity in Way Kanan Regency. In addition, Banjit district has the production of red-picked and random-picked coffee commodities. Respondents consist of red-picked coffee farmers and random-picked coffee farmers with a total sample of 208 respondents.

The data collected in this study are primary data and secondary data. Primary data are obtained through interviews and observation. The tools used is in the form of questionnaires. Secondary data is obtained from related institutions or agencies such as the Central Bureau of Statistics for Way Kanan, the Plantation Service of Way Kanan Regency and others. The data analysis method used in this study is Data Envelopment Analysis (DEA). The Data Development Analysis method is a non-parametric- based frontier method that aims to measure the efficiency level of decision making units (DUMs).

Data Envelopment Analysis measure the efficiency level by employing input variable and output variable used by the company in producing process. Variable input used in this research are fertilizer cost, medicine cost, labor cost, rental cost, machine cost. Variable output used in this research is total revenue.

III. RESULT AND DISCUSSION

Based on the efficiency measurement using DEA with the CRTS model, it was known that not all coffee farmers have perfectly efficient production levels. This can be shown from the DEA efficiency value which is less than 1 or even below 0.5. The results of the calculation of the CRTS model showed there are 7 respondents who become best practices, namely 1,11,12, 17, 18,19 and 22, while the others have enough efficiency and good efficiency. The average efficiency of red-picked coffee farmers was 0.814 and random-picked coffee farmers was 0.680. It can be said that the efficiency of both coffee was at enough efficiency level.

Based on the results of these efficiency calculations, an analysis of the development of coffee obtained can be developed by considering greater revenue. The results of the study as many as 28 respondents of red- picked coffee can be explained that the production input prices include: fertilizer costs, medicine costs and rental costs were relatively the same while labor costs for maintenance and harvesting were higher because the harvest period was different from random-picked coffee. Then from the analysis of the cost benefits of robusta coffee, it was found that the

B/C ratio for red-picked coffee > 1 and R/C Ratio > 1 while random-picked coffee had B/C Ratio > 1 and R/C Ratio > 1, this means that the level of profit obtained by coffee farmers was getting higher if processing coffee powder.

Analysis of robusta coffee development in Way Kanan Regency based on the results of the study can be viewed from several aspects, namely: aspects of cultivation, marketing, institutional and policy. To maximize the development of coffee farming, efforts should be made to increase knowledge and skills in coffee cultivation. In its implementation, it takes the role of all parties related to the development of coffee farming, activities can be carried out through training and socialization of cultivation techniques that were carried out regularly, conducting comparative studies to coffee- producing areas, participating in coffee exhibitions. In order to see the benefits of implementing the activities that have been carried out, the government was advised to carry out supervision starting from the initial process of cultivation activities to the marketing stage, so that farmers were expected to be able to harvest red-picked coffee and get the appropriate price. Supervision at the marketing stage was carried out to minimize losses obtained by farmers and obtain information disclosure about coffee prices.

IV. CONCLUSION

The efficiency level of red-picked coffee farmers shows a fairly good level of efficiency, this can be seen from the amount of few business units that achieve perfect efficiency or become best practice. By observing the use of input, it found that labor causes large expenditures so that farmers do not want to take risks in maximizing their output into red-picke processing. However compared to random-picked coffee, red-picked coffee had higher selling price in the market because the quality of coffee greatly affects.

The development of the Way Kanan Robusta coffee commodity requires a big role from all parties related to the development of coffee farming so that the benefits of implementing the activities carried out were seen. The government was also expected to be able to supervise starting from the process of cultivation activities to the marketing stage so that farmers can switch from processing random-picked coffee to red-picked in Way Kanan Regency.

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THE INFLUENCE OF TAX AGGRESSIVENESS ON CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

The objective of this research was to analyze the effect of the tax aggressiveness on the corporate social responsibility of the mining companies listed on Indonesia Stock Exchange in the period of 2013 - 2015. The independent variable used in this research was the tax aggressiveness measured by the effective tax rate (ETR); while, the dependent variable used in this research was the corporate social responsibility (CSR). This research used three control variables (return on assets, leverage, and company size). The sampling technique used in this research was a purposive sampling technique so that the sample of this research was all mining companies (27 companies) which had published the annual financial reports in the period of 2013 – 2015. The sample was collected through 81 observations. Data analysis technique used in this research was a multiple linear regression using SPSS version 20. The result of this research showed that (1) the tax aggressiveness and the company size had an effect on the CSR; while, the return on asset (ROA) and leverage had no effect on the CSR.

Keywords: Corporate Social Responsibility, Tax Aggressiveness, ROA, Leverage, Size

Introduction

Disclosure of Corporate Social Responsibility is an obligation for every company regulated in the Law of the Republic of Indonesia No. 40 of 2007 article 74 paragraph 1 concerning "companies which carry out their business activities in the fields and / or relating to natural resources are required to carry out social and environmental responsibilities" and paragraph 3 concerning "companies which do not carry out the obligations referred to in paragraph (1) are subject to sanctions in accordance with the laws and regulations ". In addition to the above law, there is another Investment Law no. 25 of 2007 article 15 (b) states that every investor is obliged to carry out corporate social responsibility and in article 34 it is also stated that companies which do not fulfill the obligations set out in article 15 will be subject to sanctions. The company's activities are basically inseparable from social contracts with the community. Therefore the majority of companies in various parts of the world carry out corporate social responsibility or CSR as a form of caring for the community. Corporate Social Responsibility is defined as a serious effort by business entities to minimize negative impacts and maximize the positive impact of company operations for all stakeholders in the economic, social and environmental sphere to achieve sustainable development goals. This statement is also in accordance with the concept of a triple bottom line (Elkington, 1997) which uses "3P", namely *Profit, People,* and *Planet* where the company will succeed if not only pay attention to profits, but pay attention to people's welfare and care for the environment (Wibisono, 2007).

Riset Issue

Data below is a breakdown of the percentage of CSR disclosures in mining companies in 2010 - 2015,shown in table 1.1 as follow:

Table 1.1
Percentage of CSR Disclosures for the 2009-2013Period

Year	Mining Companies Listed on the Indonesia Stock Exchange	Mining Companies Listed on the Stock Exchange Indonesia that Reveals CSR	Mining Companies Listed on the Indonesia Stock Exchange which Reveals CSR
2009	23	13	56.25%
2010	29	22	75.86%
2011	31	29	93.54%
2012	37	33	89.18%
2013	39	35	89.74%

Source: www.idx.co.id, the data is reprocessed.

From table 1.1 above shows that the CSR report has not been optimally utilized, it is very likely due to the low awareness of the company in expressing social and environmental problems that occur. The low level of corporate awareness to disclose environmental and social problems is due to the present time that social disclosure is a form of voluntary disclosure, so the perception arises that it does not become a problem if a company does not do social disclosure.

Literature Review
Legitimacy Theory

Community legitimacy is a strategic factor for companies in order to develop the company going forward. That, can be used as a vehicle to construct a company's strategy, especially related to efforts to position themselves in the midst of an increasingly advanced community environment (Hadi, 2011).

Stakeholder Theory

Company not merely responsible to the owners (*shareholders*) as has happened so far, but has shifted to a wider extent, namely in the social domain (*stakeholders*), hereinafter referred to as social responsibility (*Social responsibility*). This phenomenon occurs, due to demands from the community due to *negative externalities* that arise and social inequality that occurs (Hadi 2011: 93).

Corporate Social Responsibility (CSR)

General definition according to the World Business Council in Sustainable Development, corporate social responsibility is the commitment of companies to behave ethically and contribute to sustainable economic development by improving the quality of life of employees and their families, local communities and the wider community. With CSR the company is expected to increase attention to the environment, workplace conditions, public company relations, corporate social investment, and a good public image of the company, improve corporate financial performance and access to capital. In its activities each company will interact with its social environment.

Tax Aggressiveness

Hlaing (2012) defines tax aggressiveness as the tax planning activity of all companies involved in efforts to reduce effective tax rates. (in Balakrishnan, et.al. 2011) argues that tax aggressiveness is a more specific activity, which includes transactions whose main purpose is to reduce corporate tax obligations.

Return On Assets (ROA)

Return On Assets according to (On Cash 2012: 201(ROA) is a ratio that shows the results (*returns*) on the amount of assets used in the company. In addition, ROA provides a better measure of company profitability because it shows the effectiveness of management in using assets to earn revenue.

Leverage

Leverage is the amount of debt used to finance / buy company assets. Companies that have debts greater than equity are said to be companies with a high degree of leverage (Fakhrudin, 2008: 109).

Size

size of the company shows the size of the wealth (assets) owned by a company. Measurement company aims to quantitatively distinguish between large companies (large firm) with small companies (small firm) the size of a company that could affect management's ability to operate the company with a variety of conditions faced situaisi (Kris, 2013).

Tax Aggressiveness and Corporate Social Responsibility

Actions to minimize the tax burden or tax aggressiveness among large companies often occur, especially in Indonesia. The company feels burdened by the many burdens borne, for example the case that is currently happening is the company is trying to reduce the burden of corporate CSR by minimizing its tax burden. These actions are basically not in line with community expectations and have a negative impact on society because it affects the ability of the government to provide public goods (Lanis and Richardson, 2013). Based on the description above and the absence of direction consistency clear about the relationship aggressiveness taxes on CSR, then the hypothesis is:

H1:Aggressiveness Tax effect on CSR (Corporate Social Responsibility)

Conclusion

This study aims to determine the effect of aggressiveness taxes on Corporate Social Responsibility (CSR) in mining companies in Indonesia in 2013-2015. Determination of sampling with a purposive sampling method in mining. 27 companies were taken as samples for 3 years of observation. Thus the number of samples used in this study were 81 samples. Based on the results of hypothesis testing using testing tools in the form of SPSS for windows version 20 and the data used in this study are data in the form of financial statements of mining companies published through the Indonesia Stock Exchange website namely www.idx.co.id and ICMD (Indonesian Capital Market Directory) 2013-2015. Based on the results of research and discussion concluded as follows:
1. Tax Aggressiveness affects corporate social responsibility (CSR) in mining companies in Indonesia.
2. Return on assets (ROA) and leverage have no effect on corporate social responsibility (CSR) in mining companies in Indonesia.

3. Size affects corporate social responsibility (CSR) in mining companies in Indonesia.
4. This study uses one independent variable, namely Tax Aggressiveness and three control variables namely, Return On Assets (ROA), Company Size and Leverage.
5. The population in this study uses one type of company, namely Mining Companies that are listed on the Indonesia Stock Exchange.
6. This study uses time series data for three years of annual financial reporting namely,. 2013-2015.

Based on the results of the study as well as matters related to the limitations of the study, there are a number of things that must be considered, namely: 1). The independent variable Tax aggressiveness in this study is expected to be reused in subsequent studies, because this study shows the influence of these variables on Corporate Social Responsibility (CSR); 2). Return on Asset (ROA) and Leverage control variables are expected to be reused in future studies because it does not rule out the possibility for ROA variables to have an influence on Corporate Social Responsibility (CSR); 3). Variable Control The size of the company (Size) in the study is expected to be used again in subsequent studies, because this study shows the influence of Corporate Social Responsibility (CSR); 4). For further researchers, because the variables used in this study are still small, it is hoped that in subsequent studies, it can consider other factors not examined in this study that affect corporate social responsibility (CSR) so that the research model becomes better; 5). In the next research it is expected to use the population of all companies listed on the Indonesia Stock Exchange or use companies other than mining companies so that the research results obtained are better than previous studies; 6). It is expected that further researchers to extend the study period so that the results and obtained better and research results will be consistent with previous studies.

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THE EFFECT OF CORRUPTION PERCEPTION INDEX, DEBT, FOREIGN DIRECT INVESTMENT, BALANCE OF TRADE, AND LABOR ON ECONOMIC GROWTH

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Abstract

Penalitian ini bertujuan untuk menganalisis pengaruh indeks persepsi korupsi, utang luar negeri, neraca perdagangan, foreign direct investment, tenag kerja, dan initial growth terhadap pertumbuhan ekonomi di ASEAN pada tahun 2010-2019. Metode yang digunakan ada fixed effect model. Data terdiri dari data 10 negara ASEAN. Hasil penelitian menujukkan bahwa indeks persepsi korupsi, utang luar negeri, neraca perdagangan, foreign direct investment, tenag kerja berpengaruh signifikan terhadap pertumbuhan ekonomi, sedangkan initial growth menunjukan tanda positif yang artinya terjadi konvergensi pertumbuhan ekonomi. Hal ini menunjukan bahwa beberapa negara yang berkembang telah dapat mengejar ketertinggalan terhadap negara yang sudah maju, dilihat dari sisi perekonomian dan pembangunannya.

Keywords: ASEAN, Indeks Persepsi Korupsi Neraca Perdagangan, Pertumbuhan Ekonomi, , Utang Luar Negeri.

I. INTRODUCTION

In the economic concept, there is a fiscal policy which is the management of the government budget (budget) contained in the state revenue and expenditure budget (APBN) in order to achieve development goals.. In an effort to improve the welfare of the community, the government concerned must carefully process the potential economic capital resources caused by a budget deficit because government spending is greater than government revenues in the form of taxes, fees, and levies obtained by the government (Hyman, 2005).

Weak tax revenue is one of the problems of developing countries (Wibowo, 2008). To meet the needs of government revenues, some countries can rely on natural resources, while for countries that lack have the resources they have must rely on foreign aid. In addition, developing countries still need to build infrastructure for the real sector as well as institutional capacity where the government's role is very important.

Sources of financing originating from debt in covering the budget deficit will affect economic growth (Waluyo, 2006). Debt financing is determined by the needs

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of the government, if debt financing is used for investment, it will have a greater impact on the economy and labor, than it is used to finance government consumption and cover loan principal installments and loan interest. When this condition continues, the tendency will be to increase the budget deficit in the future with debt payments or other government expenditures, so that the use of financing will no longer increase investment in accelerating economic growth.

Modern growth models include endogeneity and externality aspects in the process of economic development. The issue of economic growth is still a topic that is often debated. Although various policies have been carried out to continue to improve it, it is not always successful. The period between 2008-2010 was a period of relatively low economic growth. This was due to the global crisis in 2008. The situation at that time was very unstable, thus reducing economic growth. The same situation is also experienced by countries in the ASEAN region. Economic growth and conditions began to improve after 2010. Countries made adjustments and worked very hard to restore economic stability. In the period after 2010 the economic situation began to improve.

The following is data on the rate of economic growth ASEAN countries 2010-2019:
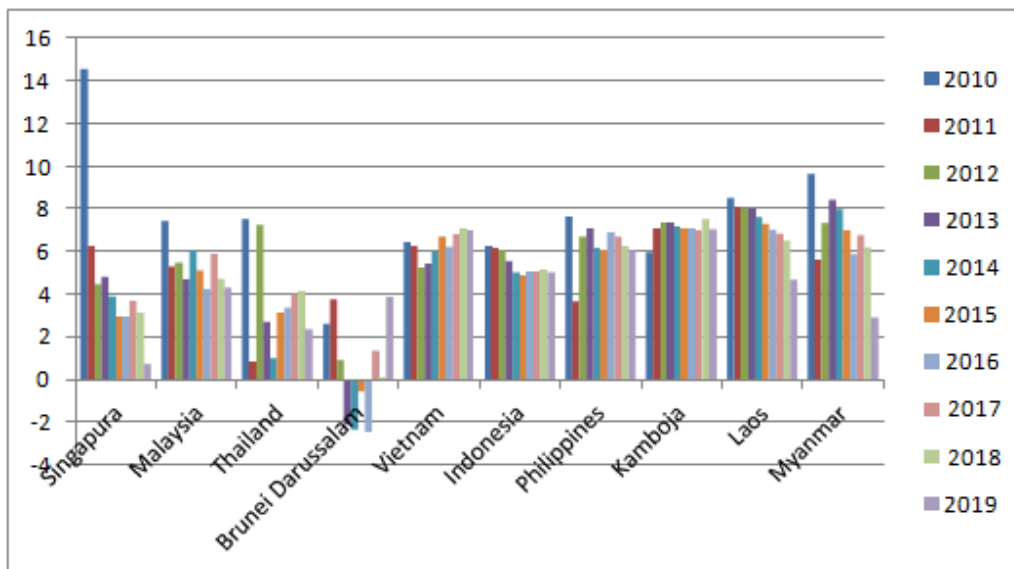
Source: World Bank, 2020

Figure 1. Data on Economic Growth of ASEAN Countries in 2010-2019.

Figure 1 shows that the highest economic growth in 2010 was Singapore, which reached 14.53%. This figure is far above the economic growth of other ASEAN member countries. Meanwhile, the country with the lowest economic growth is Brunei Darussalam, which is 2.60%. In 2019 ASEAN's average economic growth was 5.08%, countries that were above the ASEAN economic growth average were Vietnam (7.08%), Indonesia (5.17%), the Philippines (6.24%) , Cambodia (7.52%), Laos (6.50%), and Myanmar with economic growth of 6.20 percent. Meanwhile, countries that are below the ASEAN economic growth average are Singapore (3.13%), Malaysia (4.72%), Thailand (4.13) and Brunei Darussalam with an economic growth of 0.05 percent.

Economic growth is also influenced by good governance, including controlling corruption. Corruption is still a hot global issue today. Corruption causes losses in various sectors, where the impact suppresses the economic growth of a country (Machmud, 2016). Corruption is the abuse of public office for personal gain and can lead to a high cost economy and hamper economic growth. Economically, the

existence of corruption will disrupt the mechanism of income and wealth transmission, resulting in income inequality and increasing poverty, corruption can also affect innovation and community productivity due to the declining role of productive government which has an impact on economic growth.

The results of the Corrruption Perception Index report survey (2018) noted that the Corruption Perception Index that occurred in ASEAN, namely Malaysia was ranked 3, Indonesia ranked 4, the Philippines 5, Thailand 6, and Vietnam ranked 7. Corruption can occur will affect economic growth, the high level of corruption in a country will lead to a high cost economy that can hamper economic growth. Important corruption in a country can reduce income which also has an impact on decreasing economic growth (Blackburn, Niloy, & Emranul, 2006).

Several studies have shown that corruption occurs mostly in poor and developing countries or occurs in authoritarian leadership styles (Sasana, 2004). Low quality institutions lead to increased corruption, unstable state, poor institutions (Todaro & Smith, 2004). There are many developing countries in the world with a fairly low corruption index value. Some of them are found in the Asian region, especially the ASEAN region. The Corruption Perception Index (CPI) is an indicator of corruption. The Corruption Perception Index uses a scale from 0-100. If the GPA score is close to "0" it means that the level of corruption that occurs in the country is very high and vice versa.

The development of corruption in ASEAN which has fluctuated as follows:
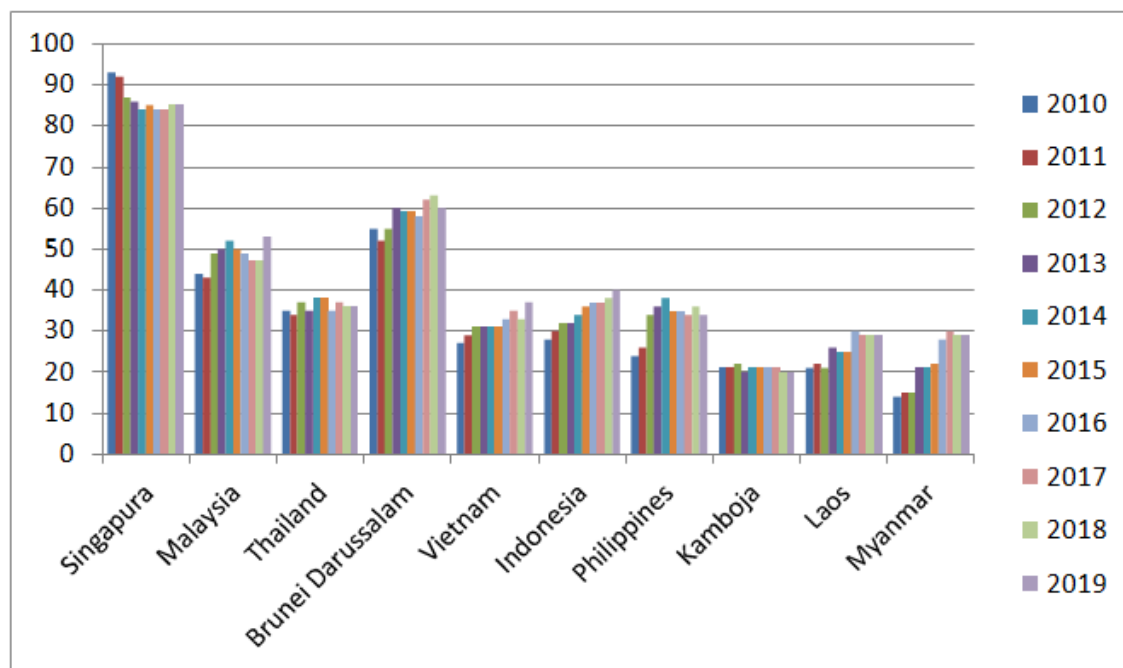
Source: Corruption Perception Index 2020, data processed

Figure 2. Development of the Corruption Perception Index in ASEAN Year 2010 – 2019

Figure 2 shows that the highest Corruption Perception Index occurred in Singapore which reached 85 points in 2018 and the lowest Corruption Perception Index was Cambodia with an index value of 20 points. This illustrates that developed countries have relatively low levels of corruption. Several studies on the corruption perception index on economic growth are described as follows: Boris Podobnik, Jia Shao; Djuro Njavro, & Stanley (2008) on the influence of corruption on economic growth rate which examined 121 countries for the period 1999-2004. The results show that an increase in

the control of corruption or the corruption perception index by one point causes an increase in the GDP per capita growth rate of 1.7%. Specifically in Europe, a one- unit increase in GPA increased GDP per capita growth of 2.4%. Corruption has a negative effect but if the quality of political institutions is low, corruption does not affect growth (Toke Aidt, Jayasri Dutta; Vania Sena, 2008). Meanwhile, Zvika Neeman, M. Daniele Paserman, Avi Simhon (2008) stated that in an open economy, corruption is negatively related to GNP per capita, whereas in a closed economy there is no relationship between the two.

The impact of fiscal policy on economic growth is expected to always be positive, but in theory expansionary fiscal policy is carried out by increasing government spending without an increase in tax sources as the government's main source of finance, resulting in an increase in the budget deficit (Anwar, 2012). Fiscal policy from the demand side, according to the classics, concludes that the budget deficit is financed by by reducing taxes in the present or increasing foreign debt can increase the wealth of economic actors living in the present. This increase in wealth will increase consumption and reduce savings, so that permanent foreign debt can cause private investment to decline (crowding-out). The Keynesian group assumes that a budget deficit can increase income and welfare, as well as consumption in the next turn. The budget deficit financed by debt makes the current tax burden relatively lighter and causes an increase in disposable income (Kopcke, 2006).

Fiscal policy can be said to be sustainable when the amount of public and private debt does not burden the government budget (Marisa, 2015). In addition, the government does not change taxation policies, reduce spending or expenditures, and increase the money supply in the long run. Debt that does not burden the government budget means that the government can maintain its debt ratio so that it does not exceed the existing limits or provisions and the government can also regulate the financing of the debt. Budget deficit financing aims to maintain fiscal stimulus by increasing welfare and supporting tax incentives. Due to the budget deficit, fiscal and private policies in foreign aid as well as domestic assistance assist the implementation of development to overcome the saving gap, loans and investment, Investment is one of the policies in overcoming the budget deficit of state revenues and expenditures (Waluyo,

2006). In this regard, the government must implement investment policies in the public sector, but in fact in some developing and underdeveloped countries a problem occurs, namely where voluntary savings are scarce, consumption levels are high and there is investment in unproductive paths from the people of the country. This is due to the unavailability of capital originating from the government, so that a policy of private investment with investment originating from within the country and abroad is given is called domestic investment and foreign investment (PMA). Both are equally important and affect the economic growth of a country (Mankiw, 2007).

According to the WEF survey (2007), one of the positive impacts of the presence of FDI in ASEAN during the New Order era was the rapid GDP growth, which was on average between 7% and 8% per year which made ASEAN countries with high growth. The role of foreign investment is to cover the foreign exchange gap caused by the deficit in the current account by increasing foreign exchange through exports of Indonesian production abroad, so that it is expected to be a driver of Indonesia's economic growth.

II. METHOD

The data used is panel data using secondary data types, namely data obtained based on information that has been compiled and published by certain

agencies. The data starts from 2010 to 2019 for countries in ASEAN. The number of observations in the study was 100 observations using a combination of time series data and cross section data. The data used in this study are economic growth, corruption perception index, foreign debt, foreign direct investment, trade balance, and labor obtained from the World Bank and Transparency International.

Economic growth data (PE) used is GDP growth data in the form of annual data with percentage figures obtained from the World Bank, corruption data used is annual data in the form of an index obtained from Transparency International, the data used is the ratio of foreign debt to GDP, FDI data used is FDI/GDP ratio data in the form of percent, the trade balance is the difference or difference between exports and imports, labor data used is data on the ratio of labor participation rate to the labor force from the World Bank annually in the form of percent of years 2010–2019.

Data analysis method

The simplest approach in processing panel data is to using the method of ordinary least squares / (OLS) which is applied to data in the form of a pool, often referred to as Pooled Least Square.SalaOne difficulty of the panel data procedure is that it is difficult to meet the assumptions of a consistent intercept and slope. To overcome this, what is done in the data panel is to enter a dummy variable (dummy variable) in this study the dummy variable used is a regional dummy variable used to allow the occurrence of different parameter values both across units (cross sections) and between time (time series). This approach by including dummy variables is known as the fixed effect model or Least Square Dummy Variable (LSDV).

Tothe decision to include a dummy variable in the fixed effect model will inevitably lead to trade offs. The addition of this dummy variable will reduce the number of degrees of freedom, which in turn will reduce the efficiency of the estimated parameters. Panel data models which involve correlations between error terms due to changes in time and different observations can be overcome by using an error component model approach or also known as a random effect model.

Panel Data Regression Model Testing

There are 2 (two) stages in selecting the method in the panel data. First, compare PLS with FEM first. Then the chow test was carried out. If the results show that the PLS model is accepted, then the PLS model will be analyzed. But if the FEM model is accepted, then the second stage is carried out, which is to do another comparison with the REM model. After that, the Hausman test was conducted to determine which method to use, whether FEM or REM.

Classic Assumption Test

Normality test is conducted to test whether in the regression model, the dependent and independent variables have a normal distribution or not. The deviation of the normality assumption will have a smaller effect if the number of samples is enlarged. Heteroscedasticity is a deviation from the assumption of similarity of variance (homoscedasticity) which is not constant, ie the error variance is unequal for each fixed combination of X1, X2,..., Xp. The absence of correlation between the disturbance variables of one observation with another observation is known as autocorrelation which is not in accordance with the classical assumption test. The consequence of this problem is that the estimator of the OLS method is still linear, unbiased but has no minimum variance.

The multicollinearity assumption test is to test whether the regression model found a correlation between the independent variables. If there is a correlation, it is called a multicollinearity problem. The existence of multicollinearity still

produces a BLUE estimator, but causes a model to have a large variance.

Statistical Hypothesis Testing

The t-statistical test was used to test the significance of the estimated coefficient of each independent variable whether it separately had a significant effect on the dependent variable at = 5%. To evaluate the effect of all independent variables on the dependent variable, the F test was used. In this study, in conducting the F test, the researcher used a 95% confidence level with degrees of freedom df 1 = (k-1) and df 2 = (nk), as for the steps in This F test is (Widarjono, 2007):

III. DISCUSSION

Table 4. Chow Test Results

Effects Test	Statistics	df	Prob.
Cross-section Chi-square	24.6715	9	0.0034

Source: Output Eviews 9, appendix 2

Table 4 shows that the value of Prob. Cross-section F of 0.0034 is smaller than the significance level (α) 5 percent, (0.0034 <0.05) then H0 is rejected and Ha accepts so that it can be concluded that the Fixed Effect Model (FEM) method is better than the Fixed Effect Model (FEM) method. Common Effect Model (CEM) to analyze the data in this study.

Table 5. Hausman test results

Test Summary	Chi-Sq. Statistics	Chi-Sq. df	Prob.
Cross-section random	19,9550	6	0.0028

Table 5 shows that the p-value is 0.0028smaller than the significance level of 5% (0.05), it can be concluded that the fixed effect (FEM) method is better used than the random effect (REM) method in this study. After testing to select the best model in the study using the Chow test method, and the Hausman test, it was concluded that the Fixed Effect Model (FEM) was best used in this study compared to the Random Effect (REM).

Based on the regression results with the Fixed Effect Model as Appendix 4, the regression results are as follows.

Table 5. Fixed Effect Model (CEM) results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.2644	1.0126	4.2111	0.0001
IPK	0.0809	0.0238	3.3932	0.0010
ULN	0.0294	0.0144	2.0363	0.0446
NPD	0.0851	0.0288	2.9592	0.0039
FDI	0.1834	0.0406	4.5150	0.0000
KNP	0.8112	0.2792	2.9053	0.0046
ING	0.0373	0.0114	3.2611	0.0002
R-squared	0.5998		F-statistic	8.3915
Adjusted R-squared	0.5283		Prob (F-statistic)	0.0000

Source: Output Eviews 9, appendix 4

Based on Table 6, it shows that all variables have a significant effect on economic growth.

1. Constant coefficient of 4.2644, this shows that if all the independent variables used are equal to 0 (zero), then economic growth in ASEAN 4.3458 percent.
2. The coefficient of corruption perception index (GPA) is 0.0809, corruption eradication has a positive and significant effect at = 5% (0.05). These results show that if there is an increase in the eradication of corruption by 1 point ceteris paribus, then economic growth will increase by0.0809 percent.
3. The coefficient of foreign debt (ULN) is 0.0294, foreign debt has a positive and significant effect on = 5% (0.05). These results show that if there is an increase in foreign debt of 1 percent ceteris paribus, then economic growth will increase by 1 percent.0.0294 percent.
4. The trade balance coefficient (NPD) is 0.0851, the trade balance has a positive and significant effect on = 5% (0.05). These results show that if there is an increase in the trade balance by 1 percent ceteris paribus, then economic growth will increase by0.0851 percent.
5. The coefficient of Foreign Direct Investment (FDI) is 0.1834, the Foreign Direct Investment variable has a positive and significant effect on = 5% (0.05). These results show that if there is an increase in Foreign Direct Investment of 1 percent ceteris paribus, then economic growth will increase by0.1834 percent.
6. The labor coefficient (TNK) is 0.8112, the trade balance has a positive and significant effect on = 5% (0.05). These results show that if there is an increase in the workforce of 1 percent ceteris paribus, then economic growth will increase by0.8112 percent.
7. The coefficient of initial growth (ING) is 0.0373, the Foreign Direct Investment variable has a positive and significant effect on = 5% (0.05). These results show that if there is an increase in initial growth of 1 percent ceteris paribus, then economic growth will increase by0.0373 percent.

From the results of the tests that have been carried out, it is found that Corruption Perception Index, foreign debt, trade balance, Foreign Direct Investment, employment, and initial growth positive and significant effect on economic growth, this is indicated by the probability value which is smaller than = 5%. Coefficient of determination0.5998 or 59.98%. This shows thatCorruption Perception Index, foreign debt, trade balance, Foreign Direct Investment, employment, and initial growth able to explain 59.98% economic growth, the remaining 40.02% are factors not included in the study.

The study of Boris, Jia, Djuro, & Plamen (2008) examines the influence of corruption on economic growth rate and foreign investment, case studies of 121 countries for the period 1999-2004. The results show that a one-unit increase in corruption control causes an increase in the GDP per capita growth rate of 1.7%. Specifically in Europe, a one-unit increase in corruption control increased GDP per capita growth of 2.4%. Research conducted by Huang (2016) in his research in Asia Pacific countries shows that the impact of corruption is not significant on economic growth, but for South Korea corruption has a positive effect and can increase economic growth.

Foreign debt is a source of financing for the government's budget and economic development. Rachmadi (2013) who concludes that Foreign Debt is able to encourage Economic Growth. Economic sectors that absorb foreign debt are quite high, it is proven that GDP growth continues to increase.This study is in line with Malik and Kurnia (2017) partially the influence of foreign debt, thus there is a significant influence between foreign debt on economic growth. Khair and Rusydi (2016) stated that the foreign debt variable has a positive and significant effect on Gross Domestic Product. This means that foreign debt can increase the value of GDP. The above statement indicates that an

increase in foreign debt will increase GDP. Because to support domestic economic development, the budget deficit used by the government is not able to fully support development financing, therefore the government and the private sector use a lot of foreign debt to support economic development.

An increase in the trade balance will increase economic growth. This indicates that they are still dependent on imported goods, which illustrates the country's independence. Apart from that, the government also often chooses imports as a strategy to fulfill basic needs. Economic conditions that have been more dominant so far are supported by other factors. This indicates that trade between countries and their trading partners makes a major contribution to increasing economic growth.

With the entry of Foreign Direct Investment will cause the transfer of capital, technology, managerial capabilities, and knowledge from developed countries to developing countries. The transfer will stimulate productivity and increase national output which has an impact on increasing economic growth. Research conducted by Alzaidy Ghaith, Mohd Naseem Bin Niaz Ahmad and Hichem and Lassad Ben Dhiab (2018) states that economic openness (trade openness), incoming foreign direct investment (Foreign Direct Investment), domestic investment, government spending, and the workforce have an effect on positive and significant to economic growth in six ASEAN countries. Alzaidy, Mohd & Zakaria (2017) shows that Foreign Direct Investment and government spending have a positive and significant impact on the economic growth of Malaysia.

The results of this study indicate that the labor variable has a positive effect on economic growth according to the theory of total output growth and the theory of Solow-Swan and Levine & Renelt. The rapid increase in the number of workers can also accelerate the growth rate of gross domestic product (GDP) because the workforce is the actor and manager of other production factors so that an increase in the number of workers will have a positive impact on increasing the GDP growth rate.

Initial Growth shows a positive sign which means that there is a convergence of economic growth in ASEAN for the 2010-2019 period. This shows that some developing countries have been able to catch up with developed countries, in terms of their economy and development. This result is also in accordance with research conducted by Levine & Renelt (1992) which shows that initial growth has an effect and has a positive impact on economic growth. This shows that a high convergence speed will increase economic growth.

IV. CONCLUTION

Based on the results of data processing and discussions that have been carried out, it can be concluded that the Corruption Perception Index, foreign debt, trade balance, Foreign Direct Investment, employment, and initial growth have a positive and significant impact on economic growth in ASEAN in 2010-2019. Improvements in eradicating corruption will encourage investors' interest to invest in ASEAN so that it can become a source of capital for economic expansion that can have an impact on increasing economic growth. In an effort to increase economic growth, policy makers need to pay attention to the allocation of funds from debt proceeds, because they can be used for the productive sector so that the results of managing these funds can be used to encourage economic growth.

An increase in the workforce, trade balance and Foreign Direct Investment can encourage an increase in the ASEAN economy, so it is necessary to pay attention to factors that can influence these variables. ASEAN's economic growth has converged, so that income distribution will be easier to do, therefore the government should pay attention to equitable development to encourage higher economic growth.

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INFLATION DETERMINANTS IN ASEAN-5 COUNTRIES

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Abstract

This study aimed to analyze the determinants of inflation in ASEAN-5 countries in 2011-2019. The analysis method used in this study is panel data with a Fixed Random Effect (FEM) approach. The results of this study indicate that the Gross Domestic Product and interest rate partially have a positive and significant effect on inflation in ASEAN-5 countries. However, the export value has a negative and insignificant effect on inflation in ASEAN-5 countries.

Keywords: Inflation, Gross Domestic Product, Exports, Interest Rates, Fixed Random Effect.

INTRODUCTION

Inflation is a monetary phenomenon in which there is a decrease in the value of the monetary unit of calculation for a commodity. Conversely, if what happens is a decrease in the value of the monetary unit for goods or commodities and services, it is defined as deflation (deflation). Referring the book entitled Macroeconomic Theory by (Mankiw 2013) states that the CPI or the Consumer Price Index is an indicator of inflation that describes various sources of price increases for several types of goods and services consumed by the public within a certain time limit. The CPI is defined as the price of a group of goods and services relative to the price of the same group of goods in the base year.

Asean-5 is the five countries, according to IMF, that share the same economic goals, namely inclusive and sustainable economic growth. One of the goals of establishing ASEAN is the realization of economic integration and enhancement of regional competitiveness between the largest countries in the region or what is more commonly referred to as the ASEAN-5 (Indonesia, Malaysia, the Philippines, Thailand, and Vietnam). In this study, the inflation rate from 2015-2019 will be taken to find out how much the inflation rate increases in ASEAN countries:
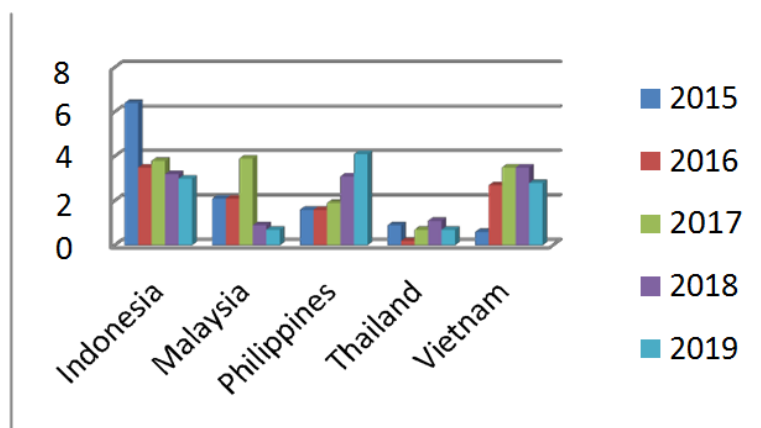
Figure 1. Inflation in ASEAN Countries 2015-2019

It can be seen in Figure 1 that the inflation rate of each country in ASEAN generally fluctuates from year to year, but if calculated on average, Indonesia has the highest inflation rate relative to the other 4 countries, which is calculated on average, which is equal to 3.98%, while the highest inflation rate after Indonesia was Vietnam, which was 2.62%. After that, the next country that was calculated on average was the Philippines at 2.46%, which occupied the next position, namely Malaysia at 1.94%, and The stable inflation from year to year, which is calculated on average is Thailand, which is 0.72%.

Based on the theory of Keynes put forward by (John Maynard Keynes, 1936), where inflation occurs because society wants to live outside the limits of its economic capacity. The process of inflation, according to this view, is nothing but a process of seizing a share of the fortune between social groups who want a larger share than what the community can provide. This seizure process is finally translated into a situation where the public's demand for goods always exceeds the number of goods available (called an inflationary gap).

Factor Gross Domestic Product (GDP) is an indicator of inflation. According to the Keynesian theory, an increase in the expenditure side of GDP will increase the effective demand of society. If the amount of effective demand for commodities increases, at the current price level, exceeds the maximum number of goods that can be produced by society, then an inflationary gap will arise and cause inflation problems. It can also be negatively related.

The following is an illustration of GDP growth data in ASEAN countries from 2015 to 2019, which can be seen in the following table:
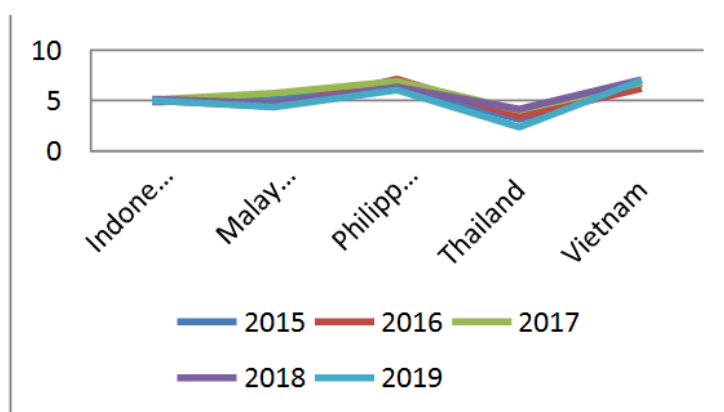

Figure 2.GDP Growth in ASEAN Countries 2015-2019 (in percentage%)

Based on the data above, it can be seen that the GDP per capita inequality in ASEAN is very high. This can be seen from the level of GDP per capita between countries in ASEAN, which is very far, like Vietnam in 2019 at 7.01%, the Philippines has a high GDP per capita of 6.04%, then Indonesia has a GDP per capita of 5.02%, then Malaysia has a GDP per capita of 4.33 % and the smallest GDP per capita in Thailand, namely 2.37%. Thailand became the country with the lowest GDP due to the trade war that occurred in the United States, which resulted in the baht exchange rate strengthening higher than other Asian currencies, thereby reducing the competitiveness of export products. The increasing GDP per capita of a country will be in line with domestic consumption so as to be able to provide relatively high economic growth.

Uyi and Guptan (2019) and Bhat and Laskar (2016) state that GDP has a positive effect on inflation. This also shows that the pattern of GDP behavior has an influence on the rate of inflation. And research by Raju, Manjunath, and Rehaman (2018), GDP and inflation have a positive effect by being influenced by low inflation conditions.

Another factor that affects inflation is the export value factor. A country can export its manufactured goods to another country if these goods are needed by other countries, and they cannot produce these goods, or their production cannot fulfill domestic needs. The thing that must be considered in exporting is the ability of the country to issue goods that can compete in foreign markets. That is, the quality and price of the exported goods must be at least as good as those traded in foreign markets. The taste of the people abroad towards goods that can be exported abroad has a very important role in determining the export of a country. In general, it can be said that the more types of goods that have such features produced by a country, the more exports can be made (Sukirno, 2008).

Based on the 2020 report from (World Bank), the export value of each country in ASEAN is calculated on average to fluctuate from year to year, and the first in Vietnam, which has the highest export value compared to the 4 countries (Indonesia, Malaysia). , Thailand, and the Philippines) which was 13.3%, while the lowest level of export value was Malaysia, namely 2.7%. Based on World Bank data, it can also be seen that the level of export value from each country tends to be different and fluctuates. Therefore, this study wants to prove whether the value of exports has a negative effect on inflation.

Purusa and Istiqomah's (2018) results show that exports and crude oil prices have a positive and significant effect on inflation. However, FDI has a negative and significant effect on inflation. Indonesia, Malaysia, the Philippines, Thailand, and Vietnam will face the AEC, therefore increasing the competitiveness of the production of goods and services must be done to compete and develop the economies of each country and create prosperity in each country. While the research conducted by R. R. Ahmed et al. (2018) this study shows that exports are a contributing factor to inflation, and ironically, Pakistan's exports have continued to decline over the last few years, so the results of this study are true to picture of the Pakistani economic situation. The government should also reduce unnecessary taxes and tariffs on exports and provide favorable incentives for foreign investors to invest locally. Furthermore (Nurul and Tarmizi 2018) explained that this study using time series data for the period 1990-2016 obtained from BPS Indonesia and Bank Indonesia. The data were analyzed using multiple linear regression. The results showed that exports did not affect inflation. In addition, the average export value of Indonesia during this period was higher than the value of imports. The results of this study support previous research by Silvia, Wardi, and Aimon (2013), which states that Indonesian exports do not have a significant effect on inflation.

Inflation is often associated with other economic elements in macroeconomics. One of them is the interest rate. According to Keynes's theory, the interest rate is determined by the demand and supply of money. Many factors determine the

level of interest rates. Not only the debtor's credit score or rating but also depending on supply or demand. When the level of demand for loans is high, and the level of supply is low, the interest rate will be high as well. Conversely, if the level of demand is low and the level of supply of loans is high, the interest rate will be low as well.

Based on the development of the interest rate of each country in ASEAN on average fluctuated from 2015- 2019, but if calculated on average, Indonesia has relatively the highest interest rate compared to 4 other countries, namely 6.3%, while the average rate of Consecutively, the highest interest rate after Indonesia in Vietnam, which is 4.3%. After that, the next country that is calculated on average is the Philippines at 3.8%, which occupies the next position, namely Malaysia at 3.16%, and a stable interest rate from year to year. The average calculated year in Thailand, which is 3.00%. In 2015, Indonesia's interest rate was very high because the focus of Bank Indonesia policy in the short term was directed at steps to maintain the stability of the Rupiah exchange rate, amidst continuing global economic uncertainty, by optimizing monetary operations both on the Rupiah money market and the foreign exchange market.

According to research by Ahmed and Abdelsalam (2017), in Egypt, there is a positive relationship between interest rates and expected inflation because inflation volatility positively affects the interest rate in the first regime, which supports Markowitz's portfolio theory (1952). Dritsaki (2017) also explains that the results of Toda and Yamamoto's causality research seem to show that nominal interest rates have a positive relationship and significantly influence inflation in the three countries studied, whereas inflation only affects interest rates in Germany. On the other hand, Yolanda's research (2017) shows that the BI Rate and Gold Price variables to inflation are negative. These findings indicate that inflation is a disease in the economy of a country that has an impact on all economic activities. A number of other research results state that not all of the variables studied have a significant effect on the inflation rate, meaning that the research cannot be used by the government in determining fiscal and monetary policy.

Several studies that are in line with the topic of this study have been conducted by several researchers such as Chaundhary and Xiumin (2018), Bhat and Laskar (2016), Bala et al. (2017), Purusa and Istiqomah (2018), Nurul and Tarmizi (2018), Hamza Dahiru and ZunaidahSulong (2017), Ahmed and Abdelsalam (2017). Several previous studies have found that GDP, export value, and interest rate have a positive effect on increasing inflation. However, no one has specifically discussed the effect of GDP, exchange rates, and interest rates on inflation in ASEAN-5.

This study tries to analyze the pattern and direction of the causal relationship between exogenous variables that affect inflation in ASEAN countries. The variables used in this study consist of inflation, consumer price index, GDP, export value, and interest rates. This study, using secondary data from the time series 2011-2019 time period. The inflation variable using the consumer price index (CPI) recorded by the World Bank (WB), GDP using growth data (annual%), and the export value using World Bank (WB) data in% units, and interest rates. So this research will discuss the determinants of inflation in ASEAN-5 countries.

RESEARCH METHODOLOGY

This research is quantitative and qualitative research that explains the relationship between secondary data, which has a time series characteristic. The data used in this study is a discussion only within the scope of the determinant of inflation in ASEAN countries. The data used in this study is secondary data obtained from several sources, including the World Bank (WB). Data on all variables to be studied starts from the first

quarter of 2011 to the fourth quarter of 2019.

The model used in this research is the Keynesian Inflation Model, which has been modified to answer the research with the following model:

$$it = \beta 0 + \beta 1\ it + \beta 2\ XRTit + \beta 3\ Tit + \varepsilon t$$

it	= Inflation (%)
it	= Gross Domestic Product (%)
$nXit$	= Export(%)
Tit	= Interest Rates (%)
$\beta 0$	= constant
$\beta 1, \beta 2, \beta 3$	= Independent variable regression coefficient
εit	= error term
I	= sectorunit
T	= sector time

Selection of Best Method for Panel Data Regression

Panel data model analysis is known as three approaches which consist of Common Effect, Fixed Effect, and Random Effects. Furthermore, three stages of testing will be carried out, namely the Chow Test, Hausman Test, and the LM test, to determine the method used.

Classic Assumption Test

Normality test

A normality test is carried out to see whether the independent and dependent variables have a normal distribution or not in the regression model. Residuals are stated to be normally distributed if JarqueBera> chi-squares, and / or probability (p-value)> α = 5% (Gujarati, 2012).

Multicollinearity Test

The multicollinearity test detects whether the data in the regression model used has a relationship between independent variables. The multicollinearity test can be carried out with Auxiliary regression by comparing the partial determination coefficient (r2) with the multiple determination coefficient (R2). If R2 <r2, then the model has a multicollinearity problem, and if R2> r2, then the model is free from multicollinearity problems.

Heteroscedasticity Test

The heteroscedasticity test detects a problem with the unstable homoscedasticity assumption. The regression results will show misleading if the regression model has heteroscedasticity problems (Gujarati, 2012). A heteroscedasticity test is done by comparing Obs * R- Squared with χ2 (Chi-Square) table. If the value of Obs * R- Squared is greater than χ2 table, it is concluded that there is no heteroscedasticity in the model.

Autocorrelation Test

The autocorrelation test can detect whether there is a relationship between residuals in the regression model by using the Breusch-Godfrey Serial correlation LM Test by comparing the Obs * R Square value with the Chi-square value. (Gujarati, 2012)

Statistical Hypothesis Testing
T-test (Partially)
T-test was conducted to detect the partial influence of the independent variable on the dependent variable at the significant level α = 5 percent cateris paribus. In this case, the value between t-count and t-table will be compared with the testing criteria if t table <t statistic, then H_0 is rejected. H_a is accepted. This means that partially the dependent variable regression coefficient has a significant effect on the dependent variable and vice versa.

F Test Statistics
The essence of the statistical F test is to determine the effect of all independent variables on the dependent variable together. The test criteria if F table <F statistic, then H_0 is rejected H_a accepted. This means that the regression coefficient of the independent variables together has a significant effect on the independent variable and vice versa.

Coefficient of Determination (R2)
The coefficient of determination test sees how much influence the independent variable has on the dependent variable used in the study. If the value of R^2 is close to 1, then the independent variable used is able to properly explain the variation of the dependent variable.

RESULT
Classic Assumption Testing
Normality Test
The results of the probability test for normality of 0,939604 are greater than α = 5% (0.05). It can be concluded that the data is normally distributed.

Multicollinearity Test

Tabel 1 Multicollinearity Test Results

	GDP	INXM	INT
LOG(GDP)	1.000000	-0.556021	-0.344484
LOG(INXM)	-0.556021	1.000000	-0.131903
INT	-0.344484	-0.131903	1.000000

From the multicollinearity test, it was found that there were no variables that had an r^2 value greater than R^2 or 0,61. Therefore, it can be concluded that the variables used do not have multicollinearity, or in other words, there is no linear relationship between the independent variables.

Heteroscedasticity Test

Tabel 2 HeteroscedasticityTest Results

Variable	Prob.	Kesimpulan
LOG(GDP)	0.4731	Accept$_0$
LOG(INXM)	0.3147	Accept$_0$
INT	0.8746	Accept$_0$

Table 2 shows that all independent variables have a probability value greater than the value of α = 0,05. This means accepting H_0 and rejecting H_a; it can be concluded that in this study, there is no heteroscedasticity problem in the equation.

Autocorrelation Test

From the test results, the Durbin-Watson stat value is 1.127876, while for the DL = 1,3832 and DU = 1,6662 (n = 45, k = 3 with α = 5%). So that it can be written (4-DW)> DU <DW or 2.872124> 1.6739 <1.127876, it can be concluded that there is no autocorrelation problem.

B. *Statistical Hypothesis Testing*
Partial T-Test

In this study, the t-test was carried out at a 56 percent confidence level (α = 0.05) with an n-k-1 degree of freedom (n = number of observations, k = number of independent variables) or df of 42.

Variabel	t-Statistic	t-Tabel	Prob.	Keterangan
LOG(GDP)	2.629453	2.01954	0.0124	Reject 0
LOG(INXM)	1.144529	2.01954	0.2598	Accept 0
INT	2.766137	2.01954	0.0088	Reject

T-test results show that the gross domestic product and interest rate partially have a positive and significant effect on inflations in ASEAN. However, exports have a negative and insignificant effect on inflation in ASEAN-5 countries.

F-Test Statistics

Based on the calculation results, the f-statistic value is 8.502194, and the f-table value is 3.23. It can be seen that the f-statistic value is greater than the f-table, so Ho is rejected, and Ha is accepted, which means that the gross domestic product, export, and interest rate workforce together have an effect on inflations.

Detemination Coefficient (R^2)

The coefficient of determination is 0.616641 or 61.66%. This shows that the gross domestic product, export, and interest rate is able to explain variations in inflations with actual data of 61.66%, and the remaining 38.34% are factors not included in the study.

CONCLUSION

The results showed that the gross domestic product and interest rate partially at the α level (5%) had a positive and significant effect on inflations in ASEAN countries in 2011-2019. However, exports have a negative and insignificant effect on inflation in ASEAN-5 countries.

SUGGESTION

Macroeconomic factors of a country still must be considered even though the tariff exemption scheme for export and import goods on free trade that occurs in countries has been implemented. Not all of the coefficients of determination in this study have a big influence on the dependent variable. For further research, it is expected to be able to add other macroeconomic indicators such as GDP, interest rate, and others. Further research can add other factors, both internal and external, and increase the number of research observations and also use other methods to see their effect on the inflation rate.

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ANALYSIS OF THE EFFECT OF COVERED AND UNCOVERED SECTOR MINIMUM WAGE POLICIES ON SUMATRA ISLAND

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Abstract

Changes in the minimum wage have benefited some workers but harmed others, namely workers who are vulnerable to changes in labor market conditions, such as female workers, young people and those with low education. The purpose of the study was to determine the magnitude of the effect of the minimum wage, level of education, and age of workers in the covered sector and uncovered sector in rural and urban areas. The research method uses the type of data used is time series data during 2017-2019 and cross section data covering 10 provinces on the island of Sumatra. The variables used are real wages, education level, age, location of residence, Covered sector workers, Uncovered sector workers, and unemployment. The results of the study show that workers with real wages below the minimum wage, with an older age, low education level and living in rural areas are more likely to have the greatest impact. As explained above, the increase in the minimum wage displaces some formal sector workers from shifting to the informal sector, while maintaining income to survive. Workers in the informal sector usually do not get permanent job security, health insurance, and provisions for old age. Workers in the uncovered sector have higher household consumption expenditures than workers in the covered sector. An increase in the workforce in the uncovered sector will cause other problems because the capacity to absorb labor is not limited. The impact that can be caused by this relocation is expected to reduce the income of the uncovered sector workforce. Workers who are looking for work/unemployment will feel the impact caused by an increase in the minimum wage.

Keywords: minimum wage, covered sector, unvocered sector, Sumatra Island

INTRODUCTION

The economic development of a region or a country is basically an interaction of various groups of variables, including human resources, natural resources, capital, technology and others. Therefore, economic development cannot be separated from the role of humans in managing it. It is certain that every worker will achieve the orientation that will be achieved is income, measured by how much the minimum wage is set in each region. The minimum wage is one of the factors that affect the level of income earned by workers, set with the aim that workers can meet the needs of a decent life in the hope of increasing the welfare of workers and encouraging the reduction of poverty. Changes in the minimum wage have benefited some workers but harmed others, namely workers who are vulnerable to changes in labor market conditions, such as female workers, young people and those with low education. This

research was conducted to analyze the economic integration of Indonesia's trade with ASEAN countries using the Economic Gravity model. By looking at the effect of Indonesia's GDP, ASEAN's GDP, Indonesia's population, ASEAN's population, Exchange Rate and Distance to Indonesia's exports to ASEAN from 2009-2019.

Employment conditions on the island of Sumatra in 2017 showed improvement compared to the previous year's period. This development is reflected in the increase in employment in the midst of an increasing number of the workforce. With these developments, the Open Unemployment Rate in 2017 was recorded to have decreased. However, the increase in job supply has not been followed by improvements in productivity. In this study, the authors want to see the distribution of labor across sectors whether there is a change from the impact of changes in the minimum wage in Sumatra. As predicted by the two-sector model, it is possible that an increase in the minimum wage will displace some workers affected by the minimum wage from the covered sector to the uncovered sector (Gindling and Terrell, 2007).

The aims of this research are:
1. To find out the magnitude of the effect of the minimum wage on workers in the urban covered sector?
2. To find out the magnitude of the effect of the minimum wage on workers in the urban Uncovered Sector?
3. To find out the magnitude of the effect of the minimum wage on workers in the rural Covered Sector?
4. To find out the magnitude of the effect of the minimum wage on workers in the rural Uncovered Sector?
5. To find out the magnitude of the influence of the level of education on the workforce in the urban Covered Sector?
6. To find out the magnitude of the influence of the level of education on the workforce in the urban Uncovered Sector?
7. To find out the magnitude of the influence of the level of education on the workforce in the rural Covered Sector?
8. To find out the magnitude of the influence of the level of education on the workforce in the rural Uncovered Sector?
9. To find out the magnitude of the effect of the age of
10. workers on the workforce in the urban Covered Sector?
11. To find out the magnitude of the effect of the age of workers on the workforce in the urban Uncovered Sector?
12. To find out the magnitude of the effect of the age of workers on the workforce in the rural Covered Sector?
13. To find out the magnitude of the effect of the age of workers on the workforce in the rural Uncovered Sector?

RESEARCH METODHOLOGY
Data Types and Sources

This research is a quantitative descriptive study that tests theory by measuring research variables with numbers and analyzing data using statistical procedures. Quantitative analysis was conducted to determine the effect of changes in the minimum wage for employment in the Covered sector and the Uncovered sector in the Province of Sumatra Island. Descriptive analysis is used to describe how the influence and impact of these variables on employment status by using the SPSS 25 analysis tool. The type of data used is time series data during 2017-2019 and cross section data covering 10 provinces on the island of Sumatra. The variables used are real wages, education level, age, location of residence, Covered sector workers, Uncovered sector workers, and unemployment. (Widarjono, 2013).

Research Model

This study has three categories of dependent variables, the meaning of the ordinal regression equation model formed is as much as J-1 (3-1) multinominal regression which is formed as follows:

1. $\text{Ln}\left(\dfrac{P\ (U\ \square\ \square\square\ \square\square r\square\square\ )}{P\ (\square\square\square\square\square\square\square y\square\square\square\square)} \right)$ = α + rill wage + age + location + education

2. $\text{Ln}\left(\dfrac{P\ (C\square\ \square\square r\square\square\ )}{P\ (\square\square\square\square\square\square\square y\square\square\square\square)} \right)$ = α + rill wage + age + location + education

Significance Test of Independent Variables on Dependent Variables

1. Concurrent Parametric Test

This test is used to determine whether real wages, education level, age, and location of residence together affect the employment status of workers, by comparing the calculated chi-square and the chi-square table. Hypothesis formulation:

H0 : None of the independent variables statistically significant influence the dependent variable.

H1 : There is at least one independent variable that statistically affects the dependent variable.

Testing Criteria   : $G^2 > X^2\ (\alpha; df\ )$

$P\text{-value} < \alpha$

2. Partial Test

This test is used to determine whether real wages, education level, age, and location of residence affect the employment status of workers, by comparing the P-value with a level of 0.05%. Hypothesis formulation:

H0 : I = 0 (the logit coefficient is not significant to the model).

H1 : i 0 (The logit coefficient is significant to the model). Test criteria: P-value < = 0.05 percent

3. Odds Ratio

The interpretation of ordinal logistic regression can be explained by the odds ratio. Odds is a way of presenting probability that explains the probability that the event will occur divided by the probability that the event will not occur (Nugraha, 2012). Odds are the ratio of the probability of success (π) to the probability of failure (1-π). The odds value is positive.

$$0\ odds\ \square\ \ \ \square\square$$

The value of Odds ratio (dapat) can be used to explain the strength of the association of two variables. When X and Y are independent, 1 = 2 , so the value of Odds 1 = Odds 2 and the odds ratio (ψ) is 1 (Nugraha, 2012). For example, if the odds ratio (ψ) = 4, it means that the chances of success are four times for one failure. The estimator for the odds ratio in ordinal logistic regression is given as follows:

$$\square\ \ \square\quad \exp\ \square\square\ \square$$

where j: Estimated value for parameter j.

4. Model Summary

In logistic regression, there is no R2 as there is in linear regression. There are several steps that are intended to emulate R2 analysis. In logistic regression analysis, R Square is referred to as Pseudo R Square. The interpretations of R Square and Pseudo R Square are not the same, but the deviation can be considered as a measure of how poorly the model fits (lack of fit between observed and predicted values) (Newsom, 2015).

RESULT
Model Fit Test

This test is determined by taking into account the magnitude of the coefficient of determination to see how much the diversity of the dependent variable data is able to explain the diversity of the independent variable data, seen from the value of the coefficient of determination Pseudo R- square.

Table 1. Pseudo R-Square	
Cox and Snell	,233
Nagelkerke	,264
McFadden	,124

The results of the Pseudo R-Square Nagelkerke value of 0.264 which indicates that the diversity of the independent variable data in the study is able to explain the diversity of the dependent variable data by 26.4 percent while the rest is explained by other independent variables outside the research model.

Test the Significance of Independent Variables on Dependent Variables
Concurrent Parameter Test

In the test using the Model Fitting Information as follows:

Model	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	61129,778			
Final	1225,342	59904,436	8	,000

The real level (α) = 5 percent, df : 8, the chi-square table value is 15.5073, The estimation results obtained chi-square count of 599904.4 > chi-square table 15.5073 so that Ho is rejected and P-value is 0.000 <0.05 so Ho is rejected, so there is at least one independent variable that affects the dependent variable.

Partial Test

Based on the test results using SPSS software, the test results obtained to see the relationship between the dependent and independent variables are as follows:

Effect	Model Fitting Criteria	Likelihood Ratio Tests		
	-2 Log Likelihood of Reduced Model	Chi-Square	df	Sig.
Intercept	1225,342[a]	,000	0	.
Rill wage	38569,092	37343,751	2	,000
Age	3477,831[b]	2252,490	2	,000
Location	2329,709[b]	1104,368	2	,000
Education	9190,069[b]	7964,728	2	,000

The calculation results show that the independent variable has a significant effect on the dependent variable, where real wages, age of workers, location of residence, and level of education show a P-Value value of 0.000 which is smaller than : 5 percent, which means that each independent variable each has an effect. significant to the dependent variable.

Model Building

The reference parameter used in this study is unemployment with a comparison of uncovered and covered workers, the following results are shown:

Table 3. Unemployment estimation parameter

Job status		B	Std. Er.	Wald	Df	Sig.	Exp (b)	95% confidence interval for exp (b)	
								Lower bound	Upper bound
Un-covered	Intercept	17,027	,019	833026,848	1	,000			
	[upah_rill=0]	-17, 953	,016	1292841,861	1	,000	1,596e-8	1,548e-8	1,647 e-8
	[upah_rill=1]	0[b]	.	.	0	.	.	.	.
	[usia=0]	,160	,012	166,091	1	,000	1,174	1,145	1,203
	[usia=1]	0[b]	.	.	0	.	.	.	.
	[lokasi=0]	,348	,013	709,381	1	,000	1,416	1,381	1,453
	[lokasi=1]	0[b]	.	.	0	.	.	.	.
	[pendidikan=0]	,199	,011	303,276	1	,000	1,220	1,193	1,248
	[pendidikan=1]	0[b]	.	.	0	.	.	.	.
Covered	Intercept	18,755	,013	2068696,794	1	,000			
	[upah_rill=0]	-19,072	,000	.	1	.	5,214e-9	5,214e-9	5,214 e-9
	[upah_rill=1]	0[b]	.	.	0	.	.	.	.
	[usia=0]	-,689	,019	1345,501	1	,000	,502	,484	,521
	[usia=1]	0[b]	.	.	0	.	.	.	.
	[lokasi=0]	-,092	,014	43,455	1	,000	,912	,888	,938
	[lokasi=1]	0[b]	.	.	0	.	.	.	.
	[pendidikan=0]	-,886	,012	5144,140	1	,000	,412	,402	,422
	[pendidikan=1]	0[b]	.	.	0	.	.	.	.

DISCUSSION

Based on the test results, the decision of the workforce in determining the choice is seen from each independent variable to the dependent variable using the multinominal logit regression model, as follows:

Effect of Minimum Wage on Employment Status.

The effect of the minimum wage on employment status is estimated in three different occupational (labour market status) categories based on the minimum wage coverage, as follows: 1. Covered Workforce, 2. Uncovered Workforce, and 3. Unemployment. The results of the estimate parameter show the magnitude of the influence of each independent variable, namely real wages, age, education level, and location of residence on the dependent variable, namely uncovered, covered, and unemployed workers by looking at the Odds Ratio value which is explained by the results of Exp (B). The results displayed in the parameter estimate table show a

comparison between uncovered workers against unemployment and covered workers against unemployment where the unemployment variable is chosen as the reference variable to see the tendency of workers to choose to stay or move with the minimum wage policy.

A. *Uncovered Labor*

Changes in the minimum wage cause less workers to work in uncovered and tend to move into unemployment. The output results in table 3.4 show that there is a tendency for workers with income below the minimum wage to be greater than workers with income greater/equal to the minimum wage. The odds ratio Exp (B) of 1.59 means that uncovered workers with real wages below the minimum wage tend to be more affected by being unemployed than workers with real wages equal to/greater than the minimum wage.

The age of the workers responded positively to the output produced with an odds ratio of Exp(B) of 1.174, meaning that uncovered workers over 55 years of age tend to be more affected by being unemployed than workers under 55 years of age. The location of the worker's residence responded positively to the resulting output with an odds ratio of Exp(B) of 1.146, meaning that uncovered workers who live in rural areas tend to be more affected by being unemployed than workers who live in urban areas. The education level of workers responded positively to the output produced with an odds ratio of Exp(B) of 1.22, meaning that uncovered workers with low levels of education tend to be more affected by being unemployed than workers with high levels of education.

B. *Workforce Covered*

Changes in the minimum wage cause fewer workers to work in the covered area and tend to move into unemployment, from the output results in table 3.4, it is found that there is a tendency for workers with incomes below the minimum wage to be greater than workers with incomes greater/equal to the minimum wage. This can be seen from the odds ratio of Exp (B) of 5.12, meaning that covered workers with real wages below the minimum wage tend to be more affected by being unemployed than workers with real wages equal to/greater than the minimum wage.

The age of the workers responded positively to the output produced with an odds ratio of Exp(B) of 0.502, meaning that covered workers with age above 55 years tend to be more affected by being unemployed compared to workers with age below 55 years. The location of the worker's residence responds positively to the output produced with an odds ratio of Exp(B) of 0.912, meaning that covered workers who live in rural areas tend to be more affected by unemployment than workers who live in urban areas. The education level of workers responded positively to the output produced with an odds ratio of Exp(B) of 0.412, meaning that covered workers with low levels of education tend to be more affected by being unemployed than workers with high levels of education.

CONCLUSION

An increase in the minimum wage tends to reduce the opportunity for workers to work in the Covered Sector, when viewed by observing the independent variables, namely real wages, age of workers, education level, and location of residence where if there is an increase in the minimum wage the workers have low potential to survive and allow to move. The results show that workers with real wages below the minimum wage, with an older age, low education level and living in rural areas are more likely to have the greatest impact. Uncovered sector workers with an age range above 55 years, living in rural areas and having a junior high school education level and below who tend to choose to remain as uncovered sector workers compared to being

unemployed. The increased minimum wage causes covered sector workers with real wages below wages minimum, age range above 55 years, residing in rural areas and have a junior high school education level and below and have the possibility to become an uncovered sector workforce. The shift of the covered sector workforce to the uncovered sector was caused by an increase in the minimum wage due to losing in the competition. This study finds that an increase in the minimum wage designed to create a more decent standard of living in the covered sector workforce has a major impact on the Uncovered sector. Workers in the informal sector usually do not get permanent job security, health insurance, and provisions for old age. Workers in the uncovered sector have higher household consumption expenditures than workers in the covered sector. The increase in the workforce in the uncovered sector will cause other problems because the capacity to absorb labor in the uncovered sector is not limited. The impact that can be caused by this relocation is expected to reduce the income of the uncovered sector workforce. Workers who are looking for work/unemployment will feel the impact caused by an increase in the minimum wage.

SUGGESTION

1. The implementation of the minimum wage policy is expected to be able to improve the welfare of the workforce as expected by the community by taking into account the entire workforce in all sectors.
2. Improving the quality of human resources must also be a concern of the government, by improving the quality of education in order to be able to compete with foreign workers working in Indonesia.
3. For further research, it is expected to be able to dig deeper into the minimum wage policy by adding other social variables that have not been included in this study.

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EFFECT OF ORGANIZATIONAL CLIMATE ON EMPLOYEE PERFORMANCE WITH JOB SATISFACTION AS A MEDIATION VARIABLE

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Abstract

The concept of the relationship between organizational climate and employee performance is very important because it relates to its role in achieving the success of an organization. Employee performance is expected to improve organizational performance. A good organizational climate is a prerequisite for achieving the best organizational performance. Organizational climate is everything that is available to employees and affects the way employees carry out assigned tasks. Job satisfaction also motivates employees to perform optimally in the workplace. Employees who are satisfied with their work will contribute positively to organizational performance. The purpose of this study was to determine the effect of organizational climate on employee performance and the indirect effect through job satisfaction on Civil Servants (PNS), Regional Personnel Agency (BKD), Regional Planning and Development Agency (Bappeda) and Research and Development Agency (Balitbang) Lampung Regency. South. This study uses quantitative methods by distributing questionnaires in data collection. The sample of this study was taken from the results of a questionnaire to the Civil Servants as many as 128 people. The analytical tool used is multiple regression analysis. This study presents that all data are valid and reliable. The results of this study support the four hypotheses proposed, namely first, organizational climate has a positive and significant effect on employee performance. Second, organizational climate has a positive and significant effect on job satisfaction. Third, job satisfaction has a positive and significant effect on employee performance, and fourth, job satisfaction mediates the effect of organizational climate on employee performance. Based on these findings, suggestions that can be given are that there is a need for compatibility between expertise in this case educational background and work so that employees are able to maximize their expertise, prioritize time management in completing reports and in order to be consistent with regulations, especially regarding requirements for promotions, they must be improved. to be more effective and efficient in carrying out more relevant promotions which will ultimately improve employee performance

Keywords: Organizational Climate, Employee Performance, Job Satisfaction.

I. INTRODUCTION

Human resources are one of the driving components of an organization. Therefore, human resources need good management and development to be competitive and able to assist organizations in facing competition, especially in the era of competition that is currently developing, during competition some employees certainly face several obstacles in achieving the expected performance [1, 2]. Several factors that can affect employee performance include organizational climate, motivation, and job satisfaction. Some problems are related to employee performance,

for example, employees are not ready to take on greater responsibilities beyond their capabilities [3].

Some employees are not success oriented and others are not target oriented, making them unable to complete assigned tasks on time. Some employees are not sure about the work assigned to them and the appropriate responsibilities. Alternative solutions to problems like the above in terms of employee performance, organizational climate, and job satisfaction need to be found. The strategy affects employees to have good performance. By doing so, employees will fully contribute to achieving the goals and objectives of the organization. Performance then becomes the responsibility of every employee who works for the organization or company. Performance also reflects the organization's ability to manage and allocate its resources [4].

Performance in relation to function does not stand alone but is more related to both job satisfaction and the level of remuneration which is influenced by one's skills, abilities, and characteristics [5]. Therefore, according to [6], individual performance is basically influenced by many factors, such as (1) expectations for rewards; (2) motivation; (3) ability needs and characteristics; (4) perception of the assigned task; (5) internal and external rewards; (6) level of perception of remuneration and job satisfaction; (7) internal and external rewards; and (8) perceived level of appreciation and job satisfaction [7].

Employee performance is expected to improve organizational performance. Obtaining a high level of employee performance is necessary to achieve optimal organizational performance. Organizational climate is everything that is available to employees and affects the way employees carry out their assigned tasks.

Organizational climate is the perception of organizational members, either individually or in groups, who constantly communicate with the organization related to whatever often happens in the organization [8]. This condition affects organizational behavior and employee performance, which ultimately determines organizational performance. A good organizational climate is a prerequisite for achieving the best organizational performance. Organizational climate can affect employees in carrying out their duties. Therefore, organizational climate is necessary for a good and healthy workplace to enable employees to feel more comfortable in completing the work assigned to them [9].

[10] define job satisfaction as having positive feelings about one's job resulting from the evaluation of their characteristics. Employees with high levels of job satisfaction tend to have positive feelings about work, while dissatisfied employees tend to have negative feelings about work.

Job satisfaction is the general attitude of an individual towards work [11]. Job satisfaction is an attitude variable related to employee feelings towards work. Job satisfaction also motivates employees to perform optimally at work. Employees who are satisfied with their work will contribute positively to organizational performance.

The Regional Research and Development Agency of South Lampung Regency, the Regional Personnel Agency (BKD) of South Lampung Regency and the Regional Development Planning Agency (Bappeda) of South Lampung Regency are regional bodies that have the task of assisting the Regional Head (Regent) of South Lampung in running the wheels of government in the region. especially in South Lampung Regency. Every government agency must apply the Human Resources approach, every element of the organization must be able to create a sense of security and satisfaction at work (Quality of work life) so that Human Resources in their environment become competitive.

II. RESEARCH METHOD

This study is a quantitative descriptive study, the data obtained from the research sample were analyzed according to the statistical method used and then interpreted. The population of this research is Civil Servants, totaling 128 employees from 3 (three) local government agencies in South Lampung Regency, namely: Regional Personnel Agency (BKD) of South Lampung Regency, Regional Planning and Development Agency of South Lampung Regency (Bappeda). Research and Development Agency for South Lampung Regency (Balitbang). The sample studied is the whole of the population that meets the characteristics of the research population. The data analysis used are: Regression Analysis, Hypothesis Testing with t-Test and F-Test

a. Research Variable

In accordance with the title of this study, there are 3 (three) variables studied, namely the independent variable, namely organizational climate (X). The mediating variable is job satisfaction (Z). The dependent variable is performance (Y). The measurement of the variables in this study is organizational climate, using the theory of [12] and performance using the theory of [13]. The job satisfaction questionnaire as a mediating variable uses the theoretical basis cited by [14].

1. Organizational Climate

Reveals that organizational climate has important organizational characteristics, which can be formulated several organizational elements, to measure organizational climate by measuring:
1. Leadership Qualities.
2. Trust.
3. Communication.
4. Responsibility.
5. Fair Rewards.
6. Opportunity
7. Control

2. Performance

State that employee performance that is common to most jobs includes the following indicators:
1. Quantity of yield.
2. Quality of results.
3. Timeliness of results.
4. Attendance or absence absen.
5. Ability to work together.

3. Job Satisfaction

States that job satisfaction consists of the following indicators:
a. Mentally challenging job b. Worthy reward
b. Supporting conditions d. Supportive coworkers
c. e. Conformity between personality and work

b. Data Collection Technique

There are three ways to collect the data that will be needed to carry out the analysis in this study, namely as follows:
1. Questionnaire

In this study, the primary data collection method was carried out using a questionnaire/questionnaire method.

2. Interview

Direct interviews were also conducted in data collection in this study. Interviews with several parties related to the object of research are considered necessary in obtaining information or direct information from respondents by means of face-to-face and conversing

3. Literature Study

Literature study is done by collecting data from books and journals that have been published both in Indonesia and internationally.

c. Data Analysis

Data analysis can also be defined as an activity carried out to change the data resulting from research into new information that can be used in making conclusions. The data analysis used in this study are: Regression Analysis, Hypothesis Testing with t-test and f-test

III.   RESULTS AND DISCUSSION
1. Test Results of the Effect of Organizational Climate on Performance a. Regression Equation

Based on the table 1, it can be seen that the regression equation obtained is:

Y=12,119 (a)+0,643 (X88)

Table 1. Equation of Organizational Climate Regression and Performance

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	12,119	2,974		4,075	,000
	IO_X	,535	,057	,643	9,413	,000

a. Dependent Variable: KN_Y

Source: data processing results, year 2021.

Table 1 shows, the constant value in the regression equation is 12,119 which states that if there is no change in the independent variable of Organizational Climate, the performance will still have a value of 12.119. The value of the regression coefficient (b) of the Organizational Climate variable (X) has a positive effect on Performance (Y) with a regression coefficient of 0.643, meaning that if the organizational climate increases by 1 unit, the performance will increase by 0.643.

b. Correlation Coefficient

Table 2. Correlation of Organizational Climate and Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,643^a	,413	,408	3,600

a. Predictors: (Constant), IO_X

Source: data processing results, year 2021.

Table 2 shows, the R^2 value of 0.413 means that the contribution of 41.3% of performance is explained by the organizational climate variable, the rest (58.7%) is influenced by other factors.

c. t-test

The t-test is intended to determine the effect of organizational climate on performance. The results of the distributed t-test calculations are in the table below:

Table 3. Results of t-test Organizational Climate and Performance

Variabel	t-count	t-table	Sig.	Information
Original Climate	9,413	1,657	0,000	Ha is accepted

Source: data processing results, year 2021.

Table 3 shows, it can be explained that the results of the calculation on the organizational climate variable obtained the t-count value of 9.413 while the t-table value with df (128-2=126) was 1.657 so t-count (9.413)≥ t-table (1.657). Also obtained the value of sig. of 0.000 is less than 0.005, thus Ho is rejected and Ha is accepted. So it can be concluded that there is a significant influence of organizational climate on the performance of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency.

2. **Test Results of the Effect of Organizational Climate on Job Satisfaction. a. Regression Equation**

Table 4. Equation of Organizational Climate Regression and Job Satisfaction

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	12,036	3,205		3,755	1
IO_X	,672	,061	,699	10,961	

a. Dependent Variable: KK_Z

Source: data processing results, year 2021. Based on the table above, it can be seen that the regression equation obtained is:

Y=12,036 (a)+0,699 (Z)

The constant value in the regression equation is 12,036 which states that if there is no change in the independent variable Organizational Climate, then job satisfaction will still have a value of 12,036. The value of the regression coefficient (b) of the Organizational Climate variable (X) has a positive influence on job satisfaction with a regression coefficient of 0.699, meaning that if the organizational climate increases by 1 unit, job satisfaction will increase by 0.699.

b. Correlation Coefficient

Table 5. Correlation of Organizational Climate and Job Satisfaction

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,699^a	,488	,484	3,880

a. Predictors: (Constant), IO_X

Source: data processing results, year 2021.

Based on the table above, the R^2 value of 0.488 means that the contribution of 48.8% of job satisfaction is explained by the organizational climate variable, the rest (51.2%) is influenced by other factors.

c. t-test

The t-test is intended to determine the effect of organizational climate on job satisfaction. The results of the distributed t-test calculations are in the table below.

Table 6. t-test Results of Organizational Climate and Job Satisfaction

Variabel	t-count	t-table	Sig.	Information
Original Climate	10,961	1,657	0,000	Ha is accepted

Source: data processing results, year 2021.

Table 6 shows, it can be explained that the calculation results on the organizational climate variable obtained a t-count value of 10,961 while the t-table value with df (128-2=126) was 1.657 so t-count (10,961)≥ t-table (1,657). Also obtained the value of sig. of 0.000 is less than 0.005, thus Ho is rejected and Ha is accepted. So it can be concluded that there is a significant influence of organizational climate on job satisfaction of employees of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency.

3. Test Results of the Effect of Job Satisfaction on Performance. a. Correlation Coefficient

Table 7. Regression Equation of Job Satisfaction and Performance

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	11,401	2,600		4,385	,000
KK_Z	,608	,055	,702	11,054	,000

a. Dependent Variable: KN_Y

Source: data processing results, year 2021. Based on the table above, it can be seen that the regression equation obtained is:

Y=11,401 (a)+0,702 (Z)

The constant value in the regression equation is 11.401 which states that if there is no change in the independent variable job satisfaction, the performance will still have a value of 11.401. The value of the regression coefficient (b) of the Job Satisfaction variable (Z) has a positive influence on job satisfaction with a regression coefficient of 0.702, meaning that if the organizational climate increases by 1 unit, job satisfaction will increase by 0.702.

b. Correlation Coefficient

Table 8. Correlation of Job Satisfaction and Performance

		Model Summary		
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,702ᵃ	,492	,488	3,348
		a. Predictors: (Constant), KK_Z		

Source: data processing results, year 2021

Based on the table above, the R^2 value is 0.492, which means that the contribution of 49.2%. Performance is explained by the Job Satisfaction variable, the rest (50.8%) is influenced by other factors.

c. t-test

The t-test is intended to determine the effect of organizational climate on job satisfaction. The results of the t-test calculations are distributed in the table below.

Table 9. Results of t-test Job Satisfaction and Performance

Variabel	t-count	t-table	Sig.	Information
Job Satisfaction	11,054	1,657	0,000	Ha is accepted

Source: data processing results, year 2021.

Based on table 9, it can be explained that the calculation results on the Job Satisfaction variable obtained a t-count value of 11.054 while the t-table value with df (128-2 = 126) is 1.657 so t-count (11.054)≥t-table (1.657). Also obtained the value of sig. of 0.000 is less than 0.005, thus Ho is rejected and Ha is accepted. So it can be concluded that there is a significant effect of job satisfaction on the performance of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency.

4. Test Results of the Effect of Job Satisfaction Mediating the Effect of Organizational Climate on Employee Performance. a. Regression Equation

Table 10. Equation of Organizational Climate Regression and Job Satisfaction

		Coefficientsᵃ				
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	6,970	2,794		2,495	,014
	IO_X	0,248	0,071	0,298	3,501	,001
	KK_Z	0,428	0,074	0,494	5,808	,000
		a. Dependent Variable: KN_Y				

Source: data processing results, year 2021.

Table 10 shows, it can be seen that the organizational climate has a positive regression coefficient of 0.298 and this means that the organizational climate that has been given has a positive influence on the performance of the Regional Personnel Agency

(BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda). South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency. Job satisfaction has a positive regression coefficient of 0.494. This means that job satisfaction has a positive influence on the performance of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research Agency. and Development (Balitbang) of South Lampung Regency.

b. Correlation Coefficient

Table 11. Correlation of Organizational Climate, Job Satisfaction, and Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,733[a]	0,538	0,530	3,208

a.   Predictors: (Constant), KK_Z, IO_X

Source: data processing results, year 2021.

The calculation in table 11 can be seen that the influence of organizational climate and job satisfaction significantly affects performance by 53%. Thus, the organizational climate and job satisfaction of the employees of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency are the dominant factors that contribute to performance. , in addition to other factors that can not be measured in this study amounted to 47%

The results of this simultaneous effect are proven by the results of the ANOVA calculation in the following table 12.

Table 12 Anova Result

ANOVA[a]					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	1495,575	2	747,788	72,677	,000[b]
Residual	1286,144	125	10,289		
Total	2781,719	127			

a. Dependent Variable: KN_Y

b. Predictors: (Constant), KK_Z, IO_X Source: data processing results, year 2021.

Based on table 12, it is known that the F-count value is 72.67 > F-table at 95% df and 5% alpha which is 3.07 with a significant value of 0.000 less than 0.005. Based on these results, it can be concluded that organizational climate and job satisfaction variables simultaneously affect performance.

The step to find out whether job satisfaction mediates organizational climate variables on performance is the Sobel test [15]. Sobel test is a test to test how big the role of variable M mediates the effect of A on B. Sobel test is used. Where the Sobel test uses the z test with the following formula:

$$z = \frac{ab}{\sqrt{b^{\cdot} Se_a^{\cdot} + a^{\cdot} Se_b^{\cdot}}}$$

a = The regression coefficient of the independent variable on the mediating variable

b = Regression coefficient of the mediating variable on the dependent variable

Sea = Standard Error of Estimation of the independent effect on the mediating variable

Seb = Standard Error of Estimation of the effect of the mediating variable on the dependent variable

Is known:

a = 0,672

b = 0,608

Sea = 0,061

Seb = 0,055

$$z = \frac{0,672 x\, 0,608}{\sqrt{(0,608^2 \,x\,0,061^2) + (0,672^2 \,x\,0,055^2)}}$$

$$z = \frac{0,409}{\sqrt{(0,370 x\, 0,004 \square\square \square 0,452 x\, 0,003)}}$$

$$z = \frac{0,409}{\sqrt{(0,001) + (0,001)}}$$

$$z = \frac{0,409}{\sqrt{(0,003)}} = \frac{0,409}{0,052} = 7,803$$

From the results of the Sobel test calculation above, the z value is 7.803, because the z value obtained is 7.803 > 1.96 with a significance level of 5%, it proves that job satisfaction is able to mediate the influence of organizational climate on performance.

1. Influence Of Organizational Climate On Performance

The results of this study indicate that the organizational climate has an influence on the performance of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency in line with the research conducted. The implication of this finding is that organizational climate has a fairly dominant influence in influencing employee performance. An employee who feels the elements of an organizational climate that are created in a healthy manner and as expected by an employee in a work environment will affect the morale of an employee which will ultimately have an impact on organizational performance [16].

Testing the First Hypothesis (H1) regarding the effect of organizational climate on performance. employees of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency, the regression coefficient is positive at 0.643 and the t-count value is 9.413 which is greater from the t-table value (1.657) while the significant t-count value of 0.000 is smaller than which is determined to be 0.005. Thus it can be concluded that organizational climate on performance has a positive and significant influence on employee performance.

The hypothesis which states that there is an influence of organizational climate on the performance of employees of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency is supported by this research and in line with previous researchers. In other words, the better the organizational climate formed by the government agency, the more positive contributions will be to improving the performance of Civil Servants.

2. Influence Of Organizational Climate On Job Satisfaction.

Employees who are satisfied with their work usually work harder and better than employees who experience stress caused by unfavorable working conditions [17]. Job satisfaction and employee attitudes are important in determining behavior and responses to work and through these behaviors an effective organization can be achieved (Wijaya, 2013). On the other hand, high job satisfaction is a sign of a well-managed organization and is essentially the result of effective behavior management. Therefore, job satisfaction is a serious concern for government agency, namely the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency and the Research and Development Agency (Balitbang) of South Lampung Regency. improve organizational performance.

Testing the second hypothesis (H2), namely the influence of Organizational Climate on Job Satisfaction of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency, the regression coefficient obtained with a positive sign of 0.699 and the t-count value of 10.961 which is greater than the t-table value (1.657) while the significant t-count value of 0.000 is smaller than which is determined at 0.005. Thus it can be concluded that organizational climate has a positive and significant influence on employee job satisfaction.

The results of this study are in line with research conducted by [18] which explains that organizational climate has a positive and significant influence on employee job satisfaction.

The explanation of the research results above can conclude that the hypothesis which states that there is an influence of organizational climate on job satisfaction of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional

Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) South Lampung Regency is supported by this research in line with previous researchers. In other words, the better the existing organizational climate, the more positive it will be to job satisfaction.

3. Effect Of Job Satisfaction On Employee Performance

Testing the third hypothesis (H3) regarding the effect of job satisfaction on the performance of employees of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency, the coefficient value obtained with a positive sign of 0.702 and the t-count value of 11.054 which is greater than the t-table value (1.657) while the significant t-count value of 0.000 is smaller than α which is determined at 0.005. Thus it can be concluded that job satisfaction has a positive and significant influence on employee performance.

Job satisfaction is closely related to employee performance. [19] states that organizations that are able to provide job satisfaction for their employees will obtain maximum results, namely satisfactory performance. This is supported by research conducted by which states that job satisfaction has a positive effect on employee performance. This is also supported by research conducted by [20] which explains that job satisfaction has a significant and positive effect on employee performance.

The explanation of the research results above can state that the hypothesis which states that there is an effect of job satisfaction on the performance of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) South Lampung Regency is supported by this research and is in line with previous research studies. In other words, the more satisfied the employee is at work, it will have an impact on improving performance

4. Job Satisfaction Mediates The Effect Of Organizational Climate On Employee Performance

The step to find out whether job satisfaction mediates organizational climate variables on performance is the Sobel test. Sobel test is a test to test how big the role of variable M mediates the effect of A on B.

From the results of the Sobel test calculation, the z value is 7.803, because the z value obtained is 7.803 > 1.96 with a significance level of 5%, it proves that job satisfaction is able to mediate the influence of organizational climate on performance.

The results of this study are in line with research conducted which explains that job satisfaction mediates the effect of organizational climate on performance. The explanation of the results of the research above can state that the hypothesis which states that job satisfaction mediates the influence of organizational climate on the performance of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Bappeda) Balitbang) South Lampung Regency is supported by this research and is in line with previous research studies.

IV. CONCLUSIONS

1. Organizational climate has a positive and significant effect on the performance of Civil Servants of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency, in the words On the other hand, the better the implementation of the organizational climate, it will be able to improve employee performance. If the organizational climate is not implemented properly, then employee performance will not increase.

2. Organizational climate has a positive and significant influence on job satisfaction for Civil Servants of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung

Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency. On the other hand, the better the implementation of the organizational climate, it will be able to increase job satisfaction with the organization. The higher the organizational climate, the higher the job satisfaction. If the organizational climate is not implemented properly, it will not be able to increase job satisfaction with the organization.

3. Job satisfaction has a positive and significant effect on employee performance at the Regional Civil Service Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency. Thus, job satisfaction can improve employee performance, the higher the job satisfaction, the higher the employee performance. If job satisfaction is low then employee performance will not increase properly.

4. Job satisfaction is a mediating variable from the influence of organizational climate on the performance of Civil Servants of the Regional Personnel Agency (BKD) of South Lampung Regency, the Regional Planning and Development Agency (Bappeda) of South Lampung Regency, and the Research and Development Agency (Balitbang) of South Lampung Regency. That is, by adding job satisfaction, employee performance will increase.

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