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International Journal of Business, Economics and Management (IJBEM) is a peer-reviewed journal which publishes original research papers. It focuses to publish empirical (testing theories, extending theories or building theories), academic, theoretical and review research articles that add to the practice in business, economics and management. It provides a platform in which different standards for business, economics and management can be offered and discussed. The objective of this journal is to bring together study fellows and experts from industry to teach the latest topics of importance and build long lasting group effort. The journal welcomes submission from scholars and experts for possible publication from all over the world.

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Contents

Sr. No.	Articles / Authors Name	Pg. No.
1	Understanding the Experience of Online Community Interaction with Boarding School Services <i>- Sri Mulyono</i>	1 - 6
2	Investment, Man Power and Government Expenditure on Economic Growth in Development of Three Area in South Kalimantan <i>- Anisaurrohmah, HRizali, Noor Rahmini</i>	7 - 16
3	Investment, Absorbed Labor, Infrastructure and Exports on the GDP of Kotabaru District from Special Economic Zone <i>- Yunita Sopiana, Noor Rahmini</i>	17 - 28
4	Financial, Operational, and Sustainability Capabilities on the Progress of Mining Companies in the Indonesia Stock Exchange <i>- Romi Anton, Mohamad Adam, Isnurhadi, Marlina Widiyanti</i>	29 - 36
5	Process of Decisions Making Purchase Online on Instagram Social Media <i>- I Komang Rajendra Putra, Gede Sri Darma</i>	37 - 43

Understanding the Experience of Online Community Interaction with Boarding School Services

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ABSTRACT

The purpose of this study was to understand the experiences of some link boarding school users in Indonesia. Along with the development of Covid-19, the general public has increasingly reacted through online means for purposes with boarding school administrators. It is one of the benefits of advancing mobile technology and its adoption by many consumers, making it essential for corporate organizations to redesign interaction and service delivery during the Covid-19 season and students' return—ability to achieve the best online user experience. Survive in today's competition. To facilitate understanding, some consumers interact with this school, a series of literature reviews, and various sources of information so that the authors get the required data. After the data was collected, then the analysis is carried out by taking a descriptive analysis approach until these findings are valid and reliable. It was proven that the online public experience includes every point of contact (social media, websites, applications) that the customer chooses to interact with several schools through various social network platforms or online social networks, giving the impression that some boarding schools have not been able to serve their consumers. It is a bad experience in a time when all businesses must adapt to changing ways of communicating safely and productively. This finding should be an essential input for every school so that it can serve all of its service users, such as students and parents, and the wider community. Because currently, Covid-19 still haunts Indonesia's territory, all communication is expected to be done via virtual interaction to slowdown coronavirus spreading.

Keywords---boarding schools, covid-19 communication, online element approach, online interaction experience.

INTRODUCTION

Studying the religion of Islam is a mandatory task for every Muslim, so this study must start from the history of Islam's origin when it entered the country because, through studying history, everyone can understand the current and future development of Islam (Holt et al., 1977; Aslan et al., 2020). The history of Islam's struggle to enter Indonesia is one of the exciting studies that are now the theme of courses in tertiary institutions and academia to understand the history of Islamic history in the past. So every Muslim must understand that Islamic civilization itself is a process of the Ummah's struggle within the sphere of influence historical values. With the development and advancement of Islam, Muslim must undoubtedly follow the results of the latest times so that Islam is not understood as a religion and worship, but through the sphere of life that not only manages relationships with God but regulates social procedures in the modern age to achieve a life of balancing all interests.

The presence of pesantren in the country is inseparable from the benefit values that the pesantren have themselves. So its presence is also required to adapt to Indonesia's conditions, which are following the

changes in the present era where technology adoption in all sectors of life from business service practices and education. So on that basis, we are increasingly aware that there is a new world where experience is a new service, and time is a price. It means that pesantren compete for students based on service quality, not only that the big names of these pesantren increasingly measure the quality of their services by how long it takes them to get what they want to do for the purpose they are looking. Marketing management theory has undergone many changes in recent years. The marketing concept aims to achieve customer satisfaction by focusing on excellent service.

This change is followed by generating customer or parental loyalty with either recurring relationships. The new marketing paradigm has good relationships with parents and students and strategically manages parents' experiences in all boarding schools owned by the foundation. Below is a Conceptual Model of Customer experience, antecedents, and consequences (Haningsih, 2012). The key to winning in the world of pesantren is to make the experience simple and digital, making it very easy. Digital means that it is sent on a mobile device to be anywhere, anytime, fast, easy, and simple, and the benefits are many. Pesantren get more satisfied students and loyal parents and last longer, come back for more, recommend their friends, promote the school/ pesantren on social media, and get more students involved as their work becomes. Consumers, in this case, parents, often actively process price information, interpret prices based on their knowledge from previous experiences or services provided, from formal and informal communication and point of purchase or online resources (Aslan, 2018; Aslan, 2019; Suhardi et al., 2020). Zagel (2016), suggested an intuitive and logical way to analyze customer experience by examining customers' flow through the system with the first layer related to physical and relational components in the service system (e.g., instructions). Several authors, such as Spillane (1991), classify customer experience into four parts: entertainment, education, escapism, and aesthetics. If this is done, there will be reduced costs and less rework and less human involvement in getting the job done. Initially, the company was updating parents and students to the airplane experience and making it better. However, doing so is different in students' and parents' experiences, which, in all pesantren or schools, if the pesantren or school is global and especially if it is a regulated environment, which is very difficult to do. At that scale, turning a pesantren into a simple digital way of doing things for long is a time-consuming process. The key is managing the volume of all the different services, redesigning them, and improving them. The main factor is two things. Break it down into end-to-end ministries or episodes that are important for parents and students to organize, define, and label.

Have an agile team, it is not only software development but also the whole experience as it is responsible for the pesantren experience. Islam is responsive to human interactions, operating policies, and compliance laws. So it needs to be a cross-functional team that takes care of this on and on. It is a continuous improvement based on data and feedback from customers on what is working for parents-being able to set up their experience factory as such truly breaks through in terms of the ability to make changes in scale and speed in a way that allows them to win in a new world where product experience and time are of the essence. Parents experience online. E-commerce companies have recognized the need to focus on providing a great shopping experience. Can post a question about a ministry, and other parents who have experience with the service provided can answer that question. Likewise, parents can interact with teachers and students at the same time.

MATERIALS AND METHODS

This qualitative research related to Islamic boarding schools aimed to understand the typical experience of the sexual interactions of users of boarding schools or boarding schools during the social distancing

period in Indonesia. Because at this time, all Islamic boarding schools and public schools are still on holiday, all communication and learning interactions are directed in the form of a long-distance with the help of internet technology innovation with supporting efficient and productive social applications. So this study also follows the direction of the Covid-19 communication in collecting the required data. In line with that, this study has conducted literature reviews and conversations via application technologies such as social media, WhatsApp, and text messages. After data collection, the analysis process is carried out with a descriptive analysis approach and concluding so that the findings can answer the questions of this study or are valid and reliable. The online customer experience includes every point of contact (social media, websites, applications). The customer chooses to interact with several schools through various social networking platforms or online social networks, giving the impression that some Pondok pesantren do not yet exist. Able to serve its customers. It is a bad experience at a time when all businesses must adapt to changing ways of communication safely and productively.

RESULTS AND DISCUSSION

Online interaction experiences

Online interaction and communication is a way of interaction action taken by several people to communicate with each other with the help of communication technology facilities to achieve goals. Bishop (2007), states that the number of technology users participating online has increased over time and the economy advances. This virtual interaction interacts with modern communities regarding technological connections between humans and computer machines. So that now computers are no longer foreign tools in daily communication. Puntoadi (2011), also stated that long-distance or virtual interaction and communication is the right way to answer challenges where everyone is now a work-intensive state and has limitations indirect interaction in person, like interactions before modern technology existed. According to him, online communication also enhances the strengthening of the main cognitive function of the online user experience of communication, which is defined as "the extent to which a website provides useful and useful information to consumers, to the extent that it is useful for schools or organizations that serve virtual consumers."

This is a positive contribution from interactive communication using web pages to help inform users in every boarding school in Indonesia. Santoso (2009), argues that online communication is the same as the interesting of technology user interface communication. This is the time for many communication and interaction strategies between humans and quality and effective computer machines to become more productive in communicating. So a good interaction leads to delayed buying decisions involving mental, conscious thought processing and, usually, problem-solving. Informativeness combines the technical dimensions and importance of the customer experience and is usually impersonal, results-oriented, and objective. This fact-based aspect relates to the remaining knowledge after engaging with web pages, which can improve attitudes towards the website. Pianta et al., (2008), also said that the impacts of website interaction in a professional way can be developed through using various online virtual resources in many businesses including educational communication as the result of long distances between teacher and student interactions. However, this communication will remain well when it is done in the right manner.

The next finding is that many boarding schools are equaling the benefits of serving users with online communication that do not balance how they interact offline. Should they serve their users or customers online, they are increasingly trying to give the impression of socialization on their web pages that are

proactive and communicative. The presence of social communication online should refer to warmth, sociality, and contact with the people given the web page. As Robelia et al., (2011) said, online communication and interaction should be like learning in a real environment, meaning that it is not rigid, so it seems unfriendly and uncomfortable. It was found during online interactions with several Islamic boarding schools, such as experiences in virtual social media friendship networks (Schmid & Bar-Nir, 2001; Susanto et al., 2016; Liriwati et al., 2020). It is an example of wrongly adopting social relationships that should not occur with a more professional and responsible behavior towards consumers or the school's environment. It is time for more studies on the proximity of education services to social and environmental interactions, which are increasingly productive in this all-technological era (Christofides et al., 2009; Aslan, 2019). According to Farahdiba (2020), digital mobility and connectivity form a specific online communication field with service users. Consumers have many devices; they keep their smartphones and check frequently. Many brands and businesses are struggling to take advantage of the digital environment to meet their customers' expectations, especially for mobile communications efficiency. However, not many business drivers, such as the school services we studied have successfully used this tool for online interactive efficiency and productivity. Many of them also fail to integrate consumer service programs with mobile devices, social media, and e-commerce. Therefore, researchers and practitioners are eager to understand the factors that contribute to an unattractive online user experience. Online communication and consumer relationships with service providers in educational institutions such as pesantren have been required to change dramatically (QOMARO, 2019; Aslan, 2019; Aslan et al., 2020; Aslan & Hifza, 2019). After meeting essential availability and support needs, users will have a great experience.

Therefore, this study aims to understand the development of theory-based online customer experience models by studying consumer behavior's relevant literature in an online context. Due to poor online customer experience, it cannot realize its potential, and a large amount of potential revenue is lost across all pesantren educational institutions. It is time for pesantren educational institutions with online services to be able and must "attract" customers or prospective students by providing an enjoyable online experience. Creating and maintaining online interactive channels that evoke positive emotions and provide engaging online experiences will help institutions gain a competitive advantage, especially in online services. To create a positive user experience, one can borrow design cues from the interactive that is, the dynamics of the pesantren influence parents and the aesthetics of making the experience fun and interesting.

Usability and fun should be a part of any user experience. Easy website/application positioning, ease of use, perceived usability, hedonism, and functional features, perceived enjoyment, personalization, social interaction, and multi-device compatibility are prerequisites for unified online customer experience. WOM's aggressive brand engagement and repeat purchases are the results of engaging in online customer experience. In today's online market, customers use their computers, tablets, and smartphones to interact with agency administrators during a pandemic, for example. They also use social networking sites to interact with paragraphs and other interests. This growing practice provides many research opportunities. The interaction channel user ecosystem in rapid educational institutions is an area that has not been studied in depth.

As more devices, such as iPads and smartphones, are used to access the Internet, queens will have to find out if these are devices, if any, and how they affect online customer service experience. Companies can explore how the best e-commerce companies (such as Amazon and Zappos) manage multi-device,

multi-channel interactions with customers. The role of demographics and personal consumer innovation can be investigated as a potential host of online experiences. Smartphones, Tablets, and wearables work together seamlessly to provide data on consumer behavior, purchasing patterns, social patterns, exercise habits, and more. This has brought big data to consumer behavior. Other areas include attention to mobile security, commerce consoles, and social interaction design, intergenerational differences, and cultures in e-commerce. For example, Google's Zero Critical Moment (ZMOT) model is one interesting concept that describes the revised decision process that unifies online customer experience.

According to the zero critical moment model, the critical moments when the customer makes a decision are no longer sequential; conversely, customers will face multiple informational stimuli at the same time to decide what to buy and where to buy (purchasing decisions or repeat purchases) and how to say and where to say (WOM or eWOM). Besides, this integrated online customer experience encourages customer interaction with the brand in the long run. For example, innovative digital channels and customer contact points such as social media and mobile devices allow brand marketers to expand their interactions with customers.

CONCLUSION

Institutions such as Islamic boarding schools whose main task is to serve the education and the community need to pay attention to the experience of online interactions with the community, especially during difficult times of pandemics and other crises where face-to-face interaction and communication cannot be carried out like it was before Covid-19. The current imperative to evaluate the ability to use digital by all parts of the activity, especially the public services, must be maintained so that those with interests in these services feel comfortable and happy. As leaders often use the built-in logic that if design elements exist in a digital boarding school foundation then interactive features must be used on the page so that it doesn't look stiff and difficult to move. Certain design elements can cause a negative public experience for each service, or certain needs will be inhibited and unproductive. (Van Deursen et al., 2011).

Therefore, an important part of this process is also determining which elements should not be used. For example, the pesantren does not yet have certain service elements. In this case, it is recommended that pesantren understand and commit to allocating investment resources to produce new services that are valuable for design. For example, investing in high-quality images can benefit any product or brand, but text details and styles are best suited to language depending on the type of job (search focus and experience). All interactions create opportunities for pesantren to reach out to the public, which is the key to building long-term relationships and advancing pesantren institutions.

Cellular technology has increased the channels for users from all walks of life to communicate and interact with society and the internal boarding schools. With significant advances in cellular technology, people can now stay in touch with pesantren and other collaborating parties through various means of expanded interaction channels that have been integrated into the unified online interaction experience and are expected to have a positive impact on the customer decision-making process and relationship creation and long-term maintenance. On the other hand, the subscriber public has more channels to interact with and stay active with the people and institutions they trust. The online interaction community acts as a source of information for the customer and must be taken care of properly. In particular, WOM (Word of Mouth) users of pesantren services repeatedly and their participation are interrelated and influence each other.

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Investment, Man Power and Government Expenditure on Economic Growth in Development of Three Area in South Kalimantan

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ABSTRACT

The economic growth has not increased, decreased, and even the same every year. For this reason, a deeper analysis of the effect of these three factors on economic growth is necessary to know. This quantitative research used secondary data in the form of a panel from the Central Statistics Agency of the three regional governments. Namely, the 2014 to 2019 data for economic growth, workforce, and government spending. Meanwhile, the investment data used data from 2013 to 2018. Then the data obtained was tested with classical assumptions. After fulfilling the requirements of the classical assumptions, data analysis, and hypotheses were drawn from multiple linear regression equations using: the coefficient of determination test, simultaneous effect test, and t-test. The results of the F test state that the independent variable simultaneously affects the dependent variable. The t-test results obtained that the investment and labor variables partially have a significant effect on the economic growth variable. The government expenditure variable partially does not have a significant effect on economic growth. But overall simultaneously investment, labor, and government spending affect economic growth. This means that if investment and labor experience an increase, it will affect the increase in economic growth.

Keywords---*economic growth, government spending, investment, labor.*

INTRODUCTION

Economic growth can be used as a measure of development performance in a country or region by comparing the first period to the next (Gaspar et al., 2017). The theory of economic growth according to Neo Classics, states that GRDP is a measure of economic growth in the regions. This depends on the development and changes in production input factors which include; labor, capital, and technology (Sukirno, 2016). Apart from investment and labor, the implementation and performance of local governments are part of a country's system. Likewise, development in South Kalimantan Province where equitable development has been carried out using a development area (WP) approach. Based on the South Kalimantan Provincial Regulation No. 9 of 2000, the development area in South Kalimantan is divided into 3 regions. Tanah Laut, Tanah Bumbu, and Kotabaru are development areas 3. Then in 2016 the Regional Regulation No. 7 was issued which states that development areas based on strategic areas from an economic point of view are divided into 3 areas:

- 1) The urban area of Banjarbakula which covers parts of Banjarmasin, Banjarbaru, Banjar, Barito Kuala and Tanah Laut areas.
- 2) The Batang Banyu Swamp area, which covers parts of the Barito Kuala, Banjar, Hulu Sungai Selatan, Hulu Sungai Tengah areas, Hulu Sungai Utara and Tabalong.
- 3) Industrial and Service Trade Zone covering the districts of Kotabaru, Tanah Bumbu and Tanah Laut.

The economic growth of Tanah Laut, Tanah Bumbu and Kotabaru Regencies from 2014-2019 in percentage was below the economic growth of South Kalimantan Province. This can be seen in Figure 1.

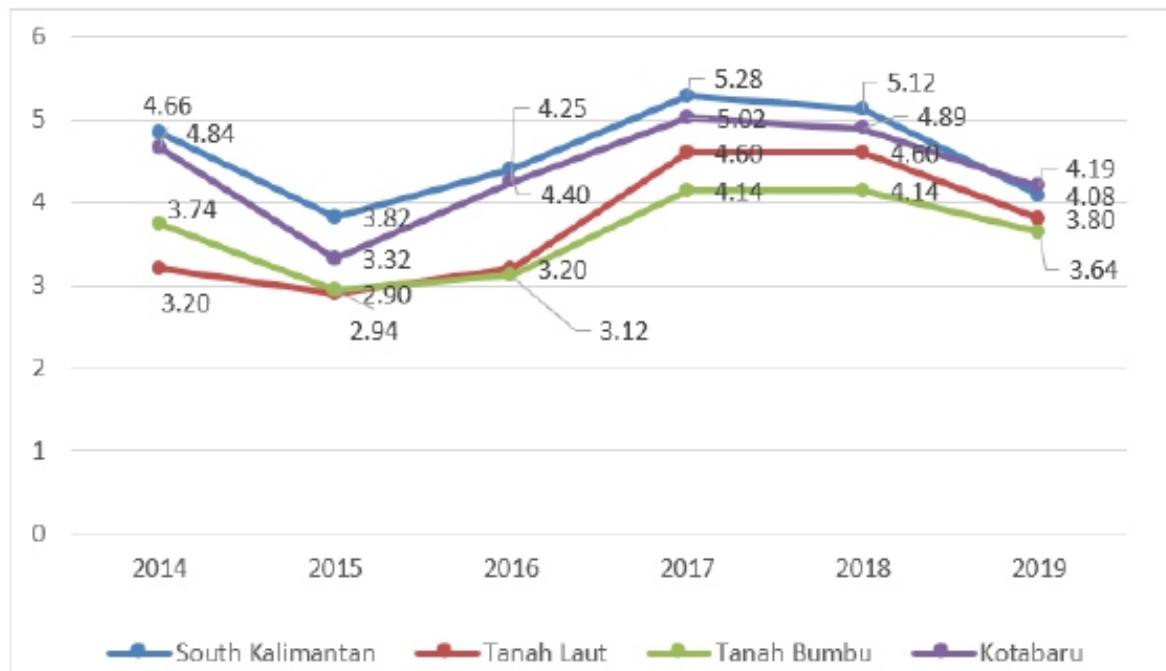


Figure 1. Graph of Economic Growth Data Growth in South Kalimantan, Tanah Laut, Kota Baru and Tanah Bumbu Districts in 2014-2019 in Percent

Source: BPS South Kalimantan, Kab. Tanah Laut, Tanah Bumbu and Kotabaru 2015-2020

In the macroeconomy, when viewed from the expenditure side, to calculate GRDP, several components include investment and government spending. Investment is a way that people/institutions can do so that economic growth can increase, which in the end, in a long-term situation, can increase the standard of living of the community (Mankiw, 2013; Psacharopoulos, 1994; Mani, 2004; Akinlo, 2004). This will then have an impact on expanding productive employment opportunities. In the end, the investment will be able to make economic growth rise.

Based on the above, the research questions to be raised can be seen as follows: 1) Do investment, labor force, and government expenditure simultaneously influence the economic growth of Tanah Laut, Tanah Bumbu and Kotabaru Districts?. 2) What are an investment, the workforce and government spending has a partial effect on the economic growth of Tanah Laut, Tanah Bumbu, and Kotabaru districts?. Therefore, the objectives of this study are as follows: 1) Analyze the investment effect. labor force and government spending simultaneously on economic growth in Tanah Laut, Tanah Bumbu, and Kotabaru Districts. 2) Analyze the effect of the labor force and government spending partially on investment on economic growth in Tanah Laut, Tanah Bumbu, and Kotabaru Districts.

Conceptual framework and hypotheses

In this study, the economic growth of Tanah Laut, Tanah Bumbu, and Kotabaru districts is denoted as (Y); growth in capital stock or investment is denoted by (I) and regional government spending is symbolized by (RPD). Labor is the amount of labor absorbed (TK) then the equation is obtained:

$$Y = f(I, TK, RPD)$$

Based on the previous equation, it is obtained:

$$Y = I\beta_1$$

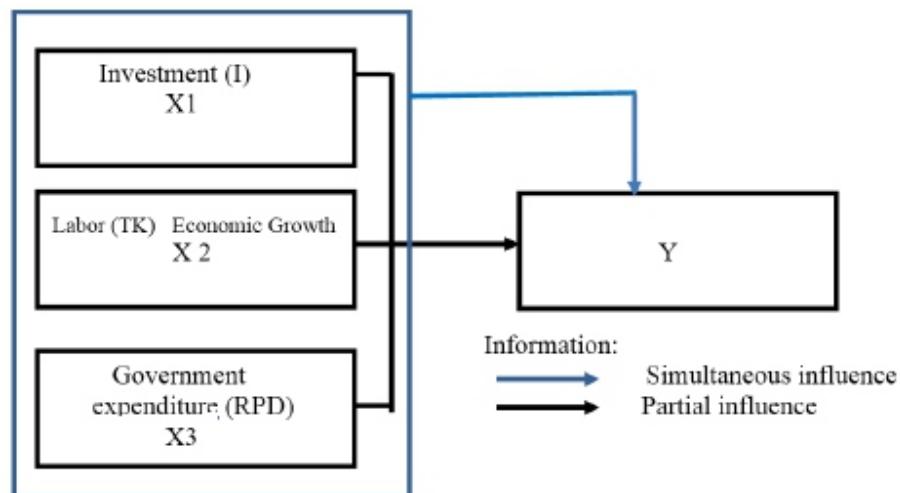
$$TK\beta_2 RPD\beta_3$$

Information:

A: constant

$\beta_1, \beta_2, \beta_3$ = coefficient

The relationship between the variables of economic growth and the variables that influence it can be described in the following scheme:



Note: Investment, the realization of regional expenditure (RPD) workforce, economic development

Figure 2. Schematic relationship between economic growth variables and variables that influence it partially and simultaneously.

The hypothesis or also called the provisional conjecture of this study are:

- 1) The variables of investment, labor, and government expenditure simultaneously have a significant effect on economic growth in Tanah Laut, Tanah Bumbu, and Kotabaru Districts.
- 2) The investment, labor, and government expenditure variables partially have a significant effect on economic growth in Kab. Tanah Laut, Tanah Bumbu, and Kotabaru.

Method

The purpose of this study is to analyze investment, labor, government spending, and economic growth in the three development areas of South Kalimantan (Tanah Laut, Tanah Bumbu, and Kotabaru). Investments, labor, and government spending as well as economic growth analyzed are data from 2013 to 2019. For data using constant prices for 2010. This quantitative research uses a positivism paradigm approach because this study focuses on empirical data on the philosophy of positivism. With a quantitative approach, this study can provide information or data that is realized in the form of numbers and then analyzed based on statistical analysis (Sugiyono, 2006).

The operational definition of the variables in this study has several limitations as follows:

1) **Economic growth (Y):** is the relative change in the real value of Gross Regional Domestic Product (GRDP) in Tanah Laut, Tanah Bumbu, and Kotabaru Districts based on constant 2010 prices expressed in percent units. The rate of economic growth in a year (year t) is formulated using the following formula:

$$g_t = \frac{Y^t - Y^{t-1}}{Y^{t-1}} \times 100$$

Information:

- a. Gt: percentage (%) of economic growth for year t
- b. Yrt: real GRDP in year t (IDR)
- c. Yrt-1: Real GRDP in the previous year (IDR).

3) Labor (TK) is a population of working age (aged 15-64 years) who is working or is said to be carrying out economic activities that are capable of producing goods/services sustainably and for at least one hour a week (BPS, 2019) Tanah District Sea, Tanah Bumbu and Kotabaru, expressed in soul units.

4) Investment (I) is a gross regional domestic fixed capital formation. What is taken from BPS data is that one of the components of the GRDP with the expenditure approach is expressed in units of million rupiah.

5) Local government expenditure (RPD) is the total realization of local government consumption. What is taken from BPS data, namely one of the components forming the GRDP with the expenditure approach is expressed in units of million rupiah.

The analysis technique used to answer the problems/hypotheses in this study is descriptive analysis and multiple linear regression analysis.

1) Quantitative Analysis

This analysis is a study of the dependence between the dependent variable (dependent) and one or more independent variables (explanatory/independent variables), which aims to estimate or predict the population mean and/or the mean value of the dependent variable based on the value of independent variables that have been known (Goetz & Gupta, 1996; Benveniste & Spindt, 1989; Gujarati, 2012). The estimation technique of the dependent variable uses Ordinary Least Square (OLS), namely by estimating the regression line by minimizing the number of squares of the error for each observation on the line (Ghozali, 2016).

2) Model of Eq

The model specification used in this study is to use the Neo-Classical Solow (Neoclassical Growth Model) economic growth model, with the standard aggregate production function:

$$Y = Ae^{ut} \cdot K^\alpha \cdot L^{1-\alpha} \dots\dots\dots (7)$$

$$Y = f (I, TK, RPD) \dots\dots\dots (8)$$

Econometric model (Gujarati, 2012):

$$Y = \beta_1 + \beta_2 I + \beta_4 TK + \beta_5 RPD + e \dots\dots\dots (9)$$

From equations (4) and (5), it is obtained:

$$Y = A I^{\beta_1} TK^{\beta_2} RPD^{\beta_3} \dots\dots\dots(10)$$

To obtain the linear form of equation (6), the equation is rectified using logs, so that:

$$Y = \beta_0 + \beta_1 L_I + \beta_2 L_{TK} + \beta_3 L_{RPD} + e \dots\dots(11)$$

To provide an overview of the economic conditions that occurred during the observation period, dummy variables were used.

3) Testing Panel Data Estimation Model Determination

Before the regression is carried out, the steps that must be taken are to test the model estimate. Which aims to obtain the accuracy of the estimation of the model used. According to Imam Ghozali (2016) the steps to determine which model to use, it is necessary to test the chow, the Hausman test, and the large multiplier test.

4) Model Testing with Classical Assumptions.

Model testing against classical assumptions is applied to structural equations which include multi co-linearity, heteroscedasticity, and autocorrelation tests.

5) Research Hypothesis Testing

In estimating the actual value for sample accuracy the goodness of fit regression function of a model equation is the correct measuring tool. Through the t statistical value, the coefficient of determination and the statistical value of F. Ghozali (2016) said that statistically if it is in a critical area, where the H0 area is rejected, it is called significant. And conversely, if the statistical test value is in the H0 area it is accepted that it is not significant.

RESEARCH RESULT

Research Overview

The formation of the economic structure of South Kalimantan Province is influenced by the respective contributions of the added value of the production of goods and services. Based on the PDRB analysis, there are 17 categories of business fields that form the macro and micro economy which are the keys to success in increasing regional economic development. The GRDP of South Kalimantan Province is mostly influenced by the mining and quarrying sector. This is because South Kalimantan Province is one of the production centers for the mining and excavation sector. Through analysis of economic growth by sector, there was a significant decline in economic growth in the mining and quarrying sector. Meanwhile, this is the dominant sector in economic development in South Kalimantan. Mining and quarrying sectoral growth has decreased since 2014.

Following the development and regional development carried out, in regional administration, South Kalimantan Province is divided into 13 districts/cities, all of which consist of 2 cities and 11 regencies. 2 cities which are divided into Banjarmasin and Banjarbaru. 11 districts consisting of Barito Kuala, Tapin, Hulu Sungai Tengah, Tanah Laut, Kotabaru, Hulu Sungai Utara, Banjar, and Hulu Sungai Selatan. With the provincial capital namely Banjarmasin City (South Kalimantan Provincial Government, 2016).

Tanah Laut, Tanah Bumbu, and Kotabaru are three of the 13 districts in South Kalimantan Province. For a clearer picture of the research areas of the three districts, please see the sub-chapters below.

The population of Tanah Laut Regency based on the projection of the Central Statistics Agency for Tanah Laut Regency in 2019 is 350,007 people. The economy of Tanah Laut Regency is dominated by the mining and quarrying sector with an average contribution of 29.07% per year. In this sector, the largest contribution is given by coal production, followed by the production of iron ore, manganese, nickel ore, and chromite. Although the contribution of this sector has decreased, this sector remains a mainstay sector in Tanah Laut Regency. Then the second mainstay sector in Tanah Laut Regency is the agriculture, forestry, and fisheries sectors. In 2013-2019, the agriculture, forestry, and fisheries sector trends tended to increase from year to year. However, in 2017, the contribution of the agriculture, forestry, and fisheries sectors have decreased. Another industry that needs to be taken into account because of its contribution to GRDP is the manufacturing sector. During the last five years, this industry has experienced an increase (Pemba Tanah Laut, 2019).

Tanah Bumbu District is one of the districts that has a relatively high population growth rate compared to other districts/cities in South Kalimantan Province. From the aspect of ethnicity, the inhabitants of Tanah Bumbu Regency are quite diverse. However, it can be said that the three largest ethnic groups whose inhabitants are the Banjar, Bugis, and Javanese tribes.

The economic structure is dominated by the Mining and Quarrying business sector or field. The dominance of the mining and quarrying sector is even very high, followed by the agriculture, forestry, and fisheries sectors. Meanwhile, the contribution of other sectors in contributing to GRDP was much smaller. The developments during this period indicated a favorable direction in which the role of the Manufacturing Industry Sector increased. The manufacturing sector is a sector that basically can provide great benefits by creating production chains that generate added value for the economy (Local Government Tanah Bumbu, 2018).

The projected population of Kotabaru Regency in 2015 is 320,208 people, consisting of a male population of 166,634 and a female population of 153,574. The population that is so large and continues to increase every year is not matched by the distribution of the population. The sector that contributes the most to GRDP is the manufacturing/processing industry, especially large-scale industries such as crude palm oil/CPO companies, which are widely available in this area. The mining sector with the mainstay of coal products contributed an average of 21.2 percent to the total GRDP. Local governments are moving slowly but surely transforming into other sectors (Pemda Kotabaru, 2016).

RESULTS AND ANALYSIS

1) Descriptive Data Statistics Panel

All data for each district are combined into one, then 18 data will be analyzed for each variable. Then obtained descriptive statistical analysis for economic growth (Y) obtained an average of 3.9083 with a standard deviation of 0.68866. The investment variable (I) obtained an average of 2,344,339,159 with a standard deviation of 852,564,4065. The labor variable (TK) obtained an average of 149,038,3889 and a standard deviation of 9,799,72975. As for the government expenditure variable, it was obtained an average of 1,163,948,028 and a standard deviation of 469,630,0206.

2) Testing Panel Data Estimation Model Determination

The Chow test result shows that the Chi-square probability of cross-section is 0.0000, which means that it is less than the significance level of 0.05. Then it can be decided that Ho is rejected and Ha is accepted so that the selected model is the fixed effect model. Based on the results of the Hausman test, it is known that the probability value Cross-section random is equal to 0.0026 smaller than alpha 0.05, so it can be concluded that Ho is rejected and the best model that can be used in this study is the Fixed Effect Model. Because the results of the Cow test and the Hausman test show that the best model used is the Fixed Effect Model. So that the Lagrange multiplier test does not need to be done again.

3) Assumption Testing

This classical assumption test is carried out because in the regression model it is necessary to pay attention to deviations from the classical assumptions. After all, in effect, if the classical assumptions are not met, the explaining variables will be inefficient. In this study, several classical assumption tests were carried out on the regression model that had been processed using the Eviews 10 program (Ghozali, 2016).

Based on the results of data processing, it was found that the data were normally distributed because probability = 0.838498, probability > 0.05. According to (Gujarati, (2012), if the correlation coefficient between independent variables is more than 0.8, it can be concluded that the model has multicollinearity problems. Conversely, the correlation coefficient is less than 0.8 so the model is free from multicollinearity. Based on the test results in appendix 9, it shows that the correlation value between the independent variables is smaller than 0.8, so it can be concluded that the model is free from multicollinearity problems.

According to Imam Ghozali (2016) there is no autocorrelation symptom if the Durbin Watson value (dw) lies between du to (4-du). From the analysis using Eviews 10, it is found that the Durbin Watson value shows the number 1.885473. The dl and du values are obtained by looking at Durbin Watson's table with n = 18 and k = 3. The dl value is 0.9331 and the du value is 1.6961. Therefore the value is 1.885473 while the value 4 - 1.6961 is 2.3039. So that 1.6961 < 1.885473 < 2.3039, it can be concluded that there is no positive or negative autocorrelation or it can be concluded that there is no autocorrelation.

Table 1 The results of the analysis using Eviews 10

Variable	Prob.	Description
X1	0.5808	Heteroscedasticity does not occur
X2	0.5387	Heteroscedasticity does not occur
X3	0.5375	Heteroscedasticity does not occur

Source: Output data processing using E-Views 10

4) Data Analysis

Data analysis uses the Eviews 10 application with the results of the analysis can be seen in attachment 12. The explanation of the results of the data analysis test can be seen as follows:

- a. Determination Coefficient Test

Table 2 The R Square value

R-squared	0.595136
Adjusted R-squared	0.522665

Source: Output data processing with Eviews 10

This means that 59.5% of economic growth in the districts of Tanah Laut, Tanah Bumbu, and Kotabaru can be explained by the three independent variables. While the remaining 40.5% is explained by other reasons.

b. Simultaneous Effect Test (F-Test)

The results of this test can be seen in the F test value of 46,95462 and the significance at 0,000 which means the independent variables X1, X2, and X3 simultaneously affect variable Y.

c. T-test

If it is seen from the significance value, the variables X1 and X2 respectively are 0.0008 and 0.0086 <0.05, it means that the independent variable partially has a significant effect on the dependent variable (Y). For the X3 variable the amount of 0.0975 > 0.05 means that the independent variable partially does not have a significant effect on the dependent variable (Y). 1 4 6

Hypothesis testing results

The results of the data analysis test were then compared with the research hypothesis. The explanation can be seen below:

- 1) Simultaneously investment, labor, and government spending have a significant effect on economic growth in Tanah Laut, Tanah Bumbu, and Kotabaru Districts, the hypothesis is accepted.
- 2) Partially, investment and labor influence economic growth in Tanah Laut, Tanah Bumbu, and Kotabaru Districts, the hypothesis is accepted. The results of this analysis indicate that local government spending has no significant effect on economic growth. This shows that the hypothesis is rejected.

DISCUSSION

In previous research Rustiono (2008) stated that investment and labor have a significant effect on economic growth in Central Java. Research conducted by Muzdalifah et al. (2019) states that private investment has a significant effect on economic growth in a negative direction in South Kalimantan Province. This is certainly in line with the results of research where investment and energy have a significant influence on economic growth in the districts of Tanah Laut, Tanah Bumbu, and Kotabaru. This is a challenge for bureaucrats to optimize increased investment by providing a more conducive investment climate.

With an increase in investment, it will certainly open up opportunities for the establishment of factories/industries, intensification, and intensification of production households or companies (Mokyr, 2001). Then this will be accompanied by an increase in exports and the quality and quality of goods/services production. And all of that will certainly create new job opportunities.

The results of this analysis indicate that labor has a significant positive effect on economic growth. For the workforce, if there is an increase of 1%, it will affect the increase in economic growth by 2.630166%. Chetty et al. (2011) suggested that cost for adjustment, responding firm, as well as both micro and macro manpower supply to elasticities. The labor elasticity figure in this study provides a signal that the contribution of labor in TanahLaut, Tanah Bumbu, and Kotabaru districts to economic growth is quite significant. This is due to a large number of industries in these three districts that are labor-intensive and the large number of people working in the mining and quarrying sector, the agricultural and forestry sector, and the manufacturing sector, which are mostly found in the three districts in this study. Meanwhile, government spending is not able to affect increasing economic growth.

A study was done by Wang & Liu, (2011) noted that there is an influence on spatial spillover from the community spending to the regional government to local economic improvement. The above research has relevancy to the absence of the influence of local government spending on economic growth in the districts of Tanah Laut, Tanah Bumbu and Kotabaru is due to several reasons. Based on the data on the realization of local government expenditure in the three districts, it can be seen that the amount of regional government expenditure in the three districts is dominated by personnel expenditure. This means that the largest regional government expenditure is personnel expenditure and material expenditure. Where these two expenses are not directly related to an increase in GRDP. The existence of a sizable gap in the budget ceiling in Tanah Laut district can also cause slow economic growth. Also, this shows that the three districts are independent in their economic growth not dependent on funds from local governments.

However, overall simultaneously investment, labor, and government spending affect economic growth in the districts of Tanah Laut, Tanah spices, and Koatabaru. This is supported by the opinion of Arndt (1994) that the argument regarding public policy concerning government spending policies is based on the situation that the market cannot play its role in activating the mobilization of economic activity, especially to achieve efficiency. Although some affect directly and some indirectly.

CONCLUSION

Several conclusions can be drawn following the research data analysis, namely:

1. Overall (simultaneously) investment, labor, and government spending affect economic growth in the three districts (Tanah Laut, Tanah Bumbu, and Kotabaru).
2. Partially concludes that investment and labor have a significant positive effect on economic growth. Meanwhile, local government spending does not have a significant effect on economic growth (Y).

Following the conclusions from the results of this study, several things need to be considered in driving development. Investment plays a significant role in increasing economic growth, therefore the government and local communities must work together to create bureaucratic ease and security in investing. In terms of the number (quantity) of labor, it makes a high contribution to economic growth, although efforts are also needed to improve the quality of labor. These efforts can be done by increasing the delivery of education and training through formal and non-formal channels. One of them is by increasing the capacity of vocational training centers and establishing formal schools that support the existing economic sector Local governments are expected to allocate regional expenditures proportionally. To reduce personnel spending, the information system approach must be increased. Also, the allocation of development spending in the form of productive capital expenditures needs to be increased, such as the development of supporting industries in the agricultural sector.

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Investment, Absorbed Labor, Infrastructure and Exports on the GDP of Kotabaru District from Special Economic Zone

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ABSTRACT

The purpose of this study was to provide an overview of the current conditions of investment, labor, and exports in contributing to the value of GRDP of Kotabaru Regency. This research was also expected to increase understanding to local governments, developers, and community institutions with an interest in developing a Special Economic Zone in Kotabaru Regency. Thus this research can become a reference in preparing a strategic plan for the development of special economics. For data collection, we obtained data at the service center and statistics in Kotabaru Regency. Then followed by multiple linear regression analysis that was carried out to see the influence of the independent variable on the dependent variable through the use of E-views software for regression analysis. The results of this analysis indicate that investment has a significant effect and probability has a positive effect on the GRDP of Kotabaru Regency, while labor, infrastructure, and exports do not have a significant effect on the GRDP of the Special Economic Zone of Kotabaru Regency.

Keywords---*absorbed labor, exports on GDP, infrastructure, investment, special economic zone.*

INTRODUCTION

Various efforts have been made to improve export performance, attract investment-both domestic and foreign, and boost the pace of economic growth (Barua, 2013). In connection with this objective, the Indonesian government has planned development in the form of strategic areas. For this kind of development, the government has started with the establishment of the Free Port and Free Trade Zone (FPFTZ) in 1970 which then continued to grow until 2009 with the establishment of Special Economic Zones (SEZ). The SEZ development target is pursued as an alternative solution to problems related to investment and the business climate in Indonesia. However, there are some major challenges in the government's efforts to achieve development targets through SEZ development, including institutional, infrastructure, and legal umbrella issues. This challenge needs to be anticipated properly so that foreign investors are interested in investing (Deininger, 2011; Meyer and Nguyen, 2005; Borrás Jr and Franco, 2012; White et al., 2012).

For SEZ to develop and attract large investments in new and more competitive foreign investment compared to similar SEZ in various countries, Pakdeenurit (2014), Kinyondo et al. (2016) suggested that SEZ has to be seen as fact that it may play a potential role to create a wider opportunity for the various investor to come. It is necessary to provide facilities and facilities in the form of taxation, customs and excise, traffic of goods, employment, immigration, land, as well as licensing and non-licensing. The development of SEZ is one of Indonesia's strategies to encourage investment and increase Indonesia's

competitiveness. Currently, in Indonesia, various economic zones are operating: Integrated Economic Development Zone (IEDZ), Bonded Zone (BZ), Free Port and Free Trade Zone (FPFTZ), and Industrial Estate (IE). However, the development of the area has not provided optimal results and there are still various obstacles in its implementation (Rahmani et al., 2014).

Related to this, the South Kalimantan regional government also developed SEZ as an effort to attract domestic and foreign investment, one of them is the Mekar Putih Special economic zone in Kotabaru district. The designation of a special economic zone in the Mekar Putih area in Kotabaru district with the main goal of establishing SEZs is to: (1) stimulate economic growth through export promotion, (2) attract foreign investment and increase foreign exchange income, (3) increase employment and (4) creating technology and management transfers.

While the purpose of this study is to provide an overview of the current conditions of investment, labor, and exports in contributing to the value of the GDP of Kotabaru Regency. And this research can increase understanding to local governments, private parties, and community institutions with an interest in developing special economic zones in Kotabaru district. Where this research can be a reference in the preparation of strategic plans in the development of SEZ. Farole, (2011), Farole & Akinci, (2011) have specialized the several zones for economic development in some developing countries such as Africa and Asia through a study comparison over the government performance and learning outcome from an international perspective and lived experiences.

LITERATURE REVIEW

The concept of a special economic zone and its urgency

According to Government Regulation No. 2 (2011) regarding the implementation of economic zones which specifically explains that special economic zones are carried out through the preparation of areas that have geo-economic and geostrategic advantages which are prepared to maximize industrial activities, exports, imports, and other economic activities that have high economic value. The development of SEZ is also intended to accelerate regional development and serve as a breakthrough model for developing regions for economic growth, including industry, tourism, and trade so that they can recruit domestic workers.

In its development in Indonesia, this SEZ relies on the development of industrial estates that existed in the era of 1970. Palit & Bhattacharjee (2008) findings urged that the SEZ in several developing countries such as India have to be seen both myths idea and economic realities. So based on this experience, many developing countries in that era established special economic development zones. But formally, SEZ has only been born since the issuance of Law Number 39 of 2009 concerning Special Economic Zones (KEK). The main purpose of establishing this special area is to integrate the companies operating in it with the global economy, by protecting them from various distortions such as tariffs and complicated bureaucracy.

Tarzi, (2005), Anyanwu, (2012) evaluated that the roles played by the foreign indirect investment have been into most developing nations. This role and strategy have strongly impacted many regional and national policies. As a result, many decision-makers in the government of a country in determining a region and foreign roles as an SEZ is based on the advantages possessed by the region which generally have: 1) Geographical advantage, the location of an area that is very close to the country/border and / or

world trade. routes with various specificity (Export Orientation, Import Substitution, and so on). 2) Natural resources, certain natural resources become an attraction in determining an area to become an SEZ. And Indonesia as a country that has many rich natural resources needs to create SEZ clusters in various regions so that each region has its economic center within the SEZ framework.

As a comparison of special economic zones in several countries in Asia such as Malaysia, Thailand and China, the SEZ policy in Indonesia has relatively good objectives, namely to develop a strong economy as well as to help and support the domestic economy, as well as to encourage job creation and improve industrial structure at that location. So that at the end of this regency city area can increase the value of exports and increase the value of the country's foreign exchange reserves (Wahyuni et al., 2013; Huijing, 2019). In the investment development area approach, the criteria that must be met are 1) Sustainable: Long-term oriented, and; 2) Fair: Economically, socially, and politically feasible. 3) Measurable: Clear in instrument and targets.

The empirical study of special economic zones

Research by Munyoro et al., (2017) explained that the existence of SEZ in Zimbabwe has a significant effect on the economic growth of local governments. Also, they also concluded that although the economic zone was particularly important for the development of the Zimbabwean economy, government policies were no longer in line with the developments and demands of the times. So they recommended that some new policies should be consistent and should use a bottom-up approach rather than a top-down approach to formulate and implement economic policies towards success targets.

Meanwhile Kumar (2008) and Kaushika, (2018) explain that the SEZ policy encourages FDI, exports and encourages infrastructure development in India. Likewise, Warr & Menon, (2016), Pongpiachan et al., (2018) explained that the role of the SEZ region in Cambodia's trade policy, SEZ has attracted a significant amount of foreign investment followed by the absorption of 68,000 local workers, with the same pay, so that it has an impact on improving the economic welfare of workers in the country.

Other findings related to SEZ were also presented by Cizkiewicz et al. (2017), Ragulina et al. (2017) and Ambroziak (2016) in the period 2003-2012 that SEZ has a substantial positive effect on workers both local Poland and neighboring countries. The SEZ's influence on investment is rather weak, but it still has a positive and significant impact on the country's economic growth. It is different from the study by Cotula & Mouan (2018) which examined the condition of the existence of SEZ in developing countries such as Pakistan and Kamboza which has spread rapidly over the last 20 years. Their study includes many low- and middle-income countries, where they have succeeded in attracting private investors for industrial development, giving rise to fears of land grabbing, poor labor conditions, and loss of community income. The concern is rooted in a law made by a regime that only supports SEZ but they fail to understand sustainability, protect the lands of communities affected by SEZ so that weak communities only receive negative impacts from the formation of these special economic zones. A similar story also comes to the work of Levien (2012) who saw the old commitment can not sustainable what being said inSEZearly plan as the political situation later that affected the economic development in the dispossession in some developing nations such as India.

METHOD

This quantitative research aimed to discuss how the influence of labor absorption, exports, infrastructure, and investment on Gross Regional Domestic Product (GRDP) in the framework of

forming a special economic zone in Kotabaru Regency. Loeb et al. (2017) said that in working in quantitative, the descriptive analysis can be in researching social and economic field. Descriptive analysis is used to describe the conditions of employment, exports, and investment in Kotabaru Regency, especially in terms of GRDP and where the author connects some variables in series and provides an analysis of the implementation of special economic areas (SEZ) in Kotabaru Regency, precisely in Mekar Putih Village, Kota Baru District.

RESULTS AND DISCUSSION

Table 1. Research result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.064324	4.097343	0.747881	0.4828
LOG (INVEST)	0.550394	0.098181	5.605887	0.0014
LOG(TK)	0.200889	0.437902	0.458752	0.6626
LOG (INFRASTRUCTURE)	0.005914	0.033185	0.178200	0.8644
LOG (EXPORT)	0.071220	0.043375	1.641956	0.1517
R-squared	0.967205	Mean dependent var		16.35743
Adjusted R-squared	0.945342	S.D. dependent var		0.170797
F-statistic	44.23918	Durbin-Watson stat		2.258043
Prob(F-statistic)	0.000138			

Source of results of data processing 2019

Table 1 above shows that only the investment variables have a significant and positive effect on SEZ Kotabaru Regency. With an investment probability value of 0.001 has a smaller value than the real level used, namely 0.05. Meanwhile, the probability of the labor force variable is 0.662 and the infrastructure is 0.8644 and the export value is 0.151 which has no significant effect on GRDP in SEZ. The R square coefficient shows a value of 0.967, which means that the equation model used can explain the relationship between the dependent variable and the independent variable by 96.7 percent, while the rest is explained by other factors outside the model. The F-statistic value obtained after regression is 44,239, while the F probability value of 0.0001 has a smaller value than the real level used 0.05 so that it can be said that the independent variables used are significant and jointly affect the company's GRDP in SEZ Mekar Putih, Kotabaru Regency.

MEKAR PUTIH SPECIAL ECONOMIC ZONE

Mekar Putih economic area is located in the Tanjung Selayar Island Laut District (PLTS) which is a fraction of the Pulau Laut Barat District. To accelerate regional development, the Tanjung Selayar Island Subdistrict was formed. Many potential natural resources can be developed as special economic activities, including mining iron ore, coal, oil palm, rubber plantations, forestry (wood), and energy. Meanwhile, the industrial potential based on natural resources is in the form of:

- 1) Agroindustry; Palm Oil Agro-Industry: CPO and its derivatives
- 2) Mining Industry; Iron Ore Industry, Coal Industry
- 3) Forestry Industry; Pulp / Pulp Industry, Plywood Industry
- 4) Steam Power Plant (Coal) Energy Industry.



Figure 1. Administrative map of Kotabaru Regency
Source: Kotabaru Regency BAPPEDA

Investment as an economic benchmark

Yigitcanlar & Bulu (2015) study which has acknowledged that the development of Dubai with the city of Istanbul has inspired the journey of a country in urban development efforts employing government policies to improve the country's economy so that it is easier to develop. What they have done is more or less what has happened by the Indonesian government, especially the city of Kotabaru. By accelerating the growth rate of investment value, it will participate and be able to increase production capacity so that it can have an impact on increasing the value of GRDB that will be received. The low quality of regional investment, which is generally in the form of construction and maintenance of non-excludable and / or non-rivalry public infrastructure, has an irreplaceable role compared to the role of the private sector. The role of government is increasingly important in relatively underdeveloped regions, where private investment is still low. In these areas, government investment is expected to increase regional attractiveness through the development of regional infrastructures such as roads, electricity, irrigation, and other transportation infrastructure, as well as enhancing human resources (HR). Without it, it is difficult to expect regional businesses to develop.

Likewise, the commitment of local governments to prioritizing public investment can be seen from the ratio of local government capital expenditures to total district/ city and provincial government spending in South Kalimantan. What the local government of Kalimantan is doing is the same as the study of Pujadas et al. (2017) which examines various development approaches by prioritizing and prioritizing

community choices for industrial and investment opportunities. Although these efforts and conditions are not sufficient to spur efforts to improve people's welfare, especially poverty reduction and improvement of the quality of human resources, at least the government has made efforts to develop poverty alleviation programs and increase human resources appropriately and sustainably, with adequate budget allocations.

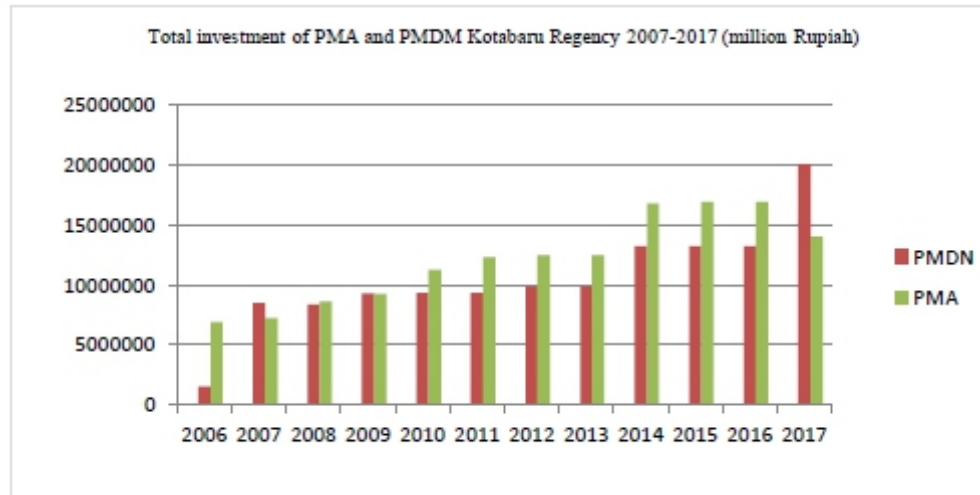


Figure 2. The total investment of PMA and PMDM Kotabaru Regency 2007-2017

Data source processed 2019

Investment in Kotabaru Regency is indeed very developing due to industrial growth which makes the value of incoming investment also increase. This shows that the investment sector plays an important role in driving economic growth, particularly GDP. Henderson (2002) study has successfully revealed the urbanization program in building and improving the community economy. That is why it is considered the importance of establishing an SEZ in Kotabaru so that the dream of accelerating development can continue to be realized. The formation of SEZ is believed to increase investor interest because in the area special facilities will be provided to facilitate procedures related to investment licensing. So that it will be able to increase the value of an incoming investment and will also increase the value of GRDP that will be received.

Potential labor absorption

In Kotabaru Regency, many industries are growing very rapidly. However, the large number of these industries is not accompanied by the absorption of local workers, especially from industries around Kotabaru Regency. In other words, employment from the industrial sector in Kotabaru Regency is still very low. Although the absorption of labor from the local population will cause a slowdown in economic growth, the labor sector is an important part of increasing the Gross Domestic Product (GRDP) of an area but if the laborforce is used from outside the region or not a native workforce will slow down the acceleration of economic growth.

The ability of the industrial sector to absorb labor is determined by the suitability between the skills of the workforce and the investment made. As Todaro (1981) states, there is an asynchronous relationship between investment and employment due to the accumulation of capital for the purchase of sophisticated machinery and equipment which not only wastes domestic finances and foreign exchange but also hinders efforts to create new job creation growth.

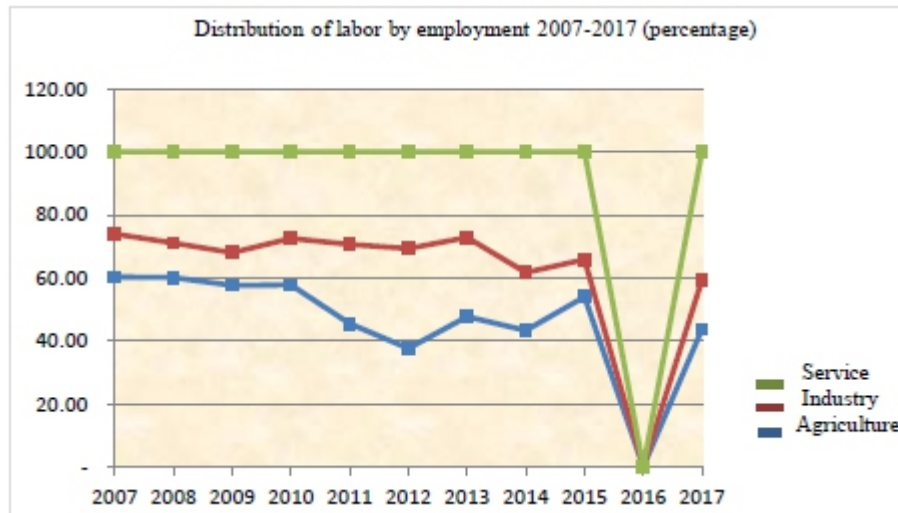


Figure 3. Distribution of labor by employment 2007-2017

Data source processed 2019

The higher the quality of human resources in an area, the more productive the workforce, and the higher the chance of giving birth to innovation which is the key to sustainable growth. The following data illustrates how the conditions for the development of labor absorption in Kotabaru district, especially in the study period. It is seen that the absorption of labor each year is quite stable, only in 2016 which dropped dramatically. This is experienced in all sectors, both services, industry, and agriculture, with the sector that absorbs the most labor in Kotabaru district, the service sector. In fact, in the distribution of contributions, the value of Kotabaru's GRDP in the Industrial sector was the most dominant in contributing value to GRDP. This is what drives the need to establish a Special Economic Zone (SEZ) in Kotabaru district. It is expected that SEZs can increase Labor Absorption especially in the Industrial sector which aims to improve the economy in Kotabaru district.

Infrastructure connectivity ways of economic growth

Research conducted by Mian et al. (2010) raised the importance of developing regions through knowledge in several developing nations with innovation in various infrastructure facilities. This is evidence of work from several developing countries such as Mexico and other countries. So with this international spirit, it is easier for world leaders to innovate their respective regions towards equitable development progress. The need for infrastructure to strengthen connectivity is a major factor in a region's economic growth. This facility will accelerate the completion of the development of land, sea and air transportation, national strategic roads, and the acceleration of clean water, electricity, and telecommunication infrastructure.

Several infrastructure developments to strengthen connectivity in South Kalimantan include 1) Development of land transportation networks: the southern intercity rail network, the construction of the Bajai Pelaihari Batu Licin Sengayam Tanah Grogot railway, the construction of the Tanjung-Balikpapan railway, and the development of the Banjarmasin railway-Palangkaraya; construction of the Kota Baru bridge, construction of the Sei Ulin and Batu Licin ring roads; 2) Development of land transportation: development of a semi BRT transit and system for the city of Banjarmasin; construction of an access road to the Batulicin Industrial Estate. 3) Development of Gusti Syamsir Alam and Syamsudin Noor Airports, Banjarmasin.

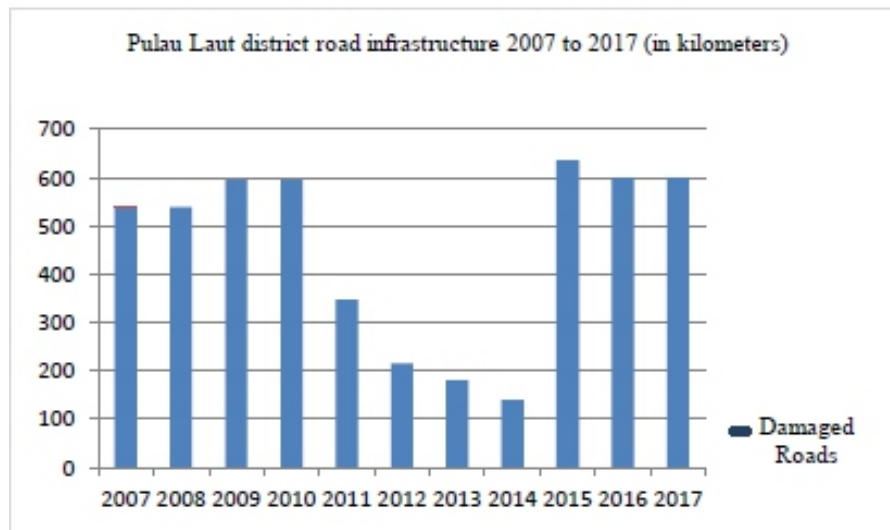


Figure 4. Pulau Laut district road infrastructure 2007 to 2017

Data source processed 2019

Some of the findings of this study indicate that much of the road infrastructure is still damaged. City access from industrial areas is constrained by various obstacles. In the last few months, many people in Kotabaru Regency have complained about the condition of infrastructure, especially road infrastructure, which is currently considered very disruptive to traffic when leaving for work or delivering goods to be sold to the domestic market or for export. Damage to several roads resulted in inefficiencies in driving time and disrupted the distribution of goods and services. Based on the condition of Kotabaru Regency infrastructure in 2017, for damaged roads along 600.03 km, of course, this shows that this is not sufficient. Inadequate infrastructure conditions will reduce the attractiveness of foreign and domestic investors as well as tourists who will enter Kotabaru Regency so that in the end it will disrupt the economic activities of the people of Kotabaru Regency. Infrastructure development is an absolute requirement for boosting economic growth. From the allocation of public and private financing, infrastructure is seen as the locomotive of national and regional development. According to Fischer & Amekudzi (2011), the figures for various means of development will certainly improve the quality of people's lives. So the sustainability of public facilities is closely related to sustainable development. This is the choice of choice for the government to prioritize its development. This is very supportive of this study which has tried to tug at the weaknesses of the Kalimantan regional government in terms of road development and other aspects.

Export facilitation industrial zone

Exports are an important component in increasing GDP growth and economic growth. This export facility will support the domestic and foreign trade sectors. Trading activities occur because the level of the community's economy is increasing. The export value in Kotabaru Regency is quite high and Kotabaru Regency has a strategic geographical location so that the development of its export value is very fast. The export facilities in Kotabaru Regency are very supportive of oil palm and coal trading. This makes export facilities an important sector to accelerate the rate of economic growth, particularly the value of GDP. The increase in export facilities will also be able to boost the rate of economic growth and increase the value of GRDP received by the Kotabaru Regency Government. Kotabaru with a total investment value of 34,148.85 billion in 2017 (Investment Board 2017). The existence of palm oil, coal mining in Kotabaru will strengthen the plantation and mining industry because it spurs new investment

y opening an iron ore mine. This unity will be carried out if the facilities are adequate. This is consistent with the study of Kessides (1993) which states that export and import facilities are a direct contribution to the development of regional and state economies. So it is very important to prioritize this kind of infrastructure improvement because this has been proven from various experiences of international donors in helping a country.

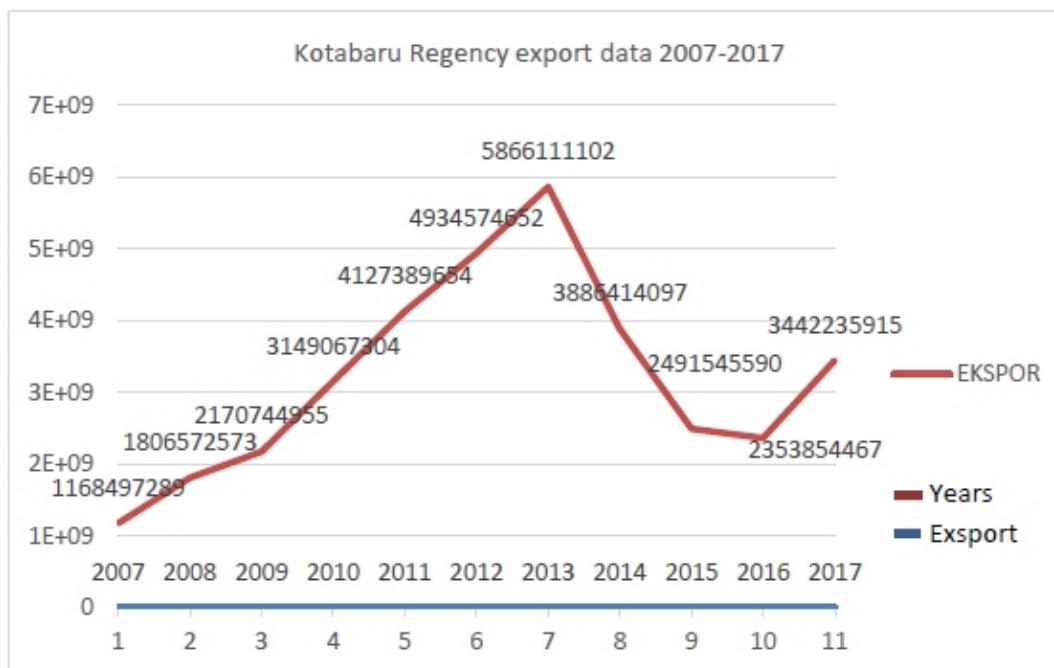


Figure 5. Kotabaru Regency export data 2007-2017
Data source processed 2019

CONCLUSION

The results of this study indicate that of the 4 factors that influence Gross Regional Domestic Product (GRDP) in Kotabaru Regency, namely investment variables, labor variables, infrastructure variables, and export variables, it is proven that only investment variables have a significant effect on the GRDP in the Special Economic District New city. Labor variable does not have a significant effect on SEZ GRDP in Kotabaru Regency, this is due to the low productivity of the workers in the industrial sector, so even though there are large numbers, it does not significantly affect the GDP of the industrial sector of the plantation and mining itself. Also, the plantation and mining industries in Kotabaru District are more patterned in capital intensive industries. Infrastructure variables also have no significant effect on GRDP because the infrastructure in Kotabaru Regency is classified as poor with access to damaged roads as well as 600.03 km. The export variable has no significant effect because the industrial sector in Kotabaru Regency is still affected by inadequate infrastructure both land, sea, and air, whose businesses are oriented to export activities.

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Financial, Operational, and Sustainability Capabilities on the Progress of Mining Companies in the Indonesia Stock Exchange

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ABSTRACT

This study aimed to understand the influence of financial, operational, and sustainable development of the mining business on the Indonesia Stock Exchange market for the period 2016-2019. To understand this effect, we have reviewed 49 mining companies listed on the Indonesia Stock Exchange for the period with a sample of 11 companies that met their financial reporting criteria in the same period. The results of multiple linear regression analysis indicate that financial leverage and growth opportunity have a significant negative effect on the value of sustainability next to the mining companies listed on the Stock Exchange. Operating leverage has a positive and significant effect on the value of sustainability in the mining companies we studied. The results of this study are expected to properly consider the use of debt to the company because it can adversely affect the value of the company itself if its use is excessive.

Keywords---*financial leverage, operating leverage, growth opportunity, company value.*

INTRODUCTION

In an increasingly competitive industrial era, every company must continue to be able to increase its competitiveness with all the capabilities they have (Porter & Heppelmann, 2015; Fujimoto & Shiozawa, 2012; Screpanti, 2014). Due to increasingly fierce competition, both in the domestic market and in the international market, this requires companies to continue to be able to compete with all their advantages by paying full attention to the company's operational, financial and sustainability activities. When viewed from the company's short-term goals, the goal of obtaining maximum profit by using existing resources is appropriate, but if you are concerned with long-term goals, maximize the value and sustainability of the company.

Because the value of company sustainability is the perception of investors towards the company which is often associated with stock prices (Hermastuti, 2014). High company value will make the market believe not only in the company's current performance but also in the company's prospects. Company value can be measured through several aspects, one of which is the market price of the company's shares because the market price of the company's shares reflects the overall investor's assessment of any equity held. The stock market price shows the central assessment of all market participants, the market price acts as a barometer of the company's management performance. If the value of the company is proxied by the stock price, maximizing firm value is the same as maximizing the stock market price. So it can be concluded that the stock price is the right index to measure firm value. For this purpose, the objective of financial management is stated in the form of maximizing the company's share price.

The main goal of the mining business of a company is that a profitable, easy to operate and sustainable are important efforts for every company. Moran et al. (2014), Perná & Hanzlíček (2016) suggested that sustainability in mining business and energy is a new idea to talk about, it is a pathway to community relations for a better earth future. Therefore, success is not only measured in terms of profit, but seen from the sustainability of this business, it has now become the main goal of every company activity and practical business which is closely related to various factors of a business ranging from cities, villages, and anywhere else to businesses that are directly related to the community (Fachrudin & Fachrudin, 2015; Henker & Husodo, 2010). The principles and concepts of this sustainability business allow pressure to inhibit activities such as the electric power industry using fuel oil. In this case, the activity could not possibly be stopped. The other is with efforts to reduce other human behavior such as sea bombing for fishing, forest exploration for agriculture, and other large-scale industrial enterprises, of course, the government, the general public, the private sector, shareholders, and all other business actors should call on all big companies to make this earth healthy and sustainable. In the following figures is the comparison of how this mining company's issue related to financial and sustainability issues:

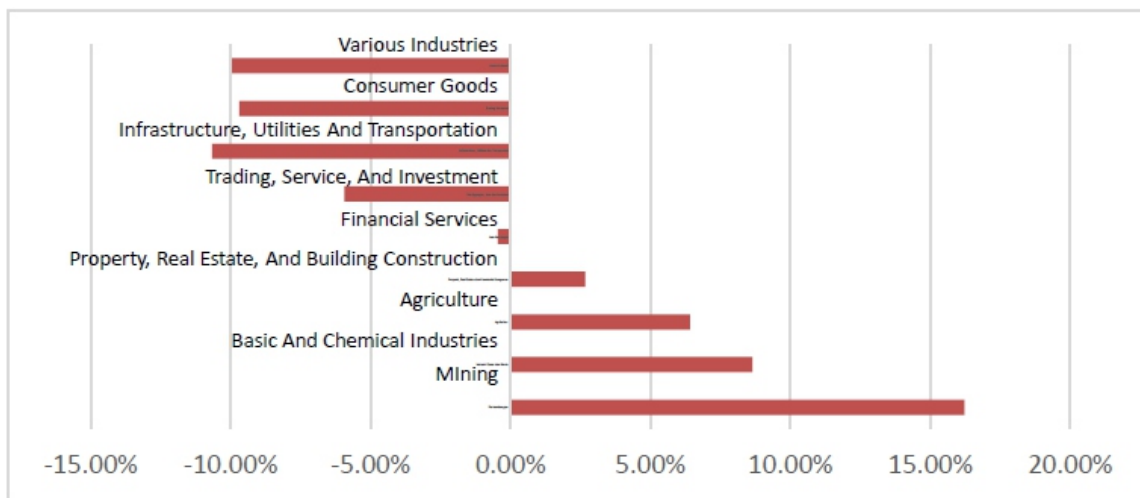


Figure 1. Sectoral Stock Index Q1 2018
Source: www.katadata.com, 2020

Figure 1 shows that the results of the sectoral stock index in 2018 were 10 sectors. The mining sector has the highest ranking for the sectoral stock index at 15.22%. This shows that the mining industry shows the highest stock index results among other sectors in Indonesia. Also, the lowest sectoral index in 2018 was shown in this sector.

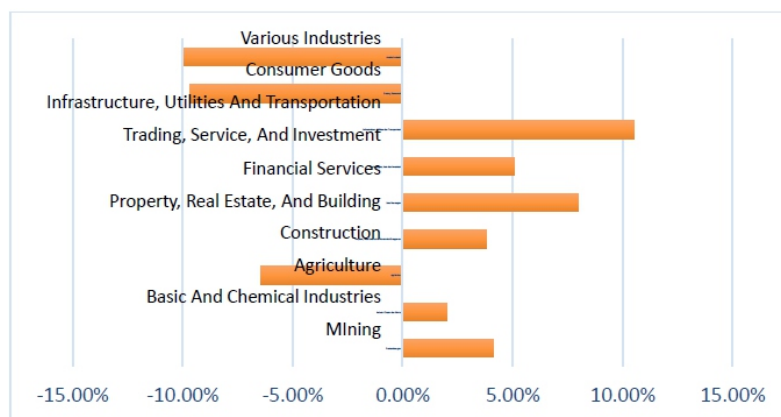


Figure 2. Sectoral Stock Index Q1 2019
Source: www.katadata.com, 2020

Figure 2 shows that the sectoral stock index in 2019 shows a change when compared to 2018. In 2019, the highest stock index occurred in the infrastructure, utility, and transportation sectors at 10.50%. Meanwhile, the lowest stock index occurred in the miscellaneous industry sector at -9.95%. This shows that there was a change in stock index shares between 2018 and 2019. In the mining sector, it shows a decline compared to 2018, which was 4.12%. Based on the information above, now we can formulate the research problem as follows:

- 1) How does financial leverage affect the value of the company in mining companies listed on the Indonesia Stock Exchange in 2016-2019?
- 2) How does operating leverage affect company value in mining companies listed on the Indonesia Stock Exchange that period?
- 3) How does the growth opportunity affect the value of the company in mining companies listed on the Indonesia Stock Exchange as mentioned above?

Practical Benefits

This research result can be used as a consideration for making investment decisions. It can contribute to investors in investing by looking at financial leverage, operating leverage and growth opportunity as a consideration in making investment decisions in mining companies and it can be used as a basis for consideration in making decisions in the financial sector, especially to maximize the performance of the company and shareholders so that the company's shares can continue to survive and have a large return.

Theoretical Benefits

Useful for the development of theoretical knowledge as it has been studied in lectures and as knowledge of financial management and can be a reference or input for the development of further research on what factors affect the value of the company in mining companies.

Financial Leverage

Financial leverage is a measure that shows the extent to which fixed income securities (debt and preferred stock) are used in the company's capital structure (Brigham & Houston, 2014; Yang & Pangastuti, 2016; Suryani & Herianti, 2015). Following the measurement of the level of financial leverage (DFL) is carried out as follows:

$$DFL = \frac{\text{Percentage Change EPS}}{\text{Percentage Change EBIT}}$$

Operating Leverage

Operating leverage is how much-fixed costs are used in the operations of a company (Brigham & Houston, 2014). Operating leverage arises because of the fixed operating costs that are used within the company to generate income. The level of operating leverage or degree of operating leverage (DOL) can be measured using the following formula:

$$DOL = \frac{\text{Percentage Change EBIT}}{\text{Percentage Change In Sales}}$$

Growth Opportunity

Growth opportunity or company growth is a growth opportunity for a company in the future (May 2006). This amount measures the extent to which a company's earnings per share can be increased by leverage.

Company value

Company value investors' perception of the company, which is a weakness with the stock price (Hermastuti, 2014; Angelia & Suryaningsih, 2015; Dewi & Dewi, 2017). The objective of company management is to maximize the shareholder value of wealth.

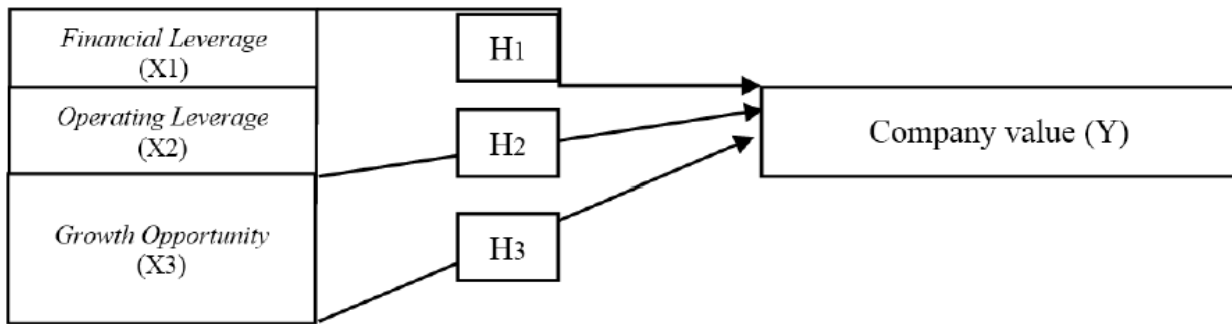


Figure 3. Conceptual Framework

MATERIALS AND METHODS

The purpose of this topic study are 1) to analyze and describe a structured and systematic effect of financial leverage on company value and sustainability in mining companies. 2) to determine and analyze the effect of operating leverage on company value at mining companies. 3) to determine and analyze the effect of growth opportunity on company value in mining companies listed on the Indonesia Stock Exchange 2016-2019 in the form of an accurate factual analysis of the mining companies in Indonesia.

Our next step is to conduct literature studies both from books, as well as from printed media, electronic media, as well as social media, which ensures whether traditional mini-market traders also promote in various ways, like modern market traders. All data we collected were analyzed using descriptive approaches and quantitative analysis. According to Guercini (2014) the combined qualitative and quantitative method is a research methodology that is generally used in the study of market management science both modern and traditional. Because this method is used to understand the situation of certain groups, for example, economic conditions and ways of organizing the way of working and thinking.

The population in this study were mining companies listed on the Indonesia Stock Exchange for the period 2016-2019. The total population in this study were 49 mining companies based on the sub-sector of coal, oil and gas, metals, and other minerals and rocks. The sampling technique was carried out through a purposive sampling method to obtain a sample that followed the research objectives and criteria. The sample criteria in the research above acquired 11 mining companies listed on the Indonesia Stock Exchange for 2016-2019. The amount of observational data that will be processed in this study is the multiplication result of the number of mining companies and the number of observation periods, namely for four periods (2016-2019). So the number of observations in this study for the mining company group became 44 observation data.

RESULT AND DISCUSSION

Table 1 Autocorrelation Test Result

Model	R	R. Square	Model Summary ^b		
			Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.595	.354	.306	1.34697	1.991

Source: Secondary Data, processed in 2020

Based on the results of the regression analysis, the Durbin Watson (DW) value was 1.991. While the magnitude of the DW-table: dL (outer limit) = 1.326; dU (inner limit) = 1,720; 4-dL = 2.673; and 4-dU = 2,280. Thus, it can be concluded that DW-test locates in the test area. Thus it can be seen in Figure 4.15 as follows:

Table 2 Durbin-Watson Test Results

Autocorrelation positive	Area of hesitation	Autocorrelation Free		Area of hesitation	Autocorrelation negative
0	1,326	1,721	1,991	2,280	2,673
					4

Source: Secondary Data, processed in 2020

Table 2 shows that Durbin-Watson is in an area where there is no autocorrelation so that the data used in this study are free from autocorrelation.

Multiple Linear Regression Test Results

Based on the regression model, the results of multiple regression can be explained as follows:

- 1) The multiple linear regression equation above is known to have a constant of 1.207 with a positive sign. The constant magnitude shows that if the independent variables (DFL, DOL, and Growth) are assumed to be consistent, the dependent variable, namely the company value, will increase by 1.207%.
- 2) The variable coefficient of DFL = -0.927 means that every 1% increase in DFL will cause the company value to decrease by 0.927%.
- 3) DOL variable coefficient = 1.208 means that every rise in DOL of 1% will cause an increase in company value of 1.208%
- 4) The coefficient of the Growth variable = 0.428 means that every 1% increase in Growth will cause an increase in the value of the company by 0.428%.

Table 3 Model Feasibility Test Results (F-Test)

		ANNOVA				
Model		Sum of Square	df	Mean Square	F	Sig.
1	Regression	39.762	3	13.254	7.305	.001
	Residual	72.573	40	1.814		
	Total	112.335	43			

Source: Secondary Data, processed in 2020

In Table 3, it can be seen that the results of the F test show the Fcount value of 7.305 with a significance of 0.001. This signature value is smaller than 0.05. This indicates that the independent variables jointly influence the dependent variable so that the proposed hypothesis, namely financial leverage, operating leverage, and growth opportunity, has a collective effect on company value.

Test Results for the Significance of Individual Parameters (t-test)

Based on the results of the t-test analysis calculation, it can be described as follows:

- 1) The financial leverage variable has a beta value of -0.927 with a significant amount of 0.033, which is smaller than 0.05. Thus means that individually the financial leverage variable has a negative and significant effect on company value.

- 2) The operating leverage variable has a beta value of 1.208, with a considerable amount of 0.000, less than 0.05. This means that individually the operating leverage variable has a positive and significant effect on company value.
- 3) The growth opportunity variable has a beta value of 0.428, with a considerable amount of 0.042, which is smaller than 0.05. This means that individually the growth opportunity variable has a positive and significant effect on company value.

The Effect of Financial Leverage on Company value

Financial leverage has a negative and significant effect on company value. Based on the research results, the financial leverage variable's coefficient value is -0.927 with a considerable amount of 0.033, where this value is significant at the 0.05 significance level because it is smaller than 0.05. Thus, financial leverage has a negative and significant effect on company value. Financing companies using debt (leverage) is expected to increase the company's value so that it can provide prosperity for its shareholders. Funds obtained from liability are expected to be appropriately managed with the hope of generating future flows of funds in an amount higher than the number of funds released (Solikahan et al., 2013).

Therefore, the company's choice to use debt as a source of funding is expected to increase company value. The company's share price indicates company value. The higher the company's stock price, the higher the value of the company; conversely, the lower the stock price, the lower its value. The level of company value is influenced by the level of several factors, such as financial leverage. The results of this study are in line with the results of research from Saraswati (2017) shows different results, namely financial leverage, which has a negative and significant effect on company value.

The Effect of Operating Leverage on Company value

Operating leverage has a positive and significant effect on company value. Based on the research results, the coefficient value for the operating leverage variable is 1.208, with a considerable amount of 0.000, where this value is significant at the 0.05 significance level because it is smaller than 0.05. Thus, operating leverage has a positive and significant effect on company value.

The company's ability to increase EBIT with changes in sales volume can signal that the market responds positively to that the company can provide higher value to the company because this can increase the interest of investors to invest. Following the concept of signaling theory, operating leverage can be a signal to outsiders regarding how management views the company's prospects based on the level of operating leverage that formed. The results of this study are in line with the results of research from Ningrum & Hermuningsih (2019) and Wulandari (2013) which shows the results that operating leverage has a positive and significant effect on company value.

The Influence of Growth Opportunity on Company value

Growth opportunity has a positive and significant effect on company value. Based on the research results, the coefficient value for the growth opportunity variable is 0.428, with a considerable amount of 0.042, where this value is significant at the 0.05 significance level because it is smaller than 0.05. Thus, that growth opportunity has a positive and significant effect on company value.

This positive relationship is because if the company's growth opportunity level increases, investors will see this as a good indicator of the company's growth prospects in the future. The company's investment

activities through project selection or other policies, such as creating new products, will make investors expect to get a higher return rate from time to time. This investment decision will affect the company's value, which is the result of the investment activity itself. The results of this study are in line with the results of research from Ananda (2018), Nur (2018), Saraswati (2017), Andanika & Ismawati (2017), Pangulu & Maski, (2014), Ningrum & Hermuningsih, (2019), the results show that growth opportunity has a positive and significant effect on company value.

Conclusion

- 1) Financial leverage has a negative and significant effect on company value in mining companies listed on the Indonesia Stock Exchange for 2016-2019.
- 2) Operating leverage has a positive and significant impact on company value in mining companies listed on the Indonesia Stock Exchange for the period 2016-2019.
- 3) Growth opportunity has a positive and significant effect on company value at mining companies listed on the Indonesia Stock Exchange for 2016-2019.

SUGGESTIONS

For Management, the company's management expected to be able to properly consider the use of debt in the company because it can adversely affect the value of the company itself if its purpose is excessive. For investors, the variables that affect the company's value can be taken into consideration when assessing the company. For future researchers who want to research about company value, they should add other variables that are not included in this study and increase the number of samples by adding the number of timescales and not only examining mining companies but all types of companies on the Indonesia Stock Exchange.

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Process of Decisions Making Purchase Online on Instagram Social Media

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ABSTRACT

The paper aimed at knowing the effect of online shops on Instagram makes it easier for consumers to shop without wasting time and effort because these benefits make online shopping more attractive to the public. The problem in this research is how is the process of making online purchasing decisions from social media Instagram and the factors that influence it. This research uses descriptive qualitative methods and interpretive in-depth interviews with informants. The informant in this study is the community as the subject and object of research, especially those who make online purchases on the Instagram application. The determination of informants was carried out using the accidental technique. Based on the results of the study, the researchers assumed that the informants were students and workers who also went through several stages of decision making when shopping on Instagram, what was different was the online decision-making process carried out, the informant could return to the previous stage or even passed several stages, this was due to the ease and convenience. the convenience of accessing the internet which enabled informants to go through several stages of the online purchasing process.

Keywords---*decision making, Instagram, online shopping, social media, social commerce.*

INTRODUCTION

Technological advances indicate an increase in purchasing behavior, especially the purchase of technology devices with internet access, namely gadgets. Musi (2017), almost all community activities intersect with technology, including social, political, economic, contemporary lifestyles, and others. Sa'diya (2017), the internet is one of the information technologies that continues to develop and is widely used for various human needs today (Pudjihardjo & Wijaya, 2015). With advances in technology that have made people's work easier, both directly and indirectly, it has changed the lifestyle of the community, especially in terms of needs and wants. In general, when someone's needs have been met, other needs will arise. Spending on food, clothing, and other necessities is included in consumption (Lisma & Haryono, 2016).

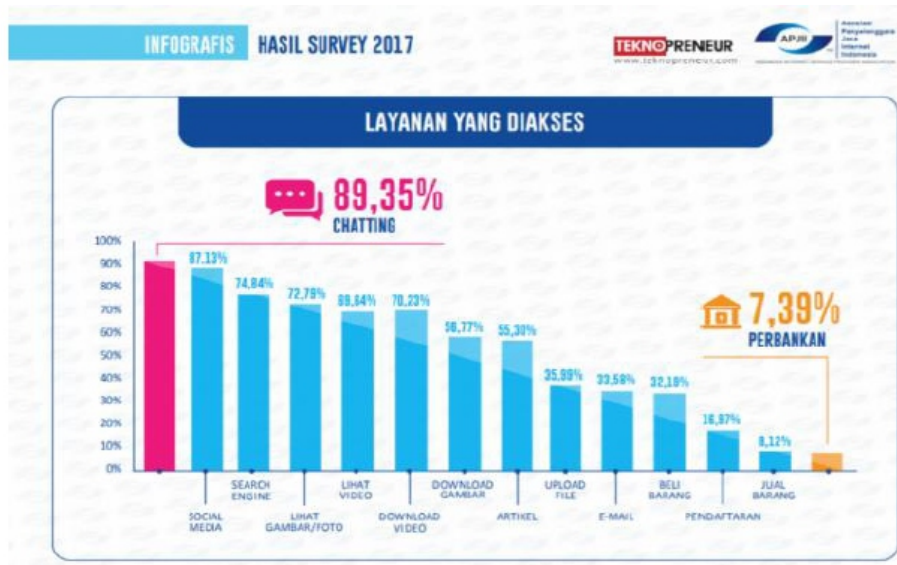


Figure 1. The service data accessed using the internet
Source: APJII (2017)

The spread of the internet is the impact of the development of information technology infrastructure. According to APJII, the most types of services accessed by users are chat applications (89.35%), social media (87.13%), search engines (74.84%), viewing pictures/photos (72.79%), viewing videos (69.64%), and the rest are other internet activities. The smallest activity from the survey results is accessing banking (7.39%), this is based on data from the Ministry of Communication and Information in 2017 (www.apjii.or.id).

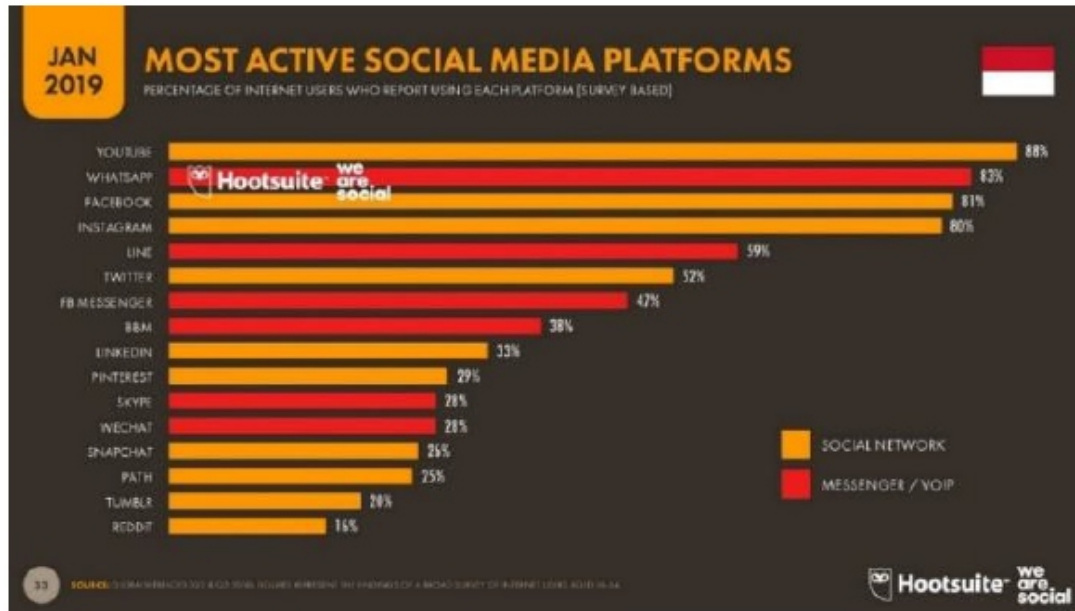


Figure 2. The most used social media platform in Indonesia
Source: We Are Social and Hootsuite

One of the most popular social media today is Instagram. Because Instagram is the fourth largest social media in the world according to We Are Social - Hootsuite. Instagram is an application that focuses on experiences for sharing photos and videos to social networks via mobile devices. This can be used by business people to promote their products. Based on the results of data from We Are Social-Hootsuite,

Indonesia ranks third in the largest use of social media Instagram in the world. The development of social media users encourages a great potential for the creation of online shopping activities using social media. Online shops make it easier for consumers to shop without wasting time and effort because these benefits make online shopping more attractive to the public (Sernovitz, 2012; Ulumiyah et al., 2016; Vroom, 2000; Hamdani & Mawardi, 2018).

Many social networks have been used to promote business products, one of which is Instagram. In the opinion of Instagram researchers, why choose Instagram? Instagram is a photo-sharing social networking application that first appeared on the Apple iOS platform. This is not the first photo-sharing social network app to appear, but it is more efficient than other photo-sharing apps on any mobile platform. Instagram, makes it easier for online business activities to place their product photos, product information, and information on how to order in one place. So consumers can see the information they need before choosing any product they want to buy and contact the seller. Instagram users will continue to grow, and of course, Instagram is a pool full of consumers (Kusumah, 2015). The behavior of each consumer in deciding to buy a product becomes a special study for each company before releasing its product on the market. The development of the digital era is increasingly inevitable, which must be followed by every company to adjust its marketing strategy by entering an online system to sell its products. Online shopping has become a habit for some people because of the convenience it provides, many people think that online shopping is one of the means to find the items they need (Hunt et al., 1989; Bryson, 1996; Hollingshead, 1996).

LITERATURE REVIEW

Consumer behavior, according to Priansa (2017) several theories describe consumer behavior. (1) Micro Economic Theory, that economic growth is based on the principle that humans in all their actions are driven by their interests. (2) Psychological Theory, this theory is based on individual psychological factors that are always influenced by environmental forces. Human behavior is very complex due to mental processes that cannot be observed directly. In its development, this theory developed into learning theory. According to Kotler & Armstrong (2012), consumer behavior refers to the individual purchasing behavior of end consumers and households who buy goods or services for personal consumption. Furthermore, Solomon (2015) argues that consumer behavior learns about everything about how the process occurs when consumers choose, buy, and use or discard products, services, and ideas or experiences to satisfy the needs and desires of these consumers. The stages to reach purchasing decisions made by consumers are through several stages:

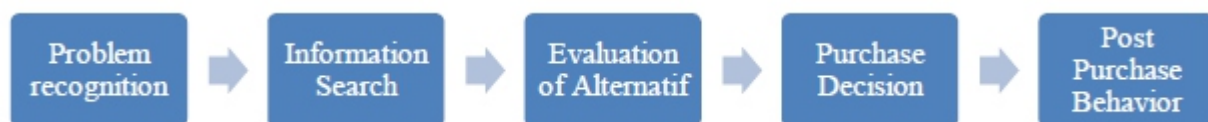


Figure 3. Purchase decision stages
Source: Kotler & Keller (2016)

1) Introduction to Problems

The Purchasing process begins when the buyer recognizes a problem or need. The buyer feels the difference between the real situation and the desired condition. Needs and wants can be triggered by internal and external stimuli.

2) Information Search

Consumers, whether they realize it or not, will seek information. If the motivation is strong & the product that suits his needs and the price is affordable, maybe he will buy it. The number of searches performed will be largely determined by the strength of the motor drive, the amount of initial information obtained, and the ease of obtaining more information, the priority scale of the value of additional information and the satisfaction obtained from the search. Consumers can get information from several sources, namely:

- a) Personal sources: family, friends, and neighbors.
- b) Commercial sources: advertising, sales force, agents, packaging, displays.
- c) Public sources: mass media, consumer assessment organizations.
- d) Sources of experience: handling, inspection, using the product.

In this case, the company must design its marketing mix to make prospective buyers aware of and know the brand. Companies must carefully identify the source of consumer information and the importance of each source.

3) Evaluation of Alternatives

At this stage, consumers are faced with several choices of products to buy. For this reason, consumers evaluate which items are the most suitable to be purchased according to their needs and desires. How consumers evaluate alternative goods to be purchased depends on each individual and the specific buying situation. Marketers must study buyers to find out how to evaluate brand alternatives. When they know what the evaluation process is going on, marketers can take steps to influence the buyer's decisions.

4) Buying Decision

The buying decision is the stage of the buying decision process when consumers buy the product. In general, the buying decision made by consumers is to buy the most preferred product, but two factors arise between the intention to buy and the decision to buy, namely the attitude of others and unexpected situations. Consumers generally form purchase intentions based on factors of income, price, and product benefits, but unexpected events can change purchase intentions. So the choice and intention to buy does not always end in the decision to buy the item that has been selected.

5) Post Purchase Behavior

After buying a product, consumers will feel satisfied or dissatisfied with the goods purchased. Buyers will determine whether satisfied or not it lies in the relationship between consumer expectations and the performance received from the product. If the product does not meet expectations, consumers will feel dissatisfied. The activity of marketers continues in response to this satisfaction and dissatisfaction so that the product life cycle does not decrease. In a product purchase, the decisions that must be taken are not always in the order above. In a buying situation such as an extensive settlement, the decision can be made from the seller, as the seller can help define the difference with other stores by building a positive store image. With a good image displayed by the shop in the eyes of the public, especially consumers, it will create the impression that the company has the quality that can be trusted.

Electronic word of mouth

Word of mouth association (Woma) simply defines the word of mouth marketing as someone's action in sharing interesting information with others (www.womma.org). Consumers tend to accept suggestions

from relatives, friends, and colleagues because of the high credibility among them when talking about the products they consume (Suwarduki & Yulianto, 2016; Smith et al., 1988; Brehmer, 1992). According to Hasan (2010), there are reasons why the Word of Mouth (WOM) can be a powerful source of information in influencing purchasing decisions.

- 1) WOM is an independent and honest source of information, which means that when information comes from a friend, it is credible because there is no connection between the person and the product company.
- 2) WOM is very powerful because it provides benefits to those who ask with direct experience about the product through the experience of friends.
- 3) WOM is tailored to the people who are interested in it. A person won't join the conversation unless they are interested in a topic he likes.
- 4) WOM produces informal media information.
- 5) WOM can start from one source depending on how the power of the influencer and social network spreads quickly and widely to other people.
- 6) WOM is not limited by space or other constraints, such as social ties, time, family, or other physical barriers.

RESEARCH METHODS

The analysis used is descriptive qualitative and interpretative, data is collected through observation, in-depth interviews with informants. Interviews were conducted based on the interview guide, which began with general questions and then conducted in-depth interviews according to conditions in the field. Informants in this study include the community as the subject and object of their research, especially those who have made online purchases on the Instagram application. Accidental sample technique. An accidental sample is a sample taken from anyone who happens to be there, for example asking anyone he meets in the middle of the road to ask for their opinion about something. In the discussion, the concepts and theories that have been listed are used, it does not rule out the use of other concepts and theories as supporters, who are considered relevant. Data is presented naturally, the expressions are not converted into numbers. The research locations are in the cities of Badung and Denpasar because these locations are part of a global city, the economic growth and purchasing power of the people are quite high compared to other regions in Indonesia. There are many shopping centers, business centers, leading companies, as well as government centers.

RESULTS AND DISCUSSION

From the results of research, decision making does not always start with needs, other conditions start the purchase decision process on Instagram, such as several situations described by the informant, "so sometimes there are often advertisements from olshop (online shop) that appear on my timeline. Then the items are cute, right .. yes, a woman's name will be opened immediately .. "or" I bought something on Instagram not because I need that item, but because I was tempted by celebgram". This is another condition that started making this purchase decision, namely browsing on the Instagram timeline, whether from ads that appear or being tempted to see celebrities wearing attractive clothes.

Informants look for information from all sources to get different information content as explained by the informant "Usually from friends, for example, if I see a hoodie (a type of jacket) my friends are just like cool, sometimes I also want to have one, usually that's what happens. the reason I look for it in the olshop, usually I go straight to it. "Or according to another informant, "so I have a group like that on Instagram DM (direct message) ... the contents are my college friends, well ... usually they also send olshop

accounts selling items that are trending right now ... if there is something, in my opinion, matches my taste yes... usually buy right away "so some informants got information from their friends or close relatives. According to Kotler & Keller (2016), this is called a personal source, where the source of information comes from family, friends, etc. Then some informants get information from advertisements or celebrities. Based on the researcher's observations, this stage can go to the next stage, namely the alternative evaluation stage (looking for comparisons) or directly to the purchase decision stage (purchase and payment).

At the purchasing decision stage, the informant will make a purchase, based on the results of the study several factors determine the purchase, namely the price, then recommendations from friends/family. As stated by the following informant, "the benchmark is the price ... but if there is an item that is different in design from the others, I usually take a screenshot first ... I send it to a friend which is better, or usually to Mama." Then from the review (E-WOM) "Look at the Olshop itself, usually there are testimonials, I'm afraid of being deceived by the photos who know the results are dirty ... then from the review also from the comments of the person who bought it", the fourth factor is previous purchase experience "if it's online, it's really difficult because we don't know the quality ... I usually try to buy it first ... well, if it's good ... yeah I usually buy it again there ..."

After making a purchase, the informant can experience several types of situations, the first block/block the olshop due to problems or bad experiences that they get when making a purchase, causing disappointment, then the second one buys back at the same olshop, because of the good experience gained after the previous purchase, and the last is recommending it to friends, family, and others.

Based on the results of the study, the researchers assumed that informants were students and workers who also went through several stages of decision making when shopping on Instagram, what was different was the online decision-making process carried out, the informant could return to the previous stage or even passed several stages, this was due to the ease of access The internet allows informants to go through several stages of the online buying process, such as browsing the timeline by the informant and accidentally finding a product that is of interest to them, they can go straight to the purchase and payment stage.

CONCLUSION

Decision making does not always start with needs, there are conditions where consumers are browsing on Instagram and seeing ads or seeing items that other people use. After that the consumer enters the information-seeking stage, the consumer can usually get information from relatives or find their own depending on the source. The next stage is to look for comparisons after the consumer finds the item he wants, then the consumer will look for comparisons to other online shops, but some skip this stage because they are sure of their choice. At the stage of purchasing decisions, the information will make a purchase, based on the results of the study, there are several factors that most dominate the purchasing decision, namely: price, recommendations, and trends. After making a purchase the consumer experiences several types of situations. The first situation is blocking the online shop because you have a bad experience while shopping. the second is back shopping to the same online shop because trust has been formed between the buyer and the seller.

For theoretical implications, the research is useful for readers to increase knowledge about the process of making online purchasing decisions on Instagram social media. Regarding the characteristics of

Instagram users, consumer behavior on Instagram social media, then decision making on Instagram social media. For the practical implications, this research can be useful for online shop owners on Instagram so that it can be used as a means of increasing competitiveness by considering the sense of usefulness, convenience, comfort, and supported by the social environment so that information technology can be accepted by consumers. For the policy implications, the use of digital marketing is a must, considering that the strategy in marketing is also more modern by using more modern tools by maximizing the features found on social media Instagram. Given that online marketing is increasingly widespread, it must be able to keep up with it.

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