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CURRENT ADVANCED RESEARCH ON SHARIA FINANCE AND ECONOMIC WORLDWIDE
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THE INFLUENCE OF BRAND IMAGE AND PRICES TOWARDS TOOTHPASTE PURCHASE DECISIONS ON MEMBERS OF PT. NATURAL NUSANTARA

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Abstract
This study aims to analyze and explain the influence of brand image and price on purchasing decisions of NASA toothpaste at members of PT. Natural Nusantara. The existence of a good brand image certainly has an impact on affordable prices and in accordance with the benefits that affect the purchase decision of a product that consumers will be interested in. This type of research uses quantitative methods, the sampling technique is random sampling, data collection is to spread questionnaires using Google form, collect data from all elements in the population, namely members of PT. Natural Nusantara. The number of samples is 73 respondents. The questionnaire is the main instrument for collecting primary data. Research analysis using SEM-PLS. The findings of this study reveal that brand image has a positive and significant influence on purchasing decisions, while prices have a positive and significant influence on purchasing decisions, and brand image has a positive and significant influence on prices. Based on this research, it can be concluded that this research hypothesis is accepted.

Keywords: *Brand Image, Price, Purchase Decision*

1. INTRODUCTION

Digital means of communication have made it easier for the public to keep up with the pace of business development. A business's success is founded on its ability to reach into the creativity and ingenuity of many individuals in order to provide goods and services that consumers want (Wan et al., 2019). Whether done manually or via the use of contemporary technology, business involves components of management, finance, marketing, and human resources.

Consumers are looking for high-quality products at a reasonable price (Shirai, 2015). Also, entrepreneurs are looking for their products to be well-received by customers, be profitable, and be easy to produce. A wide range of products, from everyday basics to items that are not absolutely needed but are nonetheless purchased, are available for purchase. Customers must choose the product they want to consume in order for society to meet their requirements. The number of options, the conditions in which they are presented, and the underlying considerations that drive a buyer's selection are all different for each individual. There is more to a consumer's purchase than just the product itself. As a result, maintaining a positive public image necessitates those businesses give their customers with helpful information and excellent customer service (Kotler et al., 2019).

PT. Natural Nusantara, or better known as PT. NASA is a company headquartered in the Special Region of Yogyakarta, precisely on Jalan Siliwangi No.72, Salakan, Trihanggo, Gamping District, Sleman Regency (Stockist Nasa, 2022). This company is engaged in the distribution of organic-based agrocomplex products (agriculture, animal husbandry, fisheries), health products, beauty products, technological innovations, and natural herbal-based household products provided by PT. NASA for the needs of society. NASA toothpaste is one of the breakthrough products from PT. NASA in the household field based on natural herbs to produce household products that are always used every day. NASA products carry an all-organic background automatic this one product is also completely organic (natural) and does not contain detergents.

This company has members who join as NASA members, but based on initial observations, it seems that those who have joined NASA have not entirely used NASA toothpaste, but instead have used other products distributed by PT. Natural Nusantara and are unaware of the benefits of purchasing NASA toothpaste. Members who have used NASA toothpaste have felt and taken advantage of price discounts, in addition to getting very affordable pricing, with discounted prices, and bonus points for every purchase of their items. As a result, the study's main goals are to discover brand image and price responses to toothpaste purchasing decisions, so that researchers can learn more about how many NASA members are familiar with and use NASA toothpaste, as well as see brand image responses that consumers are aware that special prices can affect toothpaste purchasing power on a regular basis, with the expectation that it will become a company's benchmark in meeting the needs of NASA partners.

2. THEORETICAL REVIEW

2.1. Brand Image

The concept of brand image put forward by (Fandy, 2007). Brand image is the observations and beliefs held by consumers, as reflected in associations or in consumers' memories (Assauri, 2013). Brand image is a company product, in general, its value will always be disturbed or damaged by competitors, brand image is an association of all available information about the products, services and companies of the brand in question. A brand has a vital role to show the value of a product brand to the market (Khasanah, 2013).

2.2. Price

According to Kotler & Armstrong (2008a) defines "price is the sum of all the values that consumers redeem so as to obtain the benefits of owning or using goods or services". Meanwhile, according to Assauri (2013) states that "Price is the value of an item expressed in terms of money".

Meanwhile, according to Stanton (1987), "price is the amount of money, (possibly plus some goods) required to obtain some combination of a product and the accompanying service".

2.3. Purchasing Decision

According to Stephen and Coulter in (Fahmi, 2016: the decision-making process is a stage consisting of an alternative, and evaluating the decisions. As stated by (Kotler & Armstrong, 2008b) that purchasing decisions as a process where consumers recognize the problem, seek information about a particular product or brand and evaluate how well each alternative can solve the problem which then leads to a purchase decision. Therefore, the decision-making process is a basic psychological process that plays an important role in understanding how consumers actually make their purchasing decisions.

3. RESEARCH METHOD

This research is a type of quantitative research. The data analysis method used Structural Equation Modeling- Partial Least Square (SEM-PLS) analysis of Smart PLS software version 3. The population in this study were all members of PT. Natural Nusantara. The population of members reached 7.302, so that the sampling technique used was Random Sampling with the method of distributing questionnaires via google form, with a total sample of 73 respondents. The testing stages are validity test, reliability test, inner model includes convergent validity, discriminant validity, composite validity, Cronbach's alpha, as well as outer model includes path coefficient test and hypothesis testing.

4. RESULT AND DISCUSSION

4.1. Research Result

4.1.1. Validity Test

Based on the research that has been done, the results of the Validity Test are obtained in following Table.

Table 1. Validity Test of Brand Image (X1), Price (X2) and Purchase Decision (Y)

Brand Image (X1)

Indicator	$r_{statistic}$	r_{table}	Description
X1.1	,784	0.195	Valid
X1.2	,840	0.195	Valid
X1.3	,725	0.195	Valid
X1.4	,797	0.195	Valid
X1.5	,566	0.195	Valid
X1.6	,846	0.195	Valid
X1.7	,635	0.195	Valid
X1.8	,832	0.195	Valid

Price Validity Test (X2)

Indicator	$r_{statistic}$	r_{table}	Description
X2.1	,916	0.196	Valid
X2.2	,881	0.196	Valid
X2.3	,717	0.196	Valid

Purchasing Decision Validity Test (Y)

Indicator	$r_{statistic}$	r_{table}	Description
Y.1	,823	0.196	Valid
Y.2	,734	0.196	Valid
Y.3	,845	0.196	Valid
Y.4	,899	0.196	Valid
Y.5	,714	0.196	Valid

Indicator	$r_{statistic}$	r_{table}	Description
Y.6	,695	0.196	Valid
Y.7	,882	0.196	Valid
Y.8	,816	0.196	Valid
Y.9	,893	0.196	Valid
Y.10	,877	0.196	Valid

4.1.2. Reliability Test

Table 2 Reliability Test Results

Variable	Cronbach Alpha	Critical Value	Description
Brand Image	0.915	0.7	Reliable
Price	0.879	0.7	Reliable
Purchase decision	0.954	0.7	Reliable

4.1.3. Inner Model

a. Convergent Validity

Table 3 Outer loading

Variable	Indicator	Outer Loading
Brand Image (X1)	X1.1	0,784
	X1.2	0,840
	X1.3	0,725
	X1.4	0,797
	X1.5	0,566
	X1.6	0,846
	X1.7	0,635
	X1.8	0,832
Price (X2)	X2.1	0,916
	X2.2	0,881
	X2.3	0,717
Purchase Decision (Y)	Y1	0,823
	Y2	0,734
	Y3	0,845
	Y4	0,899
	Y5	0,714
	Y6	0,695
	Y7	0,882
	Y8	0,816
	Y9	0,893
	Y10	0,877

b. Discriminant Validity

Table 4 Cross Loading Results

Indicator	X1	X2	Y
X1.1	**0,784**	0,664	0,671

Indicator	X1	X2	Y
X1.2	**0,840**	0,647	0,634
X1.3	**0,725**	0,587	0,514
X1.4	**0,797**	0,471	0,623
X1.5	**0,566**	0,257	0,345
X1.6	**0,846**	0,549	0,561
X1.7	**0,635**	0,691	0,554
X1.8	**0,832**	0,691	0,619
X2.1	0,744	**0,916**	0,722
X2.2	0,713	**0,881**	0,730
X2.3	0,469	**0,717**	0,505
Y1	0,643	0,631	**0,823**
Y2	0,501	0,619	**0,734**
Y3	0,567	0,651	**0,845**
Y4	0,656	0,719	**0,899**
Y5	0,469	0,492	**0,714**
Y6	0,627	0,625	**0,695**
Y7	0,673	0,675	**0,882**
Y8	0,722	0,684	**0,816**
Y9	0,668	0,642	**0,893**
Y10	0,658	0,677	**0,877**

c. AVE Value

Table 5 Value of AVE

Variable	AVE
Brand Image (X1)	**0,577**
Price (X2)	**0,674**
Purchase decision (Y)	**0,710**

d. Composite Reliability

Table 6 Composite Reliability Value

Variable	Composite Reliability
Brand Image (X1)	0,915
Price (X2)	0,879
Purchase decision (Y)	0,954

e. Cronbach's Alpha

Table 7 Cronbach's Alpha Value

Variable	Cronbach's Alpha
Brand Image (X1)	0,892
Price (X2)	0,794
Purchase decision (Y)	0.954

4.1.4. Outer Model

a. Path Coefficient Test

Table 8 R-Square Value

Variable R-Square Value	R-Square Value
Price	0,605
Purchase decision	0,674

b. Hypothesis testing

Table 9 Path Coefficient

Influence	Original Sample	T-Statistics	*P.* Value	Results
Brand Image =>Purchase Decision	0,377	2.310	0,021	Accepted
Price =>Purchase Decision	0,493	2,841	0,005	Accepted
Brand Image => Price	0,778	14,758	0,000	Accepted

4.2. Discussion

4.2.1. The Influence of Brand Image on Purchase Decision

The first hypothesis tests whether Brand Image has a positive effect on Purchase Decisions. The test results show that the beta coefficient of Brand Image on Purchase Decisions is 0,377 and the t-statistic is 2,310. From these results, it is stated that the t-statistic is significant. Because >1,96 with p-value <0,05, according to Jogiyanto & Abdillah (2015) so that the first hypothesis is accepted. This proves that Brand Image is proven to have a positive influence on Purchase Decisions. This result is in line with Vierdwiyani & Syafarudin (2020) and (Solihin, 2021) which shows that brand image has a significant positive effect on purchasing decisions.

4.2.2. The Influence of Price on Purchase Decision

The second hypothesis tests whether the price has a positive effect on purchasing decisions. The test results show the price beta coefficient on purchasing decisions is 0,493 and the t-statistic is 2,841. From these results, it is stated that the t-statistic is significant. Because > 1.96 with *p*-value < 0,05 according to Jogiyanto & Abdillah (2015) so that the second hypothesis is accepted. This proves that the price is proven to have a positive influence on purchasing decisions. This result is in line with Safitri (2018) and Herawati et al. (2019) which shows that price has a positive effect on purchasing decisions

4.2.3. The Influence of Brand Image on Price

The third hypothesis tests whether Brand Image has a positive effect on price. The test results show the beta coefficient value of Brand Image to Price is 0,778 and the t-statistic is 14,758. From these results, it is stated that the t-statistic is significant. Because > 1.96 with *p*-value <0,05 according to Jogiyanto & Abdillah (2015) so that the third hypothesis is accepted. This proves that brand image has a positive influence on purchasing decisions.

This result is in line with Herawati et al. (2019) and Safitri (2018) which shows that brand Image has a positive effect on price and thus influencing purchasing decisions.

5. CONCLUSION

Based on the results of the SEM (Structural Equation Modeling) analysis and the discussions that have been carried out in this study, there are several conclusions:

1. According to the findings of the data study, brand image has a positive and significant influence on purchasing decisions. The findings of this study show that brand image is crucially important as a basis for members to make purchases; the better the brand image management, the higher the purchasing decisions; on the other hand, the worse the brand image management, the lower the purchasing decisions.
2. The results of data analysis show that the price has a positive and significant influence on purchasing decisions. The results of this study can be interpreted that the price with a high purchase decision will have an effect on increasing purchasing decisions, on the contrary, if the price is unknown, it will have an impact on decreasing purchasing decisions.
3. According to the findings of the data study, brand image has a positive and significant influence on prices. The results of this study can be concluded that brand image is very important as a basis for members to know the price, the more benefits and quality of a product, namely toothpaste, the purchasing decision increases, and vice versa when the brand image does not match the price, the affordable and cheap price will not be known by the consumer.

Suggestion

Based on the results of the research obtained and the analysis of the data obtained, the suggestions submitted are as follows:

1. For Companies

The brand image and prices that have been determined by the company can no longer be doubted because members who have joined the business of PT. Natural Nusantara is a consumer who is able to accept the products that have been issued by PT. Natural Nusantara and decided to continue to use it and the company could better develop its own NASA Toothpaste innovation to improve the company's image, product image and user image.

2. For Academics

For other students who want to research, hopefully they will add insight into other variables and other NASA products so that researchers are able to study a problem and a solution to a problem more in depth.

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THE INFLUENCE OF BRAND IMAGE AND WORD OF MOUTH ON PURCHASE INTENTION ON SERVICES OF PT. PROTOZA KREASI NUSANTARA JAKARTA

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Abstract

This study aims to determine: 1) Test and explain the influence of Brand Image on Purchase Intention at PT. Pratoza Kreasi Nusantara. 2) Testing and explaining the influence of Word of Mouth on Purchase Intention at PT. Pratoza Kreasi Nusantara. 3. Testing and explaining the influence of Brand Image on the Word of Mouth at PT. Pratoza Kreasi Nusantara 4) Testing and explaining the influence of Brand Image and Word of Mouth on Purchase Intention at PT. Pratoza Kreasi Nusantara. Data were collected through a questionnaire. Data analysis techniques are carried out by organizing and sorting data into patterns, categories, and basic description units so as to answer the research objectives. From the results of this study, it can be concluded that Brand Image is very important as a consumer basis for the Word of Mouth promo. The better the management of Brand Image, the higher the Word of Mouth, and vice versa, the lower the management of the Brand Image, the lower the Word of Mouth. The results of data analysis indicate that Word of Mouth has a positive and significant direct influence on Purchase Intention with a value of 6.58. Likewise, Brand Image and Word of Mouth have a positive and significant indirect influence on Purchase Intention with a value of 6.60> 1.96, as indicated from the coefficient of determination r square. Additionally, the influence of brand image and word of mouth on purchase intention has a value of 6.60%, while the remaining 3.40% is influenced by other factors.

Keywords: *Brand Image, Word of Mouth, Purchase Intention*

1. INTRODUCTION

The development of the business world has resulted in the expansion of a variety of different types of businesses, one of which is the event organizer (EO) business. These creative businesses include service businesses that organize or manage events such as music concerts, seminars, birthday parties, and weddings with the assistance of their employees' talents. The task of EO is to assist consumers (clients) in holding the requested event. This may be due to a variety of factors, including consumers' limited resources or time, but it may also be due to consumers' desire to be more successful, conceptualized, and professional than if they did it themselves. To reach the target consumer, EO must develop a strategy utilizing various forms of marketing.

Philip Kotler defines marketing as a social and organized process through which individuals or organizations obtain what they require or desire through the creation, offer and exchange of products or other forms of value with other people. In order to achieve this definition, various fundamental concepts must be considered, including: product requirements (goods, services, and ideas); value; costs; and customer satisfaction;

exchanges; transactions; relationships; networks; markets; as well as marketers and prospects (Kotler & Amstrong, 2004)(Wicaksono, 2010).

The development of EO has expanded significantly because the prospect to develop as a professional business is extremely vast, and millennials, in particular, are particularly interested in EO. The EO business prospect is quite potential, especially given the rising public demand for professional EO services. This creates a lot of competition in the EO business, as evidenced by the many new companies that have sprung up and are attempting to seize market share and new markets through various methods and innovations displayed in products or services, one of which is by creating a brand image for EO to support products or services to be known by the broader community.

This business will not develop if there are no factors in it that can attract consumers' interest, including: price factor, service quality and sales promotion. There are several factors that are the reason how a company sets competitive prices, carries out effective promotions and provides good and satisfying service quality from the products they offer to consumers. For this reason, companies that apply the marketing concept need to pay close attention to consumer behavior and the factors that influence their purchasing decisions, one of which is through Brand Image.

Consumers' attitudes toward the brand will improve as a result of a positive brand image being developed (Arli et al., 2017; Fan, 2019). When innovation and creativity are carried out, it is impossible to separate them from the brand image, which is considered a type of association that arises in the minds of consumers when considering a specific brand as a result of the results of creativity and innovation, especially in the service industry.

In light with the conditions of business competition are getting tougher, every company must be able to survive in their own way (Kusumawati, 2021), one of the things that must be done and paid attention to is retaining existing customers, and continuing to work on potential new customers so that these customers become customers. loyal to the company that was built, so as not to switch to similar companies, in other words the company must be able to maintain a brand image because a good brand image and easy to remember by consumers is a very important concept, especially in conditions of increasingly fierce competition (Aaker, 2012).

So far, PT. Pratoza Kreasi Nusantara has service quality and a good level of trust from consumers and is always recommended to the public to use its EO services because it has business legality and is reliable, but people are not familiar with the existence of EO conducted by PT. Pratoza Kreasi Nusantara. This is because the existence of EO is still relatively new and does not have many relationships.

PT. Pratoza Kreasi Nusantara's word-of-mouth promotion efforts have also been largely ineffective, as seen by the company's inability to reach the targeted consumers. The problem of insufficient human resources at PT. Pratoza Kreasi Nusantara is one of the factors that occur because the consumer target is related to the company's relative youth, even though the company adheres to industry standards in terms of packing in the form of EO packages, always providing excellent service, being honest, and resolving problems in the event of unwanted things.

PT. Pratoza Kreasi Nusantara offers a variety of services to attract customers, including wedding packages customized to the bride and groom's financial situation, complete packages, and affordable packages. This will encourage potential customers to employ the service of PT. Pratoza Kreasi Nusantara, since it will make managing their time and finances easier. However, potential consumers are still uninterested in the products and services given by EOPT. Pratoza Kreasi Nusantara, owing to the lack of clarity in the information displayed. Due to the lack of promotional supporting components such as booklets or information outlining the products and services that will be supplied, potential consumers may have a difficult time deciding whether to learn about or use EO services.

As yet, the EO of PT. Pratoza Kreasi Nusantara has attempted to take action in order to pique the interest of customers in purchasing the products and services offered, but the number of EO consumers is still a relatively small amount.

2. THEORETICAL REVIEW

2.1. Brand Image

Brand Image is a way in which the overall perception of the brand and is formed in such a way from information and past events about the brand. The image of the brand is related to attitudes in the form of beliefs and tastes towards a brand. Consumers who have a positive image of a brand are more likely to make a purchase (Setiadi, 2003).

2.2. Word of Mouth

Word of Mouth as stated by (Philip & Kevin, 2007) is a communication process in the form of providing recommendations both individually and in groups for a product or service that aims to provide personal information so that the desired process runs as expected. The WOM strategy or what we usually call the word-of-mouth strategy is a traditional strategy that has been used for years and is the most common among the public, especially novice businessmen, this promotion is also the lightest and most effective for novice businessmen.

2.3. Purchase Intention

Purchase intention is something that cannot be separated from the theory of consumer purchasing decisions, because intention is one of the final processes of purchasing decisions from consumers who want something. According to Fishbein and Ajzen (1975) in (Handika & Sudaryanti, 2017), Intention is a desire or how someone will respond to certain situations in certain ways whether someone will do it or not depending on the final decision. The definition of purchase intention is to consider the desires that are in accordance with a brand and in general based on the suitability between purchase motives with the attributes or characteristics sought from the brand so that a buying decision process occurs (Belch & Belch, 2004).

3. RESEARCH METHOD

This research includes a type of quantitative research. Meanwhile, data analysis method using Structural Equation Modeling- Partial Least Square (SEM-PLS) software Smart PLS version 3. The population in this study are people who are interested and ask for information either directly or indirectly to the marketing of PT. Pratoza Kreasi Nusantara in the period of January - December 2019. Sampling techniques to determine the samples to be used in this study using purposive sampling techniques is one of the non-random sampling techniques where researchers determine sampling by establishing special characteristics that are in accordance with the purpose of the study with the number of samples as many as 95 respondents. The test stages are validity test, reliability test, inner model includes convergent validity, discriminant validity, composite validity, Cronbach's alpha, while outer model includes path coefficient test and hypothesis test.

4. RESULT AND DISCUSSION

4.1. Research Result

4.1.1. Validity Test

Based on the research that has been done, the results of the Validity Test are obtained*Brand Image*(X1), Word of Mouth (X2) and Purchase Intention (Y) in Table 1.

Table 1. Brand Image Validity Test (X1), Word of Mouth (X2) and Purchase Intention (Y)

Brand Image Validity Test (X1)

Indicator	$r_{statistic}$	r_{table}	Description
X1.1	,819	0,202	Valid
X1.2	,754	0,202	Valid
X1.3	,663	0,202	Valid
X1.4	,825	0,202	Valid
X1.5	,755	0,202	Valid
X1.6	,754	0,202	Valid
X1.7	,762	0,202	Valid

Word of Mouth Validity Test (X2)

Indicator	$r_{statistic}$	r_{table}	Description
X2.1	,664	0,202	Valid
X2.2	,751	0,202	Valid
X2.3	,734	0,202	Valid
X2.4	,644	0,202	Valid
X2.5	,839	0,202	Valid
X2.6	,763	0,202	Valid
X2.7	,815	0,202	Valid

Purchase Intention Validity Test (Y)

Indicator	$r_{statistic}$	r_{table}	Description
Y.1	,651	0,202	Valid
Y.2	,634	0,202	Valid
Y.3	,764	0,202	Valid
Y.4	,820	0,202	Valid
Y.5	,738	0,202	Valid
Y.6	,828	0,202	Valid
Y.7	,828	0,202	Valid
Y.8	,798	0,202	Valid
Y.9	,811	0,202	Valid
Y.10	,790	0,202	Valid

Indicator	r-statistic	r-table	Description
Y.11	,764	0,202	Valid

4.1.2. Reliability Test

Table 2 Reliability Test Result

Variable	Cronbach Alpha	Critical Value	Information
Brand Image	0.879	0.60	Reliable
Word of Mouth	0.872	0.60	Reliable
Purchase Intention	0.932	0.60	Reliable

4.1.3. Inner model

a. Convergent Validity

Table 3 Outer loading

Variable	Indicator	Outer Loading
Brand Image (X1)	X1.1	0.819
	X1.2	0.754
	X1.3	0.663
	X1.4	0.825
	X1.5	0.755
	X1.6	0.754
	X1.7	0.762
Word of Mouth (X2)	X2.1	0.664
	X2.2	0.751
	X2.3	0.734
	X2.4	0.644
	X2.5	0.839
	X2.6	0.763
	X2.7	0.815
Purchase Intention (Y)	Y1	0.651
	Y2	0.634
	Y3	0.764
	Y4	0.820
	Y5	0.738
	Y6	0.828
	Y7	0.828
	Y8	0.798
	Y9	0.811
	Y10	0.790
	Y11	0.764

b. Discriminant Validity

Table 4 Crossloading Results

Indicator	X1	X2	Y
X1.1	**0.820**	0.560	0.590
X1.2	**0.750**	0.580	0.600
X1.3	**0.660**	0.470	0.450
X1.4	**0.820**	0.510	0.380
X1.5	**0.760**	0.490	0.440
X1.6	**0.750**	0.540	0.440

Indicator	X1	X2	Y
X1.7	**0.760**	0.650	0.540
X2.1	**0.530**	0.660	0.530
X2.2	**0.620**	0.750	0.600
X2.3	**0.440**	0.730	0.650
X2.4	**0.410**	0.640	0.530
X2.5	**0.520**	0.840	0.700
X2.6	**0.620**	0.760	0.580
X2.7	0.590	0.820	**0.620**
Y1	0.480	0.590	**0.650**
Y2	0.440	0.570	**0.630**
Y3	0.530	0.570	**0.760**
Y4	0.410	0.700	**0.820**
Y5	0.470	0.600	**0.740**
Y6	0.550	0.560	**0.830**
Y7	0.610	**0.670**	0.830
Y8	0.540	0.630	**0.800**
Y9	0.520	0.640	**0.810**
Y10	0.520	0.630	**0.790**
Y11	0.450	0.570	**0.760**

c. AVE

Table 5 AVE Value

Variable	AVE
Brand Image (X1)	**0.583**
Word of Mouth (X2)	**0.559**
Purchase Intention (Y)	**0.591**

d. Composite Reliability

Table 6 Composite Reliability Value

Variable	Composite Reliability
Brand Image (X1)	0.907
Word of Mouth (X2)	0.898
Purchase Intention (Y)	0.940

e. Cronbach's Alpha

Table 7 Cronbach's Alpha Value

Variable	Cronbach's Alpha
Brand Image (X1)	0.880
Word of Mouth (X2)	0.866
Purchase Intention (Y)	0.930

4.1.4. Outer model

a. Path Coefficient Test

Table 8 R-Square Value

Variable R-Square Value	R-Square Value
Purchase Intention	0.660
Word of Mouth	0.515

b. Hypothesis testing

Table 9 Path Coefficient

Influence	Original Sample	Mean Sample (M)	Standard Deviation (STDEV)	T-Statistics (O-STDEV)	*P.* Value	Results
Brand Image =>Purchase Intention	0,161	0,165	0,101	1,590	0,112	Insignificant
Brand Image =>Word of Mouth	0,718	0,733	0,065	10,991	0	Significant
Word of Mouth => Purchase Intention	0,689	0,687	0,105	6,58	0	Significant

4.2. Discussion

4.2.1. The Influence of Brand Image on Purchase Intention

According to the result, it is obtained the result of Original Sample = 0,161, T Statistics = 1,590, P Values = 0,115 (< 0,05). This result indicates that the influence of Brand Image on Purchase Intention is not significant.

4.2.2. The Influence of Brand Image on the Performance of Word of Mouth

According to the result, it is obtained the result of Original Sample = 0,718, T Statistics = 10,991, P Values = 0,000. Which means that the influence of Brand Image on Word of Mouth is significant. Thus, H2 in this study was accepted. Therefore, it can be concluded that the Brand Image of the Word of Mouth is going well with the presence of a Brand image, and the Word of Mouth is accepted

4.2.3. The Influence of Word of Mouth on Purchase Intention

According to the result, it is obtained the results of Original Sample = 0,689, T Statistics = 6,580, P Values = 0,000. Which means that the influence of word of mouth on Purchase Intention is significant. Thus, H3 in this study was accepted. Therefore, it can be concluded that the Word of Mouth can increase Purchase Intention.

4.2.4. The influence of Brand Image and Word of Mouth on Purchase Intention

According to the result, the value of the influence of Brand Image and Word of Mouth on Purchase Intention = 0,660, this value is found in the coefficient of determination r square, this shows that the influence of Brand Image and Word of Mouth on Purchase Intention is significant. Thus, H4 in this study is accepted, which means that the influence of Brand Image and Word of Mouth can increase Purchase Intention.

5. CONCLUSION

To sum up everything that has been stated so far, it can be conclude that:

1. The results of data analysis indicate that Brand Image has no influence and is not significant to the Purchase Intention of 1,590. This is due the T Statistics variable of Brand Image on purchase Intention is 1,590, and because the T-statistic value < 1.96, then the hypothesis is rejected. Therefore, it can be stated that if the Brand Image is bad, it will affect the decrease in Purchase Intention, and vice versa, if the Brand Image is good then affects the increase in Purchase Intention.
2. The results of data analysis show that Brand Image has a positive and significant direct influence on Word of Mouth by 10,991. This is due the T-Statistics between the Organizational Brand Image variable and the Word of Mouth of 10,991 or > 1,96. With a probability value of 0,006 which is smaller than 0,05 or (0,000) < cut of value (0,05). Hence, it can be concluded that Brand Image is very important as a consumer basis for Word of Mouth promos. The better the management of the Brand Image, the more Word of Mouth will increase, and vice versa if the management of the Brand Image poor, the Word of Mouth will also be lower.
3. The results of data analysis show that Word of Mouth has a direct positive and significant influence on Purchase Intention of 6,58. This is due the T-Statistic between the Word of Mouth variable and Purchase Intention of 6,58 or > 1,96. With a probability value of 0,105 which is greater than 0,05 or (0,000) < cut of value (0,05). Therefore, it can be interpreted that word of mouth has an important role in increasing Purchase Intention. With a high Word of Mouth, it will have an influence on increasing Puchase Intention which is getting better. On the other hand, if the Word of Mouth is low, it will have an impact on decreasing Purchase Intention.
4. The results of data analysis show that Brand Image and Word of Mouth have a positive and significant indirect influence on Purchase Intention 6,60 > 1,96. This is due the coefficient of determination r square. This shows the influence of brand image and word of mouth on purchase intention of 6,60%, while the remaining 3,40% is influenced by other factors.

Suggestion

1. Judging from the problems contained in this research, it is expected that PT. Pratoza Kreasi Nusantara further improves the indicators contained in the Brand image, especially for the location / presence of the office which is considered less strategic, and continues to innovate both quality and quality.
2. The EO of PT Pratoza Kreasi Nusantara is expected to always provide excellent service to prospective customers and facilitate the booking process without having

to visit the office location or always provide service to visit the consumer's residence every consumer wants to ask details about eo products and services.

3. This research is expected to have a beneficial impact on PT. Pratoza Kreasi Nusantara's EO, as a more well-known brand image will facilitate the Word of Mouth promotion process, hence increasing consumers' purchasing intention.

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CURRENT ADVANCED RESEARCH ON SHARIA FINANCE AND ECONOMIC WORLDWIDE
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THE INFLUENCE OF THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY ON THE PROFITABILITY OF MANUFACTURING COMPANIES ON THE INDONESIA STOCK EXCHANGE 2016-2020: ASPECTS OF ECONOMIC AND ENVIRONMENTAL INDICATORS

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Abstract
This study aims to examine the influence of Corporate Social Responsibility on Profitability. The population in this study used a sample of 40 manufacturing companies on the Indonesia Stock Exchange (IDX) from 2016-2020. The method used in this research is purposive sampling which is taken with certain criteria. Profitability is measured by the Return on Asset (ROA) formula. The data analysis method used is Descriptive Statistics, Multiple Regression Analysis, and Classical Assumption Test, while the Hypothesis Test used is Partial Test, Simultaneous Test, as well as Test of Determination. The results of this study indicate that Corporate Social Responsibility Economic Indicators have a positive influence on Profitability as evidenced by a significant value of 0,013, while Corporate Social Responsibility Environmental Indicators do not have a positive effect on Profitability as evidenced by a significant value of 0,949. Meanwhile, Corporate Social Responsibility economic and environmental indicators simultaneously has a positive influence on profitability as proven by a significant value of 0.036, and R square (R^2) which obtained 11% Profitability which can be influenced by Economic and Environmental Corporate Social Responsibility and 89% is influenced by other factors outside the study.

Keywords: *Corporate Social Responsibility, Economic Indicator, Environmental Indicators, Profitability*

1. INTRODUCTION

A rise in popularity for companies to be responsible and care for the environment and society has occurred in this period of globalization as a result of people realizing the relevance of the effects of production factors and development undertaken by companies. Environmental stewardship is seen by some businesses as an unnecessary expense. On the other hand, most businesses are unaware of the necessity of fulfilling their obligations to the community and the environment, and they also believe that doing so will add to their financial burden and result in significant outlays (Putra, 2015b). This is based on the circulating issue that in the CSR Bill, there will be a benchmark for the amount of CSR funds that must be issued by the company, namely 2%, 2.5%, or 3 (Nasional, 2018).

On the other hand, there are also many companies that have implemented CSR according to (Rico & Gede, 2014) including "PT. Unilever Indonesia, which carries out Green and Clean by recycling used bags of Unilever products and empowering black soybean farmers, PT. Adaro Indonesia, which provides clean water centers and sells them to the public at affordable prices, PT. Telekomunikasi Indonesia which carries out repairs and development of drainage, planting protected trees, paving and paving roads, and PT. HM Sampoerna who provided clean water for the community and planted trees for reforestation.

Along with this problem, many people realize that corporate responsibility towards the environment is very important. Many companies think that they have had a positive impact on the progress of the country, especially in the economic sector, but they do not realize that many of them do not take care of the environment in which they stand and have negative impacts on the community such as increasingly deforested forests, landslides, floods, factory waste. polluting rivers, and also air pollution. From the negative impacts caused by the company in the end the government realized the importance of the environment and made a law governing limited liability companies in Paragraph 1 article 74 No.40 of 2007 which contains about the obligation to carry out Social and Environmental Responsibility for the Company that conducts its business in the field or related to natural resources.

Social and Environmental Responsibility is an obligation as a form of responsibility that must be carried out by companies or organizations to the environment as a form of reward that benefits the community. Social and Environmental Responsibility can be carried out in various ways, namely by managing the company's waste and energy use, planting trees together with the community around the company's environment to reduce some of the negative impacts of globalization, providing scholarships to underprivileged communities around the company, making donations to people who are underprivileged that affected by natural disasters, establishing training centers as community empowerment as well as repairing damaged facilities and infrastructure and others (Tanod et al., 2019).

CSR is an obligation for a company, where in maintaining the existence and developing of the company, the company must look at three main things that need to be considered, namely the company, social and environmental which are the main supporters (Aryawan et al., 2017).

According to Chahal and Sharma (2006) the economic aspects of Corporate Social Responsibility (CSR) includes the economic impact of the company's operational activities. This aspect is often misunderstood as a company's financial problem so that this aspect is assumed to be easier to implement than the other two aspects, namely social and environmental aspects (Aryawan et al., 2017). Moreover, Aryawan et al. (2017) also added that the economic aspect is not as simple as reporting the company's financial/balance sheet, but also includes the economic impact, either directly or indirectly, on the company's operations in the local community and on parties that affect other companies.

Meanwhile, Mardikanto (2014) defines environmental aspects as the company's obligation to the environmental impacts resulting from operations and products, eliminating emissions and waste, achieving maximum efficiency and productivity depending on available resources, and reducing practices that can have a negative impact on the country and the environment. availability of the next generation of resources. Mardikanto (2014) adds that this environmental aspect or environment dimension reflects where the company has an obligation to the impact generated on the environment from the company's operations. The obligation here is in the form of proper and harmless waste management, as well as the creation of a safe and healthy environment.

This Social and Environmental Responsibility will ultimately have its own positive impact for the company, one example of which is several companies that won the CSR award held by Media terpongsenayan.com in 2020, entitled “Teropong CSR award 2020”, such as PT. Telkom, PT. Pertamina, PT. Hutama Karya and others who will later give a positive response to investors who have invested in the company and are interested in investors who have not invested in investing in the company which will provide profits or profitability.

Profitability is a ratio assessing the company's ability to seek profit. This ratio also provides a measure of the level of effectiveness of a company's management, in this case indicated by the profit generated from sales and investment income (Kashmir 2011 in Apriyanto & Surachim, 2019). One way to measure Profitability is to use Return On Assets (ROA) and Return On Equity (ROE).

Return on Assets describes the extent to which the company's assets can generate profits (Tendelilin, 2001). The higher the ROA, the more effective the use of these assets will be. Meanwhile, Return on Equity describes or reflects the effectiveness of the company in obtaining net income for shareholders (Sijabat & Suarjaya, 2018). The higher the ROE, the better because it means that the dividends distributed or reinvested as retained earnings will also be greater (Putra, 2015a).

Based on the above background, the authors are interested in conducting a research entitled “The Influence of the Implementation of Corporate Social Responsibility on the Profitability of Manufacturing Companies on the Indonesia Stock Exchange 2016-2020: Aspects of Economic and Environmental Indicators”.

2. RESEARCH METHOD

This research is quantitative research because in this study the authors calculate how much CSR influences the profitability of manufacturing companies. Meanwhile, the object of research examined by the author is a manufacturing company listed on the Indonesia Stock Exchange in period of 2016-2020.

This study uses multiple linear regression and processed using SPSS. Meanwhile, for the dependent variable is Profitability while the independent variable is CSR.

2.1. Data Analysis Method

a. Descriptive Statistics

Descriptive statistical analysis was carried out in order to provide an overview of the variables used in the study (Putra, 2015a).

b. Classic Assumption Test

The classical assumption test in this case has the aim of finding out about the distribution of data, the relationship in the independent variable and the consistency of the confounding variance (Tanod et al., 2019).

c. Normality Test

The normality test in this study is useful in terms of finding out about a regression model, as well as knowing whether the residual value has a normal or abnormal distribution with the Kolmogorov Smirnov value criterion having a significance of more than 5% (> 0,05), then the regression model meets the assumption of normality, on the contrary if the significance value is less than 5% (<5%) then the regression model does not meet the assumption of normality (Ghozali, 2013in (Jafar, 2018)).

d. Multicollinearity Test

The multicollinearity test has the aim of testing the regression model whether there is a correlation between the independent variables (Ghozali, 2013 in (Tanod et al., 2019)) with criteria:

a. If the VIF value ≥ 10 and the tolerance value ≤ 0,1 indicates that the regression model has multicollinearity
b. If the regression model has a VIF value ≤ 10 and a tolerance value ≥ 0,1, then the regression model does not experience multicollinearity.

e. Heteroscedasticity Test and Glejser Test

The heteroscedasticity test aims to test whether in the regression model there is an inequality of variance from the residuals or observations to other observations (Oroh et al., 2019 in(Yuliani, 2020). In addition to the Scatterplot, there is a Glejser test that can be used to test heteroscedasticity by regressing the absolute residual with the following criteria: If the significant value is > 5% or 0,05, there is no heteroscedasticity. If the significant value is <5% or 0,05, there is heteroscedasticity.

f. Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between the confounding error in period t and the confounding error in period t-1 (Yuliani, 2020). There are several methods used to detect the presence or absence of autocorrelation, including through the Durbin Watson test (DW-Test). Durbin Watson test will get calculated DW value (d) and table DW value. The level of significance in this study is 5%. To find out an autocorrelation-free regression model, it can be seen based on the following criteria:

a. If the value of D-W < DL, means that there is a positive autocorrelation
b. If the value of D-W DU > DW > 4 – DU, means there is no autocorrelation
c. If the value of D-W > 4 – DL, means that there is a negative autocorrelation

2.2. Hypothesis Testing

a. T Statistic Test (Partial)

T statistical test is used to determine the effect of each independent variable partially on the dependent variable (Jafar, 2018). The following are the steps in determining the T test:

1) Determining the Formulation of Statistical Hypotheses:
   H_{01}: There is no significant influence between X1 on Y
   H_{a1}: There is a significant influence between X1 on Y
   H_{02}: There is no significant influence between X2 on Y
   H_{a2}: There is a significant influence between X2 on Y
2) Determining the significance level of alpha (α) and t table or significant value:
   a. The alpha level used is 5% or 0,05
   b. The t-value table with two-sided significance has the formula:

$$(Df = n\text{-}k)$$

3) Define the test criteria:
   a. Ha is accepted and H0 is rejected if the significant value in the output table is < alpha 5% or the t statistic > t table in the output results

b. H0 is accepted and Ha is rejected if the significant value in the output table is > 5% alpha or the t statistic < t table in the output results

4) Making conclusions regarding the test criteria:
Make conclusions in terms of test criteria with the results of acceptance and rejection of H0 and Ha

b. F Statistic Test (Simultaneous)

The F statistic test is used to test the effect of the independent variables simultaneously on the dependent variable (Jafar, 2018). Following are the steps in determining the F test:

1) Determining the Formulation of Statistical Hypotheses
H_{03}: There is no significant influence between X1 and X2 simultaneously on Y
H_{a3}: There is a significant influence between X1 and X2 simultaneously on Y
2) Determine the significance level of alpha (α) and F table or significant value
   a. The alpha level used is 5% or 0,05
   b. The t-value table with two-sided significance has the formula:
   (Df = n-k)
3) Define test criteria
   a. Ha is accepted and H0 is rejected if the significant value in the output table is < 5% alpha or the value of F statistic > F table in the output results
   b. H0 is accepted and Ha is rejected if the significant value in the output table is > 5% alpha or the value of F statistic < F table in the output results
4) Making conclusions regarding the test criteria:
Make conclusions in terms of test criteria with the results of acceptance and rejection of H0 and Ha

c. Determination Test

Determination test aims to determine the amount of variable Y can explain variable X. To be able to know it can be seen from the value of the coefficient of determination which will be better if the value of the coefficient of determination lies between 0 and 1. The greater the value of the coefficient of determination, the better the regression results.

3. RESULT AND DISCUSSION

The sample in this study is a manufacturing company listed on the Indonesia Stock Exchange in period of 2016-2020. The sample selection used is purpose sampling. Of the total number of manufacturing companies obtained, there are 8 companies that meet the criteria, so the number of observations in this study is 40, namely 8x5 = 40.

3.1. Normality Test

Table 1 Normality test

		Unstandardized Residual
N		40
Normal Parameters, b	mean	,0000000
	Std. Deviation	4.67228318
	Absolute	,116

Most Extreme Differences	Positive	,116
	negative	-,106
Test Statistics		,116
Asymp. Sig. (2-tailed)		,187c

Source: Data processed with SPSS 25 (2021)

Based on the table above, it can be seen that the results of Kolmogorov Smirnov are 0,187, which shows that the results of Kolmogorov Smirnov are > 0,05, which means that the residuals are normally distributed.

3.2. Descriptive Statistical Analysis

Table 2 Descriptive Statistical Analysis

	Minimum	Maximum	Mean	Std. Deviation
X1	,33	1.50	,8208	,33629
X2	,38	1.00	,8213	,23401
Y	-3.86	15.82	4.2305	5,11116
Valid N (listwise)				

Source: Data processed with SPSS 25 (2021)

3.3. Multicollinearity Test

Table 3 Multicollinearity Test

Coefficients[a]

Model		Collinearity Statistics Tolerant	VIF
1	X1	,918	1.090
	X2	,918	1.090

Source: Data processed with SPSS 25 (2021)

Based on the data above, it can be seen that the tolerance value for X1 (Economic CSR) and X2 (Environmental CSR) > 0,10 and also the VIF value < of 10 and it can be said that there is no multicollinearity in the regression model.

3.4. Autocorrelation Test

Table 4 Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error Estimate	Durbin-Watson
	,543[a]	,295	,239	1,00187	1,632

Source: Data processed with SPSS 25 (2021)

Based on the table above, the value of Durbin-Watson is 1,632, which is > from the DW table value, which is 1,600. Hence, it can be said that there is no autocorrelation between the residual values.

3.5. Glejser Test

Table 5 Glejser Test

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	2,143	1,771		1,210	,234
X1	,455	1.395	0.055	,326	,746
X2	1,465	2,004	,124	,731	,469

a. Dependent Variable: ABRESID

Source: Data processed with SPSS 25 (2021)

Based on the significant value of ABRESID from the Glejser Test, it is obtained that Economic CSR is 0,756 and Environmental CSR is 0,469, which is greater than 5% which indicates that there is no heteroscedasticity in this regression model and is feasible to use to predict the relationship between economic CSR and Environmental CSR on profitability.

3.6. T Statistic Test (Partial)

Table 6 Partial Test

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-,682	3,027		-,225	,823
	X1	6,204	2,385	,408	2,602	0.013
	X2	-,219	3,427	-,010	-,064	,949

Source: Data processed with SPSS 25 (2021)

Based on table above, a significant value for Economic CSR is 0,013, which is < 5% alpha, it can be interpreted that Ha1 is accepted and H01 is rejected, in other words, there is a significant effect between CSR of Economics on Profitability, and obtained a significant value for Environmental CSR 0,949 which is > 5% alpha it can be interpreted that Ha2 is rejected and H02 is accepted, in other words there is no significant influence between Environmental CSR on Profitability.

3.7. F Statistic Test (Simultaneous)

Table 7 Simultaneous Test F

Model	Sum of Squares	Mean Square	F	Sig.
Regression	167,455	83,728	3,639	,036[b]

Residual	851,379	23,010	
Total	1018,834		

Source: Data processed with SPSS 25 (2021)

Based on table above, a significant value for Economic and Environmental CSR is 0,036 which is < 5% alpha, it can be interpreted that Ha3 is accepted while H03 is rejected, in other words there is a significant influence between Economic and Environmental CSR simultaneously on Profitability.

3.8. Determination Test (R2)

Table 8 Determination Test

Model	R	R Square	Adjusted R Square	Estimate of Std. Error
1	,405[a]	,164	,119	4.79690

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

Source: Data processed with SPSS 25 (2021)

Based on the table above, the R square data is 0,11. Therefore, it can be said that 11% Profitability is influenced by the variables of Economic CSR and Environmental CSR. While the remaining 89% is influenced by other variables that are not explained in this study.

4. CONCLUSION

This study aims to determine the effect of Corporate Social Responsibility in Economic and Environmental indicators on the profitability of Manufacturing Companies listed on the Indonesia Stock Exchange in period of 2016-2020. Based on the results of the normality test, the residual data obtained is 0,187, which is concluded that the regression model meets the normal assumptions, there is also no multicollinearity as evidenced by the tolerance test results of <0.10 and also the VIF value > of 10, and also there is no autocorrelation which is seen from The Durbin-Watson value that has been tested is 1,632 which is > from the DW table value of 1,600. A total of three Hypothesis Development that has been described that only 2 are accepted while the other 1 is rejected. Hence, based on the results and discussion of the research above, it can be concluded that:

1. Based on the results of the T test for Economic CSR, a significant value of 0,013 was obtained, which was < 5%. Therefore, it can be said that Ha1 is accepted and H01 is rejected, in other words there is a significant influence between Economic CSR on Profitability.
2. Based on the results of the T test for Environmental CSR, a significant value of 0,949 was obtained, which is > 5%. Therefore, it can be said that Ha2 is rejected and H02 is accepted, in other words there is no significant influence between Environmental CSR on Profitability.

3. Based on the results of the F Test for Economic and Environmental CSR obtained a significant value of 0.036 which is < 5%. Therefore, it can be said that Ha3 is accepted and H03 is rejected, in other words there is a significant influence between Economic and Environmental CSR on Profitability.

Suggestion

In this study, the researcher realizes that there are many shortcomings in this research, therefore the researcher hopes for future researchers to be higher quality for the creation of even better research. Here are some suggestions:

1. For further researchers, it is expected to add other variables such as Good Corporate Governance, Corporate Value and Corporate Social Responsibility with Social Indicators, Product Responsibility, and so on.
2. For further researchers, it is expected to increase the span of the company period above 5 years and increase the sample company so that the actual situation is more visible and there are many observation points.
3. For further researchers, it is expected to cover all companies on the Indonesia Stock Exchange (IDX) so that the resulting data is more varied and robust.

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CURRENT ADVANCED RESEARCH ON SHARIA FINANCE AND ECONOMIC WORLDWIDE
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THE EFFECT OF SALARIES AND HEALTH FACILITIES ON EMPLOYEE LOYALTY OF PT BINA INSAN KAMIL INDONESIA EAST JAKARTA

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Abstract
This research was conducted at PT. Bina Insan Kamil Indonesia, East Jakarta. The purpose of this study is to determine the effect of salary on employee loyalty, the effect of salary on health facilities, and the effect of health facilities on employee loyalty of PT. Bina Insan Kamil Indonesia, East Jakarta. In this study, the salary and health facilities as independent variables (X), while employee loyalty is the dependent variable (Y). The problems in this research are the inadequate salary provision, inadequate health facilities, and lack of employee loyalty to the company. The population and research sample were taken as many as 60 respondents. Data analysis techniques are processed with the outer model and inner model through the SmartPLS version 3.0 application. The calculation results obtained that health facilities has a significant effect on employee loyalty of PT. Bina Insan Kamil Indonesia amounted to 2,323 T-Statistic test results, salary has a significant effect on health facilities amounting to 225,574 T-Statistic test results, while salary does not have a significant effect on employee loyalty as shown by 1,823 T-Statistic test results.

Keywords: *Salary, Health Facilities, Employee Loyalty*

1. INTRODUCTION

The company is a place or infrastructure that is used to perform large-scale business operations. Quality human resources are required by the company in order to carry out these business activities. In this context, quality refers to the ability to be competent in carrying out the tasks or job desk assigned as well as having high integrity towards the company.

Human resources are productive individuals who operate as the initiator, managers, and decision makers in an organization, and they also serve as assets to the organization. Recognizing the significance of human resources in the advancement of the company, the company must devote special attention to this aspect, and it is only natural that the company's owner considers employees as more than just company assets, but as partners in the company's success.

Companies require employees who are capable and reliable, but company owners must also motivate their employees so that they remain enthusiastic about their work. In order to keep employees, the company gives them with perks and benefits, especially for those who have achieved success and have worked for a long period of time.

In this instance, the company must retain its best employees so that they do not leave for other organizations. Companies must understand their employees' strengths and needs in order to establish a favorable work atmosphere in which employees feel comfortable staying. Human resources or employees are still needed by companies in the current era of digitization, even though there is technical aid, but the role of human resources is very crucial for the company's survival and progress.

Employee loyalty is one of the variables that determine an employee's survival; it is the responsibility of company executives to foster and grow loyal attitudes toward their personnel. Numerous employees quit from their current employers and seek employment with another on the grounds that their new employers offer better salary, incentives, and work facilities than their prior employers.

According to the foregoing, it is critical to promote employee loyalty by offering encouragement or enthusiasm for employees through a compensation that is commensurate with the employee's service or contribution, as well as work facilities that support the employee's performance. Salary is the amount of money paid by a business to its employees in exchange for their services, contributions, and accomplishments. If an employee performs admirably but receives little reward or salary, the person feels undervalued, which results in a decline in employee performance.

While work facilities are everything that can support employee performance. There are various types of work facilities, some of which are non-social and social, such as equipment and work equipment, such as writing tools, computers, calculating tools, and so on. Health care facilities are the social form. Employees who work in health facilities are covered by the company's health insurance. These health services can be given in the form of a health insurance card or through the provision of health infrastructure such as clinics or hospitals.

In terms of looking for other information to compile this research to be relevant, the authors get information from previous research, namely the analysis of the influence of salaries, benefits, and work facilities on the performance of employees of the Universal Bread Factory (Bayu Bagus), Baron, Nganjuk carried out by Maulana (2016) which stated that salary, benefits and work facilities is still the main thing that is always demanded by workers when a demonstration occurs and the results of the study can be concluded that salary, benefits, and work facilities have a significant effect on employee performance. In light of the current study, we decided to look into whether there is a relationship between employee loyalty to salary and employee loyalty to work facilities.

According to a preliminary survey conducted at PT Bina Insan Kamil Indonesia, employee loyalty is low. This is evident from the researchers' observations that when employees perform their jobs well, maximally, and on time but receive an inadequate salary, there are sometimes salary delays, cutbacks, or reductions if there are employees who do not show up and are still paid less than the regional minimum wage (UMR), making employees seem so dissatisfied. Furthermore, there is also insufficient health facilities for employees who work at the company, where they not given a health insurance card in the form of BPJS Health or non-BPJS Health, but if there are employees who are sick, they will immediately be given medicine or checked by the doctor in charge. However, whenever there is employee who seriously sick and require intensive care in a hospital, the expense is not covered by the employer but becomes the employee's responsibility.

According to these findings, many employees seem to disrespect company regulations, procrastinate their work, and work less than optimally, which causes the company to feel uneasy, and the employee's emotional involvement drops, thus many choose to resign or leave.

Today's business environment is more competitive than ever before, resulting in a higher level of competitiveness for businesses. One of them is PT Bina Insan Kamil Indonesia, which specializes in digital printing and health clinics and is located in Bambu Apus, Cipayung, East Jakarta, Indonesia. In the interest of job evaluation, PT Bina Insan Kamil Indonesia should determine whether the salary and health benefits provided to its employees are acceptable. This is done to ensure the business's future viability and sustainability.

Based on the description above, the authors are interested in taking the research entitle “The Effect of Salaries and Health Facilities on Employee Loyalty of PT Bina Insan Kamil Indonesia East Jakarta”.

2. THEORETICAL REVIEW

2.1. Salary

Every completed work must have a reward for the contribution that has been done. For example, if we use public transportation, we will undoubtedly compensate the service with money. Employees are entitled to compensation for services in the form of money, generally known as salary, once they have finished their responsibilities or job.

According to Maruli (2011) salary is a remuneration paid to employees and has a definite guarantee. This means that salaries will still be paid even if the employee does not come to work. Moreover, Samsudin (2010)) states that salary is something related to money given to employees, or it can be said as a fixed payment received by employees because of their position in the company (Veithzal & Sagala, 2004).

Meanwhile, according to Hariandja (2008: 77) in (Yusuf & Al Arif, 2015) defines salary as a fixed fee that a person receives from membership in an organization. Likewise, Mulyadi (2016) argues that: “Salary is generally a payment for the provision of services carried out by employees who have managerial positions, while wages are generally payments for the provision of services performed by implementing employees (labor). Generally, salaries are paid on a monthly basis, while wages are paid based on working days, hours worked or the number of units of product produced”.

Rewards in the form of salaries can be said to lead to job satisfaction, improve employee performance, also add to the comfortable or loyal attitude of employees to the company if the salary they receive is appropriate or even greater than the contribution of services that have been performed.

2.2. Health Service Facility

Health care service is the right of every person guaranteed in the 1945 Constitution to make efforts to improve the health status of both individuals, groups or society as a whole. According to the World Health Organization (WHO), health is improving the human condition, whether physical, spiritual or intellectual, socially and not merely eradicating disease.

According to Soekijo Notoatmojo (1997) health service facility is a part of the health care system whose main purpose is preventive (prevention) and promotive (health improvement) services with targets, namely the public and the community. Meanwhile, according to (Levey & Loomba, 1984) is every effort that is carried out alone or jointly in one organization to maintain and improve health, prevent disease, and cure and restore the health of individuals, families, groups, and communities.

Furthermore, according to Government Regulation of the Republic of Indonesia number 47 of 2016 concerning Health Service Facilities, Health Service Facilities are a tool and/or place used to carry out health service efforts, whether promotive, preventive, curative or rehabilitative carried out by the central government, regional governments, and / or society.

2.3. Employee Loyalty

According to Hermawan in (Hurriyati, 2005) Loyalty is a manifestation of the fundamental human need to have, support, gain a sense of security and build attachment and create emotional attachments. Meanwhile, according to Dessler (2015) employee loyalty is an emotional attitude that is pleasant and loves his job. Hasibuan (2007) highlight that employee loyalty is loyalty that is reflected by the willingness of employees to maintain and defend the organization inside and outside of work from interference from irresponsible people. Marshal (n.d) also states that loyalty is loyalty to the principles adopted. Moreover, loyalty according to the Encyclopedia Britan is a person's loyalty or affection for an important object which can be a person, group of people, ideals, tasks, or certain reasons.

3. RESEARCH METHOD

3.1. Types of research

This research belongs to the type of quantitative research, according to Sugiyono (2008) quantitative method is a scientific approach that views a reality that can be classified, concrete, observable and measurable. The relationship of variables is causal in nature where the research data is in the form of numbers and the analysis uses statistics. As for the opinion according to Arikunto (2013) where in quantitative research, research focuses more specifically on certain aspects and often shows the relationship between various variables or a clearer picture of social situations so that it is descriptive.

Quantitative method can be interpreted as a passivistic method because it is based on the philosophy of positivism, this method is a scientific/scientific method because it has fulfilled scientific principles, namely concrete/empirical, objective, measurable, rational, and systematic. According to Sugiyono (2014) what is meant by data analysis is as follows: "Data analysis is a process of searching and systematically compiling data obtained from interviews, field notes, and documentation using a way of organizing data into categories, breaking down into units, synthesize, arrange into patterns, choose names that are important and will be studied, and make conclusions that are then easily understood by themselves and others.

In this study, the data analysis used was (SEM) Smart Equation Models based on Partial Least Square (PLS). PLS was first developed by Wold as a general method for estimating the path model using latent variables with multiple indicators. In the context of this research, the independent variable is employee loyalty, while the dependent variables are salary and health facilities. PLS approach is distribution free (does not assume that the data has a certain distribution, it can be nominal, categorical, ordinal, interval, and ratio) (Ghozali, 2006). Furthermore, Ghozali (2006) explain that PLS is a powerful analytical method because it does not assume that the data must be measured at a certain scale, or the number of samples is small.

There are 4 (four) assumptions that cause the use of PLS in a study. In this study, the four assumptions are: first, PLS is a data analysis method based on the assumption that the sample does not have to be large, that is, the number of samples less than 100 can be analyzed, and the residual distribution. Furthermore, PLS can be used to analyze theories that have not been established, because PLS can be used for predictions. Moreover, PLS allows algorithms by using series ordinary least square (OLS) analysis so that the efficiency of the calculation of the algorithms is obtained (Falk and Miller, 1992 in Ghozali, 2006). Finally, in the PLS approach, it is assumed that all measures of variance can be used to explain.

3.2. Population and Sample

In this study, the population used was all employees at PT Bina Insan Kamil Indonesia in the period February - April 2020, as many as 60 employees. This data was obtained from information on the human resources section of the company.

The research sample is part of the population that is taken as a data source and can represent the entire population. In this study using non-probability sampling with a total sampling technique or saturated sampling, According to Arikunto (2006) if in determining the number of samples studied the subject is less than 100, then it is better to take all of the samples. Hence, the samples taken in this study were as many as 60 respondents.

3.3. Data collection technique

This study uses a Likert scale. Arikunto (2006) highlight that "Likert scale" with alternative answers up to statements indicating the level of agreement or disagreement. The choices for each answer to be chosen by the respondents are as follows: “1” means Strongly Disagree, “2” means Disagree, “3” means Neutral (N), while “4” means Agree, and “5” means Strongly Agree.

4. RESULT AND DISCUSSION

4.1. Research Result

Based on the operational variables of this study, a research model was formed using the PLS-Algorithm to test the feasibility of the model. To test the feasibility of the model using the outer model (measurement model). In testing the validity of the model by using values, while in testing the reliability using the values of Composite Reliability (CR), Cronbach's Alpha (CA) and Average Variance Extracted (AVE).

a. Validity Test

The individual reflective measure is said to be valid if it has a loading value with the latent variable to be measured is greater than 0,5. If one of the indicators has a loading value of less than 0,5, the indicator must be discarded because it will indicate that the indicator is not good enough to measure the latent variable accurately.

Table 1 Validity Test Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)
X1.1<-SALARY	0.962	0.963	0.018	0.018
X1.2<-SALARY	0.955	0.956	0.021	0.019
X1.3<-SALARY	0.977	0.977	0.008	0.008
X1.4<-SALARY	0.750	0.757	0.128	0.128
X1.5<-SALARY	0.948	0.948	0.022	0.022
X1.6<-SALARY	0.529	0.534	0.109	0.109
X1.7<-SALARY	0.652	0.654	0.086	0.086
X2.1<-Health Facilities	0.954	0.952	0.025	0.025
X2.2<-Health Facilities	0.507	0.512	0.108	0.108
X2.3<-Health Facilities	0.946	0.944	0.039	0.039
X2.4<-Health Facility	0.955	0.955	0.024	0.024
X2.5<-Health Facilities	0.933	0.930	0.033	0.033
X2.6<-Health Facilities	0.980	0.979	0.011	0.011
X2.7<-Health Facility	0.979	0.979	0.011	0.011
X2.8<-Health Facility	0.974	0.973	0.014	0.014
Y1<-Employee Loyalty	0.658	0.645	0.119	0.119
Y2<-Employee Loyalty	0.705	0.698	0.106	0.106
Y3<-Employee Loyalty	0.936	0.938	0.014	0.014
Y4<-Employee Loyalty	0.895	0.897	0.034	0.034
Y5<-Employee Loyalty	0.671	0.662	0.121	0.121
Y6<-Employee Loyalty	0.594	0.587	0.154	0.154
Y7<-Employee Loyalty	0.930	0.932	0.015	0.015
Y8<-Employee Loyalty	0.938	0.941	0.012	0.012

b. Reliability Test

The reliability test with composite reliability above can be strengthened by using Cronbach's alpha value. A variable can be declared as a variable or fulfills cronbach's alpha if it has a cronbach's alpha value > 0,7 (Sugiyono., 2014)

Table 2 Reliability Test

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Salary	0.923	0.952	0.942	0.708
Health Facility	0.968	0.978	0.976	0.839
Loyalty of Employee	0.925	0.969	0.934	0.664

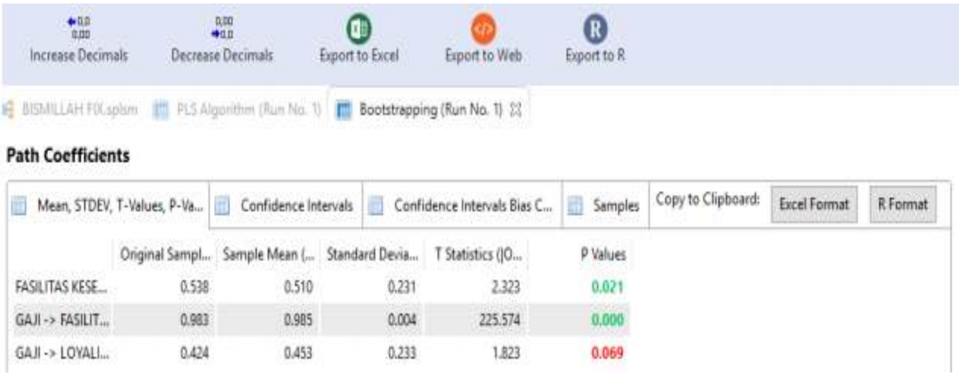
Structural Model Testing (Inner Model)

Table 3 R Square

	R Square	R Square Adjusted
Employee Loyalty Y	0.917	0.914
Health Facilities X2	0.967	0.966

Based on the table above, it can be seen that the value of R Square Adjusted of employee loyalty = 0,914. This shows that the effect of salary and health facilities on employee loyalty has a value of 91,4%, while the remaining 8,6% is influenced by other factors.

The hypothesis is declared accepted if the probability value (P Value) <0,05 or the T Statistics value > 1,96, it can be said that it has a significant effect. The relationship between constructs in the hypothesis is shown by the value of regression weights (Hair, 1998). Hypothesis testing on SmartPLS uses a bootstrapping (resampling) algorithm and is carried out by t-test. The decision rule for hypothesis testing is carried out as follows, if a p-value ≤ 0,10 (alpha 10%) is obtained then it is said to be weakly significant, if p-value ≤ 0,05 (alpha 5%) it is said to be significant and if p-value ≤ 0,01 (alpha 1%) then it is said to be highly significant (Busro, 2018).



	Original Sampl...	Sample Mean (...	Standard Devia...	T Statistics (|O...	P Values
FASILITAS KESE...	0.538	0.510	0.231	2.323	0.021
GAJI -> FASILIT...	0.983	0.985	0.004	225.574	0.000
GAJI -> LOYALI...	0.424	0.453	0.233	1.823	0.069

Figure 1 Hypothesis Test Results

From the figure above, it can be interpreted that:

a) **Health Facilities has a significant effect on Employee Loyalty**

Original Sample Results = 0.538, T Statistics = 2.323, P Values = 0.021 (< 0,05). This shows that the effect of health facilities on employee loyalty is significant. Thus, H1 in this study was accepted. This means that health facilities can increase employee loyalty.

b) **Salaries has a significant effect on Health Facilities**

Original Sample Results = 0.983, T Statistics = 225.574, P Values = 0.000 (< 0,05). This shows that the effect of salary on health facilities is significant. Thus, H2 in this study was accepted. This means that salaries can improve health facilities.

c) **Salaries has no significant effect on Employee Loyalty**

Original Sample Results = 0.424, T Statistics =1.823 P Values = 0.069 (< 0,05). This shows that there is no significant effect between the salary variables on employee loyalty. Thus, H3 in this study was rejected. This means that the salary given can reduce employee loyalty.

4.2. Discussion

4.2.1. The Effect of Health Facilities on Employee Loyalty

Answering the problem formulation related to hypothesis one (H1) can be observed from the results of the SEM SmartPLS 3 software analysis in Figure 1 which is indicated by the Original Sample value = 0.538, T Statistics = 2.323, P Values = 0.021. The results of the hypothesis indicate that health facilities have a significant effect on employee loyalty, which is proven true or H1 is accepted. Employee loyalty is a reflection of 8 (eight) indicators, namely following company regulations, work discipline, completing work with certainty, understanding the work given, working not carelessly, giving opinions politely, willing to work overtime, telling the truth according to the reality of his work.

The value of outer loading according to company regulations (Y1) is 0,658 more than 0,5, but this value is low. This means that company employees and health workers are often late in coming to the office, thus proving that employee loyalty has decreased slightly.

The outer loading value of work discipline (Y2) is 0,705, more than 0,5, which means that on average, employees who work never get permission or skip work even though they often come late to the office.

The outer loading value of completing work with certainty (Y3) is 0,936, more than 0,5, indicating that the health facilities provided by the company are good so that employees feel enthusiastic and focused in doing their job.

The outer loading value of understanding the given job (Y4) is 0,895 more than 0,5 which means that the majority of employees have understood their job desk so that they are maximal at work.

The outer loading values of work Insan Kamil (Y5) is 0,671 more than 0,5 which means that there are still some employees who delay their work.

The value of outer loading willing to work overtime (Y6) is 0,94 more than 0,5. This value is low, which means that it is still rare for employees to be willing to work overtime despite being asked by their superiors, although there are always health workers who are always on guard when employees are working overtime.

The value of outer loading (Y7) in giving opinion politely is 0,930 more than 0,5 which means that employees are active in discussing and expressing their opinions politely and politely or not forcing their will.

The outer loading value of honest (Y8) is 0,938 more than 0,5 which means that employees never deviate from the company and are always honest in their work.

The results of this study are in accordance with the results of relevant research which carried out by Ridwan & Saftarina (2015) and Yunari (2017) which shows that based on the results of data processing, it can be concluded that health facilities have a significant effect on employee loyalty.

4.2.2. The Effect of Salary on Health Facilities

Answering the problem formulation related to hypothesis two (H2) can be observed from the results of the SEM SmartPLS 3 software analysis in Figure 1 which is shown by the Original Sample value = 0.983, T Statistics = 225.574, P Values = 0.000. The results of the hypothesis that salary has a significant effect on health facilities are proven true or H2 is accepted. Health facilities are a reflection of 8 (eight) indicators, namely the quality of facilities and infrastructure, the ability of reliable health workers, the willingness of health workers to help, fast service, responsibility, trustworthiness, respect for patients, care for patients.

The outer loading value of the quality of facilities and infrastructure (X2.1) is 0,954 more than 0,5 which shows the company provides quality health facilities and infrastructure to all employees without burdening employees in terms of salary.

The outer loading value of the ability of reliable health workers (X2.2) is 0,507 more than 0,5 but this value is classified as a low value and indicates that health workers practice not on time, thereby reducing the interest of employees who want to consult or in an emergency and decide to consult with other health facilities and was forced to pay.

The outer loading value of the willingness of health workers to help (X2.3) is 0,946 more than 0,5 which shows the readiness of health workers in responding to patient complaints is very good.

The outer loading value of fast service (X2.4) is 0,955 more than 0,5. These results have shown that administrative officers are alert in providing first service to all company employees and do not differentiate employees from the side of income or salary.

The outer loading value of responsible (X2.5) is 0,933 more than 0,5 which shows that the company remains responsible if an employee falls ill, the company will provide the medicine needed by the employee for free.

The outer loading value of that can be trusted (X2.6) is 0,980 more than 0,5 which shows that practicing health workers can be trusted because every health worker working in the company already has a practice permit from the Indonesian doctor association and the local PTSP so that health workers can be trusted and safe.

The outer loading value of respect for patients (X2.7) is 0,979 more than 0,5 which means that the health services provided by the company are very good and friendly, employees feel they are not discriminated against in terms of health services. Even with low salaries, employees still get good health services.

The outer loading value of caring for patients (X2.8) is 0,974 more than 0,5 which means that health workers have high empathy and try to calm patients about their illness. This makes employees feel comfortable and calm when consulting.

The results of this study are in accordance with the results of relevant research carried out by Maulana (2016) and Ibrahim & Dahlius (2016) which shows that based on the results of data processing carried out, it can be concluded that salary has a significant effect on health facilities.

4.2.3. The Effect of Salary on Employee Loyalty

Answering the problem formulation related to the third hypothesis (H3) can be observed from the results of the SmartPLS 3 SEM software analysis in Figure 1 which is indicated by the Original Sample value = 0.424, T Statistics = 1.823, P Values = 0.069 (< 0,05). The results of the hypothesis show that salary has no significant effect on employee loyalty, which is proven true or H3 is rejected. Salary is a reflection of 7 (seven) indicators, namely salary eligibility, salary suitability, enthusiasm for work, improving performance, feeling satisfied, feeling valued, feeling comfortable.

The outer loading value of the salary eligibility (X1.1) is 0,962 more than 0,5 which indicates that the salary given is adequate for the company's employees.

The outer loading value of salary suitability (X1.2) is 0,955 more than 0,5, indicating that the salary received by the employee is in accordance with the length of time the employee has worked at the company, the longer the employee works, the greater the amount of salary he receives.

The outer loading value of enthusiasm for work (X1.3) is 0,977 more than 0,5, indicating that the salary received by the employee plus the holiday allowance has been able to increase employee morale.

The outer loading value of increasing performance (X1.4) is 0,750 more than 0,5 but smaller than the value of outer loading X1.3 which states that if the salary received by employees is in accordance with government standards salaries or UMP it will improve employee performance, but in fact the average salary received by PT Bina Insan Kamil Indonesia employees is still below the standard of Jakarta (UMP), this is what causes employee loyalty to decrease, this is reflected in the variable Y1 where employees often come late to the office.

The outer loading value of feeling satisfied (X1.5) is 0,948 more than 0,5 indicating that employees are satisfied and happy with the salary they receive because in addition to the basic salary, employees also receive holiday allowances.

The outer loading value of feeling valued (X1.6) 0,529 which is more than 0,5 even though it shows a valid value but this value is smaller than the value of outer loading on all X1 variables, which means that it turns out that the salaries received by employees are often not on time or even late payment. This results in employees often procrastinating their work and reducing employee loyalty.

The outer loading value of feeling comfortable (X1.7) is 0,652 more than 0,5 even though it shows a valid value, but this value is still relatively low, which indicates that the salary received by employees cannot make employees last long in the company. This is what causes frequent changes of new employees and decreases employee loyalty.

The results of this study are in accordance with the results of relevant research carried out by Haryani (2016) which shows that based on the results of data processing carried out, it can be concluded that salary has no significant effect or can reduce employee loyalty.

5. CONCLUSION

This study aims to determine the effect of salary on employee loyalty, the effect of salary on health facilities, and the effect of health facilities on employee loyalty of PT. Bina Insan Kamil Indonesia, East Jakarta. As a result, it can be concluded that that health facilities has a significant effect on employee loyalty of PT. Bina Insan Kamil Indonesia which proven by 2,323 T-Statistic test results, and salary has a significant effect on health facilities which proven by 225,574 T-Statistic test results. Meanwhile, salary does not have a significant effect on employee loyalty as shown by 1,823 T-Statistic test results.

Suggestion

The researchers suggest that PT Bina Insan Kamil Indonesia must continue to conduct performance research since it is useful for determining the level of employee loyalty, which includes how long employees stay at the company, how accountable they are for their work, and how well they follow corporate standards. Employees are always compensated for their services and work facilities in numerous ways, one of which is the provision of salary, as well as health benefits, which are believed to instill loyalty in employees.

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CURRENT ADVANCED RESEARCH ON SHARIA FINANCE AND ECONOMIC WORLDWIDE
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ANALYSIS OF THE EFFECTIVENESS, EFFICIENCY, AND CONTRIBUTION OF REGIONAL TAXES IN EFFORTS TO INCREASE REGIONAL ORIGINAL INCOME IN MAGELANG REGENCY 2016-2020

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Abstract

This study aims to find out the level of effectiveness, efficiency, and local tax levy in an effort to increase Regional Income (PAD) in Magelang Regency for five consecutive years, namely in 2016, 2017, 2018, 2019, 2020. Local taxes are a supporting part of PAD so that it can help increase PAD. This analysis uses qualitative descriptive methods to determine the level of effectiveness, efficiency, and contribution of local taxes in efforts to increase PAD in Magelang Regency. The data used is secondary data produced from the Revenue, Financial Management and Regional Assets Agency of Magelang. The results of this analysis reveal that the effectiveness of local taxes for five consecutive years as well as the efficiency of local taxes is very effective, and local tax contributions is in fairly good contribution levels.

Keywords: *Effectiveness, Efficiency, Contribution, Local Tax, Regional Income*

1. INTRODUCTION

Magelang Regency is one of the regencies that has adopted regional autonomy in accordance with Regional Government Law No. 23 of 2014. The government must seek to promote transparency and accountability in regional financial management in the period of regional autonomy. Regional autonomy is the right, authority, and obligation of autonomous regions in the system of the Unitary State of the Republic of Indonesia to regulate and manage their own government issues and the interests of the local community. Therefore, a region has the freedom to develop its own policies in the framework of promoting the welfare and prosperity of the community in conformity with the goals of the Indonesian nation as expressed in the 1945 Constitution of the Republic of Indonesia. This is done so that local governments can promote the welfare of the community by strengthening community services and regional independence, thereby increasing the effectiveness and efficiency of financial resource usage. Since natural resources or other resources have a distinct potential revenue potential in each region, thus each region places a different emphasis on a different source of regional income in order to maximize its overall revenue potential (Astuti & Hartoyo, 2013).

According to 1945's Constitution of the Republic of Indonesia, the government must be able to distribute the outcomes of local tax revenues and local levies in order to establish an equal and successful society (Mononimbar, 2017). The central government delegated authority to local governments by transferring total funding responsibility to regional governments. Regional governments are funded in two ways: through the utilization of prospective regional funds and through central government transfers. Potential sources of regional revenue must be managed appropriately in order to increase regional revenue independence. Regional revenue is generated by Regional Income (hereinafter referred to as PAD), which includes regional taxes, regional levies, regionally owned companies, and separate regional wealth management, as well as other valid Regional Income (PAD).

Regional taxes as a component of Regional Income (PAD) are critical to the government's implementation of regional autonomy, serving as an economic stabilizer and a source of funding for regional government administration and development. In this instance, the regional government requires a substantial quantity of finances, and thus must develop a plan for implementing the regional tax budget in order to meet regional financial needs. Local governments must enhance Regional Income (PAD) because the greater the contribution of Regional Income (PAD), the less reliant regional governments are on the central government and the more effectively regions may exercise regional autonomy.

Magelang Regency has a significant potential for regional revenue generation through local taxes, which include hotel taxes, restaurant taxes, entertainment taxes, advertisement taxes, street lighting taxes, non-metallic minerals and rocks taxes, parking taxes, groundwater taxes, rural land and building taxes, and fees for land and building rights acquisition. All local taxes are controlled by the Magelang Regency Government, which is constantly striving to enhance the quality of services in order to meet annual targets and so boost Regional Income (PAD). This increase is critical for the Magelang Regency Government to use as regional development capital for the community's benefit.

The following is a table of the budget and realization of local taxes and Regional Income (PAD) of Magelang Regency from 2016 to 2020:

Table 1 budget and realization of local taxes and Regional Income (PAD) of Magelang Regency from 2016 to 2020

Period	**Local Tax**		**Regional Income**	
	Budget (Rp)	**Realization (Rp)**	**Budget (Rp)**	**Realization (Rp)**
2016	90.183.814.000	97.101.522.117	276.334.438.862	288.485.678.128
2017	103.470.498.000	112.344.030.430	399.425.826.000	403.561.238.310
2018	115.445.097.000	124.444.072.963	363.038862.200	325.089.093.092
2019	142.014.208.000	156.886.789.644	441.347.020.000	417.178.099.961
2020	91.323.655.000	115.530.759.532	265.502.524.500	329.769.193.224

Source: Regional Revenue, Financial and Asset Management Agency, Magelang Regency, 2016-2020 Regional Revenue and Expenditure Budget Realization Report.

The table above shows that local taxes have the ability to generate local tax revenue, as indicated by an increase in the budget and the realization of local taxes, which together support an increase in Regional Income (PAD) each year. However, the regional tax for 2020 even had a decline in realization, albeit it still managed to meet the budget. When it comes to realizing regional income (PAD), which has not been able to meet the budget in recent years (2018 and 2019), the realization of regional income (PAD) has achieved the target in 2020, but at a lower level than in the previous year.

The following is data on the realization of Magelang Regency local tax revenues from 2016 to 2020:

Table 2 Magelang Regency local tax revenues realization of 2016 - 2020

Type of Tax	Period				
	2016	2017	2018	2019	2020
Hotel Tax (Rp)	11,317,863,615	12,475,762,260	14,259,466,439	16,136,254,566	9,313,371,310
Restaurant Tax (Rp)	8,672,916,769	10,377,681,366	13,265,681,310	18,938,329,070	13.304.010.466
Entertainment Tax (Rp)	1,710,482,399	1,941,758,593	3,388,992,989	3,910,873,455	1,611,029,293
Advertising Tax (Rp)	911.997.157	1,057,198,331	1,158,383,871	1,121,265,805	1,109,814,945
Street Lighting Tax (Rp)	25,534,154,672	30,784,340,030	33,465,346,161	35,517,773,032	32,989,571,766
Non-Metal and Rock Mineral Tax (Rp)	11,064,178,405	14,600,418,166	16,046.119,240	24,892,951,192	9,557,585,826
Parking Tax (Rp)	1,306,542,300	1,588,909,100	1,778,574.239	1,875,857,572	785,319,312
Groundwater Tax (Rp)	1,238,775,732	1,284,019.023	656,793,041	879,678,828	752.135,620
Rural and Urban Land and Building Tax (Rp)	25,626.022,518	25,764,291,495	25,807,217,483	33,057,309,182	31,505,074.451
Land and Building Rights Acquisition Fee (Rp)	9,718,588,460	12,469,652,066	14,617,498,190	20,556,496,942	14,602.846.543

Source: Regional Revenue, Financial and Asset Management Agency of Magelang Regency, 2016-2020 Regional Revenue and Expenditure Budget Realization Report.

In light of the foregoing situation, the objectives of this paper are to establish the effectiveness, efficiency, and contribution of local taxes to raise regional income (PAD) in Magelang Regency from 2016 to 2020. Hopefully, this paper will help readers get new insights and expand their knowledge and perspective of the effectiveness, efficiency, and contribution of local taxes in an effort to increase Regional Income (PAD) in Magelang Regency from 2016 to 2020.

2. THEORETICAL REVIEW

2.1. Local Tax Effectiveness

According to Mardiasmo (2009), the effectiveness of a program is determined by a comparison of the results expected or to be reached with the actual results realized. As a practical matter, the effectiveness of local taxes indicates how effective the ability of local governments to collect local taxes is in relation to the amount of local tax revenues that have been targeted for collection.

Based on the Decree of the Minister of Home Affairs Number 690,900,327 of 2006, the criteria used in assessing the effectiveness of local taxes are as follows:

Table 3 Criteria of Local Tax Effectiveness

Percentage	Criteria
>100%	Very effective
90% - 100%	Effective
80% - 90%	Quite Effective
60% - 80%	Less effective
<60%	Ineffective

2.2. Local Tax Efficiency

Efficiency is the precise method of accomplishing tasks without wasting time, effort, or money (Mardiasmo, 2009). The efficiency of a tax collection system is measured by the proportion of tax income that is used to cover the costs of collecting the applicable tax. Local tax efficiency is a metric that is computed by dividing the proportion of tax collection costs by the amount of local tax revenues that are actually collected.

According to the Minister of Home Affairs' Decree Number 5 of 2002, local tax management with an efficiency ratio of not more than 5 percent is a criterion for determining whether or not local tax management is efficient.

2.3. Local Tax Contribution

The contribution of local taxes is defined as the extent to which local tax revenues have an impact or participate in regional original income (Halim, 2004). Local governments must raise local taxes in order to boost regional original income, because the more the contribution of regional original income, the greater the ability of the regional government to reduce its reliance on the central government to which it is subjected.

Based on the Decree of the Minister of Home Affairs Number 690,900,327 of 2006, the criteria used in assessing the contribution of local taxes in an effort to increase PAD are as follows:

Table 4 Criteria of Local Tax Contribution

Percentage	Criteria
0% - 10%	Very Poor
10% - 20%	Poor
20% - 30%	Moderate
30% - 40%	Fairly good
40% - 50%	Good
>50%	Very good

2.4. Regional Income (PAD)

Regional Income (hereinafter referred to as PAD) is the revenue earned by a region and collected by the regional government in accordance with regional regulations. This source of regional revenue empowers the Regional Government to support development activities associated with establishing regional autonomy in a manner consistent with the region's capabilities. This PAD is derived from the following sources:

1) Local tax;
2) Regional levies;
3) Results of separated regional asset management; and
4) Other valid PAD.

2.5. Local Tax

Regional tax is one of the necessary contributions that must be made by citizens or entities to regions that are coercive in nature, based on the legislation, and that do not provide any direct or balanced compensation to the taxpayer. It is the proceeds of this local tax collection that are utilized to fund regional development as well as local governance. In order to establish the amount of this local tax, local regulations are taken into consideration, as well as the ability of the region to collect taxes for its own benefit (Ayuningtyas, 2008).

2.6. Previous Research

According to Ni Wayan Ari Sucanti, Putu Sukma Kurniawan, and I Gusti Ayu Purnamawati (2018) in their research entitled “A Study of Analyzing the Effectiveness, Efficiency and Contribution of Regional Tax Revenue and Levies to Regional Original Income (PAD) (Case Study in Gianyar Regency Government) conclude that the effectiveness of local tax revenues in Gianyar Regency above 100% so that it is declared very effective with the highest level of effectiveness in 2014 and the lowest in 2016, the efficiency of local tax revenue in Gianyar Regency is above 2% so that it is can be said very efficient with an efficiency level highest in 2016 and lowest in 2013, as well as the contribution of local tax revenues to the Regional Original Revenue (PAD) of Gianyar Regency is stated to be very good with the highest contribution rate in 2016 and the lowest in 2012.

Furthermore, Yosia Dian Purnama Windrayadi and Mario Fahmi Syahrial (2018) in their research entitled "Analysis of the Effectiveness and Efficiency of Regional Taxes and Their Contribution to Local Revenue of Tuban Regency" highlight that the efficiency of local tax collection in Tuban Regency which has increased more frequently in 2013 until 2017, while the effectiveness of local tax collection decreased slightly from 2013 to 2017. So that the contribution of local taxes to Regional Income (PAD) also decreased, but the realization of Regional Income (PAD) continued to increase.

Moreover, Yenni Del Rosa, Ingra Sovita, and Mohammad Abdilla (2020) in their research entitled “Analysis of Regional Tax Effectiveness and Efficiency. Regional Retribution and Its Contribution to Local Revenue of the City of Bukittinggi" shed a light that the ratio of the effectiveness of local taxes to 98.86%, which means inefficient because it has not been used optimally, while the efficiency of local taxes is 98.86% which means efficient, and the contribution of local taxes to Regional Income (PAD) is 42.58%, which means it is quite good.

Last but not least, according to Jeiny Ribka Pandelaki, Daisy S.M. Engka, and Ita Pingkan Fasnie Rorong (2021) in their research entitled "Analysis of the Effectiveness, Efficiency, and Contribution of Regional Taxes and Levies to Regional Income in Southeast Minahasa Regency" conclude that the effectiveness of tax collection of 117.81% which is in very effective category, the efficiency of local taxes is at a very efficient level, and the contribution of local taxes to Regional Income (PAD) of 23.72% is stated in the medium category.

3. RESEARCH METHOD

The qualitative descriptive method was used in this study. The data used in this analysis is secondary data sourced from the 2016-2020 Regional Revenue and Expenditure Budget Realization Report from local taxes. This secondary data is data obtained indirectly by researchers. This data has been processed in advance by the Regional Revenue, Financial and Asset Management Agency of Magelang Regency. This analysis uses several variables, namely the efficiency of local taxes, the effectiveness of local taxes, and the contribution of local taxes to Regional Income (PAD).

This analysis uses a qualitative descriptive method where this analysis describes the variables, symptoms, or circumstances (Arikunto, 2013). The data that has been obtained can then be processed with the following formulas:

$$\boldsymbol{Local\ Taxes\ Effectiveness} = \frac{\boldsymbol{Realization\ of\ Local\ Tax\ Revenue}}{\boldsymbol{Local\ Tax\ Revenue\ Target}} \times \mathbf{100\%}$$

$$\boldsymbol{Local\ Tax\ Efficiency} = \frac{\boldsymbol{Local\ Tax\ Collection\ Fees}}{\boldsymbol{Realization\ of\ Local\ Tax\ Revenue}} \times \mathbf{100\%}$$

$$\boldsymbol{Local\ Tax\ Contributions} = \frac{\sum \boldsymbol{Realization\ of\ Local\ Tax\ Revenue}}{\sum \boldsymbol{Realization\ of\ PAD\ Revenue}} \times \mathbf{100\%}$$

4. RESULT AND DISCUSSION

4.1. Regional Tax Effectiveness Analysis

Local taxes in Magelang Regency have a significant impact on helping local governments in their efforts to carry out regional development as a means of realizing their goals. The effectiveness of local taxes can be determined by whether or not the realized amount surpasses the goal amount and continues to increase with each passing year. The following is a table that can be used to calculate the effectiveness of the Magelang Regency regional tax from 2016 to 2020:

Table 5 Magelang Local Tax Effectiveness in 2016 - 2020

No	Period	LOCAL TAX			
		Target	Realization	Effectiveness Ratio	Information

1	2016	90.183.814.000	97.101.522.117	107,67 %	Very Effective
2	2017	103.470.498.000	112.344.030.430	108,57 %	Very Effective
3	2018	115.445.097.000	124.444.072.963	107,79 %	Very Effective
4	2019	142.014.208.000	156.886.789.644	110,47 %	Very Effective
5	2020	91.323.655.000	115.530.759.532	126,50 %	Very Effective

Source: Regional Revenue, Financial and Asset Management Agency, Magelang Regency, 2016-2020 Regional Budget Realization Report (processed)

Based on the table above, it can be seen that the effectiveness of the Magelang Regency regional tax in 2016 to 2020 has been very effective. It can be seen in the results of the calculation of the effectiveness of local taxes with the highest percentage of effectiveness in 2020, which is 126,50% and the lowest percentage of effectiveness in 2016 which is 107,67%.

4.2. Regional Tax Efficiency Analysis

The regional tax efficiency calculation is designed to determine whether the local taxes collected by the Magelang Regency administration have been effectively utilised to boost PAD. The following table provides an estimate of Magelang Regency's local tax efficiency from 2016 to 2020:

Table 6 Magelang Local Tax Efficiency in 2016 - 2020

No	Period	LOCAL TAX			
		Collection Fee	Realization of Revenue	Efficiency Ratio	Information
1	2016	4.332.678.075	97.101.522.117	4,39 %	Very Efficient
2	2017	4.806.597.000	112.344.030.430	4,27 %	Very Efficient
3	2018	6.111.334.000	124.444.072.963	4,81 %	Very Efficient
4	2019	7.031.344.000	156.886.789.644	3,78 %	Very Efficient
5	2020	955.177.750	115.530.759.532	0,68 %	Very Efficient

Source: Regional Revenue, Financial and Asset Management Agency, Magelang Regency, 2016-2020 Regional Budget Realization Report (processed)

Based on the table, it can be seen that the cost of collecting local taxes is very efficient with an efficiency percentage below 5%. The cost of collecting local taxes in Magelang Regency from 2016 to 2021 uses tax collection incentives because they are considered to be able to save costs incurred so that their use is more efficient.

4.3. Regional Tax Contribution Analysis

Furthermore, the following is a table for calculating the local tax contribution of Magelang Regency in 2016 to 2020:

Table 7 Magelang Local Tax Contribution in 2016 - 2020

No	Period	Local Tax Realization	Realization of PAD	Contribution Ratio	Information
1	2016	97.101.522.117	288,485,678,128	33,66 %	Quite Good
2	2017	112,344,030,430	403,561,238,310	27,84 %	Medium
3	2018	124.444.072.963	325,089,093,092	38,28 %	Quite Good
4	2019	156,886,789,644	417,178.099,961	37,61 %	Quite Good
5	2020	115,530,759,532	329,169,193,224	35,10 %	Quite Good

Source: Regional Revenue, Financial and Asset Management Agency, Magelang Regency, 2016-2020 Regional Budget Realization Report (processed)

Based on the table for calculating the contribution of local taxes in an effort to increase PAD, despite the fact that there is a decline in 2017 which is 27,84% compared to previous year which is in 33,66%, but in 2018 until 2020 is in quite good category because the percentage shows above 30%. This means that local taxes are sufficient to contribute to the increase in PAD, but the Magelang Regency Government still has to maximize the exploration of regional tax potential in the Magelang Regency environment.

5. CONCLUSION

After analyzing the effectiveness, efficiency, and contribution of local taxes in an effort to increase Regional Original Income in Magelang Regency from 2016 to 2020, the authors can conclude that:

1. The effectiveness of local taxes in Magelang Regency for 5 consecutive years is more than 100% so that local taxes can be stated in very effective category with the highest effectiveness ratio in 2020 and the lowest in 2016.
2. The efficiency of local taxes in Magelang Regency for 5 consecutive years is declared very efficient because the ratio is less than 5%, with the best efficiency ratio in 2020 of 0,68%.
3. The contribution of local taxes is in the range of 20%-40%, so it is stated that the contribution level is quite good with the best contribution ratio in 2018 of 38.28%.

Suggestion

The suggestion that the author can give after an analysis of the effectiveness, efficiency, and contribution of local taxes in Magelang Regency is that the Regional Government should further explore the potential of regional taxes in the Magelang Regency environment in order to maximize the existing potential to increase Regional Income. This can be done by increasing supervision of taxpayers, updating tax regulations, as well as improving the quality of human resources.

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Author(s) and Affiliation(s)

Author Name 1*, Author Name 2, Author Name 3 (11 pt)

1 Affiliation1 (11 pt), 2 Affiliation 2 (11 pt)

Abstract

A well-prepared abstract enables the reader to identify the basic content of a document quickly and accurately, to determine its relevance to their interests, and thus to decide whether to read the document in its entirety. The Abstract should be informative and completely self-explanatory, provide a clear statement of the problem, the proposed approach or solution, and point out major findings and conclusions. The Abstract should be 150 to 250 words in length. The abstract should be written in the past tense. Standard nomenclature should be used and abbreviations should be avoided. No literature should be cited. The keyword list provides the opportunity to add keywords, used by the indexing and abstracting services, in addition to those already present in the title. Judicious use of keywords may increase the ease with which interested parties can locate our article (11 pt).

Keywords: Written in English. Choosing appropriate keywords is important, because these are used for indexing purposes. Please select a maximum of 5 words to enable your manuscript to be more easily identified and cited.

Introduction

The introduction is a little different from the short and concise abstract. The reader needs to know the background to your research and, most importantly, why your research is important in this context. What critical question does your research address? Why should the reader be interested?

The purpose of the Introduction is to stimulate the reader's interest and to provide pertinent background information necessary to understand the rest of the paper. You must summarize the problem to be addressed, give background on the subject, discuss previous research on the topic, and explain *exactly* what the paper will address, why, and how. A good thing to avoid is making your introduction into a mini review. There is a huge amount of literature out there, but as a scientist you should be able to pick out the things that are most relevant to your work and explain why. This shows an editor/reviewer/reader that you really understand your area of research and that you can get straight to the most important issues.

Keep your Introduction to be very concise, well structured, and inclusive of all the information needed to follow the development of your findings. Do not over-burden the reader by making the introduction too long. Get to the key parts other paper sooner rather than later.

Be concise and aware of who will be reading your manuscript and make sure the Introduction is directed to that audience. Move from general to specific; from the problem in the real world to the literature to your research. Last, please avoid to make a sub section in Introduction.

Example of novelty statement or the gap analysis statement in the end of Introduction section (after state of the art of previous research survey):

"*........ (short summary of background)....... A few researchers focused on .... There have been limited studies concerned on .... Therefore, this research intends to .... The objectives of this research are ....*".

Literature Review

In the *Literature Review* section, should demonstrate the author's understanding of the existing literature or theory used, their ability to critically analyze previous research, and their capacity to situate the current study within the broader scholarly discourse.

Method

In the *Method* section, you explain *clearly* how you conducted your research order to: (1) enable readers to evaluate the work performed and (2) permit others to replicate your research. You must describe exactly what you did: what and how experiments were run, what, how much, how often, where, when, and why equipment and materials were used. The main consideration is to ensure that enough detail is provided to verify your findings and to enable the replication of the research. You should maintain a balance between brevity (you cannot describe every technical issue) and completeness (you need to give adequate detail so that readers know what happened).

In the social and behavioral sciences, it is important to always provide sufficient information to allow other researchers to adopt or replicate your methodology. This information is particularly important when a new method has been developed or an innovative use of an existing method is utilized. Last, please avoid to make a sub section in Method.

Results and Discussions

The purpose of the Results and Discussion is to state your findings and make a interpretations and/or opinions, explain the implications of your findings, and make suggestions for future research. Its main function is to answer the questions posed in the Introduction, explain how the results support the answers and, how the answers fit in with existing knowledge on the topic. The Discussion is considered the heart of the paper and usually requires several writing attempts.

The discussion will always connect to the introduction by way of the research questions or hypotheses you posed and the literature you reviewed, but it does not simply repeat or rearrange the introduction; the discussion should always explain how your study has moved the reader's understanding of the research problem forward from where you left them at the end of the introduction.

To make your message clear, the discussion should be kept as short as possible while clearly and fully stating, supporting, explaining, and defending your answers and discussing other important and directly relevant issues. Care must be taken to provide commentary and not a reiteration of the results. Side issues should not be included, as these tend to obscure the message.

It is easy to inflate the interpretation of the results. Be careful that your interpretation of the results does not go beyond what is supported by the data. The data are the data: nothing more, nothing less. Please avoid and make over interpretation of the results, unwarranted speculation, inflating the importance of the findings, tangential issues or over-emphasize the impact of your research.

The following components should be covered in discussion: How do your results relate to the original question or objectives outlined in the Introduction section (what/how)? Do you provide interpretation scientifically for each of your results or findings presented (why)? Are your results consistent with what other investigators have reported (what else)? Or are there any differences?

Work with Graphic:

Figures and tables are the most effective way to present results. Captions should be able to stand alone, such that the figures and tables are understandable without the need to read the entire manuscript. Besides that, the data represented should be easy to interpret.

Last, please avoid to make a sub section in Results and Discussion.

Conclusions

The conclusion is intended to help the reader understand why your research should matter to them after they have finished reading the paper. A conclusion is not merely a summary of the main topics covered or a re-statement of your research problem, but a synthesis of key points. It is important that the conclusion does not leave the question unanswered.

Conclusions should answer the objectives of the research. Tells how your work advances the field from the present state of knowledge. Without clear Conclusions, reviewers and readers will find it difficult to judge the work, and whether or not it merits publication in the journal. Do not repeat the Abstract, or just list experimental results. Provide a clear scientific justification for your work, and indicate possible applications and extensions. You should also suggest future experiments and/or point out those that are underway.

For most essays, one well-developed paragraph is sufficient for a conclusion, although in some cases, a two or three paragraph conclusion may be required. The another of important things about this section is (1) do not rewrite the abstract; (2) statements with "investigated" or "studied" are not conclusions; (3) do not introduce new arguments, evidence, new ideas, or information unrelated to the topic; (4)do not include evidence (quotations, statistics, etc.) that should be in the body of the paper.

Acknowledgments (if any)

Acknowledge anyone who has helped you with the study, including: Researchers who supplied materials, reagents, or computer programs; anyone who helped with the writing or English, or offered critical comments about the content, or anyone who provided technical help. State why people have been acknowledged and ask their permission. Acknowledge sources of funding, including any grant or reference numbers. Please avoid apologize for doing a poor job of presenting the manuscript. Do not acknowledge one of the authors names.

References

References should follow the style detailed in the APA 7th Publication Manual. Make sure that all references mentioned in the text are listed in the reference section and vice versa and that the spelling of author names and years are consistent. Please to not be used footnote or endnote in any format.

We suggest all of you using software ENDNOTE, MENDELEY, ZOTERO, or EASYBIB for easily citation. References should be the most recent and pertinent literature available (about 5-10 years ago). Authors must also carefully follow APA 7th Publication Manual guidelines for nondiscriminatory language regarding gender, sexual orientation, racial and ethnic identity, disabilities, and age. In addition, the terms counseling, counselor, and client are preferred, rather than their many synonyms.

Page limitations

The full length of submission manuscript ***not more than 6000 words***, or ***maximum 20 pages*** and ***minimum 5 pages***; including references, table and figure (Appendix--Exclude).

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