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The Impact of Market Service and Recreational Levies on Regional Revenue: Empirical Evidence from Central Java, Indonesia

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Abstract

This study aims to determine how market service levies and levies on recreation and sports venues affect local original income in five districts within the Central Java Province between 2017 and 2022. This study employs a quantitative methodology and uses secondary data, specifically the budget realization report from the Central Java Province. Six cities and 29 districts made up the study's population. In order to get 30 pieces of research data, the study sample collected data from 5 districts in the Central Java Province between 2017 and 2022. The analytical techniques employed include multiple linear regression analysis, traditional assumption testing, and descriptive statistical analysis. Using the Eviews Version 12 Software test tool, hypothesis testing employed the t test and coefficient of determination (R2). According to the study's findings, Original Regional Income in five Central Java Province districts increased due to Market Service Retributions between 2017 and 2022. As a result, the PAD in that region rises in proportion to the Market Service Levy and vice versa. The Central Java Province's five districts' original regional income for 2017–2022 is unaffected by the recreation and sports facilities levy. This is due to the fact that the expenses incurred in maintaining sports and recreation facilities exceed the revenue generated by these levies. Restrictions brought on by the Covid-19 epidemic also contributed to this drop.

Keywords: Local Original Revenue; Market Service Retribution; Recreation and Sports Levy

JEL CODE: H71, R53, O5

1. Introduction

As the Unitary State of the Republic of Indonesia, regions are an inseparable part of implementing the government. Each region called an autonomous region is authorized by the central government to manage its household. Regional autonomy has a big impact in the form of opportunities for each region to be able to maximize its performance. Referring to Law no. 1 of 2022 concerning Financial Relations between the Central Government and Regional Governments, it is the responsibility of each region to meet the needs of its respective regions. Regional independence is the goal the government wants to achieve in implementing regional autonomy.

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General service levies consist of health service levies, cleaning service levies, parking service levies, market service levies, motor vehicle testing levies, latrine supply and/or suction levies, stamping/reprinting service levies, and telecommunications tower control levies. Apart from general levies, there are business service levies which consist of levies on the use of regional assets, levies on wholesale markets and/or shops, terminal levies, special parking lot levies, slaughterhouse levies, recreation and sports venue levies, levies on sales of regional business production, and levies on other business services. Based on these regulations, regional governments can legally collect levies in their areas. Regional governments need to maximize regional levy revenues so that PAD contributions increase (Nugroho & Budiman, 2018).

Of some of these regional levies, general service levies have the potential to be developed because this type of levy is widely used for facilities by the community or agencies. One type of general service levy is market services. Market service levies are regional levies for services provided by the Regional Government for carrying out buying and selling business activities in the market. The size of regional income from market levies depends on the method of levy collection determined by the regional government (Susilawati, Amitarwati, & Prabowo, 2021). The market is one of the government's facilities for the community to carry out economic activities. With the existence of a market, a money circulation cycle will be created to improve the community's economy and will indirectly have an impact on increasing PAD (Hermawan, 2021). According to PP no. 35 of 2023, market services are the provision of traditional or simple market facilities, in the form of courtyards, stalls and kiosks managed by the Regional Government. Therefore, researchers used market service retribution as a variable in conducting this research.

Apart from general services levies, what has the potential to be developed in increasing PAD is business services levies, one of which is by maximizing the potential in the tourism sector in recreation and sports areas. It is hoped that this levy for recreation and sports venues will be a major contribution to PAD and support regional financing in carrying out regional development, so that it will help efforts to improve and equalize the economy and community welfare. Tourism managed by local governments is closely related to PAD. If an area has high tourism potential, then the level of contribution of the tourism sector to PAD will also be high and vice versa (Purwaningsih & Sunaningsih, 2021). Increasing revenue from recreation site levies must be supported through efforts to improve infrastructure and a good system in terms of management, because if the realization of recreation site levy receipts is greater, closer to the set target, this shows that its effectiveness is greater, but the further it is from the set target, it is necessary deeper study of the influencing factors, one of which is the condition of tourist attractions with the hope that the realization of recreation site levies will be able to achieve the levy targets set by the government(Efrem, Lau, Junias, 2020).

Area size is one of the factors that can influence population growth, where population is one of the factors for increasing PAD. The higher the population of an area can provide the potential for increased visitors to recreation and sports venues. This is one of the reasons the researchers took the title with a sample of 5 (five) districts based on area area. Researchers also want to know the influence of market service levies and recreation and sports levies on increasing PAD before and after the Covid-19 pandemic.

A common problem often found in Central Java Province in managing regional levies, both market service levies and recreation area levies, is that the desired or expected level has not been achieved. Report on the Realization of the Revenue Budget for Market Service Levy and Levy for Recreation and Sports Places from 2017 to 2022 has not met the targets set by the

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government (BPKPAD Data 2022). This is due to the limited ability of regions to identify and determine the real potential of their levy objects. This problem results in arrears in levy payments which will result in the total target of revenue from market service levies and recreation and sports venue levies not being achieved from year to year (BPKPAD Data 2022).

Based on the explanation regarding the influence of market service levies and recreation and sports venue levies on PAD, there are similarities in research results, but they still provide several different research results. Therefore, further research will be carried out. This research is actually research conducted by researchers in Central Java Province with case studies in several districts. The conditions experienced by the Central Java regional government certainly require more efforts to maximize all the potential that exists in Central Java to encourage PAD through regional levy revenues. Therefore, this research can make a contribution to local governments with the aim of exploring the potential for regional levies better and which can be maximized to encourage an increase in PAD in Central Java Province. Therefore, further research will be carried out with the title "The Influence of Market Service Fees and Recreation and Sports Place Fees on Regional Original Income (Case Study of 5 Districts in Central Java Province 2017-2022)"

2. Literature Review

Based on Law Number 23 of 2014, Article 285, paragraph (1), PP Number 35 of 2023, and Minister of Home Affairs Regulation Number 77 of 2020. PAD is the right and authority of regional governments which are recognized as adding to the value of net assets obtained from Regional Taxes, Regional Levies, Management Results Separated Regional Assets and Other Legal Original Regional Income, in its implementation the object of original regional income must have a clear and firm legal basis for whether to collect it or not. Law Number 28 of 2009 Article 1 number 10 concerning Regional Taxes and Regional Levies, where regional regulations and regional governments must regulate their implementation, are prohibited from carrying out collection activities outside of those determined by the applicable laws and regulations.Regional Regulations as the basis for implementation are mandatory requirements for Regional Governments to levy levies, because SKPDs are prohibited from levying levies other than those stipulated in Regional Regulation Article 58 paragraph (1) and PP Number 35 of 2023.

2.1 Previous Research

Several previous studies regarding the influence of market service levies and recreation and tourism site levies on PAD can be seen as follows:

Previous research conducted by(Sugiyono & Rita, 2020) shows that waste service levies have a positive effect on Tanjungpinang City's PAD. The success of collecting taxes and levies will increase regional financing capacity, a prerequisite for achieving regional independence. Mwanga et al., (2020) The data obtained was classified and processed using Eviews using multiple linear regression analysis. The research results reveal that central government transfer funds have a negative effect on the PAD of Ugandan cities. This is because local governments are still too dependent on transfer funds from the central government.

Another research (Marie & Widodo, 2020)stated that there was a positive influence between the number of foreign tourist visits and the level of hotel accommodation on the PAD of the Yogyakarta Special Region Tourism Sub Sector in 2017-2018. Alam & Faizal, (2021)conducted research using a quantitative approach and secondary data in the form of

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panel data for the 2012 - 2020 observation period with multiple linear regression analysis. The research results show that the number of religious tourists and hotel occupancy rates have a positive effect on PAD of Bangkalan Regency. (Anam et al., 2021) stated that there was no influence of market levy contributions on Jombang Regency's PAD from 2015-2019. This is because the PAD contribution does not only come from regional levies but also comes from regional tax revenues, the results of separate regional wealth management, and other legitimate matters.

Anggraeni & Priyono, (2022) revealed that tourist visits, MSMEs, and entertainment taxes do not have significant influence on the PAD of Surakarta City. However, the tourism levy variable has a partial influence on the PAD of Surakarta City for 2005-2020.

Further research was carried out by (Rahman, 2022) using quantitative descriptive analysis methods. The sample used in this research was Maros Regency which was taken from the income and expenditure realization report in 2016-2020. The results of this research show that the tourism business positively contributes to cities in Maros Regency. The large number of tourists, both domestic and foreign, is proof that the tourism industry, including the Rammang destination - Rammang is a popular with many tourists.

Saputra et al., (2022) states that tourism income, tourist visits, infrastructure, and labor significantly and positively influence economic growth in Aceh Province. Based on these findings, it is hoped that the government can formulate strategic policies, especially in the tourism sector, to accelerate and maintain economic growth in Aceh Province.

Mulya & Wulandari (2023) states The link between market service taxes and parking service levies and PAD is positively impacted by both, and inflation has no moderating effect on this relationship. This indicates that the PAD will likewise be higher if the revenue from market service levies and parking service levies is higher, but it will also be lower if the contrary is true. In the meantime, inflation cannot affect the impact of market service levies and parking service levies on PAD. Research conducted by (Simbolon et al., 2023) using multiple linear regression method analysis, the data obtained was classified and processed using Eviews Version 12. Based on the results of this research, regional taxes have a positive effect on PAD, while regional levies have no effect on PAD in North Sumatra.

(Putri & Asmara, 2023) conducted research using secondary data using multiple liner regression analysis in Eviews 12. The research results showed that hotel taxes had a positive influence on PAD, but entertainment taxes, recreation and sports levies, and lodging levies had no influence on PAD in the Tourism Sector of Yogyakarta Special Region Province 2012-2021.

The Influence of Market Service Levy on PAD

According to Central Java Province Regional Regulation no. 6 of 2019, explains that public services are services offered or supplied by the regional government for the benefit and interest of the general public, and it is available for use by people or organizations. The Regional Government collects a variety of public service charges of Central Java Province, the one with potential is the market service levy because it is able to make a sizable contribution to regional revenues. If levy revenues can be maximized and managed well, PAD will increase and can be used to support regional development funds (Mulya & Wulandari, 2023). Study (Hermawan, 2021) stated that the contribution of market levies and the contribution of waste/cleaning levies had a positive effect on Sukabumi City's PAD. Other research conducted by (Mulya & Wulandari, 2023) stated that market service levies and parking service levies have a positive

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effect on PAD of Purworejo Regency. Based on the results of this research, it can be concluded that the size of the market service levy is one of the determining factors in increasing PAD. The greater the contribution to market service levies received, the PAD obtained will also increase.

Based on the theoretical basis and several research results, the researcher determined the following hypothesis:

H_1: Market Service Levy Has a Positive Influence on the Allocation of Original Regional Income.

The Influence of Levy for Recreation and Sports Places on PAD

Central Java Province Regional Regulation No. 6 of 2019, also explains that what is meant by Because they can essentially be supplied by the private sector, business services are those that the regional government offers while abiding by commercial standards. Among the different kinds of business services taxes collected by the Regional Government of Central Java Province, the potential ones are levies for recreation and sports venues. Through the implementation of tourism, it is hoped that it will be able to increase PAD in order to improve community welfare. Tourism development causes an increase in PAD which can stimulate investment in new infrastructure to support the sustainability of tourism in an area. This is in line with research (Alam & Faizal, 2021) which states that the number of religious tourists and hotel occupancy rates have a positive effect on PAD of Bangkalan Regency in 2012-2020. This is because many tourists who carry out tourism activities by visiting tourist attractions will be charged a fee in the form of entry tickets which will generate income from tourist attraction levies. Other research conducted by(Marie & Widodo, 2020)which stated that the number of foreign tourist visits and the level of hotel accommodation had a positive effect on the PAD of the Yogayakarta Special Region Sub-Sector in 2007-2018. Based on the results of this research, it can be concluded that the size of the levy for recreation and sports venues is one of the determining factors in increasing PAD. The greater the contribution to recreation and sports levies received, the PAD obtained will also increase.

Based on the theoretical basis and several research results above, the researcher determined the second hypothesis as follows:

H_2: Recreation Place Levyand Sports Have a Positive Influence on Regional Original Income.

3. Research Method

3.1 Research Population and Sample

3.1.1 Research Population

The population in this study was all districts and cities in Central Java Province, consisting of 29 districts and 6 cities for research. Researchers in the study took several population criteria including; district and city governments submitting the 2017-2022 Regency APBD Realization Report in Central Java Province to the Directorate General of Financial Balance containing information regarding data on the Realization of Market Service Levy, Recreation and Sports Place Levy, and Regional Original Income; and districts and cities whose financial reports have been audited for the last 4 (four) years from 2017-2022.

3.1.2 Research Sample

The sample is part of the number and characteristics of the population. Sampling data is taken

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using purposive sampling or sample determination based on an assessment of several characteristics of sample members that are adjusted or considered suitable for research and can provide the required information. The samples used in this research were the five major regencies/cities based on area in Central Java province from 2017 to 2022. This aims to determine the increase or decrease in PAD in Central Java Province before the Covid-19 pandemic until after.Based on Central Java Province BPS data, it can be seen that the contribution of market service levies and recreation and sports venue levies in each district is still fluctuating from 2017-2022.

3.2 Data and Data Collection Methods

The type of data used in this research is secondary data which is quantitative and was obtained from the Directorate General of Financial Balance in 5 Regencies in Central Java Province. The secondary data used is panel data from Market Service Levy, Recreation and Sports Place Levy, and Regency and City PAD in Central Java Province for 2017-2022.

According to Sugiyono (2018: 147) what is meant by Following the collection of data from all respondents or other data sources, data analysis procedures are actions that are taken. Data analysis tasks include sorting data according to respondent kinds and variables, tabulating data according to all respondents' variables, presenting data for each variable under study, carrying out calculations to answer the problem formulation, and carrying out calculations to test the proposed hypothesis. The role of statistical data processing plays a very important role in research because from the results of data processing research conclusions can be obtained.

The data analysis technique used in this research is regression analysis with panel data because the data in this research uses several objects over many time periods. The periodic data regression estimation approach is Ordinary Least Square (OLS). By using the Ordinary Least Square (OLS) method, in this model it is assumed that the behavior of the data is the same over different eras. Since time and individual dimensions are not taken into account in this model, it is assumed that individual behavior does not vary over time. The regression equation that follows is:

$$Y_{it} = a + \beta^1 X_{it} + e_{it}$$

for i = 1, 2, …, N and t = 1, 2, …, T, where N is the number of Cross Section units/individuals and T is the number of time periods. From the Common Effects model, N+T equations can be produced, namely T Cross Section equations and N Time Series equations.

Data processing techniques include data calculations and analysis of research models. Before making conclusions in a research analysis of the data must be carried out so that the research results are accurate. So this research was carried out using statistical methods

4. Findings and Discussions

4.1 Findings

Test Chow

When estimating the panel data regression model, the Chow-test is utilized to decide between the Common Effect Model and the Fixed Effect Model. H0 is rejected and H1 is approved if the computed F value (F-test) and chi-square test are less than α = 0.05 (5%). This demonstrates that when estimating the panel data regression approach, the Fixed Effect model continues to outperform the Common Effect model.

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Table 1. Chow Test Results

Redundant Fixed Effects Tests Cross-Section Fixed Effects Test			
Effects Test	Statistics	df	Prob.
Cross-Section F	0.584959	(4.23)	0.6767

Source: (data processed)

The Common Effect Model is the appropriate regression estimation model for this study because, according to the calculation results in table 1, the chow-test indicates that the probability value of the F test and chi-square test is greater than α = 0.05 (5%) i.e. 0.6767. As a result, H1 is rejected and H0 is accepted.

Hausman test

The Hausman test is used to determine which panel data regression technique—the Fixed-Effect model or the Random—Effect model—should be used for estimation. H0 is rejected, and H1 is accepted if the Probability (Prob) Chi-Square Hausman Test value is less than α=0.05 (5%). This suggests that a fixed-effect model (Fixed Effect) is a superior way to estimate the panel data regression approach than a random-effect model (Random Effect).

Table 2. Hausman Test (Hausman Test)

Correlated Random Effects – Hausman Test Random Effects Cross-Section Test			
Test Summary	Chi-Sq Statistics	Chi-Sq df	Prob.
Random Cross-Section	0.099949	2	0.9513

Source: (data processed)

Based on the results of the Hausman test calculation shown in table 2, it is concluded that the Chi-Square Probability value is 0.9513 > from α = 0.05 (5%) so the panel data regression method used in the research to estimate what influences PAD is the Random Effect Model.

***Lagrange Multiplier Test*(LM-Test)**

Lagrange Multiplier is a test to determine whether the Random effect model or the Common effect model is most appropriate. The basis for decision making in the Lagrange Multiplier Test uses the Breusch-Pagan One Sided Cross-Section value. If the probability value is greater than 0.05, it means that H0 is accepted and H1 is rejected, then the best model used in this research is the Common Effect Model and vice versa. The Common Effect Model was selected, according to the Chow-test model test. However, the Hausman model test findings indicate that the Random Effect Model was selected.

Table 3. Lagrange Multiplier Test (LM-Test)

Langrange Multiplier Tests for Random Effects Alternative Hypotheses: Two-Sided (Breusch-Pagan) and One-Sided (All Other) Alternatives			
		Test Hypothesis	
	Cross-Section	**Time**	**Both**

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Breusch-Pagan	0.945514	2.588410	3.533924
	(0.3309)	(0.1076)	(0.0601)
Honda	-0.972376	-1.608853	-1.825205
	(0.8346)	(0.9462)	(0.9660)
King Wu	-0.972376	-1.608853	-1.797335
	(0.8346)	(0.9462)	(0.9639)
Standardized	-0.671814	-1.476416	-4.833594
Honda	(0.7491)	(0.9301)	(1.0000)
Standardized	-0.671814	-1.476416	-4.810409
King-Wu	(0.7491)	(0.9301)	(1.0000)
Gourieroux, et al.	--	--	0.000000
			(1.0000)

Source: (data processed)

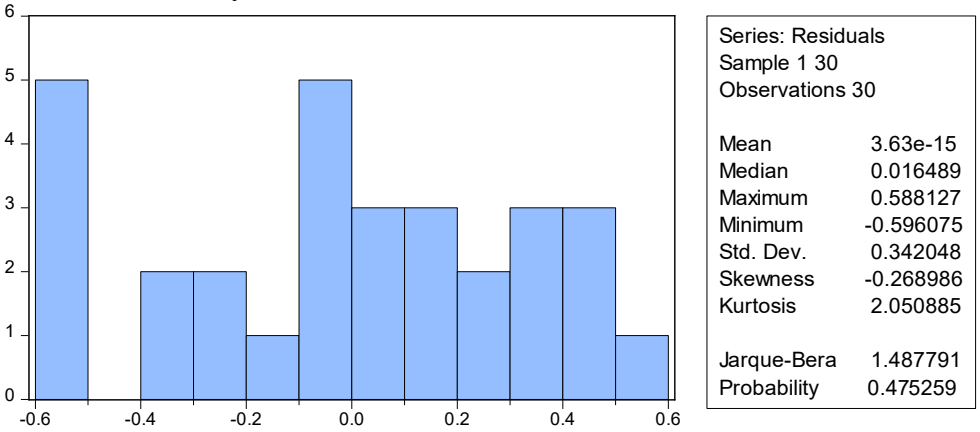
From the results of the Lagrange Multiplier Test above, it can be seen that the One-Sided Cross-Section value in Prob. Breusch-Pagan (BP) shows a value of 0.3309 > 0.05, so H0 is accepted, and H1 is rejected. Based on the Lagrange Multiplier Test, the appropriate regression estimation model for this research is the Random Effect Model.

Classic assumption test

Normality test

The normality test aims to determine whether the confounding or residual variables in the regression model have a normal distribution.

Table 4. Normality Test Results



Source: Eviews processed results (2023)

Based on the graph above, the Normality Test results show a Jarque-Bera value of 1.487791 < 2 with a probability value of 0.475259 > 0.05, so it can be concluded that the data is normally distributed.

Autocorrelation Test

To find out if there are any deviations from the traditional autocorrelation assumption—that is, the correlation between the residuals in one observation and other data in the regression model—use the Autocorrelation Test.

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Table 5. Autocorrelation Test Results

F-statistic	27.25085
Prob. F(2.25)	0.2521
*Obs*R-squared*	20.56624
Prob. Chi-Square (2)	0.1146

Source: (processed data)

If the Autocorrelation Test Results show the value of Prob. Chi-Square on Obs*R-squared 0.1146 > 0.05, then H0 is accepted, or it can be concluded that there is no positive or negative autocorrelation in the model.

Multicollinearity Test

The test method to determine whether or not there is multicollinearity in the regression model is carried out using the Variance Inflation Factor (VIF) value.

Table 6. Multicollinearity Test Results

Variable	Centered VIF	Information
Market Service Levy (X1)	1.030648	Multicollinearity does not occur
Levy for Recreation & Sports Places (X2)	1.030648	Multicollinearity does not occur

Source: (processed data)

Multicollinearity means the existence of a perfect or definite linear relationship between some or all of the variables that explain the Regression Model. If the correlation coefficient between each independent variable is greater than 0.80, it means that multicollinearity occurs in the Regression Model. From the results of the multicollinearity test above, it can be seen that all the research variables have a VIF value < 10, so the regression model in this study does not have multicollinearity.

Heteroscedasticity Test

Testing is carried out using the Breusch-Pagan-Godrey Test, if the value of Prob. Chi-Square on Obs*R-Squared > 0.05, then heteroscedasticity does not occur or the regression model that occurs is homoscedastic.

Table 7. Heteroscedasticity Test Results

F-statistic	2.289770
Prob. F(2.25)	0.1206
*Obs*R-squared*	4.350481
Prob. Chi-Square (2)	0.1136
Scaled explained SS	3.429911
Prob. Chi-Square (2)	0.1800

Source: (processed data)

Based on test results Heteroscedasticity can be seen from the Prob value. Chi-Square on Obs*R-Squared is 0.1136 > 0.05, so it can be concluded that heteroscedasticity or regression models do not occur, homoscedasticity.

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Multiple Linear Regression Analysis

Panel data regression analysis used in hypothesis testing is to test the effect of Market Service Levy and Recreation and Sports Place Levy on PAD.

Table 8. Results of Multiple Linear Regression Analysis

Dependent Variable: Y_PAD
Method: EGLS Panel
Sample: 2017 2022
Periods included: 6
Cross-sections included: 5
Total panel (balanced) observations: 30

Variable	Coefficient	Std. Error	Prob
C	9.172767	6.511190	0.1703
lesson plan	0.731506	0.299931	0.0216
RTRO	0.073218	0.042979	0.0999

Source: (processed data)

Based on the panel data regression analysis results table above, the panel data regression equation can be formulated as follows

$$PADi,t = \beta 0+\beta 1RPPi,t + \beta 2RTROi,t + \varepsilon$$

$$\textit{Paddy}, t = 9.172767 + 0.731506\textit{RPPi},t + 0.073218RTROi,t + \varepsilon$$

Partial Hypothesis Testing Analysis

Next, test a simple hypothesis with the t test. With a number of observations of (n = 30), a number of independent variables of (k = 2), then the degree of freedom (df) = nk = 30-2 = 28, where the significance level is α = 0.05. So ttable can be determined using Ms Excel with the Insert Function formula as follows:

ttable = TINV(probability, deg_freedom)

ttable = TINV(0.05,30-2)

ttable = 2.048

. *4.2* Discussions

The Influence of Market Service Levy on PAD

Market Service Levy is one source of PAD in districts in Central Java. Retributions given by a person or group contribute to the level of PAD. Based on the research results, the Regency Market Service Retribution in Central Java is always changing. Every year, the contribution of Market Service Levy to Original Regional Income is significant in accordance with the PAD target. Market Service Levy is a fee charged for services provided by local governments in the form of traditional market facilities such as courtyards, booths, kiosks, or powder rooms which are managed and explicitly shown to traders. The source of market service levy funds comes from the community who utilize public services provided by the regional government. Receipt of regional levies is considered as part of a contribution to PAD which will later be used for regional development projects that benefit the community.

From Market Service Retributions have a positive and significant impact on Regional Original

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Income, according to the findings of partial regression tests conducted using the Random Effect Model (REM). Market Service Retributions have a positive and significant effect on Regional Original Income. This is shown from the results of the t test which obtained a t-count of 2.438917 so that the t-count is greater (>) than the t-table with a probability of 0.0216 < 0.05, from the research results of the regression equation above it can be seen that the regression coefficient for the market service levy variable is worth positive amounting to 0.731506, meaning that the Market Service Levy has a positive and significant effect on PAD.

This is in line with research(Hermawan, 2021)stated that the contribution of market levies and the contribution of waste/cleaning levies positively affected Sukabumi City's PAD. Other research conducted by(Mulya & Wulandari, 2023) stated that market service levies and parking service levies have a positive effect on PAD of Purworejo Regency. Based on the results of this research, it can be concluded that the size of the market service levy is one of the determining factors in increasing PAD. The greater the contribution to market service levies received, the PAD obtained will also increase.

The Influence of Levy for Recreation and Sports Places on PAD

Based on the results of research on the Recreation & Sports Place Levy variable, a partial regression test using the Random Effect Model (REM) shows that the Recreation & Sports Place Levy has a t-count of 1.703567 so the t-count is smaller (<) than the t-table with a probability of 0.0999 > 0.05, from the research results of the regression equation above, it can be seen that the regression coefficient for the recreation and sports places levy variable has a positive value of 0.073218, meaning that the recreation & sports places levy has no effect on PAD.

This is in line with research conducted by(Anggraeni & Priyono, 2022)said that tourist visits, MSMEs, and entertainment taxes did not have a significant effect on Surakarta City PAD. Other research conducted by(Olivia et al., 2023)states that the number of tourist visits, tourist attraction levies and the number of business actors have no influence on the PAD of Tomohon City for the period 2010 - 2020. The absence of influence is caused by facilities and infrastructure factors in a tourist attraction that are not yet optimal. Apart from that, several tourist attractions in Central Java Province are not managed by the regional government, but by the private sector or the local community. The income obtained from entrance ticket levies is small, so it cannot increase PAD. So the fewer the number of tourist attractions managed by local governments, the contribution to PAD will not increase. The lack of development and utilization of tourist attractions in the area means that tourists are not interested in visiting

Conclusion

Based on the results of the research and discussion, it can be concluded that the Market Service Levy has a positive effect on PAD in 5 districts in Central Java Province 2017-2022. This results in the higher the Market Service Levy, the higher the PAD in that area and conversely, the lower the Market Service Levy will reduce the PAD in that area. However, the Levy for Recreation and Sports Places has no effect on PAD in 5 Regencies in Central Java Province 2017-2022. This is because the costs of maintaining recreation and sports areas are greater than the income from these levies.

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Board Age, Educational Background, and Foreign Nationality: Do They Affect Firm Value in the Mining Sector?

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Abstract

This study aims to examine the impact of board age, educational background, and foreign nationality on the firm value of mining companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2022, from a corporate governance perspective. A quantitative approach with associative research methodology is employed, utilizing eViews version 12 and multiple linear regression analysis for data measurement. The research population comprises mining companies listed on the IDX during the specified period. The sample is determined using purposive sampling, resulting in a total of 18 companies and 72 observations. Secondary data is used in this study, obtained from the official IDX website (www.idx.co.id). Hypothesis testing is conducted using the t-test (partial) and R-test. The findings indicate that the age of board members significantly influences firm value, whereas the educational background of directors and the presence of foreign nationals on the board do not have a significant impact. The study concludes that the number of board members holding degrees in economics and business is relatively low compared to those without such qualifications. Additionally, the majority of board members are Indonesian citizens.

Keywords: Age, Educational Background, Nationality, Company Values

JEL: G3, G34, M14

1. Introduction

The increasingly rapid development of the times, supported by increasingly modern technology, makes business competition increasingly fierce. This is what encourages every business to work more efficiently and serve customers and stakeholders well. All business people compete to gain as much profit as possible, to continue to survive in the business world. One method is to have investors put money into a business, so that an investor is interested in investing their capital, the company must have good corporate value (Rismawati, 2019).

Company value is often used as a benchmark for a company's success for investors. A company that is good at increasing its company value is a company that continues to pay attention to and properly controls the use of its potential, both financial potential and non-financial potential. Achieving a high corporate value reflects perception of investors in business, which typically correlated with prices of share. The market just believes in the company's current development but also in its future potential (Pramesti & Nita, 2022). High company value can increase the

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welfare of shareholders. Meanwhile, in reality, company values fluctuate and some even experience a decline. This is suspected or caused, among other things, because of the diversity of the Board of Directors Diversity, such as the age of the board of directors, the background of the board of directors (BOD) and the board of directors being foreign nationals.

One of the companies that has an important role in encouraging economic progress is the mining sector company, especially those operating in the raw material producing industry for the coal mining sector. Mining sector companies are companies that are often associated with their governance. The mining industry is also included in the high profile industry, which is generally a company that receives attention from the public because of its operational activities and carries out broader social responsibilities that have an impact on society and has consumer visibility, high political risk, and faces high competition (Kustina & Hasanah, 2020).

The board of directors, whose is in charge of making decisions and establishing the company's objectives, can have an impact on the value of the firm. Board diversity is the term used to describe the makeup of a diverse company's board of directors. Because board diversity is viewed as a sign of independence and accountability in decision making, businesses must take into account factors like age, educational background, and ethnicity when choosing members for their boards (Putri, 2020).

In essence, a business seeks to maximize earnings for the benefit of entity owners and shareholders. In addition to that, the corporation wants to increase its value. Investors can learn about the company's performance and potential by examining its value (Abbas & Dillah, 2020).

2. Literature Review

2.1 Agency Theory

Agency theory, a branch of corporate governance theory, is frequently employed in studies to comprehend the connection between the qualities of the board of directors and business value, according to Carter et al. (2020:24). The owner-manager relationship is asymmetrical as a result of agency theory. A concept—good company governance—is required to prevent this unbalanced connection.

Yogiswari & Badera (2019) state that scholars frequently employ agency theory to explain the connection between board members and firm value. This is also true with regard to the association between the board of directors' age, educational background, and foreign national board members and the value of the company.

2.2 Signal Theory

Signal theory, according to Brigham and Houston (2019:33), is a practice used by business management to inform investors about the company's outlook for the future. Pramesti & Nita (2022) state that the foundation of signal theory is the issue of gaps or uneven access to information, whether it be financial or non-financial, that is deemed significant and may influence how external parties respond to the company's information. One way to do this is for the company to give a signal by disclosing relevant information to stakeholders.

This information will provide a good signal to interested parties so that it will influence the value of the company. Meanwhile, non-financial information can be in the form of data related to board diversity, including the age of members of the board of directors, the educational background of members of the board of directors and the nationality of members of the board

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of directors.

2.3. Corporate Governance

Corporate governance is something that investors consider before making an investment. Businesses that have adopted good governance are seen as capable of fulfilling their obligations, which gives investors confidence and encourages them to focus more on the business.

A key mechanism for ensuring effective corporate governance lies in how a company's board is structured. In this context, the board of directors serves as a critical internal mechanism that supports sound governance practices (Putri, 2020). Rismawati (2019) stated that "Good Corporate Governance is a system that regulates and controls companies and creates added value for all stakeholders".

2.4. The Value Of The Company

According to Arifin (2019), company value is the value of profits earned and expected in the future, which are calculated in the present by taking into account the appropriate interest rate. Increasing company value can be achieved if the company is able to create a conducive environment for efficient, good and profitable company operations. Investor perceptions of a company's worth are frequently mirrored in its share price, meaning that a high share price typically signals high company value. Many researchers contend that a firm's market capitalization reflects the genuine value of its assets (Yulia et al., 2022).

Implementing robust corporate governance practices is one strategy to enhance this value. Moreover, beyond the straightforward connection between corporate governance and firm value, board diversity emerges as a critical element. The varied composition of directors can significantly shape the manner in which corporate governance is executed. Additionally, Tobin's Q—an alternative metric developed by Professor James Tobin (Weston and Copeland, 2004) Tidak ada di dapus—is calculated by dividing the market value of a company's shares by the book value of its equity, thereby offering another perspective on firm valuation.

TOBIN'S Q= MVE + DEBT/TOTAL ASSETS

Where:

MVE = P X Q Shares
DEBT = (Total Debt + Inventory – Current Assets)

Information:

TOBIN'S Q	: Value Of Company
MVE	: Market Value Of The Number Of Shares Outstanding
Total Assets	: Total Company Assets
P	: Closing stock price at the end of the year
Q Shares	: Number of shares outstanding at the end of the year

2.5. Diversity Of Board Of Directors

2.5.1. Age Of Members Of The Board Of Directors

The age of the board of directors is an indicator of board diversity, which can influence company value. The existence of age diversity will provide different backgrounds such as diversity in terms of experience, skills, abilities and social networks.

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According to Nugroho et al. (2021), adulthood is segmented into three distinct stages: early adulthood (ages 18–40), middle adulthood (ages 40–50), and advanced adulthood (ages 50–60). Thus, board members in the early and middle stages are classified as young directors, while those in advanced adulthood are regarded as senior directors.

2.5.2. Educational Background Of Members Of The Board Of Directors

Education is something that is very beneficial for every individual, although it is not a requirement for an individual who immediately enters the business environment. According to Anderson et al., (2022) stated that the diversity of educational backgrounds of the board of directors contributes to greater company value, because directors from different backgrounds complement each other to advise and supervise senior managers which will ultimately increase company value.

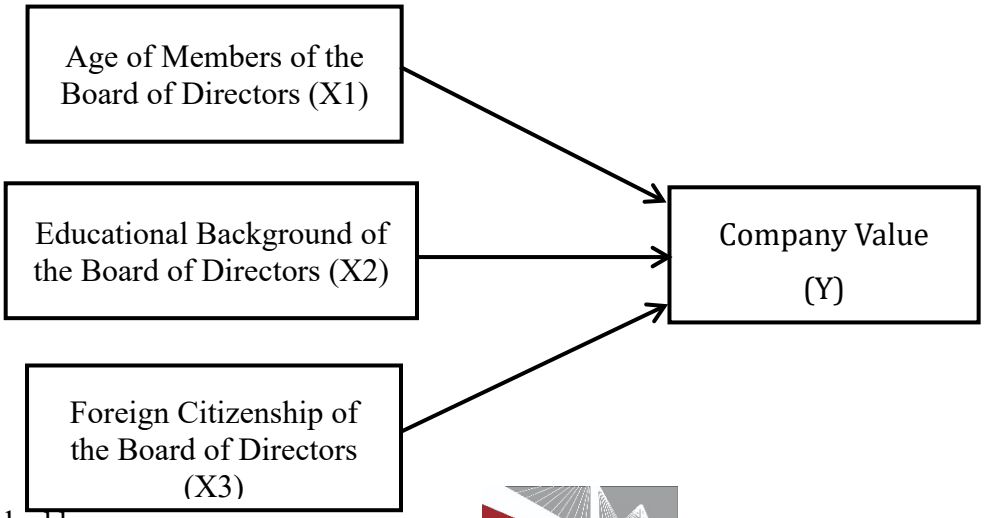
2.5.3. THE BOARD OF DIRECTORS ARE FOREIGN NATIONALS

According to Liargovas & Skandalis (2020), heterogeneous board members consisting of diverse nationalities will be more creative because they have different perspectives. This condition can produce better decisions and business strategies than having homogeneous board members. Additionally, the presence of foreign boards of directors demonstrates varying perspectives on the function of corporate boards in relation to control, particularly if they originate from nations with more robust shareholder rights (Putri, 2020).

Foreign national board members have different work experiences so they can bring diverse opinions and perspectives, and can also reflect different thoughts regarding the role of board members related to company control (Yulia et al., 2022).

2.6. Conceptual Research Framework

Based on Figure 1, you can see that the influence of three independent variables consisting of Age of Members of the Board of Directors (X1), Educational Background of the Board of Directors (X2) and Foreign Citizenship of the Board of Directors (X3) has on the dependent variable, namely Company Value (Y). To understand the problems to be discussed, it is necessary to have a conceptual framework which is the basis for researching problems with the aim of finding the truth of a research.



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2.7. Research Hypothesis

The age of board members is related to the wisdom they have, the older a board member is, the wiser they are. This can be seen from a person's adult stages which are associated with performance, so someone in the middle adulthood group is the period when someone achieves and maintains satisfaction in their career. Instead of switching between companies, they usually concentrate more on their work. On the other hand, senior employees are more likely than younger ones to be loyal to the organization. This demonstrates how an individual's age can impact their performance at work, which ultimately can impact the worth of the firm (Pramesti & Nita, 2022).

Putri (2020) found that the age of board members positively influences firm value, whereas Nugroho et al. (2021) reported that greater age diversity among directors is significantly linked to a decline in firm value. Based on these findings, the following hypothesis is proposed:

H1: The age of board directors influences firm value from a corporate governance perspective.

In addition, the educational background of board members plays a crucial role in shaping company value, as it affects their knowledge and skill sets. The extent and type of education provide detailed insights into an individual's competencies. Although there is no requirement to have a business education for those

It would be preferable if board members had a business and economics degree before entering the corporate sphere. At the very least, board members who had prior business and economic understanding are more equipped to oversee the company and make choices than those who lack such experience (Yogiswari & Badera, 2019).

Pradana and Khairusoalihin (2021) demonstrate that the educational background of board members significantly influences firm value, while Pramesti and Nita (2022) show that educational diversity also plays a crucial role in determining company value. These findings provide further support for this assertion. These descriptions lead to the following hypothesis, which was reached in this study:

H2: The board of directors' educational background influences the company's value from a corporate governance perspective.

Furthermore, another factor that influences the value of the company is that the board of directors is a foreign citizen. Board members who are foreign nationals show that the company has been managed professionally, so that foreign investors do not hesitate to invest their capital in the company. A board of directors that has direct access to investors can indirectly provide confidence in investing in share capital in the company, with high share capital investment that will lead to high company value (Pramesti & Nita, 2022).

Judging from signal theory, the presence of foreign nationals on the board can bring a favorable signal since investors are more interested in the board of commissioners' competitive edge, which makes them want to make investments and raises the worth of the company (Putri, 2020).

This is also supported by the research results of Yogiswari & Badera (2019) stating that the national diversity variable has a positive influence on company value and the research results of Umbing et al., (2022) show that the board of directors has a positive influence on company value. Based on these descriptions, the hypothesis obtained in this research is:

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H3: A board of directors with foreign nationality influences company value from a corporate governance perspective.

3. Research Method

3.1 Research Strategy

This study adopts a quantitative research design by employing secondary data drawn from the financial statements of mining companies listed on the Indonesia Stock Exchange (BEI) between 2019 and 2022. The data were sourced from the official BEI website (www.idx.co.id), annual corporate reports, and individual company websites.

3.1.1 Population and Research Sample

The population considered in this study comprises all mining-related businesses listed on the Indonesia Stock Exchange (BEI) between 2019 and 2022. The sampling method employed in this study is purposive sampling.

3.1.2 Operational Variables

Independent Variables

a. Age of Board Members

The board's age profile is assessed by determining the proportion of directors over the age of 40 relative to the total board membership. This approach is adapted from the methodology proposed by Pramesti and Nita (2022).

b. Educational Background of the Board

To evaluate the board's educational qualifications, the percentage of directors with academic backgrounds in business and economics is calculated relative to the overall number of board members. This metric is based on the research conducted by Nugroho et al. (2021).

c. Foreign Representation on the Board

The extent of international representation is measured by calculating the ratio of foreign nationals to the total number of directors on the board. This measurement approach is also derived from Nugroho et al. (2021).

Dependent Variables

The value of the company

The share price is a good indicator of a company's worth. The performance of the business and its potential for growth are factors that affect share price. Tobin's Q is the ratio that was employed in this study. The market value of a corporation, as determined by the market value of its existing shares and debt, is typically divided by the replacement cost of its assets to determine the value of Tobin's Q or Q ratio.

3.2 Data Analisis Method

The data in this study was processed using statistical software application and Microsoft Excel 2010 for data processing.

4. Findings and Discussions

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4.1. Research Result

This research used 72 observation data consisting of 18 sample companies with a research period of 4 years. The list of companies sampled in this research is as follows:

Table 1 List of Research Samples

No.	Code	Company Name
1	ADRO	Adaro Energy Indonesia Tbk.
2	APEX	Apexindo Pratama Duta Tbk.
3	ARII	Atlas Resources Tbk.
4	CNKO	Exploitasi Energi Indonesia Tb
5	DSSA	Dian Swastatika Sentosa Tbk
6	DWGL	Dwi Guna Laksana Tbk.
7	ETWA	Eterindo Wahanatama Tbk
8	FIRE	Alfa Energi Investama Tbk.
9	GEMS	Golden Energy Mines Tbk.
10	HITS	Humpuss Intermoda Transportasi
11	INPS	Indah Prakasa Sentosa Tbk
12	KOPI	Mitra Energi Persada Tbk.
13	PKPK	Perdana Karya Perkasa Tbk
14	PSSI	Pelita Samudera Shipping Tbk.
15	SOCI	Soechi Lines Tbk.
16	SURE	Super Energy Tbk.
17	TCPI	Transcoal Pacific Tbk.
18	TEBE	Dana Brata Luhur Tbk.

Source: www.idx.co.id (data processed)

4.2. Descriptive Statistical Analysis

Table 2 Descriptive Statistics

item	TOBIN	AGE	EDU	FOREIGN
Mean	6.456081	0.849537	0.708333	0.083333
Median	2.764948	1.000000	0.666667	0.000000
Maximum	56.54018	1.000000	1.000000	0.500000
Minimum	0.000000	0.000000	0.250000	0.000000
Std, Dev.	10.35793	0.238441	0.307382	0.148018
Skewness	3.155180	-1.762883	-0.296749	1.579352
Kurtosis	13.78340	5.818367	1.373905	4.316327
Jarque-Bera	468.3071	61.12268	8.989274	35.13036
Probability	0.000000	0.000000	0.011169	0.000000
Sum	464.8378	61.16667	51.00000	6.000000
Sum Sq. Dev.	7617.351	4.036651	6.708333	1.555556
Observations	72	72	72	72

Source: output process

Based on Table 2, the descriptive statistics reveal that the firm value variable (Tobin's Q) ranged from a minimum of 0.00 to a maximum of 56.54, with an average of 6.45 during the 2019–

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2022 period. This range indicates a considerable variation in firm values, with some companies achieving very high valuations and others recording a value of 0.00. The mean of 6.45 suggests that, on average, companies in the sample had a firm value of 6.45 in decimal terms (or 6.45%) over the study period.

During the 2019–2022 period, the mean proportion of board members over the age of 40 was 0.84, with observed values ranging from 0.00 to 1.00. A value of 0.00 indicates that some companies had no board members above 40, while a value of 1.00 signifies that, in certain cases, every board member was over 40. Overall, the average of 0.84 suggests that most companies in the sample maintained a high proportion of board members in this age group.

The educational background variable for board members indicates that, during the 2019–2022 period, the proportion of directors with a background in economics and business ranged from a minimum of 0.25 to a maximum of 1.00, with an average value of 0.70. A minimum value of 0.25 suggests that in some companies only one out of every four board members (or 25%) holds a degree in economics and business. Conversely, a maximum value of 1.00 indicates that in certain cases all board members possess this qualification. Overall, an average value of 0.70 implies that about 70% of the board members across the sample have an educational background in economics and business.

Between 2019 and 2022, the metric for the proportion of foreign nationals on the board of directors ranged from 0.00 to 0.50, with an average value of 0.83. A minimum value of 0.00 indicates that certain companies had no foreign nationals serving on their board, whereas a maximum value of 0.50—representing a scenario where one out of every two board members is a foreign national—demonstrates that some companies had up to 50% foreign representation. The mean value of 0.83 suggests that, overall, the majority of companies exhibited a notably high proportion of foreign nationals on their boards.

4.3. Data Panel Model Selection Test

1. Chow Test

Table 3 Chow Test (Likelihood Ratio)

Effects Test	Statistic	d.f.	Prob.
Cross-section F	5.912101	(17,52)	0.0000
Cross-section Chi-square	77 469000	17	0.0000

Source: output process

The results from Table 3 above show that the p value (cross-section F) of 0.0000 is smaller than 0.05 or 0.0000 < 0.05, so a temporary conclusion can be drawn that the model chosen is the Fixed Effect Model (FEM).

2. Hausman Test

Table 4 Chow Test (Likelihood Ratio)

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.033253	2	0.9835

Source: output

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The results from table 4 above show that the p value (cross-section Random) of 0.9835 is greater than 0.05 or 0.9835 > 0.05, so a temporary conclusion can be drawn that the model chosen is the Random Effect Model (REM).

3. Lagrange Multiplier Test

Table 5 Chow Lagrange Multiplier (LM)

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	31.07560	1.221675	32.29728
	(0.0000)	(0.2690)	(0.0000)
Honda	5.574550	-1.105294	3.160241
	(0.0000)	(0.8655)	(0.0008)
King-Wu	5.574550	-1.105294	1.139983
	(0.0000)	(0.8655)	(0.1271)
Standardized Honda	6.516490	-0.884489	0.356503
	(0.0000)	(0.8118)	(0.3607)
Standardized King-Wu	6.516490	-0.884489	-1.184315
	(0.0000)	(0.8118)	(0.8819)
Gourieroux, et al.	--	--	31.07560
			(0.0000)

Source: output process

Table 5 indicates that the Breusch-Pagan (BP) statistic is 0.0000, which is below the significance threshold of 0.05 (0.0000 < 0.05). Consequently, the Random Effects Model (REM) is deemed the most appropriate estimation approach.

4.4. Panel Data Regression Analysis

Table 6 Chow Test (Likelihood Ratio)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.098308	8.683469	1.047773	0.2985
AGE	0.446804	7.684173	0.058146	0.0195
EDU	-3.066425	7.343129	-0.417591	0.6776
FOREIGN	-10.20555	16.33993	-0.624577	0.5343

Source: output process

According to Table 6, the regression analysis reveals the following coefficients: a constant of 9.0983; for the age variable, a coefficient of 0.4468; for the educational background variable, a coefficient of –3.0664; and for the foreign nationality variable, a coefficient of –10.2055.

From these results, the panel data regression equation that occurred in this research is obtained, namely:

$$\mathbf{Y = 9{,}0983 + 0{,}4468\ age - 3{,}0664\ edu - 10{,}2055\ foreign}$$

Based on the panel data regression model, the following interpretations can be made:

1. The constant term of 9.0983 implies that when the variables for board members' age, educational background, and foreign nationality are all zero, the firm's baseline value is

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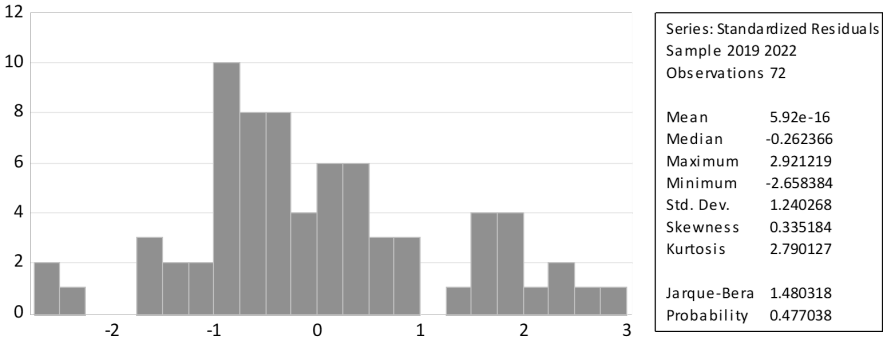
9.0983.

2. The positive coefficient of 0.4468 for the age variable suggests that, holding all other factors constant, a one-unit increase in the age variable is associated with a 0.4468 increase in the firm's value.
3. The educational background variable has a coefficient of –3.0664, indicating that, with other variables held constant, a one-unit rise in this factor leads to a decrease in firm value by 3.0664.
4. Lastly, the coefficient for the foreign national variable is –10.2055, which means that, assuming all else remains unchanged, a one-unit increase in the proportion of foreign board members is associated with a 10.2055 reduction in the company's value.

4.4. Classic Assumption Test

1. Normalitas Test

Table 7 Normalitas Test



Source: output process

Based on the table above, the normality test results can be expressed with a probability value of 0.477038, greater than 0.05, so it can be concluded that the data is normally distributed.

2. Multikolinearitas Test

Table 8 Multikolinearitas Test

	AGE	EDU	FOREIGN
AGE	1.000000	-0.157444	-0.241775
EDU	-0.157444	1.000000	0.721251
FOREIGN	-0.241775	0.721251	1.000000

Source: output process

Based on the results of the multicollinearity test, all inter-variable correlation coefficients were below 0.90, indicating that the dataset does not exhibit any multicollinearity issues.

3. Heteroskedastisitas Test

Table 9 Heteroskedastisitas Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.186043	0.206709	5.737740	0.0000

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AGE	0.322689	0.346875	0.930275	0.3555
EDU	0.268864	0.396691	0.677766	0.5002
FOREIGN	0.086303	0.353703	0.244000	0.8080

Source: output Process

Based on Table 9, it can be seen that there is no probability value between variables that is smaller than 0.05. So it can be concluded that there is no heteroscedasticity problem in this research.

4.5. Hypothesis Test

1. Partial Test (Test T)

Tabel 10 Partial Test (Test T) (ganti)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.098308	8.683469	1.047773	0.2985
AGE	0.446804	7.684173	0.058146	0.0195
EDU	-3.066425	7.343129	-0.417591	0.6776
FOREIGN	-10.20555	16.33993	-0.624577	0.5343

Sumber : *Output Process*

Based on Table 10, the results of the partial T-test can be summarized as follows:

1. Age of Board Members:

The significance value for the age variable is 0.0195, which is below the 0.05 threshold. Consequently, the null hypothesis is rejected in favor of the alternative hypothesis, indicating that the age distribution of board members has a statistically significant partial impact on company value.

2. Educational Background:

The educational background variable has a significance value of 0.6776, exceeding the 0.05 threshold. This leads to the acceptance of the null hypothesis and the rejection of the alternative hypothesis, suggesting that the educational background of board members does not significantly affect company value.

3. Foreign Nationality:

The variable representing the proportion of foreign nationals on the board yields a significance value of 0.5343, which is also greater than 0.05. Thus, the null hypothesis is accepted, indicating that the presence of foreign nationals on the board does not have a statistically significant impact on company value.

2. Coefficient of Determination Test (R2)

Tabel 11 Coefficient of Determination Test (R2)

R-squared	0.006766
Adjusted R-squared	0.037053
S.E. of regression	6.959361
F-statistic	0.154401

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Prob (F-statistic)	0.926510

Sumber : *Output*

Based on the data in Table 11 above, the Adjust R-Squared value is 0.037053 or 3.70%. This means that the variables of age, educational background, and foreign nationality of board members can influence company value by 3.70%, while 96.30% is the contribution of other variables not included in this research.

4.6. Discussion

The discussion of the research results that will be explained next was obtained based on the results of the regression equation obtained previously, namely as follows:

Y = 9.0983 + 0.4468 age – 3.0664 edu – 10.2055 foreign

Where the significance value (Prob.) obtained by age (X1) is 0.0195, edu (X2) is 0.6776 and foreign (X3) is 0.5343.

1. The Impact of Board Members' Age on Company Value

The results of the partial significance test (T Test) indicate that the age variable for board members has a probability value of 0.0195, which is below the 0.05 threshold. This leads to the rejection of the null hypothesis and the acceptance of the alternative, demonstrating that the age of board members has a statistically significant positive influence on firm value. In essence, for mining companies listed on the IDX between 2019 and 2022, firm value is notably affected by the presence of board members in middle adulthood (those aged over 40).

From a performance standpoint, middle-aged directors are typically at a point in their careers where they enjoy stable job satisfaction and are more inclined to remain focused on their current roles rather than seeking new opportunities. This continuity likely enhances the company's value. In contrast, board members in early adulthood (around age 40) often prioritize career progression over contributing to the firm's long-term value.

The results of this research are in line with research conducted by Rismawati (2019), Nugroho et al., (2021) and Putri (2020) which shows that the age of members of the board of directors has an effect on company value. Meanwhile, the results of this research are not in line with research conducted by Aisyah & Raudhatul (2022), Pramesti & Nita (2022), and Umbing et al. (2022), showing that the age of the board of directors has no effect on company value.

2. The Influence of Educational Background of Board of Directors Members on Values Company

According to the Partial Significance Test (T Test), the educational background variable for board members yielded a significance value of 0.6776, which exceeds the 0.05 threshold. As a result, the null hypothesis (H0) is retained while H2 is rejected, indicating that the educational background of board members does not significantly affect firm value. In other words, for mining companies listed on the IDX during the 2019–2022 period, having board members with finance and business-related degrees does not necessarily enhance company valuation.

This outcome may be attributed to the relatively small proportion of directors with backgrounds in business and economics within each organization. Many companies feature board members from diverse fields— for instance, ADRO includes legal experts, APEX has members with technological expertise, and ARII comprises professionals in mining engineering. Therefore,

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the limited presence of board members with business and economics qualifications is not the primary factor driving a company's worth.

The results of this research are in line with research conducted by Aisyah & Raudhatul (2022), Umbing et al., (2022), Alaudin & Abdul (2023) and Rahma & Sukarmanto (2023) showing that the educational background of members of the board of directors has no influence on the value of the company. Meanwhile, the results of this research are not in line with research conducted by Yogiswari & Badera (2019) and Pradana & Khairusoalihin (2021) showing that the educational background of members of the board of directors influences company value.

3. The Influence Of A Foreign Board Of Directors On Company Value

According to the Partial Significance Test (T-Test), the variable representing the proportion of foreign nationals on the board of directors has a significance value (p-value) of 0.5343, which is greater than 0.05. This leads to the acceptance of the null hypothesis (H0) and the rejection of H3, indicating that the presence of foreign directors does not significantly affect the firm's value.

This outcome suggests that, for the 2019–2022 period, the market value of mining companies listed on the IDX remains unaffected by the inclusion of foreign board members. One reason for this lack of impact may be that most companies have boards predominantly composed of Indonesian nationals—only five out of the eighteen companies include foreign nationals on their boards (with ADRO, APEX, ARII, ETWA, and SURE among those with at least one foreign director).

These findings align with previous research by Pramesti & Nita (2022) and Putri (2020), which also found that foreign nationals on the board do not significantly influence firm value. However, they contrast with the results of studies by Yogiswari & Badera (2019), Nugroho et al. (2021), and Umbing et al. (2022), which reported a significant impact of foreign board members on company value.

5. Conclusions

Based on the results of the research and discussion presented in the previous chapter, the following conclusions can be drawn:

1. The worth of the company is positively impacted by the age of the board of directors. It is possible to draw the conclusion that the more middle-aged directors there are on the board, the more they have the ability to raise and impact the company's value in mining businesses.
2. The worth of the company is unaffected by the board of directors' educational backgrounds. Consequently, it can be concluded that board members with business and economic experience have no effect on raising the value of mining businesses.
3. The value of the company is unaffected by the foreign nationality of the board of directors. The conclusion is that the high proportion of foreign nationals on the board of directors has no bearing on the growth of the firm value of mining businesses. Recommendations

   Based on the research results, discussion and conclusions that have been described previously, the suggestions that the researcher would like to convey are as follows:

   1. This research only examines the influence of age, educational background and nationality of members of the board of directors on company value. With the research

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results that influence the age of members of the board of directors, it is hoped that this can be taken into consideration by companies in selecting members of their board of directors by preferring board members who are in the middle adulthood stage or aged > 40 years. Because at this age they tend to be more focused on work and not move from place to work, so they can provide more comprehensive results in increasing company value.

2. While the educational background of members of the board of directors and the nationality of members of the board of directors do not have an influence on the value of the company, it is hoped that members of the board of directors will also continue to receive education regarding economics & business even though they already have an educational background outside of economics & business. Because this can have an influence on the decision making of a member of the board of directors in a company. Also, with the majority of members of the board of directors having Indonesian citizenship, it is hoped that they will maintain a cooperative relationship from one company to another.

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The Effect of Competency, Motivation and Discipline on Employee Performance: Regional Office VII of State Personel Agency Palembang

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Abstract

This study aims to 1) determine the effect of Competence, Work Motivation, and Work Discipline on Employee Performance at Regional Office VII of the State Personnel Agency in Palembang 2) determine the effect of Competence on Employee Performance at Regional Office VII of the State Personnel Agency in Palembang 3) determine the effect of Work Motivation on Employee Performance at Regional Office VII of the State Personnel Agency in Palembang 4) determine the effect of Work Discipline on Employee Performance at Regional Office VII of the State Personnel Agency in Palembang. This type of research is Associative The variables used by researchers are the variables of competence, work motivation, work discipline, and employee performance The sample in this study was the Regional Office VII Employees of the Palembang State Civil Service Agency totaling 103 employees selected by Cluster Random Sampling The data used in this study were primary data with a questionnaire data collection method, The data analysis technique used was Multiple Emier Regression. The results of this study indicate that (1) competence, work motivation, and work discipline together have a positive and significant effect on employee performance (2) competence has a positive and significant effect on employee performance (3) work motivation has a positive and significant effect on employee performance (4) Work discipline has a positive and significant effect on employee performance.

Keywords: Motivation, Discipline, Employee Performance.

1. Introduction

Every organization or company aims for progress and development. To achieve this, they engage in various activities to improve employee performance. Human resource management plays a crucial role in this process, as it is designed to enhance employee performance and advance the company. However, improving company performance is not solely the responsibility of HR. It requires the attention of the entire company, particularly in areas such as employee competency management. Performance is a significant issue in any organization. Satisfactory performance from employees does not occur spontaneously but is the result of a continuous evaluation process. As Kasmir (2019) states, performance is the result of work and

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work behavior achieved in fulfilling the tasks and responsibilities given during a specific period.

In a company organization, Performance is a measure of results in managing and running the organizational bureaucracy. This term refers to the set of rules, procedures, and regulations that guide and control the activities within an organization. It is related to things that will and are being done. The definition of Performance (work achievement) is the result of work in terms of quality and quantity achieved by an employee in carrying out his duties according to the responsibilities given to him (Mangkunegara 2013). Performance is in the form of individual or group work results of personnel. Improving human resource capabilities for organizational development is necessary to compete in the era of globalization. According to Kasmir (2019), Employee performance is influenced by competence, development, work design, personality, job satisfaction, work environment, loyalty, commitment, work discipline, work motivation, leadership, leadership style, and organizational culture.

Regional Office VII BKN Palembang Through Law Number 5 of 2014 concerning the State Civil Apparatus, the State Civil Service Agency (BKN) is designated as a non-ministerial government institution that is authorized to carry out coaching and organize ASN Management nationally as regulated in Law Number 5 of 2014. This paradigm shift is realized through the management of human resource development of state apparatus with the hope that state apparatus will always be at the forefront and have the qualifications and competencies needed to carry out duties and functions in responding to the development challenges faced. Based on the Regulation of the Head of BKN Number 31 of 2020 concerning the Organization and Work Procedures of the Regional Office of the State Civil Service Agency, Regional Office VII BKN has the task of carrying out part of the duties and functions of the State Civil Service Agency in the field of coaching and organizing management of State Civil Apparatus in its working area, the authority of which is still inherent in the government by the provisions of laws and regulations. Regional Office VII of the State Civil Service Agency, as an extension of the central BKN in the regions, has a very strategic role in 3 development and service of personnel management. Based on the report in the State Civil Apparatus Statistics Book for Semester I of 2023, published by the Deputy for Personnel Information Systems of BKN, it was recorded that 298,347 ASN were working in both central and regional agencies under the working area of BKN Regional Office VII which includes the Provinces of South Sumatra, Jambi, Bengkulu, and the Bangka Belitung Islands.

The performance of employees at the Regional Office VII BKN is less than optimal. Several things, including competence, work motivation, and work discipline, cause factors that influence employee performance. Several things, including quality, quantity, independence, and commitment, characterize the less-than-optimal performance of employees. The quality of employee work is still relatively low, as indicated by the results of employee work that are not yet optimal. Implementing a 100% digital system in the BKN Office work system ideally supports the quality of employee work results. The data shows that the realization of achievements has not been in accordance with the targets that have been set, such as the digital-based ASN Management Service, the Bureaucratic Reform Implementation Index, and the Results of the Performance Accountability Evaluation, whose realization of achievements has not yet reached the target optimally, which will impact the achievement of the expected goals in the organization. The quantity of employee work is also not optimal, as indicated by the number of units produced by employees in work has not reached 100% of the completion target. The recapitulation of activities to examine proposals for promotion has not yet reached the target according to the applicable TMT—the percentage of completion of the rank management

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process issued by BKN. Based on the data obtained, the percentage of achievement in the quantity of promotion completion did not reach 100%. However, the percentage that was not completed was small, which significantly impacted employee interests. Employees also tend not to be independent in their work. Every job is always done together, and employees rely on one another. This togetherness makes employees less independent and less confident in completing a job, so there is a dependency on one person who is considered capable of working.

Furthermore, employee work commitment is also still low when indicated by the achievement of work targets. This low commitment is because employees feel there are no consequences if they do not work optimally. Their status as civil servants makes them feel safe, and the guarantee of life as a civil servant makes them think they do not have a high responsibility for the survival of BKN, which, in principle, is the government's responsibility. Low performance is also indicated by the low competence of BKN employees, shown by the low level of knowledge because employees do not desire to increase their education to a higher level. Hence, employees cannot complete work outside of routine tasks. The level of education of BKN employees Low levels of education result in low knowledge. In 2024, employees had a high school education level of 2.14%, D3 of 11.43%, Strata 1 (S1) of 58.57%, and Strata 2 (S2) of 17.86%. Employee understanding of the job is also still low, as shown by employees who are slow in completing work and dealing with public complaints about the problems faced. Lack of employee understanding of the job makes employees unable to complete work well and quickly. Employee attitudes towards work are not good. This is indicated by employees who are less enthusiastic about completing the work given. Employee interest in improving competence is also still low, as shown by employee behavior, which tends to work as is without any desire or interest in improving their work abilities.

Regarding work motivation, the opportunity to advance is still low due to the lack of initiative and innovation in working, and getting the chance to get education and training, and show their abilities to be promoted. The working relationship between employees in one field or office is less compact and harmonious, so there is a lack of communication and no sense of solidarity. It often causes conflict and misunderstanding; this often occurs between employees only because of the lack of coordination and communication in managing an activity. Working conditions that are not supported by adequate facilities and infrastructure, such as hot rooms due to broken air conditioners and inadequate office equipment such as computers and slow internet networks, work rooms with piles of files and office equipment that are not arranged and stored correctly due to the lack of storage cabinets for files and office equipment. Low employee responsibility is characterized by the willingness to complete work that still relies on and is assisted by co-workers, such as preparing facilities and infrastructure for meetings or socialization activities that are often not prepared properly before the activity. There is a tendency to pass on tasks and responsibilities that are not routine, such as serving employee consultations and CASN selection supervisory committees. In addition to competence and work motivation, employee performance is influenced by work discipline, the level of attendance who often leave the office during working hours for personal matters unrelated to work, such as family matters and picking up and dropping off school children. Work procedures often violated include not participating in ceremonies and gymnastics and not using attributes and work uniforms as stipulated by the provisions. Low obedience to superiors is characterized by employees often refusing to carry out official duties, being included in training, or being made team members for an office activity.

2. Literature Review

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One of the factors that influences Performance is competence. Competence is the ability to carry out or do work or tasks based on skills and knowledge and supported by the work attitude required by the job (Wibowo, 2018). To form good Performance, a government employee has regulated regulations related to the importance of competence and the addition of employees to the Performance of government agencies. Employees must have the right competence in carrying out work to realize employee performance and success in the long term. Improving individual Performance will encourage overall human resource performance, which is reflected in increased productivity.

Public and private organizations share a common goal: to optimize all of their components to achieve the goals set by the organization. This shared goal unites professionals in both sectors, fostering a sense of unity in their professional endeavors. The achievement of organizational goals can be measured through organizational Performance, which is determined by employee performance. Organizational success can be achieved if employees carry out their duties and function well in implementing organizational strategies. The organization needs employees who have high motivation to carry out work, work discipline, and competence and mastery of their fields.

One of the factors that influences Performance is competence. Competence is the ability to carry out or do work or tasks based on skills and knowledge, and supported by the work attitude required by the job (Wibowo, 2018). To achieve good performance, the government has regulated regulations related to the importance of competence and the addition of employees to the performance of government agencies. Employees must have the right competence in carrying out work to realize employee performance and success in the long term. Improving individual Performance will encourage overall human resource performance, which is reflected in increased productivity. Per organizational demands, good employee competence encourages the achievement of better organizational Performance and goals. Human resources are one of the most important resources for every organization/institution, and they are also supported by motivation, work discipline, and competence, which are important for achieving the organization's goals.

Empirical studies with different results related to competence are shown by research by Ngebu et al. (2018) and Hermawan (2019), whose research results state that competence has a positive and significant effect on performance. Research by Nurlindah & Rahim (2018) states different research results, namely that competence does not have a positive and significant effect on performance. In addition to competence, employee performance is also influenced by work motivation (Kasmir, 2019). Work motivation is a drive for someone to do work (Kasmir, 2016). If employees have a strong drive from within themselves or from outside themselves, then employees will be stimulated or motivated to do something well. In the end, encouragement or stimulation from within and outside a person will produce good performance.

Empirical studies with different results related to work motivation are shown by research by Suhasto & Lestariningsih (2018), whose research results state that work motivation has a positive and significant effect on employee performance. Meanwhile, research by Tanjung, et al (2023) states that work motivation does not positively and significantly affect employee performance. In addition to competence and work motivation, work discipline can affect performance (Kasmir, 2019). Work discipline is an obligation of the office or agency where work is required to pay attention to employee work discipline so that employee work improves more than before. Employees do not do unimportant activities at will during working hours.

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Work discipline is a workplace or management concept requiring employees to act regularly. Discipline is a condition that causes or encourages employees to act and carry out all activities by the rules set. Good discipline is reflected in a person's great sense of responsibility for the tasks given to him. (Sinambela & Sinambela, 2019). Regulations are needed to create good order in the office where work is carried out because the discipline of an office or workplace is said to be good if some employees obey the existing regulations. Singodimedjo in Sutrisno (2019) states discipline is an attitude of willingness and willingness to obey and comply with the norms that apply around him, and employee discipline greatly influences the agency's goals. Nadeak (2020) one way to increase employee work productivity is to have good work discipline. Empirical studies with different results related to discipline are shown by research by Ningsih et al. (2022), whose research results show that work discipline has a positive and significant effect on employee performance. On the other hand, research conducted by Anggi Maharani et al. (2022) shows that work discipline does not positively and significantly affect employee performance.

The influence of Competence on employee performance. Competence is an individual characteristic that underlies performance or behavior in the workplace. According to Wibowo (2018), Competence is one of the factors that can affect employee performance. An excellent employee shows Competence on a larger scale and with better results than ordinary or average employees. Therefore, Competence is a characteristic that can underlie individuals who can be linked to criteria referenced to employee performance. Employees with better abilities and expertise will perform well for the company and vice versa (Kasmir, 2019). Duties and functions in carrying out performance are regulations that must be carried out because the implementation of good performance is based on employee competence. This is supported by research conducted by Barasa et al. (2018) with the title study Determinants of Job Satisfaction and its Implications on Employee Performance of Port Enterprises in DKI Jakarta, where the results of his research showed that Competence affects performance. Similar to the research conducted by Ngebu, et al (2018) titled " The Influence of Competence and Employee Placement on Employee Job Satisfaction and Performance and Friolina's research (2017) titled " Do Competence, Communication, and Commitment Affect the Civil Servants' Performance. The results of the study showed that Competence affects employee performance. Each competency will be seen in individuals with various characteristics. At the BKN Regional VII office, there is still low Competence, which is indicated by the limited knowledge of employees. Low understanding is seen from the slowness in completing work and dealing with public complaints. Besides that, there is still an attitude that is not enthusiastic about completing work and low interest in improving work skills.

The influence of work motivation on employee performance. According to Wibowo (2018), many factors influence performance, one of which is motivation. Motivation plays a vital role for employees; it can spur them to work hard to achieve their goals. Motivation has a close relationship with a person's attitudes and behaviors. Each individual's attitudes interact with values, emotions, roles, social structures, and new events, which behavior can influence and change. This is in line with the research conducted by Suhasto & Lestariningsih (2018), which was entitled Analysis of the Influence of Competence, Motivation, Discipline and Compensation on Human Resource Performance Using Partial Least Square Analysis. The population in his research was all alums of the Accounting Computerization Study Program of the Madiun State Polytechnic who graduated in 2012-2015, totaling 325 people. The sample was selected using the purposive sampling method to obtain 124 respondents. The data analysis

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technique used Partial Least Square assisted by SmartPLS software. The results of his research show that a) competence influences commitment; b) motivation influences commitment; c) discipline influences commitment; d) competence influences performance; e) motivation influences performance; f) discipline influences performance; g) commitment influences performance. Decreased work motivation will cause employees to show lower productivity, feel bored, and be monotonous, making it difficult to achieve the expected performance. This still occurs in BKN Regional VII Office employees, who are still less motivated to work optimally, affecting employee performance.

The influence of work discipline on employee performance. According to Wibowo (2018), many factors influence performance, including discipline. High work discipline also affects performance. Discipline is a form of obedience or compliance with applicable written and unwritten regulations. This obedience manifests in attitudes, behavior, and actions that follow these regulations. Discipline is a management action that encourages organization members to meet the demands of various provisions (Siagian, 2012). This is supported by the research of Ningsing et al. (2022) with the title of their study The Influence of Transformational Leadership, Organizational Commitment, and Work Discipline on Employee Performance at the Badung Regency DPRD Secretariat. The results of the analysis show that: a) Transformational leadership has a positive and significant effect on performance. b) Organizational commitment has a positive and significant effect on performance. c) Work discipline has a positive and significant effect on employee performance. The phenomenon of discipline can be seen as still lacking; this illustrates that the indicators of the level of attendance and compliance with superiors' orders are still low. The loss of work discipline will affect the efficiency of work and the effectiveness of the mandated work tasks. If discipline is not enforced, the goals set will likely not be achieved effectively and efficiently.

3. Research Method

The object of this study is the Regional Office VII of the State Civil Service Agency of Palembang. The design that will be used in this study is correlational. Correlational is a research design that will reveal the collective relationship between two or more variables. This study will correlate the independent variables, namely Competence (X1), Work Motivation (X2), and Work Discipline (X3) with the dependent variable Employee Performance (Y). Employee performance indicators are quality, quantity, independence, and work commitment. The indicators of employee competence are knowledge, understanding, attitude, and interest. The indicators of motivation are opportunities for advancement, work relationships, working conditions, and responsibilities. The indicators of discipline are the level of attendance, work procedures, and obedience to superiors. The population in this study were all civil servants (PNS) at the Regional Office VII of the BKN. To determine the sample size in this study, the Isaac and Michael formula was used for a population of 140 people consisting of PNS and non-PNS with an error rate of 5%; the sample size was 103 people. Proportional sampling is a sampling technique that considers elements or categories in the research population, so the sample used is 103 people. The sampling technique in this study uses the probability sampling technique. The data collection techniques that will be used by the author in this study are questionnaires, interviews, and documentation. The questionnaire is the one that is delivered and collected by the researcher by meeting the respondents directly. Interviews are direct communication with BKN Palembang employees to obtain information related to the data needed. Documentation is by collecting data related to the study being studied. Primary data in this study were obtained through distributed questionnaires. Secondary data in this study are in

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the form of personnel data and journals that are relevant to the title being studied. The analysis model used is multiple linear regression analysis.

4. Findings and Discussions

This multiple linear regression analysis determines the influence of competency variables, work motivation, and work discipline on employee performance. The results of the multiple linear regression analysis can be seen in the following table:

Table 1. Regression Result

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	1.170	3.814	
	Competency	.219	.072	.204
	Motivation	.336	.093	.310
	Discipline	.513	.098	.453

a. Dependent Variable: Employee Performance

Based on the table of multiple linear regression test results, the multiple linear is obtained as follows: Y= 1.170 + 0.219 X1 + 0.336 X2 + 0.513 X3

The results show a constant value of 1.170, indicating that if competence, motivation, and discipline are equal to zero, employee performance remains at 1.170. The value of the competence regression coefficient is 0.219 (positive), indicating that competence has a positive effect on the performance of employees at the Regional Office VII BKN Palembang. The test value shows that if competence increases, employee performance will increase, and vice versa; if employee competence decreases, employee performance will also decrease. The value of the work motivation regression coefficient is 0.336 (positive), indicating that work motivation has a positive effect on the performance of employees at the Regional Office VII BKN Palembang. The test value shows that if work motivation increases, employee performance will increase, and vice versa; if work motivation decreases, employee performance will decrease. The value of the work discipline regression coefficient is 0.513 (positive), indicating that work discipline positively affects the performance of employees of the Regional Office VII BKN Palembang. The test value shows that if work discipline increases, employee performance will increase, and vice versa; if work discipline decreases, employee performance will decrease.

The F test determines whether competence, work motivation, and work discipline simultaneously affect employee performance. The results can be seen in the following table:

Table 2. F-test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2780.914	3	926.971	43.822	.000[b]
	Residual	2094.177	99	21.153		
	Total	4875.091	102			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), Discipline, Competency, Motivation

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Determining F-table with a confidence level of 95% and an error rate (α) of 5% = 0.05, with degrees of freedom (df) V1 = k-1 = 4-1 = 3 and V2 = 103-4 = 99, so the F-table value = 2.70. Based on the results of the F Test (Anova), it can be seen that the Fcount value is 43.822> FTable 2.70 with a Sig F level of 0.000 <0.05, then Ho1 is rejected, meaning that there is a significant influence of competence, work motivation and work discipline on the performance of employees of the Regional Office VII BKN Palembang.

The t-test aims to test the independent variables partially/individually against the dependent variables, with the following results:

Table 3. t-test

Variables		t	Sig
1	(Constant)	.045	.965
	Competency	3.047	.003
	Motivation	3.611	.000
	Discipline	5.231	.000

a. Dependent Variable: Employee Performance

Based on the results of the t-test (partial), it can be seen as follows: a) The calculated t-value for Competence (X1) is 3.047> t-table 1.984 with a sig.t level of 0.003 <0.05 (significant), then Ho2 is rejected, meaning that there is a significant influence of competence on the performance of employees of the Regional Office VII BKN Palembang. b) The calculated t-value for Work Motivation (X2) is 3.611> t-table 1.984 with a sig.t level of 0.000 <0.05 (significant), then Ho3 is rejected, meaning that there is a significant influence of work motivation on the performance of employees of the Regional Office VII BKN Palembang. c) The calculated t-value for Work Discipline (X3) is 5.231 > t-table 1.984 with a sig.t level of 0.000 < 0.05 (not significant), so Ho4 is rejected, meaning that there is a significant influence of work discipline on the performance of employees at the Regional Office VII BKN Palembang.

The Influence of Competence, Work Motivation, and Work Discipline on Employee Performance at Regional Office VII BKN Palembang. Based on the multiple linear regression analysis results, the coefficient values of the competency, work motivation, and work discipline variables show a positive influence. This means that if competency, work motivation, and work discipline improve or increase, it will improve employee performance. Conversely, if competency, work motivation, and work discipline decrease, employee performance will decrease. The results of simultaneous hypothesis testing show that competency, work motivation, and work discipline significantly influence employee performance at Regional Office VII BKN Palembang. These results explain that with competency, work motivation, and work discipline, employees can work optimally, which affects employee performance. The large value of Adjusted R Square in the regression model shows the large contribution of competency, work motivation, and work discipline to employee performance at Regional Office VII BKN Palembang. This study shows that competency, work motivation, and work discipline affect employee performance at Regional Office VII BKN Palembang. Kasmir (2019) states that several factors influence employee performance: competence, work motivation, and work discipline. The results of this study are in line with previous studies by Maharani et al. (2022), Daming et al. (2023), Suci & Yulia. (2020), and Manao (2020), which prove that simultaneously competence, work motivation, and work discipline have a positive and significant effect on employee performance. Ngebu et al. (2018) and Hermawan (2019) whose research results state

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that competence has a positive and significant impact on performance. Suhasto & Lestariningsih (2018) research results state that work motivation positively and significantly affects employee performance. Marpaung &Darmawan (2022) research results show that work discipline positively and substantially affects employee performance. This contrasts the research conducted by Nurlindah & Rahim (2018), which stated different research results, namely that competence does not have a positive and significant effect on performance. Tanjung et al. (2023) the results of their research stated that work motivation has a positive and insignificant impact on employee performance. Maharani et al. (2022) showed that work discipline has a positive and insignificant effect on employee performance. There are differences and similarities between previous studies and this study, namely using measurement indicators. There are differences in research samples, sampling techniques, and analysis techniques. Based on the results of respondents' answers, problems were found in employee performance, namely in the quantity indicator, where there is still employee work quality that does not meet the established standards, in addition to the independence indicator, where there are still BKN employees who do not have independence and confidence in the results of their work. In addition, there were problems in the work commitment indicator where there are still BKN employees who do not have a work commitment to complete their work immediately and still employees who do not have a work commitment to the survival of BKN. If this problem is not followed up, it will cause problems that can hinder employee performance.

The Influence of Competence on Employee Performance at Regional Office VII BKN Palembang. The results of the partial hypothesis test show a significant influence of Competence on the performance of employees at Regional Office VII BKN Palembang. These results explain that the good or lousy Competence possessed by employees will determine the good or bad performance of the employees produced. This study proves the hypothesis written at the beginning that Competence significantly influences the performance of employees at Regional Office VII BKN Palembang. This is according to Kasmir's (2019) theory, which states that several factors affect employee-effect performance, n, Compliance. The results of this study are in line with previous studies conducted by Maharani et al. (2022), Daming et al. (2023), Suci & Yulia (2020), Manao (2020), Ngebu et al. (2018) and Hermawan (2019) whose research results state that partially Competence has a positive and significant effect on performance. Unlike the research conducted by Nurlindah & Rahim (2018), which stated different research results, namely, Competence has a positive and insignificant effect on the performance of South Sulawesi Province Industry Service employees. The reason this research is different from the research of Nurlindah & Rahim (2018) of the South Sulawesi Province Industry Service because it is based on several aspects, namely, there are differences in the indicators used, namely using indicators of knowledge, skills, self-concept, personal characteristics, and motives, while in this study using 4 indicators that are close to the problem, namely knowledge, understanding, attitude and interest. Then, there is a difference in the sample used by Nurlindah & Rahim (2018) in the South Sulawesi Province Industry Service, which is 54 employees, while this study uses a sample of 103 employees. Based on the results of the respondents' answers, it was found that there were problems with employee work competencies, namely in the knowledge indicator, where there are still employees who do not have the desire to improve their education to a higher level, another problem in the understanding indicator, where there are still BKN employees who are unable to resolve public complaints with good understanding. A problem was also found in the attitude indicator, where there are still BKN employees who do not show a positive attitude in completing their duties and responsibilities; another problem was also seen in the interest indicator, where there are still employees who do not have an

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interest in improving their work competency. BKN employees still tend not to show a high interest in their work. The impact of these problems has an effect on employee performance, namely in the quantity indicator, where there is still employee work quality that does not meet the established standards, in addition to the independence indicator, where there are still BKN employees who do not have independence and confidence in the results of their work. In addition, there were problems in the work commitment indicator where there are still BKN employees who do not have a work commitment to complete their work immediately and still employees who do not have a work commitment to the survival of BKN. If this problem is not followed up, it will cause problems that can hinder employee performance. As a practical implication, the researcher suggests that employees should be able to improve their work competencies, significantly improve their knowledge in their work by following training or further education, understand handling public problems by sharing with superiors to get the best solution, enhance attitudes and increasing interest in working by showing seriousness in handling issues in their work. If these improvements are made, it is expected to improve performance, especially in achieving maximum work quality and fulfilling work quantity; employees will also have confidence in working and a commitment to completing the assigned work.

The Influence of Work Motivation on Employee Performance at Regional Office VII BKN Palembang. The results of the partial hypothesis test show a significant influence of motivation on employee performance at Regional Office VII BKN Palembang. These results explain that whether the motivation possessed by employees is good or bad will determine whether the employee's performance is good or bad. High motivation encourages employees to work productively and achieve organizational goals. In this study, motivation was shown to contribute significantly to employee performance. This indicates that employees who feel appreciated will have a greater desire to work optimally. The results of this study agree with Kasmir's (2016) theory. Work motivation is one factor that influences employee performance. Previous research studies conducted by Maharani et al. (2022), Daming et al. (2023), Suci & Yulia. (2020), Manao (2020), and Suhasto & Lestariningsih (2018), whose research results stated that partial work motivation has a positive and significant effect on employee performance. This is in contrast to the Research conducted by Wahab et al. (2022), whose research results stated that work motivation did not have a positive and significant effect on the performance of employees at the Pangkep Regency Manpower Office. The reason the results of Wahab Research et al. (2022) at the Pangkep Regency Manpower Office are different because it is based on several aspects, namely, the difference in the indicators used, namely only taking two indicators, namely freedom to express ideas and incentives, while in this study using indicators of opportunities to advance, work relationships, working conditions and responsibilities that are by the existing problems, the sample used was 41 employees, while in this study used 103 employees. Based on the results of the respondents' answers, it was found that there were problems with work motivation. Namely, problems were found in the work relationship indicator where BKN employees still did not maintain a close working relationship when completing work with colleagues. Besides, there were still poor working relationships reflected in communication and coordination between employees and the field, which did not run smoothly; problems were also found in the responsibility indicator, where there were still BKN employees who did not carry out routine tasks and additional tasks with full responsibility. The impact of these problems affects employee performance, namely on the quantity indicator, where there is still employee work quality that does not meet the established standards, in addition to the independence indicator, where there are still BKN employees who do not have

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independence and confidence in the results of their work. In addition, problems are found in the work commitment indicator where BKN employees still do not have a work commitment to complete the work immediately. There are still employees who do not have a work commitment to the survival of BKN. If this problem is not followed up, it will cause problems that can hinder employee performance. As a practical implication, the researcher suggests that employees should be able to increase their work motivation, especially in terms of opportunities to advance, by taking advantage of every opportunity the company gives. Then employees must maintain good relationships with co-workers and superiors by always being enthusiastic about the work carried out in groups, in addition to consistently maintaining the tidiness of the workspace so that it is comfortable to carry out work and employees must always be responsible for the work carried out to improve their work performance. If these improvements are made, it is hoped that they will improve performance, especially in achieving maximum work quality and fulfillment of work quantity; in addition, employees will have confidence in working and a commitment to completing the work assigned.

The Influence of Work Discipline on Employee Performance at Regional Office VII BKN Palembang. The results of the partial hypothesis test show a significant influence of work discipline on the performance of employees at Regional Office VII BKN Palembang. These results explain that whether the work discipline of employees is good or bad will determine the good or bad performance of the employees produced. This study proves that the hypothesis written at the beginning is that work discipline significantly influences employees' performance at Regional Office VII BKN Palembang. This is in accordance with Kasmir's (2019) theory that work discipline is one factor that influences employee performance. The results of this study are in line with previous studies conducted, such as Maharani et al. (2022), Daming et al. (2023), Suci & Yulia (2020) and Manao (2020), and Marpaung & Darmawan (2022), whose research results show that work discipline has a positive and significant effect on employee performance. In contrast to research by Maharani et al. (2022), which showed that work discipline did not have a positive and significant effect on the performance of the Deli Serdang Regency Regional Revenue Agency employees. This difference is due to differences in the indicators used as research measuring tools in the study of Maharani et al. (2022) at the Deli Serdang Regency Regional Revenue Agency using indicators of complying with all rules, work targets, and responsibilities, while in this study using indicators of attendance level, work procedures and obedience to superiors. The sampling technique Maharani et al. (2022) at the Deli Serdang Regency Regional Revenue Agency used saturated sampling with 60 research respondents, while this study used cluster sampling with 103 research samples. Based on the results of the respondents' answers, it was found that there were problems with work discipline, namely in the attendance level indicator, where there was still a level of attendance for each BKN employee that was not reflected in the habit of being on time, in addition, there were problems with the work procedure indicator, where there were still BKN employees who did not follow work procedures by always attending the assembly and exercise according to the schedule set and in the obedience to superiors indicator, where there were still BKN employees who did not carry out tasks from their superiors with full enthusiasm as a form of obedience to their superiors. The impact of these problems had an effect on employee performance, namely in the quantity indicator, where there was still employee work quality that did not meet the standards that had been set, in addition to the independence indicator, where there were still BKN employees who did not have independence and confidence in the results of their work. In addition, there were also problems with the work commitment indicator where there were still BKN employees who did not have a work commitment to complete the work immediately, and

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there were still employees who did not have a work commitment to the survival of BKN. If this problem is not followed up, it will cause problems that can hinder employee performance. As a practical implication, the researcher suggests that employees should improve their work discipline, especially the level of attendance, where employees must always arrive on time and obey work procedures by following activities held by the agency. Employees must carry out tasks according to the direction, work procedures, and good habits that will create a disciplined personality. If these improvements are made, it is expected to improve performance, especially in achieving maximum work quality and fulfillment of work quantity; in addition, employees will have confidence in working and a committed nature in completing the assigned work.

5. Conclusion

Based on the study results from the discussion, the following conclusions can be drawn: 1. Competence, work motivation, and work Competencene significantly influence the performance of Regional Office VII BKN Palembang employees. 2. Competence significantly influences the Competence of Regional Office VII BKN Palembang employees. 3. Work motivation significantly influences the performance of Regional Office VII BKN Palembang employees. 4. Work discipline significantly influences the performance of Regional Office VII BKN Palembang employees. Regional Office VII BKN Palembang employees should pay attention to competence and discipline because they have been proven to have a significant influence, regarding Competence. Competence, employ Compete Competencence Regional Office VII BKN Palembang should be able to improve their work competence, especially to improve their knowledge in their work by participating in training or further education, understanding in handling public problems by sharing with superiors in order to get the best solution, improving attitudes and increasing interest in working by showing seriousness in handling problems in their work. Regarding work motivation, Regional Office VII BKN Palembang employees should be able to improve their work motivation, especially in terms of advancing by utilizing every opportunity and chance the company gives. Employees must maintain good relationships with co-workers and superiors by always being enthusiastic in work carried out in groups and consistently maintaining the neatness of the workspace to be comfortable to carry out work. Employees must always be responsible for their work to improve their performance. Regarding work discipline, employees of Regional Office VII BKN Palembang should be able to improve their work discipline, especially the level of attendance, where employees must always arrive on time and obey work procedures by participating in activities held by the agency. Employees must carry out tasks according to direction and work procedures, and good habits that will create a disciplined personality.

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The Effect of Work Culture, Training, and Employee Placement on Employee Performance: PT Bank Perekonomian Rakyat Sumatera Selatan

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Abstract

This study aims to determine the effect of work culture, training, and employee placement on employee performance in PT. Bank Perekonomian Rakyat Sumatera Selatan. This type of research is Associative. The variables used by the researcher are Work Culture, Training, Employee Placement, and Employee Performance. The sample in this study was 128 Employees of PT. Bank Perekonomian Rakyat Sumatera Selatan selected by Cluster Random Sampling. The primary data used in this study was collected through a questionnaire. The data analysis technique used is Multiple Linear Regression. The results of this study indicate that (1) Work Culture, Training, and Employee Placement together have a positive and significant effect on Employee Performance, and (2) Work Culture has a positive but insignificant effect on Employee Performance. (3) Training has a positive and significant effect on Employee Performance. (4) Employee Placement positively and significantly affects Employee Performance.

Keywords: work culture, training, employee placement, employee performance.

1. Introduction

Human Resources (HR) is one of the most critical factors for a company. The vital role of Human Resources in the form of humans employed in an organization as planners and implementers of drivers as well as assets that must be trained and developed by their areas of expertise to achieve success, realize company goals, all potentials of human thought, time, energy and ability can genuinely be utilized in an integrated and optimal manner for the benefit of the organization. Departing from that, it is essential for the Human Resources in question to be prioritized and managed correctly in terms of work culture values, competence, abilities, and employee job placement.

As Kasmir (2016) aptly puts it, Human Resource Management (HR) is the process that can make or break a company. It involves managing people, from planning and recruitment to training and development, all the way to maintaining industrial relations. The goal? To achieve Company goals and improve Stakeholder welfare. The weight of this responsibility cannot be overstated. According to Nawani (2011), human resource management contains an understanding that is closely related to the management of human resources or employees in a

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company. Human resources can also be referred to as personnel. Workforce, workers, employees, human potential as a driving force of the organization in realizing its existence, or potential that is an asset and functions as non-material capital, which refers to the intangible assets such as skills, knowledge, and experience, in a business organization, which can be realized into real potential physically and non-physically in acknowledging the organization's existence. According to Wirawan (2015) states that reviewing Human Resource performance also allows companies to assess the effectiveness of training and development programs that have been implemented and adjust Human Resource management strategies to suit the long-term goals of the organization, Human Resource Studies and Human Resource performance are crucial elements in ensuring the sustainability and success of the company's operations.

PT. Bank Perekonomian Rakyat Sumatera Selatan, a banking company owned by the South Sumatra Provincial Government as a Regionally Owned Enterprise, plays a crucial role in supporting development in the province. With a vision of becoming a healthy and professional microfinance institution, the bank is committed to contributing to economic growth and improving the community's standard of living, especially in South Sumatra Province. Human Resource Performance Assessment is an evaluation tool carried out by the HR Department on employee performance to improve and maintain good bank performance. PT Bank Perekonomian Rakyat Sumatera Selatan uses Key Performance Indicators (KPI) every semester to implement employee performance evaluation. Maximum Employee Performance Assessment will receive awards such as promotion, bonus or reward, and production services. The Key Performance Indicator (KPI) indicators are PerformancePerformance, competence, and values.

The author examines several phenomena regarding employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan including: a. Work quality, where the quality of employee work, especially in the Marketing Landing, Marketing Funding, and Collection sections, lack of process discipline, namely filling in daily visits to customers and prospective customers, PT Bank Perekonomian Rakyat Sumatera Selatan in terms of tools for visits to customers and prospective customers uses TRC (Tracking Connection), this tool is an application tool to facilitate prospecting activities, and collection activities by employees, employees are not disciplined in using the tool so that quantitatively employees in the Marketing Landing, Marketing Funding, and Collection sections are not optimal. In terms of work quality, employees seem to be less agile in working; this can be seen when providing services to customers, the length of time customers wait in their seats to receive an explanation of several things needed by customers, and punctuality in explaining bank service products to customers. b. Quantity, where Marketing Landing, Marketing Funding, and Collection Department employees are not optimal regarding work results. The results of the Human Resources Performance Evaluation of PT. Bank Perekonomian Rakyat Sumatera Selatan in 2022-2024, from the data above shows that in terms of quantity, it has decreased, employee performance in 2022 is in the range of 3.60 - 4.19 (3.66) category 4 (High). In 2023, employee performance is in the same range, namely 3.40 - 4.19 (3.54) category 4 (high). In 2024, employee performance in the same range, namely 3.25 - 4.19 (3.34), is still in the high category. Although the average performance achievement is in the range of category 4 (high), if seen, there is a decline in performance performance of (-0.01) points compared to the previous period. This decline indicates that employee performance in that period was not optimal. c. Independence: Where the level of employee independence is not optimal in terms of commitment to carrying out their duties and responsibilities, such as still being very dependent

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on supervision, monitoring, and direction from superiors, without supervision, monitoring, and direction from superiors, employees are less aware of their respective duties and responsibilities. PT. Bank Perekonomian Rakyat Sumatera Selatan has long built a positive work culture in the company's internal environment. The "AMPERA" work culture (Rules and Guidelines for Excellent Service) has been implemented since 2008 and is expected to support continuous performance improvement. Implementing this work culture is further strengthened by the Board of Directors Circular Letter Number. 062/SK-Dir-BPRSS/VII.2021. Procedures regarding guidelines for excellent service standards at PT. Bank Perekonomian Rakyat Sumatera Selatan, regarding the "AMPERA" work culture, still faces several obstacles, especially in internalizing the work culture itself. This challenge often comes from the diversity of employee characteristics of various generations, such as Baby Boomers, Generation X, Generation Y (millennials), and Generation Z, each of which has unique characteristics requiring different work approaches.

However, the author found that there are still several phenomena regarding work culture at PT. Bank Perekonomian Rakyat Sumatera Selatan including: Attention to Detail where PT Bank Perekonomian Rakyat Sumatera Selatan Employees carrying out their work still lack accuracy in their work, lack of evaluation of work results so that performance is not optimal, and the results of the Internal Audit Work Unit Audit still have several findings. Employees have not implemented the rules or guidelines for Work Culture called "AMPERA" (Prime Service Rules and Guidelines), such as not implementing attitudes or attitudes, how to serve, appearance, and public speaking to customers. as one form of service to customers. b. Result Orientation, where achieving results with the targets that have been set is not optimal, such as the low productivity of Marketing Landing and Marketing Funding and the Collection Section. c. Team Orientation where Cooperation and tolerance between employees are still low. Human Resources Training at PT. Bank Perekonomian Rakyat Sumatera Selatan is integral to the Human Resources development strategy. Training programs help employees develop the skills and competencies to face increasingly complex and dynamic job demands. PT Bank Perekonomian Rakyat Sumatera Selatan continuously strives to improve the abilities, expertise, and skills of employees; where each year, the company budgets education costs in accordance with the Financial Services Authority Regulation of 5% of the company's total Labor Costs.

The author researched that there are still several phenomena regarding Training at PT. Bank Perekonomian Rakyat Sumatera Selatan including: a. Training Objectives where the Human Resource Development (HRD) section is not disciplined in ensuring ongoing training by the needs of employees and the organization. The effectiveness of training is an important factor that must be continuously evaluated and improved. Material and curriculum where there is no clear curriculum related to the company's training program. Professional training is not well targeted, so the MaterialMaterial presented is not in accordance with each position. Training methods where in the absence of training methods and programs such as in-house training for new employees or employees who are rotated/mutated, there are still many pieces of training that are Zoom-based, so the relevance of employees' lack of focus in participating in training via Zoom and not paying attention to the resource person for the training being carried out.

Employee placement at PT. Bank Perekonomian Rakyat Sumatera Selatan is also important in optimizing Human Resources performance. Employee placement strategies that have not been running correctly are one of the challenges. Implementing an effective placement system is expected to help ensure that the most qualified employees are placed in the correct positions to maximize the achievement of the company's performance targets. However, the author studied

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that there are still several phenomena regarding employee placement at PT. Bank Perekonomian Rakyat Sumatera Selatan including: Education where there are still employee positions that do not match the expertise or Education they have, such as company secretaries with Education from Health schools; Health education is placed in the front office, such as in the Customer Service and teller sections. Work Knowledge where there is no Assessment Center (Internal) and an optimal functional job structure, so newly recruited employees or employees who are transferred or promoted have not received maximum training to improve their work knowledge, such as in-house training. Work Experience where there is still a long time for employees to occupy one section for over 3 years, resulting in decreased motivation or work enthusiasm, boredom, and lack of work innovation.

This study aims to fill the gap in the literature by further exploring the interaction between "AMPERA" Work Culture, Employee Training, and Placement in improving Human Resources performance at PT. Bank Perekonomian Rakyat Sumatera Selatan, with a comprehensive understanding of these factors, management can formulate the right strategy to maintain and improve employee performance in the future.

2. Literature Review

According to Edison et al. (2016), performance is the result of work achieved by an employee in carrying out the tasks given, according to their responsibilities. According to Rivai & Sagala (2017), company performance is greatly influenced by employees' ability and work ethic. Employees with good abilities and work ethic can only achieve optimal performance. Conversely, minimal ability and low work ethic will reduce the company's business performance. According to Luthans (2016), company performance is influenced by various factors, including work culture. Work culture, which refers to the shared values, beliefs, and practices within an organization, plays a significant role in determining Human Resources performance. A positive work culture creates values and norms that guide employee behavior, increase motivation and job satisfaction, and encourage the development of skills and competencies. In addition, a work culture that supports collaboration and teamwork can increase employee synergy, while openness to innovation allows for contributing new ideas and creative solutions. Good communication in a transparent work culture reduces misunderstandings, improves coordination, recognition, and appreciation for employee contributions, and increases work morale; in a conducive work environment, employees are more likely to achieve optimal performance and contribute maximally to the company's success.

The research results of Saragih & Lestari (2024) highlight the role of work culture, especially in banking, in maintaining and monitoring customer interests as per the Minimum Service Standards (SPM). Similarly, the study by Virgiawan et al. (2021) emphasizes the positive and significant influence of work culture on HR performance, particularly in effective and efficient working time. It also underscores the influential role of superiors as role models in time management, a factor that significantly shapes the work culture. Research results by Hermawan et al. (2022) show that work culture significantly affects performance. Lambey, et al (2020), the results of their research show that work culture has a significant effect on performance. This differs from the results of research conducted by Sapta et al. (2021), which shows that organizational culture does not significantly affect employee performance. Bank management needs to pay attention to factors such as recognition of employee performance, good relationships between employees and superiors, and management policies to strengthen work culture. According to Flegl et al. (2022), "Human Resource Training is one of the key factors

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influencing employee performance. Training programs help employees develop the skills and competencies needed to face increasingly complex and dynamic job demands. Training also contributes to the overall organization, increasing employee commitment and engagement with the company".

According to Robbins & Coulter (2017), the factors that can influence the performance of Human Resources in an organization include Work Culture. According to Busro (2018), employee performance factors include Training and Job Placement. The study was conducted by Mora and Riza (2016). The Influence of Organizational Culture, Training, and Development on Employee Work Performance at Bank Perekonomian Rakyat Syariah ADECO Langsa, the variables of Organizational Culture, training, and Development have a positive and strong influence on the variable of employee work performance at Bank Perekonomian Rakyat Syariah ADECO Langsa with a coefficient value of 0.723. This shows that if there is a decrease in one unit of training and development, it will decrease employee work performance by 0.723 by one scale unit. In other words, training and development are an absolute must in Bank Perekonomian Rakyat Syariah ADECO. Runtuwene (2016) conducted previous research on the Influence of Job Placement, Transfers, and Workload on Employee Performance at PT. Bank SulutGo Manado, the study's results showed that job placement, transfers, and workload simultaneously or together positively and significantly influence employee performance at PT. Bank SulutGo Manado. The results of this study indicate that PT. Bank SulutGo Manado must continue to improve job placement by employees, objective job transfers, and workloads by applicable rules. The author studied several work culture, training, and employee placement phenomena that impact employee performance.

The Influence of Work Culture on Employee Performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. According to Robbins & Coulter (2017), the factors that can affect the performance of Human Resources in an organization include Work Culture. The author studied several phenomena in the work culture at PT. Bank Perekonomian Rakyat Sumatera Selatan includes attention to detail, namely, a lack of accuracy in work, a lack of evaluation of work results, and employees not having implemented the rules or guidelines for Work Culture called "AMPERA." Employees are also less result-oriented, such as achieving results with predetermined targets, such as the low productivity of Marketing Landing, Marketing Funding, and the Collection Department. Employees are also not optimal in team orientation, such as the low cooperation between employees and the low tolerance among employees. The phenomenon of this work culture impacts employee performance; namely, the disbursement of credit is not optimal, and the Funding Department and the Collection Department are not optimal, so the target realization has not been achieved.

According to Busro (2018), the factors influencing employee performance include training. The author found that there are still several phenomena regarding training at PT. Bank Perekonomian Rakyat Sumatera Selatan, including Training objectives such as the Human Resource Development (HRD) section, is not disciplined in ensuring ongoing training regarding materials and curriculum, such as the absence of an explicit curriculum related to the company's training program, training methods such as the absence of training methods and programs such as In House Training. This has an impact on employee performance. Research by Patel & Choudhary (2022) shows that staff training significantly impacts their performance. Companies should focus on training that helps workers apply and acquire various skills and provide clear directions for all training activities at appropriate times, in contrast to the findings in the same year by Flegl, et al., (2022), which showed that the number of training hours is low

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or excessive (more than 166 hours per year) does not have a significant impact on performance, but too much training can hurt employees.

Previous research studies were conducted by Hermawan et al. (2022), and the results of their research showed that training had a significant effect on performance. Research Results Ingsih et al. (2021), their research results show that training significantly affects performance. Mahfud et al. (2023), the results of their research show that training has a significant effect on performance. In contrast to the results of research conducted by Atawirudi et al. (2020), in their research, they stated that training had no significant effect. The difference in this research is due to several differences between previous research, where the research of Atawirudi et al. (2020) used 8 indicators in the training variable and differences in the number of samples, sampling techniques, and the analysis techniques used using SEM.

Furthermore, apart from culture and training, employee placement is another factor affecting performance. Employee placement must be based on the match between employee skills and the position's demands, a concept often referred to as 'The Right Man On The Right Place'. According to Flegl et al. (2022), effective training helps employees develop the necessary skills and increase their commitment to the company. According to Priansa (2014), a good placement process ensures that employees can maximize their potential and make optimal contributions to the company. Proper placement increases efficiency and productivity and minimizes employee turnover and dissatisfaction. While appropriate employee placement is considered necessary, there is a pressing need for more research to understand its impact on performance in more depth. It is crucial to explore how various placement aspects, such as company culture fit, employee training programs, and team dynamics, affect employee performance in different contexts. Further research is also urgently needed to understand how factors such as career development and work-life balance are affected by proper placement.

Previous research by Kavoo-Linge & Kiruri (2013) stated that employee placement partially affects employee performance, research by Setiawan & Setiawan (2020). Research by Teriyan et al. (2020). Proper placement of human resources will ensure that individuals have the skills and knowledge needed to carry out tasks effectively and provide the support required by the work environment. Ingsih et al. (2021), the results of their research show that job placement has a significant effect on performance. In contrast to research conducted by Abram et al. (2022), the results of their study show that job placement has no significant impact on performance. The results of this study are different due to several differences in the research, namely the difference in indicators used in this study using indicators of ability, skills, and expertise, in addition to the difference in the samples used, namely 33 samples taken using saturated sampling techniques. The analysis uses partial regression analysis (Partial Least Square / PLS). According to Bangsawan et al. (2023), the placement of Human Resources must also consider individual motivation and preferences so that it can create a work environment that allows them to develop and perform better. This emphasis on individual motivation and preferences in employee placement is a key aspect that can engage and interest professionals in the field. According to Priansa (2014), proper employee placement ensures that employees are in positions that match their skills and potential to make optimal contributions to the company.

According to Virgiawan et al. (2021), work culture, training, and employee placement are interrelated factors that influence Human Resources performance. A positive work culture not only improves employee welfare but also encourages collaboration and increases creativity. This understanding of the importance of a positive work culture in improving employee welfare

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is empathetic and crucial for professionals in the field to consider. According to Bangsawan et al. (2023), banking has a crucial role in developing economic activity in Indonesia, primarily as an intermediary in collecting and distributing funds to the community. The goal is to support business activities, meet the community's needs in terms of business capital, investment, and consumption, and support the implementation of government development to improve equitable development, economic growth, and national stability. According to Busro (2018), factors that influence employee performance include Job Placement. The author researched that there are still several phenomena regarding employee placement at PT. Bank Perekonomian Rakyat Sumatera Selatan, including Education, Work Knowledge, and work experience, impact employee performance.

3. Research Method

This research was conducted at PT. Bank Perekonomian Rakyat Sumatera Selatan, with the object of research being all employees of PT. Bank Perekonomian Rakyat Sumatera Selatan has three work areas: Operational Head Office, Sekayu Branch Office, and Lahat Branch Office—a total of 188 employees. The independent variables are Work culture (X1), training program (X2), and employee placement (X3), while the dependent variable is performance (Y); before these variables are used as measuring instruments in this study, these variables are first operationalized, namely the operational performance variable (Y). The performance indicators are work quality, quantity, and independence. The work culture indicators are attention to detail, result orientation, and team orientation. The training indicators are training objectives, training materials, and methods used. The employee placement indicators are education, work knowledge, and work experience. The population in this study was all PT employees. Bank Perekonomian Rakyat Sumatera Selatan has as many as 188 people spread across three operational areas of PT. Bank Perekonomian Rakyat Sumatera Selatan, including; Operational Head Office and Lahat Branch Office and Sekayu Branch Office. In this study, the work area of PT Bank Perekonomian Rakyat Sumatera Selatan employees includes the Operational Head Office, Lahat Branch Office, and Sekayu Branch Office. The proportion of the number of samples in this study was determined using the Slovin formula with an error rate of 5% (0.05), which was taken as many as 188 employees of PT. Bank Perekonomian Rakyat Sumatera Selatan. The method used in data collection was a questionnaire. In this study, researchers used primary and secondary data. Multiple regression analysis method was used to analyze data according to research objectives.

4. Findings and Discussions

This multiple linear regression analysis determines the influence of organizational culture variables, training, and job placement on employee performance. The results of the multiple linear regression analysis can be seen in the following table:

Table 1. Regression Result

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	11.424	.964	
	Work Culture	.061	.090	.093
	Training	.304	.089	.456
	Placement	.240	.047	.341

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a. Dependent Variable: Employee Performance

Based on the table of multiple linear regression test results, the following results: Y= 11.424 + 0.061 X1 + 0.304 X2 + 0.240 X3. The constant value of 11.424 indicates that if culture, training, and placement are equal to zero, employee performance remains at 11.424. Culture has a regression coefficient of 0.061. This shows that every increase in culture will increase employee performance by 0.061, assuming other variables remain constant. Training has a regression coefficient of 0.304. This shows that every increase in training will increase employee performance by 0.304, assuming other variables remain constant. Placement has a regression coefficient of 0.240. This shows that every increase in placement will increase employee performance by 0.240, assuming other variables remain constant.

The F test determines whether culture, training, and placement variables simultaneously affect employee performance. The results can be seen in the following table:

Table 2. F-test

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1605.047	3	535.016	62.739	.000[b]
	Residual	1057.421	124	8.528		
	Total	2662.469	127			

a. Dependent Variable: Employee Performance

b. Predictors: (Constant), work culture, training, placement

With a Sig F level of 0.000 <0.05, then Ha1 is accepted, meaning that there is a significant influence of culture, training, and placement on the performance of employees of PT. Bank Perekonomian Rakyat Sumatera Selatan.

Table 3. t-test

Model		T	Sig.
1	(Constant)	11.854	.000
	Work culture	.683	.496
	Training	3.431	.001
	Placement	5.058	.000

a. Dependent Variable: Employee Performance

Based on the t-test table, it can be seen as follows: the calculated t value for culture (X1) is 0.683 <t table 1.979 with a sig.t level of 0.496> 0.05 (not significant), then Ho2 is accepted, meaning that culture has no significant effect on employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. The calculated t value for training (X2) is 3.431> t table 1.979 with a sig.t level of 0.001 <0.05 (significant), then Ha3 is accepted, meaning that training has a significant effect on employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. The calculated t value for placement (X3) is 5.058> t table 1.98 with a sig.t level of 0.000 <0.05 (significant), then Ha4 is accepted, meaning that placement has a significant effect on employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan.

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of PT. Bank Perekonomian Rakyat Sumatera Selatan. The results of the simultaneous hypothesis test show that work culture, training, and employee placement significantly affect PT's performance. Bank Perekonomian Rakyat Sumatera Selatan. These results explain that with a good work culture, job training that supports employee performance, and job placement based on employees' educational background and experience, employees can work optimally, which affects their performance. The significant value of R Square in the regression model shows the considerable contribution of work culture, training, and employee placement to employee performance of PT. Bank Perekonomian Rakyat Sumatera Selatan is 60.3%. This study's results are based on the theory put forward by Robins (2003). One of the factors that influences employee performance is work culture. In addition, this study is also in line with the theory put forward by Edison et al. (2016). Training and job design/placement influence employee performance. The results of this study are supported by previous research conducted by Virgiawan et al. (2021), who found that Human Resource performance was positively and significantly influenced by work culture. This differs from the results of research conducted by Sapta et al. (2021), which showed that organizational culture did not significantly influence employee performance. Hermawan et al (2022) research results showed that training significantly affected performance. Different from the results of research conducted by Atawirudi et al. (2020), their study stated that training had no significant impact. Kavoo-Linge & Kiruri (2013) stated that employee placement partially affected employee performance. Unlike Abram et al. (2022), his research showed that job placement had no significant effect on performance. Based on the researcher's findings on the Performance variable regarding the Quality Indicator on the Statement of the Quality of Work that employees produce reflects the level of accuracy and professionalism of employees in working, as many as 19 Employees, or 15% of respondents denied, lack of understanding and skills in working, in addition, supervithe relevant superiors do not always give supervision and feedbackdependence Indicator on the statement Employees can complete tasks independently without having to rely on the help of others. As many as 14 Employees, or 11% of respondents, denied a lack of self-confidence; employees do not want to try to complete work independently and are afraid of making mistakes, so they need help from coworkers.

The Influence of Work Culture on Employee Performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. The results of the partial hypothesis test show that work culture has no significant effect on employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. These results explain that the good or bad work culture possessed by employees will determine the good or bad performance of the employees produced. This is not to the theory put forward by Robins (2003). One of the factors that influences employee performance is work culture. This study's results align with previous research conducted by Sapta et al. (2021), which showed that organizational culture does not significantly influence employee performance. To strengthen work culture, bank management must consider factors such as employee performance recognition, good relationships between employees and superiors, and management policies. Different from the results of research conducted by Lambey et al. (2020), their research showed that work culture has a significant effect on performance. The reason the results of this study are different from the research by Lambey et al. (2020) is due to several differences, including differences in the indicators used, namely in the study by Lambey et al. (2020) using indicators of values, norms, attitudes, and behavior, while in this study using indicators of attention to detail, orientation to results and team. In addition, there is a difference in the sample used, namely 140, and this study used a sample of 128 employees. Path analysis,

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which uses multiple linear regression analysis, is used in this study. The reason the work culture variable has no significant effect on performance is because there are elements in the indicators other than those asked by the researcher that may affect performance, meaning that in this case, the researcher in conducting the study only took three indicators that were close to the goal in asking questions to respondents. After all, according to the researcher, these indicators are the indicators that best represent or are by the phenomena and facts when making observations. However, the results obtained by the researcher from the questionnaire that had been distributed and processed stated that the work culture variable had no significant effect on performance. Hence, the indicators used were also less precise. The study's results explain that work culture is an aspect that influences and improves employee performance but is not significant. Based on the researcher's findings on the Work Culture variable on the Results Orientation Indicator from the employee's statement that they feel that the rewards given by the organization are by the employee's contribution and work results, 46 employees, or 36% of respondents denied, because the performance appraisal system is not transparent and compare it with colleagues or other companies. The organization always provides support in terms of work facilities so that it makes it easier for employees to work; 45 employees, or 36% of respondents, denied it because there are other priorities in the expenditure budget and overall facility needs can be used, or it is not urgent to make a replacement. The Team Orientation Indicator on the statement that good teamwork helps employees achieve more effective results in their work, 45 employees or 35% of respondents denied it because several team members do not understand their duties and responsibilities, so they wait for each other and are not in sync in completing the work. Researchers suggest paying attention to work culture, especially related to employee attention to work details, by conducting training and education so that employees work according to Standard Operating Procedures (SOP); in addition to the orientation on results, it is necessary to have periodic evaluations, set clear goals and give awards to employees who work beyond targets so that employees are motivated to improve their work results. Regarding team orientation, companies should be able to build effective communication through building activities or developing collaboration. If these improvements are made, it can improve employee performance, allowing employees to work according to company expectations, meet the quantity of work, and work independently or in teams to complete work.

The Effect of Training on Employee Performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. The results of the partial hypothesis test demonstrate a significant effect of training on employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. Bank Perekonomian Rakyat Sumatera Selatan. These findings underscore the pivotal role of training tailored to the company's needs in enhancing performance. Training not only enhances employee competence, adaptability, and career development, but also empowers them to work more effectively according to their abilities, thereby improving their performance. This positive impact of training on employee performance is a promising prospect for the organization. The results of this study are by the theory put forward by Edison et al. (2016). One of the factors that influences employee performance is training. Previous research studies conducted by Hermawan et al. (2022) showed that training significantly affected performance. Ingsih, et al (2021), the results of their research showed that training has a significant impact on performance. Mahfud et al. (2023), the results of their study showed that training had a significant effect on performance. In contrast to the results of research conducted by Atawirudi et al. (2020), in their research, they stated that training had no significant effect. The difference in this study is due to several differences between previous studies where the study of Atawirudi

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et al. (2020) used 8 indicators in the training variable; in addition, there were differences in the number of samples, sampling techniques, and the analysis techniques used using SEM. Based on the researcher's findings on the Training variable in the Training Objective Indicator, the results of employee statements felt that the purpose of the training was to develop and improve skills so that the material presented was relevant to the work needs of as many as 46 Employees or 36% of respondents denied, because the training did not match employee needs, the material presented was too general and not specific. The training aims to help employees develop more productive and professional work behaviors in carrying out their duties. As many as 45 Employees, or 35% of respondents, denied it because the training material did not focus on work behavior, there was no simulation, and it was too theory-oriented. The material indicator for employees felt that the material was comprehensive enough that the learning process during the training helped them understand work tasks and responsibilities better. As many as 47 Employees, or 37% of respondents, denied it because the training material did not cover all employee needs, was less specific to certain tasks, and there were no advanced modules for additional training. Based on the research results, the researcher suggests that companies should pay more attention to job training, especially regarding training objectives. The material presented must be in accordance with the needs and easy to understand, and the methods used in training are expected to have an impact that can help employees carry out their work in the future. If these improvements are made, it is expected to improve employee performance, so that employees can ensure that the quality of work they produce reflects accuracy and professionalism. Employees can complete the amount of work according to the targets that have been set, and employees can complete work independently.

The Effect of Training on Employee Performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. The results of the partial hypothesis test show a significant effect of training on employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. These results explain that training carried out and meeting the company's needs will play an essential role in improving performance. Training can improve employee competence, adaptability, and career development so that employees can work better according to their abilities and improve their performance. Partially, training shows a significant effect on employee performance. The results of this study are based on the theory put forward by Edison et al. (2016). One of the factors that influences employee performance is training. Previous research studies conducted by Hermawan et al. (2022) showed that training significantly affected performance. Ingsih et al. (2021), the results of their research showed that training had a significant effect on performance. Mahfud et al. (2023), the results of their research showed that training had a significant effect on performance. In contrast to the results of research conducted by Atawirudi et al. (2020), in their study, they stated that training had no significant effect. The difference in this study is due to several differences between previous studies where the study of Atawirudi et al. (2020) used 8 indicators in the training variable, in addition, there were differences in the number of samples, sampling techniques, and also the analysis techniques used using SEM. Based on the researcher's findings on the Training variable in the Training Objective Indicator, the results of employee statements felt that the purpose of the training was to develop and improve skills so that the material presented was relevant to the work needs of as many as 46 Employees or 36% of respondents denied, because the training did not match employee needs, the material presented was too general and not specific. The training aims to help employees develop more productive and professional work behaviors in carrying out their duties. As many as 45 Employees, or 35% of respondents, denied it because the training material did not focus

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on work behavior, there was no simulation, and it was too theory-oriented. The material indicator for employees felt that the material was comprehensive enough that the learning process during the training helped them understand work tasks and responsibilities better. As many as 47 Employees, or 37% of respondents, denied it because the training material did not cover all employee needs, was less specific to certain tasks, and there were no advanced modules for additional training. Based on the research results, the researcher suggests that companies should pay more attention to job training, especially regarding training objectives; the material presented must be by the needs and easy to understand, and the methods used in training are expected to have an impact that can help employees carry out their work in the future. If these improvements are made, it is expected to improve employee performance so that employees can ensure that the quality of work they produce reflects the level of accuracy and professionalism in working. Employees can complete the amount of work according to the targets that have been set, and employees can complete work independently.

The Effect of Employee Placement on Employee Performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. The results of the partial hypothesis test show a significant effect of employee placement on employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. These results explain that proper employee placement is critical to ensure that based on their abilities, knowledge, and work experience, work productivity will increase because the work is carried out effectively and efficiently. The results of the study show that partial employee placement has a significant effect on employee performance. Placing employees by their positions will enable them to complete tasks more quickly and accurately, reducing the risk of errors in financial management and banking administration. The results of this study are based on the theory put forward by Edison et al. (2016). One of the factors that influences employee performance is job design/placement. Previous research studies conducted by Kavoo-Linge & Kiruri (2013) stated that partial employee placement affects employee performance, research by Setiawan & Setiawan (2020). Research by Teriyan et al. (2020). The proper placement of human resources will ensure that individuals have the skills and knowledge needed to carry out tasks effectively and provide the support required by the work environment. Ingsih et al. (2021), the results of their research show that job placement has a significant effect on performance. In contrast to the research conducted by Abram et al. (2022), the results of their study show that job placement has no significant effect on performance. The reason for the different results of this study is due to several differences in the research, namely the difference in indicators used in previous studies using indicators of ability, skills, and expertise; previous studies focused on internal factors of employee ability, while in this study using indicators of Education, knowledge and work experience, this study focuses on external factors of employees, in addition, there is a difference in the sample used, namely 33 samples taken using saturated sampling techniques. The analysis uses partial regression analysis (Partial Least Square/PLS). Based on the researcher's findings on the Placement variable in the Education Objective Indicator, employee job placement is based on the level of Education relevant to the tasks given; as many as 33 Employees, or 25% of respondents, denied it because the job requires practical skills, not just theory. Work Experience Indicator, employee job placement considers employee work experience relevant to the field of work given; as many as 35 Employees, or 28% of respondents, denied it due to limited positions that match employee experience. The statement of previous employee work experience helps employees adapt to current job demands; as many as 37 Employees, or 29% of respondents, denied it due to differences in work environment, work culture, and organizational structure between previous and current

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companies. Based on the results of the study, the researcher suggested that companies should pay more attention to employee placement, especially regarding placement based on Education by mapping to ensure that it is based on the employee's educational background, increasing knowledge through training, and based on employee work experience by rotating if there are employees who still have minimal experience. If these improvements are made, it is hoped that they can improve employee performance so that employees can ensure that the quality of work produced reflects the level of accuracy and professionalism in working, employees can complete the amount of work according to the target that has been set, and employees can complete work independently.

5. Conclusion

It can be concluded as follows: (1) ork culture, training, and employee placement significantly influence employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. Based on the results of simultaneous hypothesis testing, the Fcount value is 62.739> Ftable 2.68 with a Sig F level of 0.000 <0.05, so Ha is accepted, which means there is a significant influence. In addition, a determination coefficient value of 0.603 is obtained. This means that the variables of work culture, training, and employee placement can explain changes in employee performance. (2) Work culture has an insignificant influence on employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. This is based on the results of partial hypothesis testing, that the count value for culture (X1) is 0.683 <ttable 1.979 with a sig.t level of 0.496> 0.05 (not significant), so that Ho is accepted, which means there is an insignificant influence of work culture on employee performance at PT. Bank Perekonomian Rakyat Sumatera Selatan. (3) Training has a significant influence on the performance of PT. Bank Perekonomian Rakyat Sumatera Selatan employees. This is based on the results of a partial hypothesis test, that the t-count value for training (X2) is 3.431> t-table 1.979 with a sig.t level of 0.001 <0.05 (significant), so it is stated that Ha is accepted, which means that there is a substantial influence of training on the performance of PT. Bank Perekonomian Rakyat Sumatera Selatan employees. (4) Employee placement has a significant influence on PT performance. Bank Perekonomian Rakyat Sumatera Selatan employees. This is based on the results of a partial hypothesis test, that the t-count value for placement (X3) is 5.058> t-table 1.98 with a sig.t level of 0.000 <0.05 (significant), so it is stated that Ha is accepted, which means that there is a substantial influence of training on the performance of PT. Bank Perekonomian Rakyat Sumatera Selatan employees.

The company should pay more attention to work culture, especially regarding employee attention to work details, by conducting training and education so that employees work according to Standard Operating Procedures (SOP); in addition to the orientation on results, it is necessary to perform periodic evaluations, set clear goals and give awards to employees who work beyond targets so that employees are motivated to improve their work results and in team orientation, the company should be able to build effective communication with building activities or developing collaboration. If these improvements are made, it can improve employee performance, where employees can work according to company expectations, meet the quantity of work, and work independently or in teams to complete work. The company should pay more attention to work training, especially regarding training objectives; the material presented must be by needs and easy to understand, and the methods used in training are expected to have an impact that can help employees carry out their work in the future. If these improvements are made, it is expected to improve employee performance so that employees can ensure that the quality of work that employees produce reflects the level of accuracy and professionalism in working, employees can complete the amount of work

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according to the set target, and employees can complete work independently. The company should pay more attention to employee placement, especially regarding placement based on education, by mapping to ensure that it is based on the employee's Educational background, improving knowledge through training, and based on employee work experience by rotating employees who still have minimal experience. If these improvements are made, it is expected to improve employee performance to ensure that the quality of work they produce reflects accuracy and professionalism; employees can complete the job according to the set target and complete work independently.

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The Influence of Green Human Resources Management (GHRM) on Employee Green Behavior (Green Lifestyle), Employee Performance, and Company Sustainability

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Abstract

This study aims to assess the effect of Green Human Resource Management (GHRM) on employee green behavior (green lifestyle), employee performance, and corporate sustainability at PT. Northeast Electric Power Construction Project OKI 2. GHRM includes various sustainability-oriented human resource management practices, such as green recruitment, environmental training, environmentally-based performance evaluation, and incentive systems to encourage environmentally friendly behavior in the workplace. This study uses a quantitative approach with a survey method, where data were collected through questionnaires from 70 employees. Data analysis was carried out using statistical techniques such as regression to test the relationship between variables. The results showed that GHRM significantly affects employee green behavior, which in turn contributes to improving employee performance and corporate sustainability. These findings indicate that effective implementation of GHRM can improve the culture of sustainability within an organization, while strengthening the company's competitiveness in the long term. This study contributes to corporate management in developing environmentally-based human resource policies that can improve individual performance and organizational sustainability goals.

Keywords: green human resource management, green employee behavior, employee performance, corporate sustainability

JEL Codes: M12, Q56, J53

1. Introduction

The impact of globalization on the environment has become a significant concern amidst the acceleration of interactions between countries, international trade, and human mobility in this modern era. One of the most apparent impacts is related to the increase in production and consumption of goods, which directly causes increased pressure on natural resources and the environment. (Malik & Mishra, 2023). According to a United Nations Environment Programme

(UNEP) report, global solid waste production is expected to increase from around 1.3 billion tonnes in 2012 to 2.2 billion tonnes in 2025, primarily due to increased consumption in developing countries driven by globalization.

The role of corporate sustainability on environmental issues in the era of globalization plays an important role in reducing the negative impacts generated by business activities on the environment (Dressler & Paunović, 2020). In the era of globalization, companies have the potential to operate in various international markets, which often increases pressure on the environment due to increased production, distribution, and consumption of goods and services. However, amid these challenges, companies also have the opportunity to become agents of positive change in protecting and preserving the environment.

One key role of corporate sustainability is promoting environmentally friendly business practices throughout the supply chain. Companies can implement policies to reduce greenhouse gas emissions, adopt green technologies to manage waste, or invest in renewable energy sources. Data from the Global Reporting Initiative (GRI) shows that in 2020, more than 90% of Fortune Global 500 companies have reported their sustainability practices, with more than 60% reporting their actions on climate change and energy.

Corporate sustainability also plays a significant role in influencing consumer behavior (Kalia et al., 2022). Companies can use their influence to raise consumer awareness of environmentally friendly products and services, and encourage changes towards more sustainable lifestyles. A study by (Abed et al., 2022) found that 66% of global consumers are more likely to purchase products from companies that are committed to the environment, suggesting that sustainable practices can increase brand appeal and consumer loyalty (Wu & Li, 2018).

One factor that can affect a company's sustainability is Green Human Resources Management (GHRM). GHRM is an approach to human resource management that prioritizes environmentally friendly practices in policies, procedures, and decisions related to the workforce (Hasan, 2022). (Hutomo et al., 2020) explains that GHRM aims to promote environmental awareness among employees, encourage environmentally friendly behavior, and integrate sustainability aspects into the organizational culture. The potential relationship between GHRM and corporate sustainability is enormous.

First of all, GHRM can be a catalyst for creating an environmentally conscious organizational culture (Zapata-Cantu, 2020). By providing employees with environmental training, education, and awareness, companies can build a team that better understands the impact of business activities on the environment and the importance of sustainable business practices. An environmentally conscious organizational culture will encourage the adoption of green behaviors in the workplace and support the company's sustainability policies. By integrating GHRM into their strategies and operations, companies can gain significant long-term benefits in achieving corporate sustainability. GHRM helps reduce negative impacts on the environment and improves the company's financial performance, employee retention, and brand reputation.

Another factor that can affect a company's sustainability is employee green behavior or Green Lifestyle. Employee Green Behavior, or Green Lifestyle, includes a series of conscious actions taken by individuals in the workplace to reduce negative environmental impacts. (Aboramadan, 2022)This includes habits such as using sustainable transportation, recycling, reducing plastic consumption, and choosing environmentally friendly products. The potential for Employee Green Behavior to improve a company's holistic sustainability is enormous.

Employee Green Behavior can also strengthen a company's reputation as a sustainability leader (Bhattarai et al., 2023). Employees who engage in sustainable practices tend to be effective brand ambassadors in the community, helping to build an image of an environmentally conscious company. This can increase a company's appeal to job applicants and increasingly environmentally conscious consumers. A survey by Cone Communications found that 71% of employees are more likely to work for a company that is committed to sustainability.

Excellent employee performance can also spark innovation and creative thinking around sustainability (AM et al., 2022; Halim et al., 2023). Employees who feel valued and encouraged to contribute to environmental improvement often come up with more effective and sustainable solutions. They might propose new ideas for reducing energy consumption, recycling waste, or introducing new green technologies. This kind of innovation can help companies become more efficient, positively impact the environment, and increase their competitiveness in an increasingly environmentally conscious market. Data from the Boston Consulting Group shows that companies prioritizing sustainability innovation report up to a 15% increase in revenue over the past five years.

High employee performance can also strengthen a sustainable company culture (Rodrigo et al., 2022). Employees who are engaged and perform well in sustainability practices often serve as effective role models for their coworkers. They can inspire and motivate others to adopt environmentally friendly behaviors and contribute to the company's overall sustainability goals. This creates a sustainable work environment that is oriented toward positive social and environmental values. A survey by the Harvard Business Review found that 69% of employees believe that building a sustainable company culture is key to creating a motivating and fulfilling work environment.

PT Northeast Electric Power Construction is an electrical construction company operating in the OKI Phase 2 Project. PT Northeast Electric Power Construction provides comprehensive services from planning to implementation of electrical projects that have completed various types of electricity transmission and distribution network construction, power plants and various other electricity-related infrastructure. Just like other construction companies, PT Northeast Electric Power Construction also has various environmental impacts due to its operational activities. Construction companies have high vulnerability in various developments carried out such as their impact on local ecosystems, natural resources and the surrounding community environment. In addition, construction companies also have an impact on various environmental problems from the mining process for raw materials to the transportation of construction materials used.

Therefore, a deep understanding of how the implementation of GHRM affects employee behavior in adopting a green lifestyle and its impact on individual performance and corporate sustainability is the main focus of this study. By analyzing the relationship between GHRM, employee green behavior, performance, and corporate sustainability, it is expected that the results of this study can provide valuable insights for companies in improving sustainable HR management practices and contributing to environmental conservation efforts and sustainable economic growth.

2. Literature Review

2.1 Green Human Resources Management (GHRM)

Green Human Resources Management (GHRM) is a concept that integrates environmentally

friendly practices into human resource management functions and processes. GHRM aims to promote the use of environmentally friendly resources, which will strengthen the organization's environmental performance, increase staff awareness, and demonstrate commitment to environmental management issues (Barom, 2015). GHRM refers to HR practices that focus on the promotion, adoption, and implementation of environmentally friendly workplace practices that reflect the way an organization manages its employees and utilizes their skills (Almashhadani & Almashhadani, 2022).

According to (Astuti & Amalah, 2020), GHRM is an approach in human resource management that aims to integrate environmentally friendly policies and practices into the organization's HR management functions. This approach not only focuses on the efficiency and productivity of human resources, but also pays attention to their environmental impact. In GHRM, companies adopt strategies supporting sustainable practices such as waste reduction, energy efficiency, and using environmentally friendly raw materials. In addition, GHRM also involves education and training to increase environmental awareness among employees and create an organizational culture that cares about the environment. By adopting GHRM, companies can achieve a good balance between economic growth and environmental sustainability, as well as build a corporate image that is socially and environmentally responsible.

Green Human Resource Management (GHRM) offers many advantages that cover various vital aspects in the sustainability and success of an organization. (Foster et al., 2022)First, GHRM has a positive impact on the company's image and reputation. By implementing environmentally friendly practices, such as renewable energy, waste reduction, and environmentally friendly materials, companies can gain greater support from a society that is increasingly concerned about environmental issues. This can increase the company's appeal to employees, customers, investors, and other stakeholders.

Second, GHRM helps organizations reduce operating costs and increase efficiency. Practices that focus on energy efficiency, better waste management, and optimizing the use of natural resources can result in long-term cost savings. Additionally, by reducing reliance on non-renewable natural resources, organizations can reduce risks related to fluctuations in resource prices and availability.

Third, GHRM can improve employee performance and retention. Environmental training and awareness programs not only provide employees with a better understanding of environmental issues, but also increase their motivation and involvement in achieving the organization's sustainability goals. In addition, incentive policies that focus on sustainability, such as rewards for employees who contribute to environmental efforts, can increase employee loyalty and reduce turnover rates.

Finally, GHRM helps organizations meet increasingly stringent environmental regulations and standards. By complying with applicable environmental regulations and following international standards for sustainable practices, organizations can reduce the legal and reputational risks that may arise from environmental violations. In this way, GHRM not only benefits the environment, but also contributes to the overall success and sustainability of the organization.

2.2 Green Lifestyle

Employee Green Behavior, or often referred to as Green Lifestyle, is an approach in which individuals strive for an environmentally friendly lifestyle in their daily activities, both at work and at home (Aboramadan, 2022). This includes actions such as reducing energy and water

consumption, reducing, recycling, and reusing (3R) waste, using environmentally friendly transportation, choosing environmentally friendly products, and participating in social activities that focus on sustainability. The concept of Employee Green Behavior recognizes that individuals have an important role in striving for environmental sustainability, both as members of society and in the workplace.

Employee Green Behavior (Green Lifestyle) is the result of the interaction between a number of factors that influence each other and shape individual behavior patterns in dealing with environmental issues (Bhattarai et al., 2023). First, environmental awareness plays a key role; individuals who have a strong understanding of environmental issues are more likely to adopt environmentally friendly actions. In addition, education and information about the environmental impacts of personal decisions and actions also play an important role in shaping individual perceptions and knowledge about the importance of green practices.

Social norms can also influence green behavior; if environmentally friendly practices are considered the norm in a particular social environment, individuals are more likely to follow suit. Personal values, such as environmental concern and social responsibility, also provide additional motivation for individuals to act sustainably. In addition, the accessibility and availability of green infrastructure, such as accessible public transportation or readily available recycling facilities, can facilitate the adoption of green behavior.

Finally, incentives and encouragement, such as corporate awards for green behavior or tax incentives for purchasing renewable energy, can motivate individuals to take greener actions. Individuals can form sustainable behavior patterns and contribute to environmental conservation by considering these factors. As a result, Employee Green Behavior is not only a reflection of personal values and beliefs, but is also influenced by broader social, economic, and environmental factors.

2.3 Employee Performance

Employee performance reflects how effectively an individual performs his or her duties and contributes to the overall success of the organization, (Nunkoo et al., 2020). Performance evaluation encompasses some aspects that provide a holistic picture of an employee's contribution (AM et al., 2022; Yunanda & Jauvani, 2020). First, productivity measures how much work is completed in a given period, often measured by output or quantity of work produced. Second, work quality refers to proficiency and excellence in performing assigned tasks, including precision and accuracy in carrying out the work.

Creativity is also important because it allows employees to find new solutions to challenges faced by the organization and bring innovative ideas that enrich business strategies and practices. Punctuality is another critical factor, which indicates the ability of employees to complete tasks within the set deadlines.

In addition to these factors, interpersonal relationships in the workplace, such as social support, effective communication, and good leadership, also affect employee performance. Positive interpersonal interactions and team collaboration can increase motivation and productivity (Gao-Urhahn et al., 2016). Overall, employee performance is influenced by a complex interaction between individual, organizational, and environmental factors, and understanding and managing these factors well is key to achieving optimal performance in an organization.

2.4 Corporate Sustainability

According to (Nave & Ferreira, 2019), corporate sustainability is a concept that encompasses corporate efforts to achieve sustainability in three main dimensions: economic, social, and environmental. Economically, corporate sustainability means creating long-term value for stakeholders by ensuring operational continuity and stable growth.

Economically, sustainability refers to a company's ability to create long-term value by taking into account financial stability, sustainable growth, and continued competitiveness. It involves prudent financial management, innovation in products and services, and effective risk management.

The importance of corporate sustainability covers a broad and fundamental aspect in the context of modern business (Zhou et al., 2020). First of all, sustainability ensures that companies operate in an economically sustainable manner, are able to grow steadily, and generate long-term value for stakeholders, including shareholders, employees, and society at large. By implementing economically sustainable business practices, companies can reduce financial risks and increase their resilience to market fluctuations.

In addition, social sustainability is becoming increasingly important in an era where consumers and employees are increasingly concerned about a company's social impact. Socially responsible companies not only increase employee satisfaction and consumer loyalty, but also strengthen their brand image and gain significant competitive advantage. By paying attention to employee welfare, contributing to local communities, and other social responsibilities, companies can build strong relationships with the communities around them.

Overall, corporate sustainability is not only an ethical imperative, but also a prerequisite for long-term success in an increasingly complex and connected era. By implementing economically, socially and environmentally sustainable business practices, companies can build a strong foundation for sustainable growth, continued innovation and positive impact on the communities and environment around them.

2.5 Framework of Thinking

Framework of Thought on the Influence of Green Human Resources Management (GHRM) on Employee Green Behavior (Green Lifestyle), Employee Performance and Company Sustainability at PT Northeast Electric Power Construction

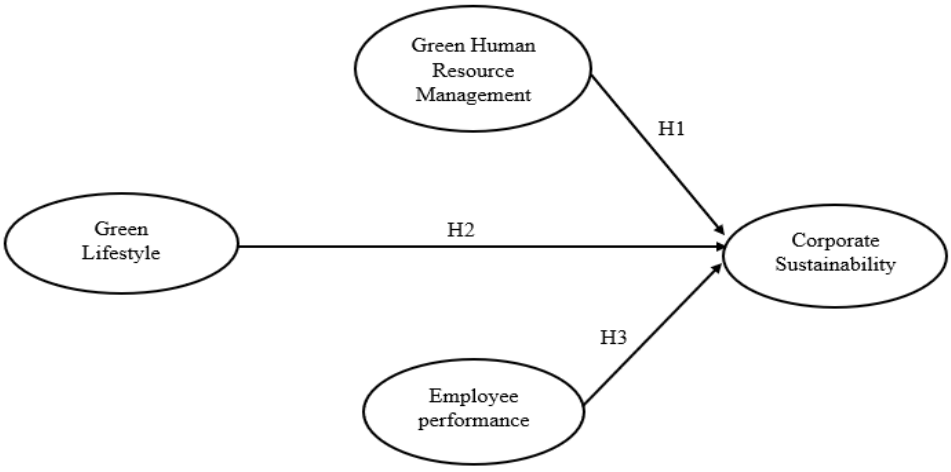


Figure 1. Thinking Framework

Based on the description above, the following is the research hypothesis.

H1 = GHRM has a significant positive effect on Corporate Sustainability

H2 = Green Lifestyle has a significant positive effect on Corporate Sustainability

H3 = Employee performance has a significant positive effect on Corporate Sustainability

3. Research Method

3.1 Research Design

The type of research used in this study is a quantitative research method with a survey research design. This study uses two main variables with a causal relationship, namely the independent variable (Green Human Resource Management and Green Lifestyle) and the dependent variable (Employee Performance and Company Sustainability). The quantitative method in this study aims to test the formulated hypothesis, involving a fairly large sample and numerical data.

3.2 Population and Sample

The population in this study includes all employees of PT. Northeast Electric Power Construction Project OKI 2 who are involved in the company's operations and the implementation of Green Human Resource Management (GHRM), with a total population of 70 employees. The research sample consisted of 70 employees selected using purposive sampling based on the main criteria of at least one year of work experience. The selection of this sample size refers to Sekaran which states that a sample size of between 30 and 500 is considered adequate, and (Hair et al., 2019), which states that this number is sufficient for factor analysis, the statistical method used in this study. The sampling technique used purposive sampling, namely the selection of samples based on certain criteria that are in accordance with the research objectives (Purwanto & Sudargini, 2021), with the main criteria being permanent employees who have worked for at least one year. The selection of this technique aims to ensure that the sample has characteristics relevant to the research's focus, namely analyzing the effect of GHRM on employee green behavior (green lifestyle), employee performance, and company sustainability.

3.3 Data Types

Primary and secondary research data were used in this study. Primary data were collected directly from the research subjects through distributing questionnaires to respondents, namely employees of PT. Northeast Electric Power Construction Project OKI 2. This questionnaire was used to obtain primary data relevant to the study. This study involved all company employees as respondents to understand the influence of Green Human Resource Management (GHRM) on employee green behavior (Green Lifestyle), employee performance, and corporate sustainability. This study also utilized secondary and primary data to obtain a broader picture. Secondary data were obtained from scientific articles, previous studies on the research topic, and other relevant data sources. This secondary data was used to strengthen research arguments, provide theoretical context, and support a deeper understanding of Green Human Resource Management practices, organizational culture, work environment, and corporate sustainability.

3.4 Data Collection Techniques

This study uses a survey method with a questionnaire as a data collection instrument. The questionnaire was given to 70 PT employees. Northeast Electric Power Construction Project OKI-2 and distributed directly or via Google Form to increase the efficiency of data collection.

The questionnaire was designed using a 5-point Likert(AM et al., 2023) to measure the influence of Green Human Resource Management (GHRM) on Green Lifestyle, employee performance, and corporate sustainability. GHRM includes policies and practices of human resource management that are oriented towards environmental sustainability, such as employee selection, training, and environmental-based performance appraisal. Green Lifestyle measures employee behavior in energy efficiency, waste reduction, and involvement in green programs. Meanwhile, employee performance is evaluated based on the effectiveness of task completion, contribution to green solutions, and collaboration in implementing environmentally friendly practices.

Table 1. Questionnaire Items for GHRM, Green Lifestyle, Employee Performance, and Corporate Sustainability

Code	Statement
GHRM.1	The company applies employee selection criteria that assess environmental awareness.
GHRM.10	Management supports employees in participating in external environmental activities.
GHRM.2	Employee training programs cover sustainability, energy efficiency, and natural resource management.
GHRM.3	Employee performance evaluations consider contributions to corporate sustainability goals.
GHRM.4	Rewards are given to employees who actively implement eco-friendly practices in the workplace.
GHRM.5	The company provides eco-friendly facilities to support sustainable work practices.
GHRM.6	Employee development programs include education on sustainable business practices.
GHRM.7	Recruitment considers individual commitment to corporate environmental values.
GHRM.8	Incentives are given to employees who propose and implement innovative environmental solutions.
GHRM.9	The company establishes sustainability-based operational standards that all employees must adhere to.
GL.1	Employees actively reduce energy consumption by using energy-efficient equipment.
GL.10	Employees support and engage in company-organized environmental campaigns.
GL.2	Employees' work habits reflect efficiency in the use of natural resources.
GL.3	Employees' participation in company recycling programs demonstrates environmental awareness.
GL.4	Reducing the use of single-use plastics is part of daily work culture.
GL.5	Employees apply a paperless approach in office administration activities.
GL.6	Engagement in environmental communities within and outside the company is increasing.
GL.7	The use of environmentally friendly transportation, such as bicycles or electric vehicles, is encouraged.
GL.8	Employees' awareness of environmental issues is reflected in their daily lifestyle

	choices.
GL.9	The office implements a waste sorting system that all employees comply with.
EP.1	Employees demonstrate high work effectiveness in carrying out sustainability-related tasks.
EP.10	Employee motivation increases with the successful implementation of sustainability strategies.
EP.2	Individual goals within the company align with environmental sustainability objectives.
EP.3	Employees contribute to creating innovative solutions for green work practices.
EP.4	Efficiency and productivity improve with the adoption of sustainability-based work systems.
EP.5	Collaboration among employees in implementing green programs is strengthening.
EP.6	The completion rate of sustainability-related tasks meets company targets.
EP.7	Team leaders encourage members to actively participate in green initiatives.
EP.8	Compliance with company environmental policies is part of performance evaluation.
EP.9	Employees proactively propose improvements for energy efficiency and waste reduction.
CS.1	The company optimizes resource use to enhance operational efficiency.
CS.10	The company culture fosters sustainable innovation as part of competitive advantage.
CS.2	Business policies are designed to balance economic, social, and environmental aspects.
CS.3	Sustainability initiatives are integrated into the company's long-term strategy.
CS.4	Investments in green technology are a top priority for the company.
CS.5	The company's commitment to social responsibility is demonstrated through environmental programs.
CS.6	The company collaborates with suppliers who adopt sustainable business principles.
CS.7	Sustainability reports are regularly published to showcase the company's environmental achievements.
CS.8	The company actively supports government policies on environmental sustainability.
CS.9	Circular economy practices are integrated into the company's supply chain.

This structured approach ensures that the questionnaire effectively captures employees' perspectives on GHRM, Green Lifestyle, employee performance, and corporate sustainability.

3.5 Data Analysis Techniques

The data analysis technique in this study used Structural Equation Modeling-Partial Least Square (SEM-PLS). SEM-PLS was chosen because it is able to analyze the relationship between latent variables even though the data is not normally distributed and the number of samples is relatively small. The analysis was carried out through two main models: Measurement Model (Outer Model) to test validity and reliability using AVE, loading factor, Composite Reliability (CR), and Cronbach's Alpha, and Structural Model (Inner Model) to test the relationship between variables using R-Square, significance test (Bootstrapping), T-

Statistic, and P-Value. This study follows seven stages of SEM-PLS, starting from the development of a theoretical model to the interpretation of the results and modification of the model if necessary (Anwar et al., 2024).

4. Findings and Discussions

4.1 Analysis of Measurement Model or Outer Model

In testing the outer model on the data in this study, a convergent validity test was conducted which will be based on the outer loading value that appears in this test. Data can be declared valid if the outer loading value exceeds 0.7. Furthermore, the discriminant validity value will be based on the AVE value or average variance extracted that appears. The AVE value must be above 0.5 and cross loading requires that the item must correlate more with its own variable than with other variables. The Measurement Model or Outer Model is used to evaluate the validity and reliability of the research construct.

4.2 Convergent Validity

Convergent validity measures how well the indicators used correlate with the construct to be measured. Convergent validity evaluation is carried out using two main parameters, namely:

Outer Loadings is a measure of the contribution of each indicator to the construct it represents. An indicator is considered valid if the outer loadings ≥ 0.7 (Am & Setiawati, 2023). Based on the results of the analysis, all indicators in this study have outer loadings > 0.7, thus meeting the criteria for convergent validity.

Average Variance Extracted (AVE) shows how much of the indicator's variance can be explained by its construct. An AVE value ≥ 0.5 indicates that the construct has good validity. The results of the analysis show that all constructs in this study have an AVE value > 0.5, so that convergent validity is met.

Table 2. Outer Loading Value Results

Questionnaire Items	Green Human Resources Management	Green Lifestyle	Corporate Sustainability	Employee performance
The company applies employee selection criteria that assess environmental awareness.	0.851			
Management supports employees in participating in external environmental activities.	0.802			
Employee training programs cover sustainability, energy efficiency, and natural resource management.	0.822			
Employee performance evaluations consider contributions to corporate sustainability goals.	0.845			
Rewards are given to employees who actively implement eco-friendly practices in the workplace.	0.753			

The company provides eco-friendly facilities to support sustainable work practices.	0.918		
Employee development programs include education on sustainable business practices.	0.837		
Recruitment considers individual commitment to corporate environmental values.	0.747		
Incentives are given to employees who propose and implement innovative environmental solutions.	0.879		
The company establishes sustainability-based operational standards that all employees must adhere to.	0.729		
Employees actively reduce energy consumption by using energy-efficient equipment.		0.797	
Employees support and engage in company-organized environmental campaigns.		0.828	
Employees' work habits reflect efficiency in the use of natural resources.		0.758	
Employees' participation in company recycling programs demonstrates environmental awareness.		0.721	
Reducing the use of single-use plastics is part of daily work culture.		0.749	
Employees apply a paperless approach in office administration activities.		0.745	
Engagement in environmental communities within and outside the company is increasing.		0.742	
The use of environmentally friendly transportation, such as bicycles or electric vehicles, is encouraged.		0.758	
Employees' awareness of environmental issues is reflected in their daily lifestyle choices.		0.740	
The office implements a waste sorting system that all employees comply with.		0.760	
Employees demonstrate high work effectiveness in carrying out sustainability-related tasks.			0.793
Employee motivation increases with the successful implementation of sustainability strategies.			0.840

Individual goals within the company align with environmental sustainability objectives.		0.851
Employees contribute to creating innovative solutions for green work practices.		0.714
Efficiency and productivity improve with the adoption of sustainability-based work systems.		0.743
Collaboration among employees in implementing green programs is strengthening.		0.847
The completion rate of sustainability-related tasks meets company targets.		0.752
Team leaders encourage members to actively participate in green initiatives.		0.785
Compliance with company environmental policies is part of performance evaluation.		0.881
Employees proactively propose improvements for energy efficiency and waste reduction.		0.846
The company optimizes resource use to enhance operational efficiency.	0.903	
The company culture fosters sustainable innovation as part of competitive advantage.	0.907	
Business policies are designed to balance economic, social, and environmental aspects.	0.863	
Sustainability initiatives are integrated into the company's long-term strategy.	0.814	
Investments in green technology are a top priority for the company.	0.856	
The company's commitment to social responsibility is demonstrated through environmental programs.	0.857	
The company collaborates with suppliers who adopt sustainable business principles.	0.837	
Sustainability reports are regularly published to showcase the company's environmental achievements.	0.854	
The company actively supports government policies on environmental sustainability.	0.896	
Circular economy practices are integrated into the company's supply chain.	0.844	

In the outer loading value test conducted by the author, the value of all outer loadings that describe the validity of the questionnaire items is > 0.7. So with this value, all questionnaire items can be stated to have a level of validity that is met to be declared valid.

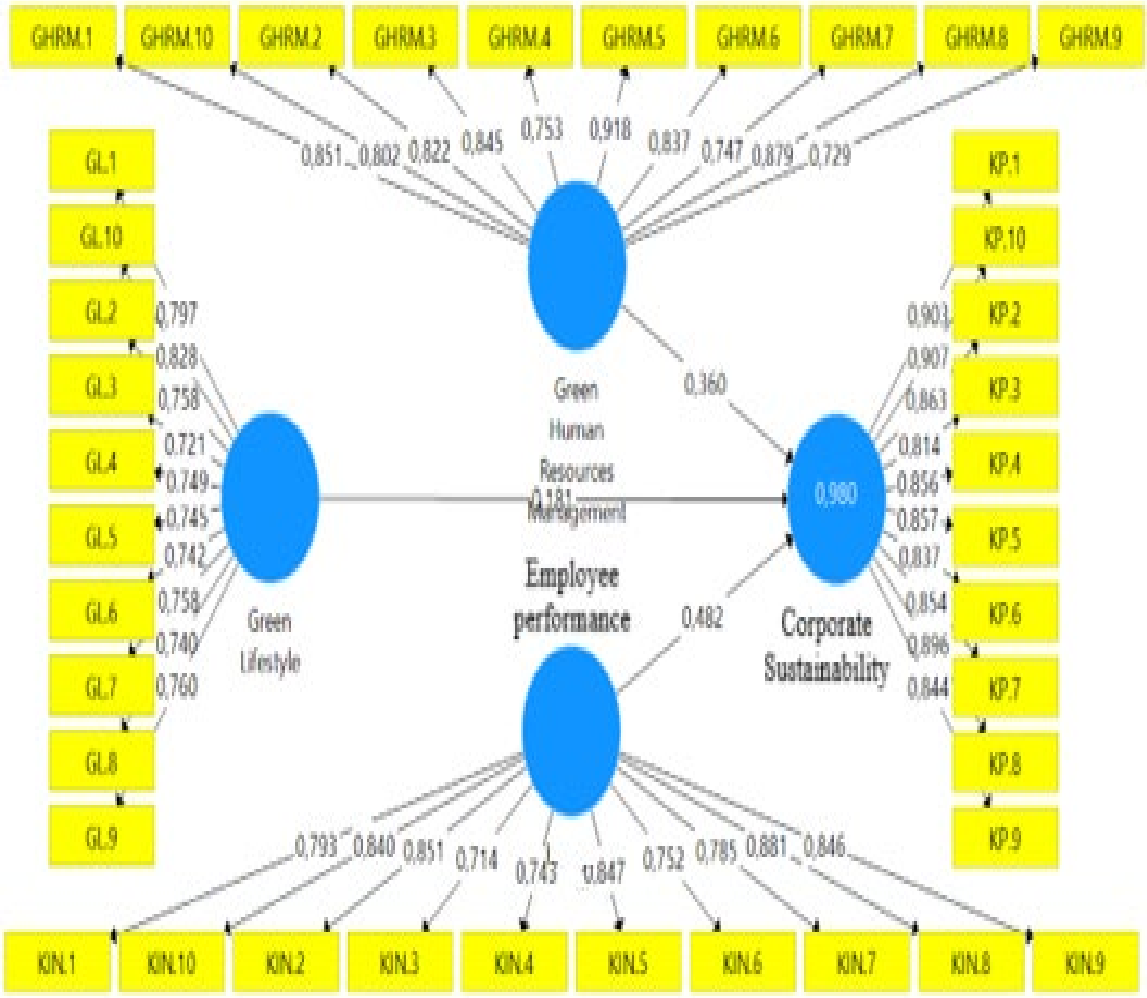


Figure 2. Outer Loading Test Results

4.3 Discriminant Validity

Discriminant validity evaluates the extent to which a variable differs from other variables in the model. This evaluation is done using Average Variance Extracted (AVE). An AVE value ≥ 0.5 indicates that the construct has good discriminant validity.

Table 3. AVE Analysis Results

Variables	Average Variance Extracted (AVE)
Green Human Resources Management	0.673
Green Lifestyle	0.578
Corporate Sustainability	0.746
Employee performance	0.651

Furthermore, based on the AVE value, all data in this study have an AVE value that exceeds 0.5.

So, with these results, it can be stated that the data collected by the author are data that can be declared valid in terms of discriminant validity.

4.4 Reliability Test

The variable reliability test measures the internal consistency of the indicators used to measure a variable. Reliability is tested using two methods, namely Cronbach's Alpha and Composite Reliability. Cronbach's Alpha measures the internal consistency of the variable. Values above 0.7 indicate good reliability. The results of the analysis show that all constructs have Cronbach's Alpha> 0.7, thus meeting the reliability criteria. Composite Reliability is more stable than Cronbach's Alpha because it considers the contribution of the indicators in more depth. Values above 0.7 indicate good reliability. The results of the analysis show that all constructs have Composite Reliability> 0.7, thus the reliability of the constructs in this study is acceptable. In the next test, namely regarding the level of reliability of the data collected by the author, the data can be declared reliable if it has a composite reliability value and also a Cronbach's alpha value exceeding 0.7. Quoting from Priadana & Sunarsi (2021), reliable data is a condition in which the measuring instrument used can measure what should be measured regarding the phenomena being measured consistently in any situation at the time the measurement is carried out.

Table 4. Results of Composite Reliability and Cronbach's Alpha Analysis

Variables	Cronbach's Alpha	Composite Reliability
Green Human Resources Management	0.945	0.953
Green Lifestyle	0.919	0.932
Corporate Sustainability	0.962	0.967
Employee performance	0.94	0.949

Based on these values, namely the values that appear in Cronbach's alpha and also the composite reliability values all have values above 0.5, it can be stated that all variables in this study are reliable data.

4.5 Coefficient of Determination

The coefficient of determination (R^2) is one of the statistics used to measure how well the independent variable can explain the variation in the dependent variable. The higher the R^2 value, the better the model is in explaining the variation in the data. In the r square analysis, if the r square value has a value of up to 0.19 then it can be stated that the ability is weak / small (weak), while if the value exceeds 0.33 then it can be stated moderate and if it exceeds 0.67 then it can be stated strong. Meanwhile, the criteria for the f square value are if the value is 0.02 then it will be stated to have a small impact, if the value is 0.15 then the impact is stated moderate and if the value is 0.35 the impact is large.

Table 5. Results of R Square Analysis

Variables	*R Square*	*R Square Adjusted*
Corporate Sustainability	0.980	0.979

With the r square value, which is 0.980, it can be interpreted that the exogenous variable can explain the endogenous variable by 98% while the rest, which is 2%, is explained by variables

that are not involved in this study. Therefore, the value, which is 0.980, is a value that can be stated as "strong".

4.6 Effect Size

Effect size (F^2) is used to assess the extent to which each independent construct contributes to the dependent variable. In general, a larger effect size indicates a stronger influence of the construct on the dependent variable. F^2 can measure the change in R^2 when exogenous constructs are included or removed from the model that affect endogenous variables.

Table 6. Results of f Square Analysis

Variables	Corporate Sustainability
Green Human Resources Management	1,039
Green Lifestyle	0.254
Employee performance	1,595

Based on the results of the f-square analysis, the variables Green Human Resources Management (GHRM) (1.039) and Employee Performance (1.595) have a large influence on Corporate Sustainability, while Green Lifestyle (0.254) has a moderate influence. This shows that the implementation of GHRM and improving employee performance contribute significantly to corporate sustainability, while employee green lifestyle also plays a role although with a more moderate impact.

4.7 Multicollinearity Test (Inner VIF)

In the next test related to the outer model in this study, the test for multicollinearity will be carried out with the aim as stated by Jaya (2021) , namely to see whether there is a problem or disease of multicollinearity where a model will appear to show intercorrelation between 1 variable and another variable. In his book, Sugiyono (2020) states that the requirement for data to be declared tested does not have a multicollinearity problem if the VIF value is <10.

Table 7. Multicollinearity Test Results

Questionnaire Items Code	VIF	Questionnaire Items	VIF
GHRM.1	3,369	KIN.1	2,351
GHRM.10	2,864	KIN.10	4,468
GHRM.2	2,981	KIN.2	4,699
GHRM.3	3.64	KIN.3	2,956
GHRM.4	2,393	KIN.4	2,548
GHRM.5	5,646	KIN.5	3,694
GHRM.6	3,702	KIN.6	2,454
GHRM.7	2,191	KIN.7	2,564
GHRM.8	3,816	KIN.8	4,068
GHRM.9	2,255	KIN.9	4,245
GL.1	2,483	KP.1	4,515
GL.10	3,168	KP.10	5.7
GL.2	2,329	KP.2	3,745

GL.3	2,444	KP.3	2,778
GL.4	2,343	KP.4	3,711
GL.5	2,724	KP.5	3,614
GL.6	2,048	KP.6	3,344
GL.7	2,172	KP.7	3,336
GL.8	2,653	KP.8	5,091
GL.9	2,693	KP.9	3,259

From the results of the analysis, all data processed by the author has a VIF value below 10 or <10. So based on the results of the test, it can be concluded that this study does not have data that shows symptoms or problems of multicollinearity.

4.8 Path Coefficient Hypothesis Testing

This study uses t-test to see how the impact of exogenous variables in this study, namely green human resources management, green lifestyle, and employee performance on corporate sustainability. This study will use path analysis to see how these influences.

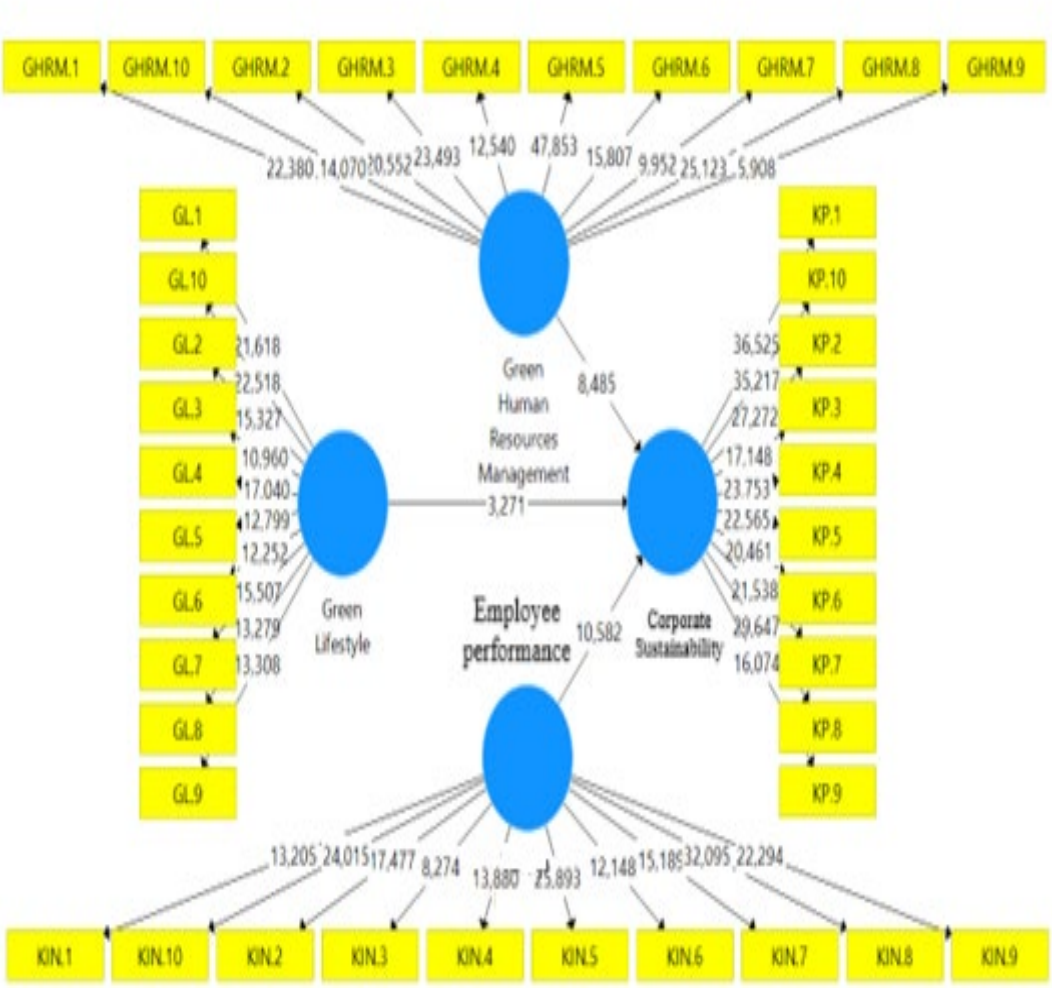


Figure 3. *Inner Weight Analysis*

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In path analysis or path coefficient, the influence can be stated as significant if the probability value or p-value is below 0.05 or less than 0.05. In addition, if the t value that appears after the analysis is carried out is a positive value, then the influence is a unidirectional influence. Likewise, if the value is negative, then the influence is contradictory or not unidirectional.

Table 8. Path Analysis Results

Path Hypothesis	*T Statistics*	*P Values*
Green Human Resources Management -> Corporate Sustainability	8,485	0,000
Green Lifestyle -> Corporate Sustainability	3,271	0.001
Employee Performance -> Corporate Sustainability	10,582	0,000

Based on the analysis that has been done and the results listed in Table 7, the hypothesis testing shows that Green Human Resource Management (GHRM) has a significant and positive effect on the sustainability of the company. In addition, Green Lifestyle also has a significant and positive effect on the sustainability of the company. Likewise, employee performance has a significant and positive effect on the sustainability of the company.

4.9 Discussion

4.9.1 The Influence of Green Human Resources Management on Corporate Sustainability

The results of this study found that hypothesis 1 can be accepted because with a p value of 0.000 <0.05 and a t value of 8.485 indicating that there is a significant influence of green human resources management on corporate sustainability and the nature of this influence is positive. The author's findings are in accordance with Hasan (2022) who also stated that green human resources management has an influence on corporate sustainability.

In the implementation of GHRM, human resources are seen as strategic assets that can support the long-term sustainability of the company (Ari et al., 2020). By adopting GHRM practices such as green recruitment, sustainability training, and environmental performance-based evaluation, companies can improve operational efficiency and encourage green innovation. In addition, this approach creates an environmentally conscious organizational culture, which is an important element in building a positive reputation and trust from stakeholders.

Within the sustainability framework, the triple bottom line (TBL) theory is also relevant to explain the relationship between GHRM and corporate sustainability. This theory emphasizes three dimensions of sustainability: environmental, social, and economic. Through GHRM, companies are able to integrate these three dimensions in a holistic manner. Human resource management practices that support environmental conservation have a direct impact on reducing carbon footprints and more efficient use of resources, thereby supporting environmental sustainability (Bhattarai et al., 2023) from a social perspective, GHRM creates a more inclusive and ethical workplace, increases employee loyalty, and attracts talent with a vision for sustainability. Economically, implementing GHRM helps companies achieve cost efficiency, increase productivity, and strengthen competitiveness in an increasingly environmentally conscious market. Thus, GHRM is not only an operational strategy but also a key element in achieving overall corporate sustainability.

4.9.2 The Influence of Green Lifestyle on Corporate Sustainability

The results of this study found that hypothesis 2 can be accepted because with a p value of

0.001 <0.05 and a t value of 3.271 indicating that there is a significant influence of green lifestyle on corporate sustainability and the nature of this influence is positive. This study is supported by the findings of Foster et al. (2022) which revealed that the success of corporate sustainability will be influenced by how a green lifestyle can be implemented by its employees.

In the Theory of Planned Behavior, employee behavior that supports sustainability is influenced by positive attitudes toward the environment, social norms prevailing in the workplace, and perceptions of behavioral control. When employees adopt green lifestyles, such as reducing waste, conserving energy, or using environmentally friendly transportation, they bring these practices into the workplace, creating an organizational culture that supports sustainability initiatives (Chuah et al., 2021). This increases the alignment between individual values and corporate goals, which ultimately drives the company's overall sustainability performance.

In addition, Social Exchange Theory explains that employees who adopt a green lifestyle tend to be more committed to organizations that support environmentally friendly practices. Companies that provide green facilities, such as recycling programs, incentives for environmentally friendly transportation, or offices with green certification, strengthen employee engagement in sustainability efforts (Lin et al., 2024). This commitment not only improves operational efficiency, such as reducing resource consumption, but also strengthens innovation in more environmentally friendly business processes. Corporate sustainability is also enhanced through the positive reputation created by employees' real contributions to environmental goals. In other words, employee green lifestyles not only have an impact on the ecological dimension but also support the company's social and economic sustainability, creating synergy between individuals and organizations in achieving long-term sustainability goals.

4.9.3 The Influence of Employee Performance on Company Sustainability

The results of this study found that hypothesis 3 can be accepted because with a p value of 0.000 <0.05 and a t value of 10.582 indicating that there is a significant influence of employee performance on company sustainability and the nature of this influence is positive. This finding is in line with that expressed by Amjad et al. (2021) which states that employee performance in a company that implements GHRM will help drive the performance and sustainability of the company.

According to the Resource-Based View (RBV), competent, motivated, and environmentally conscious employees are strategic resources that are difficult to imitate and provide competitive advantage (Sharma et al., 2021). In companies implementing GHRM, sustainability training, environmentally-based performance evaluations, and green incentives enhance employees' ability to innovate in creating environmentally friendly solutions. Better performance in this aspect allows companies to optimize resources, reduce operational costs, and minimize environmental impacts, thus directly supporting sustainability.

Based on AMO Theory, optimal employee performance is achieved when the company provides three main elements: ability, motivation, and opportunity (Aboramadan, 2022). In the context of companies implementing GHRM, companies improve employee capabilities through training designed to improve understanding and skills in supporting sustainability. Motivation is enhanced through recognition of employee contributions to green initiatives, while opportunities are created through a supportive work environment, such as the implementation of environmentally friendly technologies and pro-environmental internal policies. With these

elements, employees not only increase productivity but also contribute to the achievement of the company's sustainability goals, including resource efficiency, better reputation, and compliance with environmental regulations. Therefore, employee performance driven by GHRM practices is a key pillar in realizing corporate sustainability holistically, covering ecological, social, and economic dimensions.

4. Conclusion

Based on the research results, Green Human Resource Management (GHRM) is proven to have a significant and positive influence on corporate sustainability with a p-value of 0.000 <0.05 and t 8.485. In addition, green lifestyle also contributes significantly to corporate sustainability with a p-value of 0.001 <0.05 and t 3.271. Furthermore, employee performance shows a significant and positive influence on corporate sustainability with a p-value of 0.000 <0.05 and t 10.582. These findings are in line with previous studies which state that the implementation of GHRM practices can improve corporate performance through environmental sustainability and operational efficiency. In addition, employee green lifestyles also play a role in improving organizational sustainability through environmentally friendly behavior in the workplace.

As a recommendation, PT. Northeast Electric Power Construction Project OKI 2 is advised to further integrate sustainability principles into human resource management by strengthening GHRM policies. To support a green lifestyle, companies can provide facilities such as environmentally friendly work areas, shared transportation programs, and waste reduction initiatives. In addition, companies can implement a green performance-based evaluation system, provide awards for environmentally friendly innovations, and increase access to green technology to drive corporate sustainability more effectively. Further research is recommended to explore external factors, such as government policies and industry trends, as well as internal factors such as corporate culture and leadership in influencing business sustainability. This approach will provide a more comprehensive perspective to develop a more effective sustainability strategy.

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Business Planning for Men's Big Size Fashion: A Case of BIG SIZE BRO in Bandung

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Abstract

Industry in Indonesia is experiencing significant growth over the last few decades, however, there are still untapped market segments that have not been optimally developed, one of which is big-sized fashion for men. This Research aims to compile planning for BIG SIZE BRO, a big men's fashion business in Bandung City. With the use of the Business Model Canvas (BMC) method, study the financial eligibility, SWOT analysis, research, and presentation planning strategies for an integrated business. The result shows that the market opportunity for men's big size fashion in Bandung is quite large. Big, with potential growth supported by social media trends, preferences of consumers, and the lack of local brand dominance in this segment. This study can become a guide for candidate entrepreneurs in designing competitive and sustainable businesses in the men's fashion sector.

Keywords: Fashion Business, Big Size, Business Model Canvas, Study Eligibility, Bandung

JEL Codes: L26, M13, M31

1. Introduction

1.1 Background

The industry in Indonesia has experienced significant growth over the last few decades, which is marked by its ability to develop a unique and attractive fashion identity that benefits from the rich cultural heritage of the local culture. Indonesia has not only become a manufacturer of competitive global textiles and clothing in terms of cost and quality. Still, it has also given birth to many designers and brands recognized internationally. Events such as Jakarta Fashion Week become a display case for displaying local fashion creativity. Supported by the development technology and social media, fashion players now have wider access to promote the product globally, making social media an effective channel in creating trends and expanding the range of audience.

Even though the national fashion industry faces challenges as big as competition from local and international brands. Still competitive, the actor industry must keep going to innovate, understand the needs of consumers, as well as follow the development trend. Besides that,

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sustainability has become an important issue to address in the industry. Efforts like using organic materials, a repeated recycling process, and ethical production have been applied by several perpetrators to create a responsible fashion industry answer to environmental and social issues. Approach This not only becomes not quite enough moral responsibility, but also a sustainable business strategy in the face of an increasingly consumer-aware environment.

Data from Kemenparekraf, 2020, Brawijaya University, and UI Demographic Institute show that between 2010 and 2017, Indonesia's creative domestic Gross Product (GDP) grew steadily, from Rp 526 trillion to Rp 989 trillion. From the contribution of this subsector, culinary, fashion, and crafts contribute around 75% consistently, with fashion contributing by 18% per year. The fashion industry also creates jobs, contributing about 17% of the 25 million-strong Work sector economy. Besides that, the sector's contribution to exports was the largest in 2022, reaching 16.5 billion dollars. This shows that the fashion industry is superior in matter production and has become a center of innovation and creativity, strengthening Indonesia's position in the global creative economy sector.

Temporary in addition, the fashion market's growth is also influenced by changes in demographics and lifestyle in Indonesian society. Data from the Kemenparekraf, (2020) shows a significant improvement in the trend of obesity during the last decade, from 9% in 2007 to 22 % in 2018, with 65% of the population experiencing excess weight gain. This reflects the change in consumption patterns and activity in urban society, as well as signifying the increasing need for inclusive fashion products, especially for individuals with larger bodies. Condition: This becomes an opportunity for the perpetrator industry. The present solution is more fashion adaptive to market needs, which continue to grow and develop.

Province West Java shows a prevalence of obesity that is more prevalent among tall individuals compared to the national average, namely by 23% compared to 21.8% overall. Conditions This reflects the trend of obesity that continues increasing, especially in urban areas such as Bandung, and is influenced by patterns of unhealthy, low physical activity, as well as consumption of high-calorie and sugary food. Situation This becomes Serious. Remember that obesity is correlated with the risk of disease. No infectious diseases like hypertension, diabetes, and heart disease. With a large population, intervention strategies in West Java are necessary, involving education, a healthy lifestyle promotion, and policies based on public health. At the same time, the increasing number of obese people also opens up market opportunities for the fashion industry that provides products specially designed for consumers with special needs.

On the other hand, the development of fashion UMKM in Bandung City shows sufficient dynamic fluctuations. Based on data from Kemenparekraf, (2020), the number of fashion MSMEs has decreased by 29.26 % in 2020 due to the impact of the pandemic, but jumped up to 548.98% in 2021 along with the recovery of the economy and the drive of digitalization. The following year, the amount returned decreased by 55.14% before experiencing an increase of 24.43% in 2023. Fluctuations. This indicates that the MSME fashion sector in Bandung is susceptible to external changes but shows enough resistance and good power. Success in adapting to digital platforms and participation in government programs are important factors in guarding the stability and growth of MSMEs. Therefore, innovative and sustainable business strategies are essential. For answers to opportunities and challenges in the sector.

Based on 2018 Riskesdas data, the prevalence of obesity in West Java reaches 23%, higher than the national average by 21.8%. This figure shows a trend consistent and reflective improvement pattern in life in urban society that is lacking active and consuming food with high calories and sugar. Situation This has become an attention because obesity increases the risk of diseases

such as hypertension, diabetes, and heart disease. With a large population, West Java is a potential market for environmentally friendly fashion products of a large size. Along with increasing awareness, the health and representation body needs comfortable and appropriate clothing that proportionally follows the body.

On the other hand, data from Kemenparekraf, (2020) shows that the development of fashion UMKM in Bandung City is fluctuating, but still show great potential. Although time decreased during the pandemic, the number of fashion UMKMs has soared nearly 550% in 2021, thanks to digital platform adoption and support from the government. The next years show fluctuations that reflect market challenges but also signify the existence of power resistance and opportunity for growth for new players. This is a competition in the men's big size fashion segment. Still relatively low, as seen from eight competitors, the main one that has characteristics different in terms of price, size, marketing strategy, and positioning (Processed Researcher, 2024).

Globally, the apparel market size is big, reaching USD 291.5 billion in 2022. It is predicted to grow to USD 488.3 billion in 2032, with a CAGR of 5.90% (Market Research Future, 2023). The growth was triggered by the body positivity trend and the increasing awareness of consumers to represent all forms of bodies in the fashion industry. In Indonesia itself, the market opportunity for big-sized fashion is auspicious. However, there are still very few brands that are specially targeted at men with big bodies. Big Size Bro is here to fill the gap with products like T-shirts, shirts, and pants in sizes big that are not only fashionable and comfortable, but also made from responsibly sourced materials that are good for the environment. With a focus on comfort, quality, and sustainability, this brand positions itself as a relevant and progressive big-size men's fashion solution.

Planning Big Size Bro's business is based on identifying various strategic problems that reflect the pressing needs in the market. The height of obesity in Indonesia has reached 28.7% in adults, and increasing awareness of body positivity shows the need for real, will, inclusive, and comfortable fashion products for men with bodies. Unfortunately, the number of brands that are specifically serving the segment is still very limited, so there is a big opportunity for Big Size Bro to fill in that market niche. However, competition from local and international brands, as well as challenges in building a brand identity and effective marketing, have become things to be faced seriously. For that, a business strategy that is not only innovative in terms of products and marketing but also sustainability-oriented, both from the environmental side and also the socio-cultural impact, is required. Planning a comprehensive business . This is expected to become a strong foundation for Big Size Bro to grow sustainably and responsively, meeting the needs of increasingly aware consumers and addressing social responsibility in the fashion industry.

2. Literature Review

2.1 Business Plan

Planning business is a strategic process that includes identifying market opportunities and challenges, developing a marketing and sales strategy, developing human resources, analyzing technology and innovation, and managing sustainable environmental management to drive long-term company growth. Main principles for planning business walk effective, as explained by (Hermawan et al., 2024), includes clarity and understandability for all over stakeholders interests, flexibility and realism in face market dynamics and environment business, coverage comprehensive to all over aspect business — start from production until finance — as well as ability in formulate system more work effective and efficient. With the application of principles, the business plan not only becomes a guide for strategic guidance, but also a tool

for moving to reach sustainable success.

2.2 Analysis Environment External and Internal Environment

Analysis of the internal environment is an essential process in purposeful strategic planning. To identify the strengths and weaknesses of a company. This process covers evaluation of source power (good tangible assets like finance and equipment, as well as intangible assets like brand and reputation), the company's capabilities to utilise the source power mentioned, and core competencies that become superior competitive. Combination of third element This will help management in formulate effective and efficient strategies, while at the same time anticipate possible risks arise in the future (Marhawati, 2023; Fikri et al., 2024).

Temporary that, analysis environment external aiming for observe and evaluate external factors companies that can become opportunity or threat. The external environment consists of two main components: the general environment (such as social, economic, and technological conditions), which has no direct influence, and the micro climate (such as suppliers, customers, and competitors), which has a direct impact on the company's performance. Understand second aspect. This allows the company For develop a better strategy adaptive to the changing market dynamics. (Marhawati, 2023; Fikri et al., 2024).

2.3 SWOT Analysis

SWOT analysis is a method of planning used to evaluate strengths, weaknesses, opportunities, and threats in a project or business. Method: This gives a framework for systematic and structured thinking in formulating company strategy, both for large-scale and small and medium-sized businesses. The application of SWOT can strengthen taking more decisions precise, efficient, and give a deeper understanding deep about market position and methods utilise existing opportunities (Mashuri & Nurjannah, 2020; Azzahra et al., 2024).

According to Canestrino in (Kaniawati et al., 2021) and (Karadzhov, 2025) SWOT analysis functions as a multidisciplinary tool that integrates the organization's internal capabilities with the external environment dynamics. Internal factors include strengths, such as superior source power and a strong brand reputation, as well as weaknesses, such as financial limitations or less-than-optimal work processes. The external factors cover opportunities from market and technology trends and threats from competition or economic uncertainty. Understanding the fourth element is very important for developing effective and adaptive strategies in face of challenges in a business that continues to develop.

2.4 Business Model Canvas

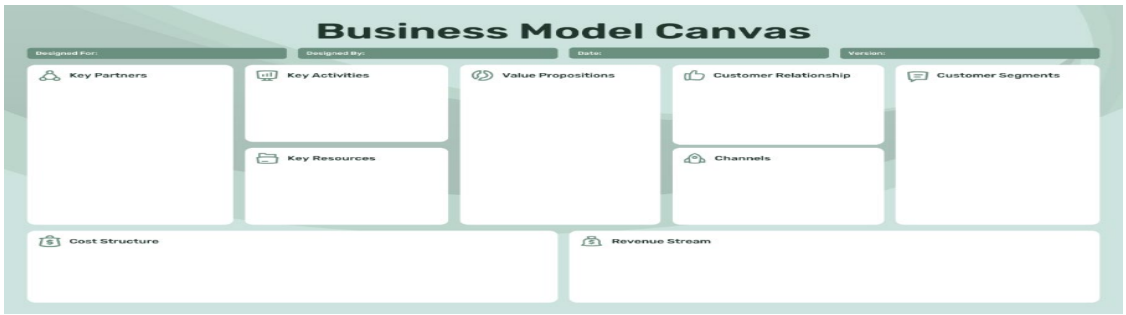


Figure 1. Business Model Canvas
Source: Osterwalder et al. (2010)

Business Model Canvas (BMC) is a simple business model developed by Osterwalder to help strategy planners formulate a draft business visually and structured. BMC consists of nine

elements, the main or building blocks that depict How A company creates, conveys, and captures value. Ninth element the includes : (1) Value Propositions— products or service superior products offered; (2) Customer Segments— groups customer with need similar; (3) Customer Relationships—strategy of establishing connection emotional with customers; (4) Channels— means distribution and communication product to customers; (5) Revenue Streams— sources income leading company; (6) Cost Structure— components cost operational business; (7) Key Activities— activities primary resources that support business processes; (8) Key Resources— sources vital power required companies; and (9) Key Partnerships— work The same strategic with partner business. Overall, this element allows the company to develop a comprehensive, adaptive, and creation-oriented business strategy mark as well as a sustainable business.

2.4 Research Previous

Table 1. Research Previous

No	Title	Author, Year	Objective	Method Study	Research result
1	Designing a Business Strategy Using Business Model Canvas (BMC) on Product Newcomer Gyura Hijab.	Kaniawati et al., 2021	Research This also attempts to understand the preferences of consumers, hijab trends, and aspirations for a modern lifestyle as a basis for designing products and marketing strategies.	Qualitative with method studies case.	Gyura Hijab has potential for development with an open branch, utilizing ggraessive marketing strategies (online and offline), and product-focused, affordable, quality, and draft shop, Instagrammable for interesting customers.
2	Marketing performance of small and medium industries shoe entrepreneurs in greater Bandung.	Kaniawati, Sukma, et al., 2024.	Analyze performance marketing businessman industry small and medium enterprises (SMEs) of shoes in the Greater Bandung area, with focus on innovation products, partnerships business, and market orientation	method survey explanatory, with questionnaire Data analysis was performed use Structural Equation Modeling (SEM) technique	Innovation products, partnerships business, and market orientation has an impact positive and significant towards marketing strategy,

			as factors that influence marketing strategy and performance marketing.		
3	The Effect of Organizational Culture, Digital Marketing Strategy, Service Quality, and Environmental Sustainability on Customer Satisfaction of MSME products in Indonesia.	Judijanto et al., 2024	Study This aiming For analyze influence culture organization, digital marketing strategy, quality services, and sustainability environment to satisfaction customer MSME products in Indonesia.	Approach quantitative with cross-sectional design.	Digital marketing strategy, quality service, sustainability environment and culture organization influential positive significant to satisfaction MSME customers.
4	Design Thinking in Research and Development Fashion Products	Anggraini & Nurhadi, 2023	Know implementation of design thinking in research and development mass fashion products.	Method qualitative with design thinking approach (*empathize, define, ideate, prototype, test)*.	Design thinking is proven can used as method for research and development in mass fashion industry, helping fulfil target market needs.
5	The Use of Design Thinking in Development Distro Products " *Start from Scratch* "	Aripradono & Lim, 2023	Understand implementation design thinking method in improvement product clothes that will for sale to the market and push creativity and innovation.	Method descriptive qualitative with approach *design thinking* (*empathize, define, ideate, prototype, test)*.	Design thinking can help develop fast fashion based distro products with adapt market trends and needs customers, as well as minimize risk failure product

3. Research Method

3.1 Research Design

This study uses qualitative research methods. Qualitative research is an approach that aims to understand a phenomenon or context through the collection of non-numerical data, such as text, images, sound, or narrative. This Method nature descriptive and interpretive, with focus on understanding deep to meaning and dynamics the phenomenon being studied in context natural. Research qualitative use technique like interview in-depth, observation participants, analysis

documents, and group discussions focused for collect data Sugiyono. Because the purpose main in study qualitative For understand and describe phenomenon in a way deep in natural conditions, so that can bring up hypothesis new, describe problem social in a way comprehensive, expressive meaning hidden, and explain phenomena that occur (Malahati et al., 2023).

3.2 Data Collection Techniques

Data collection was carried out through: Observation to behavior competitors and consumers in industry Bandung Fashion. Interview with candidate consumers and stakeholders interest for identify market needs and preferences. Analysis document from publication government, reference academic, and reports industry (Sugiyono, 2019)

3.3 Business Analysis Tools

Two framework work analytical main used:

SWOT Analysis: For evaluate internal strengths and weaknesses as well opportunities and threats external in the Bandung market (Afdalia et al., 2023).

Business Model Canvas (BMC): For map aspects main from business strategy like segment customer, proposition value, activity main, and flow income (Osterwalder et al., 2010).

3.4 Research Site and Scope

Study This conducted in Bandung, Indonesia, targeting the segment man urban aged 25–45 years, with emphasis on the individual with need size special at the moment This not enough served by the mainstream fashion industry main.

3.5 Indicator Criteria as a Strength, Weakness, Opportunity or Threat

Strengths are measures that show the unique capabilities, superior resources, and competitive advantages of the company compared to its competitors. Strong management capabilities, broad reputation, and effective distribution network are some examples of strengths. The factors that enable the firm to compete and excel in the market are described in this indicator. Lack of financial resources, poor marketing skills, and inadequate facilities are some examples of Weaknesses that can indicate problems or shortcomings that can hinder business performance. To improve performance, the company must improve these features. Opportunities are indicators that show external situations that can be utilized. Favorable technological changes, good relationships with customers and suppliers and market growth are some examples of opportunities. This opportunity indicator shows the external situation that can help the company grow. Threats are indicators that show external conditions that can harm the company. Examples of risks include volatile economic changes, unfavorable changes in government laws, increased competition, and adverse changes in consumer preferences. These threat indicators show external conditions that can jeopardize a business's position and existence in the market.

To conduct this research, researchers used primary and secondary data to answer the formulation of the problem and identify the existing SWOT for the business and apply it to the Business canvas model. By conducting direct interviews with key informants. Secondary data is collected through retrieval or application of some or all of the records and reporting. Expressing qualitative data analysis interactively and routinely carried out until completion, until it reaches data saturation.

4. Findings and Discussions

4.1 Business Profile

Big Size Bro is here as an innovative solution in the Indonesian fashion market focusing on providing clothes for men with big bodies — a segment that has not been noted enough. Findings mainly show that the company's approach to inclusiveness succeeds in answering the needs of specific customers through comfortable, stylish, and available products in sizes XL to 7XL. Proven digital marketing and e-commerce strategies effectively introduce the brand to a broad audience while expanding market reach. Efforts. This is supported by service to personal customers and loyalty programs starting to form a community of loyal customers.

Besides that, integrating the sustainability principle in the Big Size Bro business model has become a significant added value. Use a material-friendly environment and empowerment to Work locally and create a positive socio-economic impact. This shows that a successful business depends on the product and commitment to social and environmental values. With a vision to become a pioneer of big-size men's fashion in Southeast Asia and a global promoter of body positivity, Big Size Bro shows potential as an adaptive, relevant, and impactful fashion brand.

4.2 Analysis Environment Business

In operating a fashion business of a big size, Big Size Bro must understand various environmental factors that can influence its success. Analysis of the business environment is a strategic step aimed at identifying and evaluating external or internal factors influencing the operational company.

Table 2. Analysis Environment Big Size Bro Company External

	DATA	**Opportunity *(Opportunity)***	**Threat *(Threat)***
Natural Environment • *Resources* • *Climate*	*Resources* *Climate*	• Available source material supporting the production of large-sized men's fashion products in the local market. • Raise public awareness of comfortable fashion for various weather conditions (tropical).	• Limitations of material standards specific to the need for a large size in the local market can cause an increase in production costs. • Climate extremes that can influence the pattern of consumption and the needs for clothes.
Societal Environment • *General forces* • Political • Economy (inflation, rupiah	• *General forces* • Political • Economy • Social • Technology	• Raise public awareness of comfortable fashion for various weather conditions (tropical). • Stability, political support, investment, and development of local businesses. • Growth Power buy public class intermediate to lower support, improvement, consumption, big size fashion products.	• Change climate extreme that can influence pattern consumption and needs clothes. • Uncertainty regulation related import material standard or tax goods consumption • Inflation and fluctuations mark exchange rupiah that can influence price material standard or Power buy public.. • Social stigma towards special fashion size big Still influence part consumers.

exchange rate) • Social • Technology • *Law*	• *Law*	• growing trend of body positivity accepted by society, encouraging requests for clothes in a larger size. • Adopt digital technologies such as e-commerce that enable the marketing of products to a broader market. • Regulation protection supports consumers to trust the product locally.	• Dependence on digital platforms can present risk If There is change policies by the platform. • Regulation newer one strict related standard product clothes can increase cost production.
Task Environment • *Consumer* • *Competitor* • *Channel of distribution* • *Center/supplier*	• *Consumer* • *Competitor* • *Channel of distribution* • *Center/supplier*	• Increasing need for consumers for comfortable and stylish big-size clothing. • The lack of local competitors in the big-sized clothing segment provides an opportunity to become the market leader. • Utilization of online marketplaces for reach consumers throughout Indonesia. • Opportunity build connection direct with material suppliers standard for efficiency cost.	• Competition with brand local global that already own Name big in the big size fashion market. • Entry competitor new with price more cheap. • Dependence on a particular distributor can become risk If connection Work disturbed. • Limitations number of suppliers specializing in materials for big size fashion.

Table 3. Analysis Big Size Bro Company Internal Environment

	Data	*Strength*	*Weakness*
Structure: • *chain of command*	• *chain of command*	• A simple organizational structure simplifies the process of making decisions and improves operational efficiency.	• The workload excessive in leadership, because taking decisions centered on a few people

Culture • *Belief* • *Expectations* • *Values*	• *Belief* • *Expectations* • *Values*	• Commitment to providing high-quality clothes for men of all sizes creates customer trust. • Focus on fulfilling the need for a niche market (men's big size clothing) which is still not sufficiently competitive locally. • Uphold tall inclusivity with support body positivity and self-confidence movement for big size customers.	• Not yet available culture strong company in matter innovation products and human resource development. • Limitations expectation customer Because lack of variation product compared to global competitor • Company values Not yet Enough known by the public wide Because lack of branding.
Resources • *Asset* • *Skill* • *Competences* • *Knowledge*	• *Asset* • *Skill* • *Competences* • *Knowledge*	• Availability of machine production and a team capable of internal design to produce a suitable product to meet market needs. • Ability to create comfortable, stylish, and suitable products for men's fashion trends. • Skill in choose material suitable standard for big size men's needs in tropical markets. • Deep knowledge of the need for big-sized male customers gives superiority in designing a product.	• Capital limitations for expansion or investment in more advanced tools. • Lack of human resources with skills in digital marketing and social media management. • Competence in the analysis of market data and global fashion trends is still limited. • Limited knowledge about market expansion to level international.

4.3 Analysis of IFAS and EFAS

Table 4. Analysis Internal Factors of IFAS Matrix

No	Internal Strategy Factors	Weight	Rating	Score	Information
A	**STRENGTH**				
1	Focus on niche market segments *fashion big size*	0.12	5	0.6	Superiority with lack of competitors in this market segment.
2	Use of sustainable materials	0.12	4	0.5	Increase mark plus product
3	*Omnichannel* strategy in *digital marketing*	0.12	5	0.6	Integrate all over channel digital marketing and sales with traditional
4	Creative and Responsive Design Team to Trends *Big Size*	0.08	3	0.2	Own team design that understands fashion needs and trends for segment *big size*

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5	Collaboration with influencers in *Niche Fashion Big Size*	0.12	4	0.5	partnership strategic with with *influencer* prominent in the community *big size fashion*
	Sub-Total	**0.54**		**2.3**	
B			**WEAKNESS**		
1	Lack of Brand Awareness	0.12	3	0.3	Brand not yet known by the target market so that difficult compete with competitor big.
2	The lack of Experience Operational	0.08	2	0.2	Lack of experience team in manage fashion business in particular For men's big size segment.
3	Product Prices Are Less Competitive	0.08	3	0.2	have yet scale large production and efficiency cost like competitor big.
4	Variation Limited Products	0.12	2	0.2	Availability of models or undersized complete can reduce Power pull customer.
5	Capital limitations for expansion or investment more tools advanced	0.08	3	0.2	Capital limitations become factor crucial Because can hinder growth business, innovation products, and capabilities For compete with more competitors big.
	Sub-Total	**0.46**		**1.2**	
	TOTAL	**1.00**		**3.5**	

Table 5. Analysis Factor External EFAS Matrix

No	External Strategy Factors	Weight	Rating	Score	Information
A			**OPPORTUNITY**		
1	Trends improvement body positivity awareness	0.12	4	0.5	Awareness public increase, push request clothes size big.
2	The growth of e-commerce	0.12	5	0.6	Make it easier distribution and marketing
3	Niche market with minimal competition local	0.12	4	0.5	Opportunity For become market leader
4	Need consumer-to-product inclusive	0.08	3	0.2	Request an increase For product special
5	Support government on UMKM	0.08	4	0.3	Access to financing and training
	Sub-Total	**0.52**		**2.1**	

B					
	THREAT				
1	Competition with new emerging	0.12	3	0.4	Competition from business new offering product similar with price more competitive
2	Fluctuation price material standard	0.08	2	0.2	exchange rate is not stable
3	Change fast fashion trends	0.08	3	0.2	Dynamics trend influence relevance
4	Level of awareness low brand	0.12	3	0.4	Obstacle in get customer
5	Crisis global economy	0.08	2	0.2	The decline Power buy public
	Sub-Total	**0.48**		**1.3**	
	TOTAL	**1.00**		**3.4**	

4.4 SWOT Analysis

Table 6. SWOT Analysis

(EFAS) / (IFAS)	Opportunities (O)	THREATS (T)
	• O1. Trends improvement body positivity awareness • O2. E-commerce growth • O3. Niche market with minimal competitors local • O4. Needs consumer to product inclusive • O5. Support government on UMKM	• T1. Competition with product a new kind popping up • T2. Fluctuation price material standard • T3. Change fast fashion trends • T4. Level of consciousness low brand • T5. Crisis global economy
Strengths (S) • S1. Focus on the niche market segment of big size fashion • S2. Use of sustainable materials • S3. Omnichannel strategy in digital marketing • S4. Creative and Responsive Design Team to Big Size Trend • S5. Collaboration with influencers in the Big Size Fashion Niche	**Strategic SO** **(**utilise strength For catch opportunity) **aggressive strategy** • Utilise focus on the special market segment of big size fashion for support trend improvement body positivity awareness through campaign inclusive digital marketing **(S1 + O1).** • Using digital marketing in a maximum for utilise e-commerce growth and expansion market reach **(S3 + O2).** • Creative and responsive design team to trend in line with height need consumer will product inclusive, open opportunity	**Strategic ST** (use strength For overcome threat) **diversification strategy** • Develop line product sustainable with design innovative For reduce impact fluctuation price material standard and attractive caring consumers environment **(S2 + S4 + T2).** • Expand variation responsive product to trend latest through team design creative and influencer collaboration for face competition product new and changes fast fashion trends **(S4 + S5 + T1 + T3).** • Leveraging omnichannel digital marketing strategies to increase awareness brand in a way effective in the middle intense competition and potential impact crisis economy **(S3 + T4 + T5).** • Create product with focus on quality and uniqueness big size segment, supported by

	development the right product target **(S4 + O4).** • Integrate use of sustainable materials in products inclusive designed creative For interesting caring consumers environment and fulfill market needs **(S2 + S4 + O4).** • Strengthen collaboration with influencers in the big size fashion niche for increase visibility brand and reach increasingly consumers aware of body positivity through a growing e-commerce platform **(S5 + O1 + O2).** • Develop engaging and relevant digital content through an omnichannel strategy that features product inclusive For utilise support government on MSMEs in increase Power competition **(S3 + O4 + O5).**	design creative, for differentiate self from product new that may be offer price more competitive **(S1 + S4 + T1).** • Communicating mark sustainability and design innovative through influencers in the niche market to build loyalty brand and reduce risk consequence competition and change trend **(S2 + S4 + S5 + T1 + T3).**
Weakness (W) • W1. Lack of Brand Awareness • W2. Lack of Experience Operational • W3. Less Competitive Product Prices • W4. Variations Limited Products • W5. Capital limitations for expansion or investment more tools advanced	**Strategic WO** (Minimize weakness With utilise opportunity) **Defensive Strategy** • Increasing brand awareness through digital marketing strategies and collaboration with influencers on e-commerce platforms. **(W1 + O2).** • Using MSME training and financing programs to increase experience operational team. **(W2 + O5).** • Optimizing pricing strategy through efficiency operational For attract niche markets with higher price competitive. **(W3 + O3).** • Utilise opportunity improvement need product inclusive For interesting investment use support expansion business. **(W5 + O4).**	**WT Strategic** (Minimize weakness At a time avoid threat) **Around Strategy** • Launching campaign brand For increase awareness and trust consumer against Big Size Bro. **(W1 + T4).** • Increase efficiency cost production For face fluctuation price material standard and pressure price from competitors. **(W3 + T2).** • Managing capital in a Be careful For guard stability finance in face crisis global economy. **(W5 + T5).** • Developing a loyalty program customer For compete with product new arrival to the market. **(W4 + T1).**

Based on the analysis of the strategy that has been done, Big Size Bro has developed a purposeful strategy to optimize strength, overcome weakness, exploit opportunities, and avoid threats. Here is summary from the recommended strategies:

Aggressive Strategy (Strength – Opportunity)

An Aggressive Strategy focused on using internal strength to maximise external opportunity. This involved using digital marketing, innovative products, and influencer collaboration to increase market penetration and growth.

1. Utilise a special market segment for big-size fashion to support the body positivity trend: Campaign-inclusive digital marketing will increase brand awareness and power-pull product awareness.
2. Use digital marketing to the maximum extent to expand market reach: The growth of e-commerce allows for greater visibility and accessibility of products for customers.
3. Develop a responsive product to trend with team creative design: Fulfill inclusive market needs with the right product target to increase Power and compete.
4. Integrating sustainable materials in products for an interesting consumer care environment: Adapt to the trend of sustainability, use, and an increasing number of customers aware will impact the environment.
5. Strengthen collaboration with big-sized fashion niche influencers: Increase the brand's visibility and reach more consumers widely through digital platforms.
6. Developing an omnichannel strategy with engaging digital content: Leveraging government support for MSMEs to increase Power competition and customer involvement.

Diversification Strategy (Strength – Threat)

Diversification Strategy use strength company For reduce risk from existing threats with innovation products and market expansion.

1. Develop a line of products that are sustainable and innovative in design: Reduce the fluctuation of price, material standard, and an attractive consumer care environment.
2. Add a variation product by the trend through creative design and influencer collaboration: Facing competition and changing fashion trends with more relevant products.
3. Increase brand awareness with an omnichannel digital marketing strategy: Effective digital marketing can overcome tight competition and the impact of the crisis economy.
4. Focus on quality and unique products for face competition. Price: Products with exclusive designs can differentiate the brand from competitors who offer prices that are cheaper.
5. Communicating mark sustainability and innovation through influencers: Building a loyal brand as well as reducing risk consequences, competition, and changing trends.

Defensive Strategy (Weakness – Opportunity)

Defensive Strategy aiming for overcome internal weaknesses with utilise opportunity external, so that company can repair position competitiveness.

1. Increasing brand awareness through digital marketing strategies and collaboration with influencers on e-commerce platforms: Leveraging e-commerce growth to increase brand visibility and reach more customers.
2. Using MSME training and financing programs to increase operational team experience:

Taking Advantage of government support to increase skills and efficiency in business operations.

3. Optimizing pricing strategy through efficient operations. To attract niche markets with higher price competitiveness, overcoming limitations of the source, increasing production efficiency to be able to offer a more competitive price.
4. Utilise opportunity improvement, need product inclusive for interesting investment, use support expansion business: Increasing market demand towards inclusive fashion can attract investors to speed up the growth of the business.

Turnaround Strategy (Weakness – Threat)

Turnaround Strategy focuses on improvement internal weaknesses and avoidance or reduce impact from threat external. This often involving efficiency operational and restructuring of business strategy.

1. Launching campaign brand for increase awareness and trust consumer against Big Size Bro: Strengthening image brand to be more known and trusted in face competition tight in the fashion industry.
2. Increase efficiency and production costs to face fluctuation in price, material standard, and pressure from competitors: Reduce the burden costs to remain competitive in the market even though an increase in price material standard occurs.
3. Managing capital in a Be careful For guard stability finance in face crisis global economy: Avoiding risk finance with efficient capital management and sustainable business strategies.
4. Developing a loyalty program for customers: To compete with new products that have just arrived on the market, increasing customer retention with incentives specifically to remain choosing Big Size Bro in the middle of the competition.

4.5 Business Model Canvas (BMC)

Planning an effective business is a foundation that is important in developing a sustainable and competitive business. Big Size Bro is here as a solution, innovative for fulfilling the needs of untapped market segments served optimally. Using the Business Model Canvas (BMC), the business strategy is designed to identify elements supporting key business success, from understanding the customer segment to creating a unique value proposition. This model not only helps compile operational steps, but also guides decision-making relevant to strategic decisions with market conditions. Here is mapping complete from *Business Model Canvas (BMC)* Big Size Bro.

1. Customer Segments

- Man bodied large (XL - 6XL) in Bandung City and surrounding areas.
- Mr. adult, start from 20 – 50 Years
- caring urban segment with body positivity.
- Consumers in need clothes comfortable and fashionable.
- Customers who are active on social media and frequently look for fashion products through online platforms.

2. Value Propositions

- A man with a big size, fashionable, and comfortable clothes.
- Focus on the quality of ingredients, absorbing sweat, and a comfortable and friendly environment.

- Solution for big size men's fashion needs that haven't been met Lots available in the market.

3. Channels

- sales: E-commerce (Shopee, Tiktokshop, Tokopedia, Lazada, Blibli), social media (Instagram, Facebook, You Tube), and official website.
- Offline sales: Stores physical in Bandung and participation in a bazaar or festival.

4. Customer Relationships

- Service personalization (custom size).
- Interaction active through social media and body positivity campaigns.
- Loyalty program customer (discount) For purchase repeat).
- Service finished sell like adjustment free size.

5. Revenue Streams

- Sale clothes (t-shirts, shirts)
- Custom Order: Revenue from order custom product
- Reseller: Selling product in amount big to resellers or distributors

6. Key Resources

- Labor
- Venture capital
- Technology
- Facility production.

7. Key Activities

- Production big size clothes.
- Marketing and branding
- Distribution and logistics
- Research and development product
- Sales and service customer

8. Key Partnerships

- Suppliers material standard
- E-Commerce Platform and Marketplace
- Community and influencers
- Logistics partners For distribution.

9. Cost Structure

- Cost production (materials) raw, operational, power Work).
- Cost digital and offline marketing.
- Cost operational shop physical and online.
- Development technology and sales platforms.

5. Conclusion and Implications

Studies show that Indonesia's men's plus-size fashion market, especially in Bandung, presents a potential significant business; however, it is Still Not yet utilized. Through the planning process, a comprehensive business involving market analysis, Business Model Canvas (BMC), SWOT analysis, BIG SIZE BRO proved to become positioned strategically with potential for

high growth and sustainability.

Commitment brand to inclusivity body and fashion sustainable fulfil need functional and emotional consumer target. Strength This equipped with opportunities presented by social media engagement, the expansion of e -commerce, and changes attitude public to representation diverse bodies.

Implications Managerial

Niche Market Strategy: The Entrepreneur pushed for exploring niche segments that are still not sufficiently served by the brand's current main offerings, such as fashion for plus-size men. Sustainability Integration: Combining a practice-friendly environment in the fashion business model can function as a superior competitive and identity-valuable brand.

Focus Digital Marketing: Social media influencers and marketing content can increase customer involvement and brand awareness at a low cost.

Customer—centric innovation: Understanding the specific needs of customers—such as comfort, fit, and style—is a must for pushing design and development products to increase customer satisfaction and retention.

Limitations and Future Research

Study This limited by scope geographically, with focus only in Bandung area. Future research can expanded to center other cities in Indonesia or do longitudinal study of behavior consumers in the plus size fashion segment. In addition that, method quantitative like estimation request based on survey can increase resilience plan business.

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Marketing Communication Strategies Through Social Media Content to Increase Brand Awareness on ESS Coffeeshop

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Abstract

Digital technology has transformed how businesses communicate with their consumers, particularly in the food and beverage (F&B) industry. One of the key strategies to enhance brand awareness is marketing communication via social media. This study aims to analyze marketing communication strategies through Instagram content to increase brand awareness, with a case study on Coffeeshop ESS. This research employs a qualitative approach, utilizing data collection techniques such as interviews, observations, and content analysis of social media platforms. The findings indicate that ESS leverages various Instagram features, including feed posts, stories, reels, and IGTV, to engage with its audience. The marketing strategies implemented include consistent branding, engaging storytelling, collaboration with influencers, and interactive promotional activities. However, challenges such as intense competition in the F&B industry and changing social media algorithms affecting content reach remain significant. The study concludes that an effective digital marketing communication strategy can enhance brand awareness and customer engagement. Recommendations from this research include optimizing visual content, leveraging social media trends, and increasing customer interaction to maintain brand loyalty.

Keywords: Marketing Communication Strategy, Social Media, Brand Awareness, New Media, Coffeeshop

JEL Codes: M30, M31, M37

1. Introduction

In the digital era, the evolution of information and communication technology has revolutionized consumer-brand interactions. Social media has become a dominant marketing tool, allowing businesses to enhance brand awareness and establish a strong brand image in a competitive market. Among various platforms, Instagram stands out due to its visually

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appealing nature, making it particularly effective for food and beverage (F&B) businesses. Indonesia, with over 90 million active Instagram users (We Are Social & Hootsuite, 2024), presents an immense opportunity for digital marketing strategies.

This study focuses on ESS Café, a coffee and gelato shop that integrates social media as a core component of its marketing efforts. Operating in an industry marked by intense competition, both from local and international brands, ESS Café needs to leverage Instagram to attract and retain customers effectively.

This study aims to examine the marketing communication strategies employed by ESS Café through Instagram content to enhance brand awareness. Specifically, the research focuses on:

1. Analyze the marketing communication strategies employed by Coffeeshop ESS on Instagram.
2. Identify effective social media content approaches that enhance brand awareness.
3. Evaluate the impact of Instagram's features on audience engagement and brand perception.

2. Literature Review

Fariastuti & Azis (2019) conducted a qualitative case study on the marketing communication strategy of OneFourThree.Co, a clothing brand in Jakarta, using Instagram to build brand awareness. By applying the 7P marketing mix and AISAS model, the study found that influencer endorsements and engaging content on Instagram effectively enhanced brand awareness among millennials. However, continuous content innovation was recommended to maintain consumer interest. Budiarti & Yanuar (2022) analyzed the communication strategy of PaDi UMKM in enhancing brand awareness through Instagram. Using descriptive qualitative methods, including interviews and content analysis, the research revealed that Instagram effectively helped promote the brand and engage its target audience, especially UMKM and BUMN. However, the study noted the need for improved responsiveness in consumer interaction. Buana, Aziza, Pratami, & Margaretha (2020) explored how Waroeng Spesial Sambal (SS) uses Instagram to increase brand awareness amid tight culinary competition. The qualitative study involved observation and content analysis, showing that product-focused posts and interactive content successfully drove engagement and awareness, helping the brand expand both domestically and internationally.

a. Marketing Communication

Marketing communication plays a crucial role in modern business strategies by serving as the primary tool for disseminating information, persuading target audiences, and maintaining brand engagement. It integrates various communication channels to convey a consistent brand message, ensuring consumer awareness and fostering customer loyalty.

According to Kotler and Armstrong (1997), marketing is a social and managerial process through which individuals or groups obtain what they need and want by creating and exchanging value. Marketing communication is an integral part of this process, combining advertising, direct marketing, public relations, and digital marketing to influence consumer behavior. Sulaksana (2023) defines marketing communication as the process of spreading information related to a company's products and services to a specific target audience, helping businesses create a competitive advantage. Priansa (2017) expands on this definition by emphasizing the persuasive and informative aspects of marketing communication, which aim to attract consumer attention, encourage purchase decisions, and build long-term relationships

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with customers. Additionally, Widyastuti (2017) highlights that successful marketing communication must include clear objectives, audience identification, message design, media selection, promotional mix development, budget planning, and continuous evaluation. Marketing communication is designed to achieve three main objectives:

1. Informative Communication: Providing essential product knowledge to potential customers.
2. Persuasive Communication: Encouraging customers to prefer a specific brand over competitors.
3. Reminder Communication: Reinforcing brand recall and ensuring repeated purchases.

This research examines the implementation of marketing communication strategies, particularly through digital media, to enhance brand awareness for the ESS Coffeeshop

b. Brand Awareness

Brand awareness is the extent to which consumers recognize and recall a brand under various circumstances. It is a fundamental component of brand equity, influencing consumer preferences and purchasing behavior. According to Aaker (1991), brand awareness is the ability of consumers to recognize or remember a brand as part of a specific product category. Keller (2013) adds that strong brand awareness facilitates trust and preference, making consumers more likely to choose familiar brands over unknown alternatives. Key indicators of brand awareness include:

1. Brand Recall: The ability of consumers to remember a brand when thinking about a product category.
2. Brand Recognition: The ability to identify a brand when presented with visual or verbal cues.
3. Purchase Decision: The likelihood that a brand is considered when consumers make a buying decision.
4. Consumption Behavior: Whether a brand becomes a consumer's first choice over time.

Brand awareness can be categorized into four levels:

1. Unaware of Brand: Consumers are unfamiliar with the brand.
2. Brand Recognition: Consumers can recognize the brand when prompted.
3. Brand Recall: Consumers remember the brand without external cues.
4. Top of Mind: The brand is the first one that comes to mind in a product category.

The study examines how ESS Coffeeshop leverages social media marketing, particularly Instagram, to enhance brand recall and recognition.

c. *Integrated Marketing Communication (IMC)*

Integrated Marketing Communication (IMC) is a strategic approach that ensures all marketing communication tools and channels are synchronized to deliver a unified brand message. It integrates traditional and digital marketing techniques to maximize consumer engagement and brand perception. Belch & Belch (2021) define IMC as the coordination of multiple marketing communication channels—including advertising, public relations, direct marketing, and digital campaigns—to create a seamless and effective consumer experience. Kotler and Keller (2016) emphasize that IMC allows companies to reinforce their branding efforts by ensuring consistency across all communication platforms. Pickton (2001) describes IMC as a strategic business process that integrates all communication efforts, from advertising and social media

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to event sponsorships and influencer marketing. IMC aims to create a holistic and engaging brand experience for consumers. The key components of IMC include:

1. Advertising: Paid promotional activities through digital and traditional media.
2. Direct Marketing: One-on-one marketing efforts, such as email campaigns and telemarketing.
3. Sales Promotion: Short-term incentives, such as discounts and promotional offers, to encourage purchases.
4. Public Relations (PR) :Managing brand reputation through media relations and public engagement.
5. Interactive and Social Media Marketing : Leveraging digital platforms to create two-way communication with consumers.
6. Personal Selling : Direct interactions between sales representatives and potential customers.

This research explores how ESS Coffeeshop applies IMC strategies, particularly through Instagram marketing, to boost brand awareness and customer engagement.

d. New Media

New media refers to digital communication platforms, such as social media and the internet, that have transformed modern interactions. McQuail (2011) identifies characteristics of new media, including interactivity, omnipresence, audience accessibility, and personalization. widyastuti (2016) states that new media allows for greater user control and information accessibility, differentiating it from traditional media. Social media platforms, such as Instagram and Facebook, play a significant role in modern marketing strategies by enabling businesses to engage with consumers directly.

3. Research Method

This study employs a qualitative research methodology with a case study approach to analyze how social media content, particularly on Instagram, enhances brand awareness and customer engagement. The qualitative approach allows for an in-depth understanding of the marketing strategies implemented by ESS Coffeeshop and their effectiveness in influencing consumer behavior.

The research design follows a qualitative descriptive method, which enables a detailed exploration of digital branding strategies. A triangulation of data sources was applied to ensure comprehensive findings, combining interviews, observations, content analysis, and secondary data. Interviews were conducted with social media managers, digital marketing experts, and ESS Coffeeshop's marketing team to gain insights into their marketing strategies, the challenges they face, and the effectiveness of their branding efforts. The interview structure was designed to explore key topics, such as the role of Instagram in brand positioning, the impact of content marketing on brand awareness, and the challenges of adapting to social media algorithm changes. Observations were carried out to analyze how ESS Coffeeshop utilizes Instagram to engage with its audience. The study examined posting frequency, content consistency, interaction strategies, and engagement metrics, including likes, comments, shares, and saves. Content analysis was conducted on Instagram posts, stories, and reels from the past 12 months to evaluate the effectiveness of branding techniques. The analysis focused on factors such as visual appeal, storytelling elements, user-generated content, and influencer collaborations.

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Additionally, secondary data from industry reports, academic literature, and competitor benchmarking were incorporated to provide context for the research findings. Purposive sampling was used to select participants with expertise in digital marketing, ensuring that the study focused on individuals who could provide meaningful insights into branding and consumer engagement. Thematic analysis was employed to interpret the collected data, identifying recurring themes and patterns related to brand awareness development through social media marketing.

4. Findings and Discussions

The findings of this study indicate that social media marketing, particularly through Instagram, plays a significant role in enhancing ESS Coffeeshop's brand awareness. The business has successfully leveraged visual content, influencer partnerships, and interactive engagement strategies to establish its presence in a highly competitive market. One of the key findings is that content strategy and engagement play a crucial role in brand recall. ESS Coffeeshop adopts a visual-first approach, utilizing high-quality images and videos to showcase its products. Content themes are carefully curated to include behind-the-scenes footage of coffee brewing, customer testimonials, and promotional campaigns. Among the different types of content, Instagram Reels and Stories generate the highest engagement, indicating a consumer preference for short-form video content. The aesthetic consistency in branding, including the use of specific color schemes and typography, reinforces the brand identity, making it easily recognizable.

The study also highlights the importance of influencer collaborations and community engagement in digital marketing. ESS Coffeeshop actively collaborates with micro-influencers whose brand image aligns with their target audience. These influencers help increase visibility and credibility by sharing authentic experiences with the brand. Additionally, user-generated content (UGC) campaigns, such as the #BrewYourDay hashtag, encourage customers to share their own content featuring ESS products. The use of interactive features, including Instagram polls, quizzes, and Q&A sessions, has further strengthened consumer engagement, creating a sense of community and loyalty. Despite its success, ESS Coffeeshop faces several challenges in maintaining brand awareness through digital marketing. One of the primary obstacles is the frequent changes in social media algorithms, which impact the visibility of organic content. To adapt to these changes, the brand must continuously adjust its content strategy, experimenting with different posting schedules and formats to maintain audience engagement. Additionally, competition in the F&B industry remains intense, making it essential for ESS Coffeeshop to differentiate itself through unique branding and personalized marketing efforts. Another challenge is ensuring consistent engagement levels without relying heavily on paid advertising, which requires a strategic balance between organic and sponsored content.

The study further explores the effectiveness of Integrated Marketing Communication (IMC) in digital branding. ESS Coffeeshop successfully integrates multiple marketing channels, including Instagram, TikTok, and email marketing, to reinforce its brand messaging. The research indicates that maintaining consistency across platforms has contributed to stronger brand recognition and customer retention. Analytics from Google Insights and Instagram Insights reveal a noticeable increase in engagement and website traffic following well-planned marketing campaigns, demonstrating the effectiveness of a cross-platform approach in digital marketing.

Based on interviews conducted with ESS employees and the owner, this study examines how

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Integrated Marketing Communication (IMC) plays a crucial role in increasing brand awareness. Using Belch & Belch's (2021) IMC framework, the research focuses on four out of six promotional mix elements: Advertising, Sales Promotion, Interactive/Internet Marketing, and Personal Selling. Enhancing Brand Awareness Through Integrated Marketing Communication (IMC)

TABEL 1: ESS's IMC Strategy for Brand Awareness

Indicator	Findings
Advertising	ESS utilizes Instagram Ads to promote featured content, including special promotions, community events, and the café's ambiance. These advertisements are strategically targeted to reach potential customers. Additionally, Google Ads are used to improve visibility in search results, particularly for users seeking coffee shop recommendations. The storytelling approach in these advertisements—through compelling photos, videos, and reels—enhances audience engagement.
Sales Promotion	To attract new customers and retain existing ones, ESS implements bundling promotions, seasonal discounts, and limited-time offers. Collaborations with influencers and food bloggers help boost brand exposure and credibility. Promotions such as flash sales and happy hours (e.g., 20% discounts during specific hours) successfully draw more visitors during non-peak hours.
Interactive/Internet Marketing	ESS leverages Instagram as its primary digital marketing channel. Strategies include interactive reels and stories, engagement-driven features (polls, Q&A sessions, and quizzes), and user-generated content (UGC) campaigns like #ESSExperience, encouraging customers to share their experiences. Collaborations with niche communities, such as motorcycle clubs and creative industry professionals, further enhance brand visibility.
Personal Selling	Customer interactions at ESS are enhanced through personalized service and engagement via direct messages (DMs) on Instagram, where potential customers inquire about menu recommendations, promotions, and events.

The Effectiveness of Instagram Content in Increasing Brand Awareness, Instagram plays a crucial role in ESS's brand awareness strategy. Interviews with ESS's owner and social media marketing team highlight key challenges and strategic measures to maximize Instagram's effectiveness:

- Challenges:
    - Competitive Landscape: With many coffee shops using Instagram for marketing, ESS must create unique and engaging content to stand out.

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  - Algorithm Changes: Instagram's evolving algorithm affects organic reach, requiring adaptive strategies to maintain visibility.
  - Consistency in Engagement: Building a loyal community takes time, creativity, and sustained content strategy.
- Strategic Solutions:
  - High-Quality Visual Content: Using professional photos and videos with engaging storytelling elements.
  - Following Instagram Trends: Creating content with viral audio, challenges, and interactive features.
  - Influencer Collaborations: Partnering with micro-influencers with high engagement for authentic promotions.
  - Content Calendar: Maintaining an optimal posting frequency of 3-4 posts per week, including reels, stories, and feed posts.
  - Maximizing Instagram Features: Utilizing Instagram Live, polls, IGTV, and interactive Q&As to foster direct audience interaction.
- Impact Assessment:
  - Increased Followers & Engagement: ESS saw significant growth in followers and post engagement after implementing these strategies.
  - More New Customers: Many first-time visitors discovered ESS through Instagram, often via influencer recommendations and UGC.
  - Higher Foot Traffic: Instagram's marketing efforts successfully translated into increased physical visits to the coffee shop.

5. Conclusion and Recommendations

The study concludes that a well-structured and engaging social media strategy is essential for enhancing brand awareness, particularly in the highly competitive F&B industry. ESS Coffeeshop has effectively utilized Instagram as a primary marketing tool, employing visual storytelling, influencer collaborations, and interactive content to build a strong digital presence. The research highlights the impact of consistent branding, audience engagement, and strategic content creation on consumer behavior, reinforcing the importance of digital marketing in modern brand development.

The findings suggest that content consistency and visual storytelling are fundamental to brand recall and customer loyalty. By maintaining a recognizable aesthetic and a consistent posting schedule, ESS Coffeeshop has successfully positioned itself as a trusted brand among consumers. Additionally, influencer partnerships have proven to be highly effective in expanding reach and credibility, as consumers tend to trust recommendations from familiar faces. However, the study also emphasizes the need for continuous adaptation to social media trends and algorithm changes to sustain engagement levels.

Based on these insights, several recommendations are proposed to further optimize ESS Coffeeshop's digital marketing strategy. First, enhancing visual storytelling should be a priority, with a greater investment in high-quality photography and videography to create an immersive brand experience. The inclusion of behind-the-scenes narratives and personalized

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content can help establish stronger emotional connections with consumers. Second, strengthening influencer collaborations by partnering with nano-influencers (those with 1K-10K followers) can enhance authenticity and foster deeper engagement. Instead of one-time campaigns, establishing long-term relationships with influencers can lead to more sustainable brand advocacy.

Another key recommendation is to leverage Instagram's algorithm for maximum engagement. This can be achieved by posting at optimal times based on Instagram Insights data and utilizing Reels and Stories consistently to boost visibility. Additionally, implementing AI-powered social media tools can help analyze trends and adjust content accordingly. Expanding cross-platform marketing efforts by integrating TikTok marketing strategies and email marketing can also enhance audience reach.

Lastly, the implementation of a loyalty program can further strengthen customer retention. Rewarding repeat customers with exclusive discounts, giveaways, or special event invitations can encourage long-term brand loyalty. Introducing a referral program where customers earn incentives for recommending ESS Coffeeshop to friends can also enhance word-of-mouth marketing.

The study suggests that future research should explore the impact of AI-driven marketing tools on brand awareness, the role of virtual and augmented reality (VR/AR) experiences in consumer engagement, and a comparative analysis between Instagram and other emerging platforms like TikTok and BeReal. Understanding how evolving digital marketing trends influence consumer behavior will provide valuable insights for businesses aiming to optimize their branding strategies in the digital era.

In conclusion, social media marketing is a powerful tool for brand awareness, and businesses that adapt to digital trends, leverage audience engagement, and maintain consistency in their branding efforts will have a competitive advantage in the evolving marketplace. ESS Coffeeshop serves as a prime example of how effective digital marketing strategies can create meaningful connections with consumers and enhance brand recognition in a crowded industry.

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Corporate Communication Strategy in Building Corporate Identity (A Study on RH Petrogas Company in Indonesia)

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Abstract

This study aims to analyze how the corporate identity and corporate communication strategies of RH Petrogas contribute to building the company's image, as well as how internal and external communication influence employees' understanding of the company's identity. Employing a qualitative approach with a case study method, the research reveals that while the company's external communication strategy has successfully built a positive reputation among stakeholders, internal communication still faces challenges in disseminating a consistent understanding of the company's values and philosophy to all employee levels. The findings indicate that many employees, particularly at the operational level, have not fully grasped the deeper meaning of the company's identity elements due to the lack of effective socialization and internal communication. Therefore, this study recommends improving the internal communication strategy to be more interactive and involve various organizational layers to enhance employees' comprehension and engagement with the company's corporate identity. To address these challenges, the study suggests that RH Petrogas should invest in more robust internal communication initiatives, such as implementing interactive forums, regular town hall meetings, and tailored training programs to ensure the company's values, philosophy, and identity are consistently understood and embraced by all employees across the organization. This is crucial for ensuring all employees can understand and internalize the company's corporate identity, enabling them to contribute more effectively in building the company's positive image among stakeholders.

Keywords: Corporate Identity, Corporate Communication, Internal Communication, External Communication, RH Petrogas

JEL Codes: M30, M31, M37

1. Introduction

1.1 Research Background

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In today's competitive business landscape, companies must continuously innovate and strengthen their corporate identity to establish a strong corporate image and differentiate themselves from competitors (Bahar 2019). Corporate communication plays a crucial role in shaping how stakeholders perceive a company through consistent messaging and strategic engagement (Frandsen & Johansen, 2017).

Effective corporate communication not only enhances external branding but also fosters internal alignment by ensuring employees understand and embody the company's values (Melewar & Karaosmanoglu, 2014). Research by Mustafa in BPR Aceh highlights that a strong corporate image positively influences customer loyalty, trust, and satisfaction. Additionally, Cornelissen (2017) emphasizes that corporate communication must align with business practices to build credibility and stakeholder trust.

As corporate communication evolves beyond traditional public relations into a multidisciplinary function (Edelman, 2020), companies must adopt a strategic and integrated approach to strengthen their corporate identity. This study explores the relationship between corporate communication and corporate identity, analyzing its impact on stakeholder perception and organizational cohesion.

1.2 Research Objectives

Based on the research questions, the objectives of this study are as follows:

1. To analyze the elements that constitute the corporate identity of RH Petrogas (RHP).

To examine the corporate communication strategies implemented by the company in shaping its corporate identity.

2. Literature Review

2.1. Corporate Identity

Corporate identity refers to the distinctive characteristics that define an organization, shaping its image and reputation among stakeholders. Melewar and Karaosmanoglu (2014) argue that corporate identity has evolved beyond mere visual elements such as logos and branding; it now encompasses a broader range of attributes that influence how an organization is perceived internally and externally. Van Riel and Fombrun (2015) describe corporate identity as a collection of attributes that define an organization's ethos, objectives, and values, which differentiate it from competitors. Corporate identity is typically communicated through three primary channels:

1. Communication: The use of verbal messaging to convey the organization's identity, often facilitated through branding and corporate storytelling.
2. Behavior: The actions and ethical conduct of employees that shape the company's reputation. Stakeholders judge organizations not just by their claims but by their demonstrated values and practices.
3. Symbolism: The visual and symbolic representations of the company, including logos, taglines, and corporate colors, which reinforce the organization's identity.

A well-developed corporate identity strengthens an organization's credibility, enhances brand recognition, and fosters trust among stakeholders.

2.2. *Corporate Communication*

Corporate communication serves as the strategic tool that bridges corporate identity with

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stakeholder perceptions. Initially, it evolved from public relations (PR), which primarily focused on external media relations. However, as organizations faced new communication challenges, corporate communication expanded to include internal messaging, crisis management, and brand positioning (Frandsen & Johansen, 2017).

Keller (2016) emphasizes that all employees should internalize corporate communication to ensure consistency in messaging and alignment with organizational values. At the macro level, effective corporate communication helps organizations manage uncertainty and maintain a positive reputation. At the micro level, it directly influences employee engagement and productivity. Gray and Balmer (2015) propose that corporate communication can be classified into three types:

1. Primary Communication: Includes direct interactions between employees and stakeholders, company culture, and customer service.
2. Secondary Communication: Comprises structured media such as advertising, PR campaigns, and promotional content.
3. Tertiary Communication: Uncontrolled communication, such as word of mouth, online reviews, and media interpretations, may strengthen or challenge corporate identity.

Strategic corporate communication not only enhances brand image but also aligns internal and external messaging, ensuring coherence across all organizational channels.

3. Research Method

This study adopts a constructivist approach to examine how employees interpret and understand the company's internal communication efforts in shaping its corporate identity. The constructivist paradigm views social reality as a social construct, shaped by individuals' engagement in understanding, interpreting, and defining that reality (Karman, 2015). This research focuses on how employees understand corporate identity through internal corporate communication. Additionally, this study explores the public perception of CSR implementation in Munduk Village by Puri Lumbung Cottages, which is also considered a social construct influenced by public understanding of CSR, their participation in CSR programs, and the perceived benefits or impacts. This approach primarily emphasizes individual attitudes, opinions, and behaviors.

Data collection in this qualitative study is conducted through in-depth interviews, which will be elaborated further in the following chapters. A qualitative approach allows researchers to delve deeper into the nuances and complexities of the studied phenomenon. This qualitative research adopts an exploratory case study method, focusing on gathering detailed and in-depth data to understand the research issue. The case study method is a qualitative approach in which researchers explore a specific system (case) or multiple related systems (cases) over a certain period, collecting comprehensive and detailed data. This process involves multiple sources of information, including observations, interviews, audiovisual materials, documents, and reports (Djamba & Neuman, 2002).

4. Findings and Discussions

As part of its long-term vision, RH Petrogas aspires to become a leading independent energy company in the ASEAN region, focusing on sustainable exploration, development, and production of oil and gas. The company is committed to optimizing exploration and production by integrating modern technology to enhance efficiency and profitability.

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In its operations, RHP prioritizes high standards of safety, health, and environmental protection, aligning with its commitment to sustainability in the energy industry. Additionally, its business strategy includes expansion through strategic acquisitions of oil and gas assets, establishing strong partnerships with governments and other energy companies, and continuously investing in technological innovations such as Enhanced Oil Recovery (EOR) to maximize production from managed assets. Through these strategic initiatives, RH Petrogas reinforces its role in ensuring energy security in the ASEAN region while contributing to the growth of Indonesia's oil and gas industry. In the strategic choice dimension of corporate identity, Abratt and Kleyn (2014) highlight that mission, vision, strategic approach, values, culture, strategy formulation, and implementation serve as key indicators. Based on interviews and observations conducted during the data collection process at RH Petrogas, the researcher has compiled the findings into the following table.

TABLE 1. Strategic Choice Dimensions of Corporate Identity at RH Petrogas

Indicator	Findings
Mission	1. Optimizing Exploration and Production 2. Conducting Efficient and Responsible Operations 3. Prioritizing Health, Safety, and Environment (HSE) 4. Building Strategic Partnerships 5. Expanding and Diversifying Asset Portfolios 6. Investing in Technology and Innovation 7. Contributing to Energy Security in ASEAN
Vision	RH Petrogas aspires to become a leading independent energy company in the ASEAN region, focusing on the exploration, development, and sustainable oil and gas production. The company aims to be a key player in the upstream energy sector by leveraging regional expertise, innovative technology, and an aggressive yet responsible growth strategy that upholds sustainability and environmental responsibility.
Strategic Intent	To become a leading independent energy company in the ASEAN region, primarily focusing on sustainable, efficient, and responsible exploration, development, and oil and gas production.
Values	The company upholds the core values of SPIRIT, which stands for: • Safety – Prioritizing workplace security and operational safety • Performance – Commitment to excellence and efficiency • Integrity – Upholding ethical business practices • Respect – Fostering inclusivity and compliance • Innovation – Embracing technological advancements • Teamwork – Encouraging collaboration and synergy These values are embedded within the company's management system and corporate culture, ensuring their implementation across all RH Petrogas employees in daily operations.
Corporate Culture	RH Petrogas' culture is rooted in principles of safety, operational excellence, ethics, innovation, collaboration, and social responsibility, serving as the foundation for its business operations in the oil and gas sector. The company instills a strong safety awareness through stringent Health, Safety, and Environment (HSE) standards and is committed to environmental sustainability.

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	In its operations, efficiency, productivity, and technological innovation are emphasized, including the adoption of Enhanced Oil Recovery (EOR) techniques to improve production. The company upholds integrity and transparency, adhering strictly to regulations and maintaining zero tolerance for corruption. Furthermore, RH Petrogas fosters a collaborative work culture by establishing strategic partnerships with government agencies, industry partners, and local communities to ensure sustainable growth and long-term success.
Strategic Formulation	1. Analyzing market conditions and the energy industry in Indonesia, including government regulations related to the oil and gas sector. 2. Defining strategic objectives to increase production, expand assets, and maximize operational efficiency. 3. Increasing market share and energy reserves through the acquisition of new blocks and collaborations with local partners. 4. Implementing advanced technology and the latest exploration techniques to enhance efficiency and productivity.
Strategic Implementation	1. Ensuring that all assets and operational blocks in Indonesia function efficiently and productively. 2. Collaborating with SKK Migas and local business partners to ensure compliance with regulations and achieve production targets. 3. Identifying new exploration blocks in Indonesia with high potential. 4. Implementing strict risk management to mitigate operational and financial risks. 5. Monitoring operational performance, production output, and financial metrics to ensure that every strategic step aligns with the company's long-term goals and objectives.

The company's vision and mission serve as the foundation for its actions, shaping its behavior, visual representation, and verbal communication to establish the desired corporate image and reputation (Balmer 2017). In terms of behavioral manifestation, RH Petrogas has developed core values as a standard for corporate thinking and behavior, expected to be embraced by all employees.

According to interview respondents, RH Petrogas' core values are summarized in the acronym SPIRIT, representing:

- Safety: Ensuring safety-oriented behavior in all work environments.
- Performance: Completing all assigned tasks efficiently and on time.
- Integrity: Consistently supporting company initiatives, fostering trust by always maintaining professionalism.
- Respect: Providing colleagues with opportunities to perform their roles, trusting them with responsibilities, and offering support when needed.
- Innovation: Introducing new solutions and enhancing processes, particularly in system functions.

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- Teamwork: Fostering a collaborative work environment through effective communication and colleague coordination.

These values encourage all employees to exceed expectations by adhering to RH Petrogas' behavioral framework, SPIRIT, as part of their daily professional conduct. The company integrates these core values into its corporate culture, reinforcing them through various management initiatives, including annual employee performance evaluations. By incorporating core values into performance assessments, employees are incentivized to align their actions with company expectations, ensuring a high standard of work. Additionally, RH Petrogas actively promotes these values internally through training sessions, posters, and banners displayed across workplace locations.

Beyond core values, RH Petrogas fosters a corporate culture that combines strong ethical principles, adaptive leadership, and a commitment to innovation and sustainability in the oil and gas industry. As an independent energy company, RH Petrogas upholds safety, integrity, and collaboration to ensure efficient and responsible operations. Safety is a top priority across all operational aspects, aiming to minimize workplace accidents and ensure environmental sustainability. The company also enforces business integrity through transparent and ethical practices in interactions with both internal and external stakeholders.

A collaborative work environment is strengthened through open communication among cross-functional teams and strategic partnerships with government agencies and industry peers, supporting long-term business growth. Additionally, RH Petrogas emphasizes innovation in energy exploration and production, leveraging advanced technology and data-driven approaches to enhance operational efficiency and maintain a competitive edge. The company's Corporate Social Responsibility (CSR) initiatives are integral to its culture, actively engaging local communities around its operational areas. Thus, RH Petrogas' corporate culture extends beyond business objectives, balancing economic, social, and environmental considerations in every strategic decision.

In an interview, HD explained that RH Petrogas' corporate culture is not just limited to documented principles but is actively implemented through practical initiatives. One notable example is the annual Safety and Health Month (K3 Month), observed from January 12 to February 12. This program is designed to instill a culture of workplace safety and health (K3) across all operational levels, raising employee awareness about safe and efficient work practices in alignment with oil and gas industry standards.

4.1. Corporate Identity

According to Melewar & Saunders (in Abratt & Kleyn, 2014), corporate visual identity includes the company name, logo, symbols, typography, and colors. The selection of visual elements, colors, and symbols reflects the company's image and personality, each carrying a distinct philosophy and purpose. Corporate visual identity consists of visual cues that help audiences recognize and differentiate a company from competitors.

RH Petrogas' logo incorporates key elements that symbolize its corporate identity:

- The layered green leaf design represents the company's commitment to environmental sustainability and responsible energy resource management.
- The color green conveys growth, harmony, and prosperity, aligning with the company's vision of creating long-term positive impacts for the environment, society, and

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stakeholders.

- The tiered leaf design signifies collaboration between company units and stakeholders, including government agencies, local communities, and business partners, all contributing to the company's success.
- The modern and clean typography reflects professionalism and dedication to delivering reliable and innovative energy solutions.
- A curved green line beneath the "RH Petrogas" text symbolizes stability and balance, foundational elements for managing challenges in the global energy sector.

The company's corporate identity is deeply tied to its vision, shaping its brand image and reputation. As Balmer et al. (2017) explains, a company's vision must be embedded into its corporate identity, including its visual representation, to communicate its values and establish a strong public perception effectively.

4.2. Corporate Communication

Corporate communication at RH Petrogas is implemented through various initiatives, including corporate events, public relations activities, direct marketing (catalogs, calls, emails), and sponsorship programs. These initiatives help enhance brand communication and maintain strong stakeholder relationships.

RH Petrogas regularly publishes annual reports detailing financial performance, growth strategies, and sustainability initiatives. These reports serve as key communication tools for investors and regulators, ensuring transparency in company performance and strategic direction. The company also issues press releases to announce milestones, acquisitions, technological innovations, and community programs, reinforcing brand visibility and credibility in the oil and gas sector.

To maintain strong stakeholder relations, RH Petrogas actively engages with shareholders and potential investors through general shareholder meetings (GSM), quarterly financial reports, and investment forums. These efforts ensure transparency and give stakeholders a deeper understanding of the company's long-term strategy.

The company also integrates Corporate Social Responsibility (CSR) programs into its corporate communication strategy. These initiatives focus on five pillars:

1. Health programs
2. Education initiatives
3. Sustainable community economic development
4. Infrastructure development
5. Environmental sustainability

Community engagement is conducted through collaborative meetings with local governments and village representatives, ensuring alignment between corporate programs and community needs. RH Petrogas also partners with operational support services and other energy firms, reinforcing efficient project execution and sustainable impact on local communities. These efforts contribute to RH Petrogas' corporate identity as a responsible energy company committed to its vision and mission.

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The company's digital presence further supports its corporate communication efforts. The RH Petrogas website serves as a primary information hub, providing company profiles, annual reports, news updates, and sustainability commitments. While not as active on social media as B2C companies, LinkedIn is used to share insights on energy innovations, industry policies, and corporate achievements.

To maintain a positive media presence, RH Petrogas actively collaborates with journalists through press releases, executive interviews, and media coverage. The company also engages in industry forums, contributing as a guest speaker in major oil and gas conferences.

5. Conclusion

a. Corporate Identity of RH Petrogas

RH Petrogas, an independent upstream oil and gas company headquartered in Singapore, envisions itself as a leader in the energy industry across the ASEAN region. This vision is realized by increasing production, acquiring assets, implementing advanced technologies, and engaging in strategic partnerships with governments and business partners.The company's identity is also reflected in its commitment to environmental sustainability, safety, and ethical and transparent business practices. Its core values, summarized as SPIRIT, serve as guiding principles for all employees in their daily operations. The company culture, which emphasizes collaboration, innovation, and social responsibility, is an integral part of RH Petrogas' corporate identity.

b. Communication Strategy of RH Petrogas

RH Petrogas has implemented a comprehensive communication strategy covering internal and external communication.

- External communication focuses on building a strong reputation and fostering relationships with various stakeholders through annual reports, social media, and press releases.
- Internal communication aims to enhance employee awareness and understanding of corporate identity. Despite efforts in socialization and training, the more profound meaning and philosophy behind the company's identity remain unevenly understood, particularly at the operational level. This challenge stems from a lack of consistent and effective interaction between management and employees.

To strengthen its communication reach, RH Petrogas leverages digital media and technology as part of its strategy. Effective communication plays a crucial role in shaping RH Petrogas's corporate identity. While external communication has successfully built a positive public reputation, internal communication needs improvement to ensure all employees fully embrace corporate values and identity.

Employee engagement through training, socialization programs, and internal initiatives is essential in fostering a comprehensive understanding of the corporate identity and aligning company culture with its vision and mission. The success of RH Petrogas' communication strategy does not solely rely on visual branding but also on the effectiveness of internal communication in conveying the company's values, philosophy, and identity.

To strengthen corporate identity across all levels, RH Petrogas should enhance its internal communication efforts by fostering more interactive engagement between management and employees. Implementing structured training programs, digital communication platforms, and

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open discussions will improve understanding and integration of corporate identity. Additionally, ensuring consistency between external branding and internal culture will further solidify RH Petrogas' position as a reputable energy leader.

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Audit Quality, Capital Intensity, Intellectual Capital, Tax Avoidance: Systematic Literature Review

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Absract

Tax avoidance is one way to reduce the amount of tax paid by taxpayers by not violating or looking for loopholes in tax rules. With this Systematic Literature Review (SLR), researchers aim to explore trends in the influence of audit quality, capital intensity, and intellectual capital on tax avoidance and identify and analyze audit quality factors, capital intensity, and intellectual capital on tax avoidance by analyzing previous research from 2016 to 2025. The results show that audit quality has no effect on tax avoidance, capital intensity has a positive effect, and intellectual capital also has a positive effect. These findings are useful for policymakers for users who will carry out tax avoidance, and for academics, can be material to be developed in the following research.

Key Word: Audit Quality, Capital Intensity, Intellectual Capital, Tax Avoidance

JEL Codes: H26, M42, O34

1. Introduction

1.1. Background

The most significant state revenue is from tax payments, which are used directly or indirectly for the prosperity of people's welfare and state development (Fauzan et al., 2019) . Tax contributions have increased drastically in recent years and are considered the most important source of funds for national development, which progressively strengthens the country's economic growth and prosperity (Jingga & Lina, 2017) . The tax of a company gets a lot of attention because the amount of tax payable depends on the amount of income of the company, the higher the income, the higher the tax payable. One way to reduce taxes payable is by means of tax avoidance

Tax avoidance is a company's attempt to legally minimize its tax burden through tax planning that takes advantage of loopholes in tax regulations and tax laws (Mangoting, 1999) . In the

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context of taxation, tax avoidance, which is a legal action taken by companies to reduce their tax obligations without violating the law, has become a major focus in accounting and finance research (Ayem et al., 2024) .

This literature review reveals that many researchers have published research on the subject of tax avoidance by previous researchers published both in Indonesia and abroad. This SLR article is different because the empirical findings inform four important factors known as audit quality, capital intensity, intellectual capital. To date, no SLR article has been published that discusses the trend of key determinant variables over a period of time to recognize the existing research gap. This SLR article therefore aims to:

1. To explore the trend of the effect of audit quality, capital intensity, intellectual capital on tax avoidance.
2. To identify and analyze the factors of audit quality, capital intensity, intellectual capital on tax avoidance.

2. Literature Review

2.1. Teory Agency

Agency Theory explains the relationship between the company owner (principal) and the manager (agent), where the manager acts on behalf of the owner in managing the company, principal here as an investor or can be a shareholder. In contrast, the Agent here is defined as a company manager or manager (Jensen & Meckling, 1976) . However, the difference in interests between the two can trigger agency conflicts, especially in tax management. Managers responsible for financial decisions may be more likely to avoid tax to increase net income and provide short-term benefits, even though this practice may increase tax risks and damage the company's reputation in the long run. Shareholders generally want reasonable tax compliance to avoid legal sanctions and maintain good relations with regulators. At the same time, managers may be incentivized to reduce the tax burden to increase their bonus or compensation. Research conducted by Chen et al. (2010) found that companies with high agency problems are more likely to carry out aggressive tax avoidance strategies, indicating that good governance mechanisms are needed to control managerial behavior in the tax aspect.

2.2. Tax Avoidance

Tax avoidance is an action taxpayers take to reduce their tax obligations legally but unethically. This practice can reduce state revenue and create injustice in the tax system (Tomreilly.org, 2024), and according to Irawan et al. (2017), tax avoidance is taking advantage of laws or legal regulations that minimize the tax burden by taking advantage of loopholes in tax law. In line with research conducted by Hendayana et al., (2024) tax avoidance is defined as an effort made to minimize the tax burden through applicable regulations. Meanwhile, according to Sulistiana et al., (2024) tax avoidance is an act of tax avoidance by looking for weaknesses in a country's tax regulations so that it is considered legal and does not violate the law. Then according to Rahmi et al. (2024) tax avoidance refers to a legal approach but still remains within the limits of the applicable tax laws and regulations, especially through tax planning.

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Audit Quality

According to research Junaidi et al (2023) audit quality can be assessed based on the reputation of the public accounting firm that audits the company, there are four major public accounting firms namely Ernst & Young (EY), Deloitte, KPMG, and

PricewaterhouseCoopers (PwC), all of which show lower incidents of fraud and are therefore more trustworthy. In line with research Tandean & Winnie(2016) that audit quality can be measured by a proxy measure for the Public Accounting Firm. The Big Four Public Accounting Firms are more able to show the true value of the company and can control corporate tax avoidance. However, according to research by Kasir (2023) audit quality, which is defined as the auditor's ability to detect and report financial irregularities, is an important factor in reducing tax aggressiveness.

Capital Intensity

Capital intensity refers to how much the company invests in fixed assets, investment in fixed assets causes depreciation expense to appear in the company's income statement each period and fixed asset depreciation expense is one of the expenses that can reduce income based on tax rules (Matitaputty & Ramadhan, 2023) . According to research Hendayana et al (2024) Capital Intensity (cApin), companies are faced with sacrificing funds allocated to operational activities and funding assets to achieve profits. Capital intensity also reflects the capital required by the company to generate revenue. Then research Widyastuti et al (2022) Capital intensity means that a company's capital in the form of assets can be used to generate revenue. The capital ratio shows that the company has strong capital. Meanwhile, according to Monika & Noviari (2021) Capital intensity "is a factor that is indicated to influence tax avoidance. Capital intensity is a description of how the company invests in its fixed assets. Fixed asset investment provides an opportunity for companies to minimize their tax burden (Sugeng et al., 2020) .

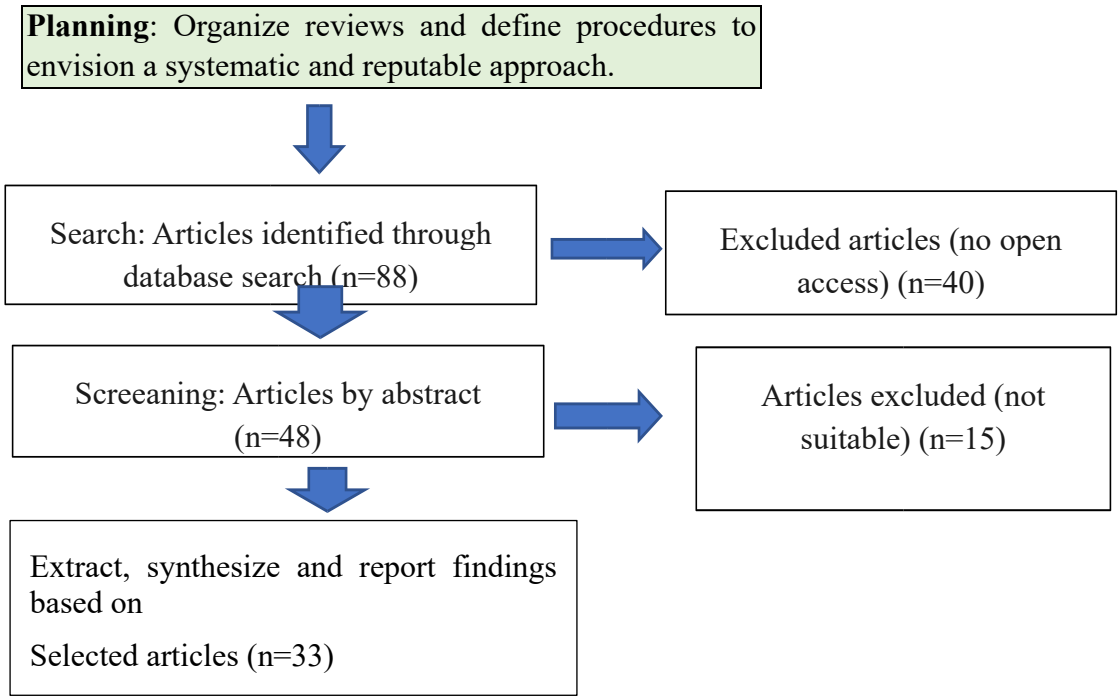
Intellectual Capital

According to research by Bontis et al (2000) that intellectual capital is a knowledge-based resource concept that describes capital if used optimally, supporting the company to carry out its activities effectively and efficiently. There are three main constructs of intellectual capital, namely human capital (HC), structural capital (SC), and physical capital (CE). Value-Added Intellectual Coefficient (VAIC). In line with the research states that intellectual capital is divided into three components, namely: human capital (HC), structural capital (SC), and capital employed (CE). Intellectual capital is the power of knowledge owned by an entity in the form of labor, technology, strategy, and capital that the entity can use for the process of adding value (Mouritsen et al., 2005). Intellectual capital is considered an intangible strategic resource for companies to achieve competitive advantage and good performance by adding value (Clarke et al., 2011)

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METHODS

This research was conducted using the SLR (Systematic Literature Review) method where the author started this study by collecting various articles from Harzing's Publish or Perish application by filtering on google scholar and scopus registered in sinta and scopus. After the article is collected, the author analyzes the article specifically to discuss the effect of audit quality, capital intensity, intellectual capital on tax avoidance. This research was conducted in several stages, namely by way of: the author conducted a search for previous journals using the keywords "audit quality (Audit Quality), capital intensity (Capital Intensity), intellectual capital (Intelectual Capital) and tax avoidance (Tax Avoidance)". The following section outlines these steps in more depth (Figure 1)



The selection of criteria in this study uses research that is not only related to audit quality, capital intensity, intellectual capital and tax avoidance, but all related to these criteria. With the selection of the above criteria, the authors have collected as many as 33 previous journals consisting of 26 Sinta journals and 7 international Scopus journals that match the criteria of the authors and research. The analysis used by the author is a literature review system table based on abstracts and titles that match the criteria of the author and research, then the author makes a screening in the form of a matrix table. During the screening process, the research journal began by identifying 88 articles. From the number generated from the article search. Researchers conducted a rare data filtering by performing inclusion and exclusion. Exclusion was carried out by excluding because it did not match the topic and was not open access as many as 40 articles then 15 articles were excluded again because they did not match the articles needed so that 33 articles were left that were relevant to the research.

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RESULTS AND DISCUSSION

Based on this understanding, the author can formulate and conclude comprehensively from the results of previous research. The table below presents the previous research selected by the author

Table 1 Previous Research based on Independent Variables, Authors, Years and Results

Independent Variable	Author and Year	Results
Audit Quality	(Eksandy, 2017); (Sahara, 2022); (Pratama & Aris, 2025); (Mayasari et al., 2022)	+
Capital Intensity	(Putri & Yanti, 2022); (Sitorus & Bowo, 2018); (Mandila & Hendrani, 2024); (Anggelina et al., 2022); (Sahara, 2022); (Pratama & Aris, 2025); (Rahma et al., 2022); (Widyastuti et al., 2022); (Khasanah & Indriyani, 2021); (Widiatmoko &Mulya, 2021); (Witomo & Zidan Qiam Arrahman, 2024); (Pratama & Aris, 2025); (Rossa, 2022)	+
Intellectual Capital	(Oktavia & Bachtiar, 2024) ; (Rahmi et al., 2024) ; (Prasetya & Venusita, 2023)	+
Audit Quality	(Sembiring & Sofie, 2022)	-
Capital Intensity	(Natalya, 2018); (Pangestu & Pratomo, 2020); (Matitaputty & Ramadhan, 2023);	-
Intellectual Capital	-	-
Audit Quality	(Witomo & Zidan Qiam Arrahman, 2024); (Nihayah & Oktaviani, 2022); (Tandean & Winnie, 2016); (Handoyo et al., 2022); (Oktaviani et al., 2023); (Junaidi et al., 2023)	TB
Capital Intensity	(Amendy & Afandi, 2024); (Marlinda et al., 2020); (Ernawati & Purwaningsih, 2022); (Mayasari et al., 2022) (Matitaputty & Ramadhan, 2023); (Ciptani & Situmorang, 2023); (Hendayana et al., 2024); (Hidayah & Puspita, 2024);	TB
Intellectual Capital	(Haeruddin et al., 2023)	TB
Positive (+); Negative (-); No Effect (TB)		

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Based on the phenomena that occur in tax avoidance, there are different relationships between Quality Audit, Intellectual Capital and Capital Intensity so that there is no agreement. Some research on the independent variable there are still many different research results that consider the Quality Audit variable to have a positive effect, no effect and a negative effect. However, the Capital Intensity variable has a positive effect, a negative effect and there is also no effect, but the Intellectual Capital variable has a positive effect and there is also a negative effect on tax avoidance.

Table 2. Previous Research Topics with Independent Variables

Independent Variables	Total
Independent Commissioner	3
Audit Quality	9
Audit Committee	6
CSR	5
Management Compensation	1
Capital Intensity	21
Financias Distress	2
Political Connections	1
Company character	3
Fiscal Profit Compensation	2
Asset Growth	1
Invertory Intensity	2
Leverage	6
GCR	3
Profitability	10
Company Size (Institution Size)	3
Debt Level	1
Board of Directors	1
Female Directors	1
Institution Ownership (Institution Owner)	3
Intellectual Capital	4
Accounting Convidence	1
Thin Capitalizing	1
Gender	1
Corporate Governance	3
Board of Commissioners	1
Transfer Princing	1
Over Convidence	1

From previous research, which is the most influential factor on tax avoidance, the most independent variables are Capital Intensity, namely 21 journals, then Profitability 10 Journals, Audit Quality 9 Journals, Audit committee and leverage each 6 journals, CSR as many as 5

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Journals, Intellectual Capital as many as 4 Journals, Independent Commissioners, GCR, Company Size, Institutional Ownership, Cooperate Governance each as many as 3 Journals, management compensation, political connections, asset growth, debt level, board of directors, Accounting Convidence, Thin Capitalizing, Board of Commissioners, Transfer Princing, Over Convidence - each 1 journal.

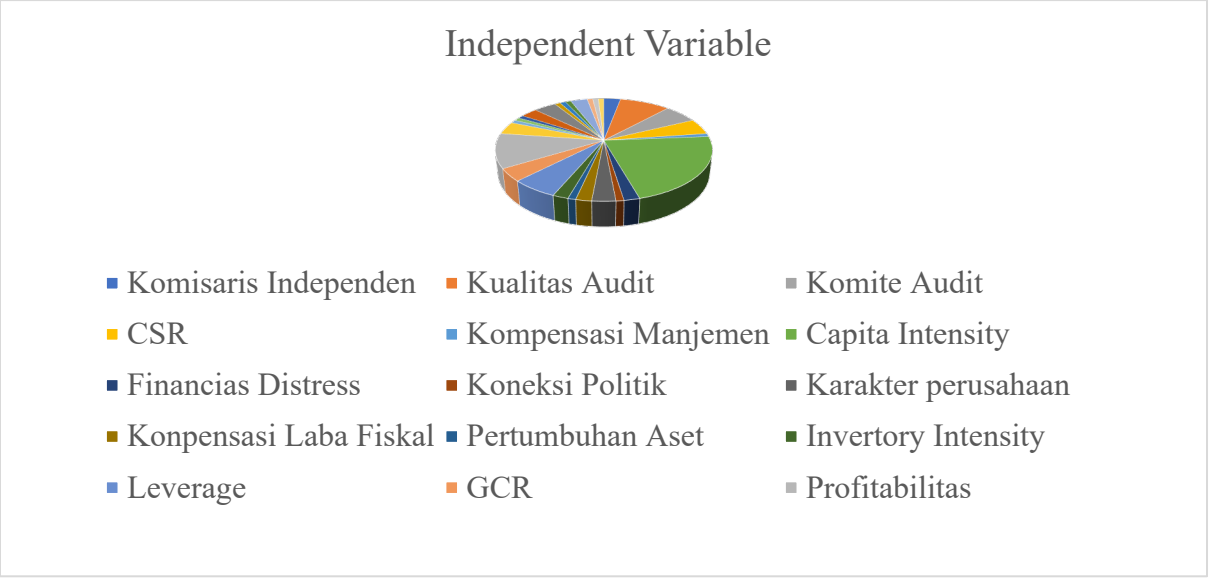


Figure 1: Independent variables in previous articles.

In accordance with the topic of this SLR research, the independent variable is

Table 3. Research Topics with Independent Variables SLR

Independent Variable SLR	Number	Percentage
Quality Audit	7	21%
Audit Quality / Capital Intensity	3	9%
Capital Intensity	18	55%
Intellectual Capital	5	15%
Total	33	100%

Based on this SLR research table, there are variables that are most widely researched or discussed in previous studies, namely Capital Intensity as many as 21 Journals and Quality Audit as many as 9 Journals while Intellectual Capital as many as 4 Journals influence tax avoidance.

Table 4: Samples of Previous Research Type of Research Company Total Percentage

Research Company	Total	Presentage
Consumer Goods Industry Sector Companies	3	9%
Listing Company	1	3%
Banking Company	5	15%
Mining Company	5	15%

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Coal Mining Subsector Companies	1	3%
Manufacturing Company	7	21%
Food and Beverage Sector Companies	2	6%
LQ45 Company	3	9%
Automotive Sub-Sector Manufacturing Companies	1	3%
State-owned Company	1	3%
Manufacturing Companies in the Industrial Sector	1	3%
Agricultural and Mining Companies	1	3%
Transportation and Logistics Company	1	3%
Jakarta Islamic Index (JII)	1	3%
Total	**33**	**100%**

Previous research mostly examined the sample of manufacturing companies, namely 21%, then banking and mining companies 15% each, while companies incorporated in LQ45 9% each, there were food and beverage sector companies as much as 6% and others such as listing companies, coal mining sub-sector companies, automotive sub-sector manufacturing companies, state-owned companies, industrial sector manufacturing companies, agricultural and mining companies, transportation and logistics companies of the Jakarta Islamic Index fiber 3% each.

Table 5. Journal Publication Year and Research Method

Year	Methods	Total	Percentage
2025	Quantitative	1	3%
2024	Quantitative	8	24%
2023	Quantitative	6	18%
2022	Quantitative	11	33%
2021	Quantitative	2	6%
2020	Quantitative	2	6%
2019	Quantitative	0	0%
2018	Quantitative	2	6%
2017	Quantitative	0	0%
2016	Quantitative	1	3%
Total		**33**	**100%**

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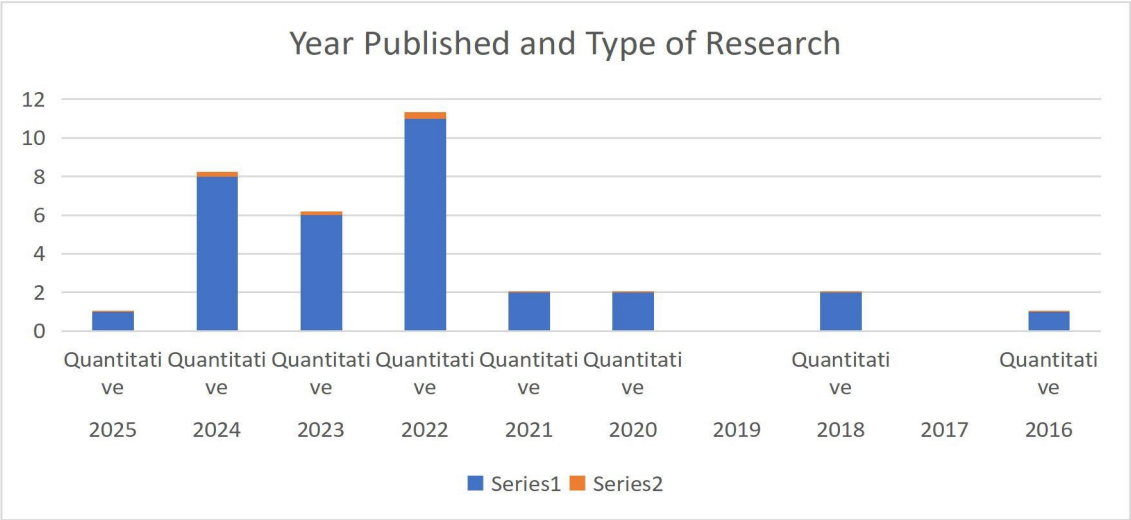


Figure 2: Bar Diagram of Year of Publication and Type of Research.

The most published journal research was conducted in 2022 as much as 33%, in 2024 as much as 24%, then in 2023 as much as 18%, in 2021, 2020, 2018 each ^% and in 2016 3%, while in 2019, and 2017 there was none. This means that research is increasing every year with the same method, namely quantitative methods. Can be seen as a diagram below:

Table 6. Research Based on Publication Sources

Indek	Number of articles	Percentage
Q2	3	9%
Q3	2	6%
Q4	1	3%
S1	1	3%
S2	1	3%
S3	9	27%
S4	8	24%
S5	6	18%
S6	1	3%
EBSCO	1	3%
Total	**33**	**100%**

Previous articles based on the publication index were mostly registered in Sinta 3 as many as 9 articles or 27%, Sinta 4 as many as 8 articles or 24%, Sinta 5 as many as 6 articles or 18%, then Q2 as many as 3 articles or 9%, Q3 as many as 2 articles or 6%, and Q4, Sinta 1, Sinta 2, Sinta 6 and EBSCO as many as 1 article each or 3%. This shows that the previous articles were published in all indexes and in order to get maximum results.

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The Effect of Audit Quality on Tax Avoidance

Based on research conducted by Eksandy, (2017) audit quality has a positive effect on tax avoidance. In line with Sahara, (2022) that audit quality has a positive effect on tax avoidance and also according to Pratama & Aris, (2025) audit quality has a positive effect on tax avoidance, on the other hand research conducted by Sembiring & Sofie, (2022) that Audit Quality has a negative effect on tax avoidance. However, in contrast to research by Witomo & Zidan Qiam Arrahman, (2024) audit quality does not affect tax avoidance and is in line with research by Handoyo et al.,(2022) which states that audit quality does not affect tax avoidance and also Oktaviani et al., (2023), which also says that Audit Quality has no effect on tax avoidance. Researchers suspect that not only KAP The Big Four provide good results and have high credibility, but all KAP conduct audits under applicable and enforced guidelines and regulations, because an external audit aims to identify important factors that provide a response in the form of action. Audit quality in agency theory is expected to reduce agency problems between investors as principals and company managers as agents. Its application can reduce agency costs, namely the amount of costs incurred to reward external auditors in auditing the company's financial statements. Tax authorities tend to have more confidence in companies that use the audit services of KAP The Big Four because these KAPs are believed to have high work integrity, always apply applicable regulations, and have good quality.

Effect of Capital Intensity on Tax Avoidance

Research conducted by Putri & Yanti, (2022) found that the capital intensity variable has a positive effect on tax avoidance. This means that the more companies invest in fixed assets, the more tax avoidance activities will occur in line with (Sitorus & Bowo, 2018) which states the results of its research have a positive effect on tax avoidance and also according to Mandila & Hendrani, (2024) positive effect. However, in contrast to research conducted by Natalya, (2018); Pangestu & Pratomo, (2020); Matitaputty & Ramadhan, (2023) which states that Capital Intensity has a negative effect on tax avoidance. capital intensity has adetrimental effect on tax avoidance as measured by CETR. This means that the tax burden decreases as capital intensity increases, which leads to higher tax avoidance. But there is also no effect of capital intensity on tax avoidance Amendy & Afandi, (2024) and Marlinda et al., (2020) because companies tend to invest wealth in the form of fixed assets to support their operational activities. Companies invest in fixed assets by adding buildings, land, machinery, equipment and others as support for the company's operational activities to run well. By having high fixed assets, the company can maximize the benefits it gets, because high fixed assets can encourage increased production capacity of the company.

Intellectual influence on tax avoidance

The results of the analysis of the influence of Intellectual on tax avoidance conducted by (Oktavia & Bachtiar, 2024) have a positive effect and are in line with research conducted by Rahmi et al., (2024) these findings imply that knowledge plays an important role in improving overall company performance. In this context, the results show that the higher the level of Intellectual Capital, the lower the Tax Avoidance. This shows the importance of intellectual resources, skills, and capabilities in influencing the company's approach to tax management and compliance. but it is different from what is done by Haeruddin et al., (2023) which states

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in his research that it has no effect on tax avoidance because the company's Intellectual Capital is not a dominant factor affecting tax avoidance.

Conclusion

This study concludes that tax avoidance is influenced by many factors that are interrelated with each other, such as audit quality, capital intensity and Intellectual capital. Audit quality is considered to have no effect on tax avoidance because it uses the audit services of KAP The Big Four because KAP is believed to have high work integrity, always applies applicable regulations, and has good quality. And also Capital intensity has a positive effect, meaning that the more companies invest in fixed assets, the more tax avoidance activities will occur. While Intellectual capital has a positive effect on tax avoidance because the higher the intellectual capital, the lower the tax avoidance.

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