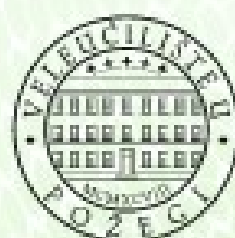


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EDITOR'S NOTE

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THE EFFECT OF CELEBRITY'S PHYSICAL ATTRACTIVENESS ON THE BUY INTENTION AMONG YOUNG CONSUMERS

Abstract:

Consumer behavior and factors affecting their buying behavior is one of the important issues in marketing and sales that many factors affect this process. Using celebrities as endorsers and their presence in advertisements is one of the effective factors in attracting customers. The present study investigated the effect of the apparent attractiveness of celebrities on the intention among young consumers. The answers of 410 Iranian young people, between 17 to 30 years, were collected and examined through the distribution of questionnaires on social networks.

The Chi-Square test was used to examine the independence of the variables and the correlation coefficient was used to determine the type and direction of the relationship between the components.

The results show that any physical attractiveness of celebrities is not significantly different in terms of gender between males and females and also showed that the physical attractiveness of celebrities has a positive and significant effect on the intention of young consumers to buy. The relationship between the questions and the type of celebrity impact on youth has also been investigated.

Keywords:

Buy intention; Celebrity endorsement; Customer behavior; Physical attractiveness; Youths

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Introduction

Consumer behavior is always considered by managers and marketers and plays an important role in the process of selling and marketing products and services. Managers and marketers have always been looking for ways to increase their profits and use advertising for this purpose. Attractive advertising can have a positive impact on the consumer and motivate him to the product or service. One of the ways that is used today to attract and impress the customer is to use famous people in advertising.

"Fame" refers to the recognition of hard work or talent that has developed over time, while "celebrity" refers to a sudden and fleeting appearance in the public sphere, even in the absence of special talent. As a result, the mutual use of stardom, celebrity, and fame attracts widespread attention and the smooth flow of media fame - for example, from faces in movies to names on posters to voices in television commercials [27].

TV commercials that involve the creative insight of the consumer can generate a lot of advertising and verbal communication. Movie stars, TV personalities, entertainers, or famous athletes who participate in advertising help increase the entertainment value of advertising messages. Such quality makes celebrities play a pivotal role in attracting the ad's attention, distinguishing it from the rest and remaining in the memory. Thus, advertisers use celebrities in various fields [11,33].

Theoretical framework and hypotheses development

Celebrity and Celebrity endorsement

Celebrities are famous people who are usually noticed for their participation in entertainment or sports. Celebrities are popular in all types of media, from magazines and TV to Facebook and Instagram [9].

Celebrities are known for their achievements in areas such as sports, entertainment, politics, broadcasting, companies, etc. [39]. In many societies, celebrities are seen as role models. Many consumers aspire to share their values and lifestyle [7].

Endorsement of celebrities is one way to promote brands and products in a competitive marketing environment, because celebrities can increase message persuasion, influence message reminders, attitudes toward specific ads and the brand in general. Brand recognition and willingness to buy, thus increasing the effectiveness of advertising [3,29,32]. There is also evidence to suggest that the profession of celebrities influences the impact of approval. People who are known for their performance or talent, such as athletes, may be more likely to believe in those who have "glamorous" careers [35].

Muda et al. (2014) [28] show that as a company owner, the image of celebrities and the image of the company / product are closely related. Brands need to interact well with consumers, constantly update their online information, and introduce celebrities as ambassadors for brand credibility

and notoriety. According to management concepts, brands should participate in comments with consumers and communicate with them and answer their questions and always be aware of new trends, festivals, major events that are important to their goals [23].

Celebrity attracts the attention of consumers and the main purpose of approving celebrities is the popularity of the product, so that people can easily recognize it, and because of the presence of these famous people, the product is noticed by customers and is remembered. People are influenced by creative advertising, not just by celebrities, and it will be successful if they use celebrities and creative line advertising [12].

Celebrities are often hired to promote corporate fashion brands and sell products through selected social media sites. Because some celebrities can have millions of followers on social media, companies are well aware that loyal fans can be directly responsible for buying millions of dollars in fashion products advertised on celebrity social media sites [31].

Numerous studies also show that in East Asian countries - for example, India, Korea and Japan - almost 60% of TV commercials have popular endorsers [24]. In addition, marketers tend to spend a significant portion of their marketing budget repaying their reputable endorsers. Yang (2018) argues that brands spend about 10% of their budgets to compensate well-known endorsers [41].

Given the positive relationships many consumers have with celebrities; companies continue to use celebrities as endorsers. In fact, popular

advertisers appear in almost 10 of the ads in the United States and other Western cultures [36] and are used to market everything from shoes to airlines. Companies spend billions of dollars a year on celebrities. For example, Nike's annual certification costs reached \$ 1 billion by May 2015 [16], and rumors of personal approvals with star athletes such as LeBron James are at least \$ 1 billion over an athlete's lifetime [13].

During the Euro 2020 press conference on Monday, soccer superstar Cristiano Ronaldo angrily moved two bottles of Coca-Cola, one of the official sponsors of the event, and then took a bottle of water. "Água!" He shouted at the Portuguese and placed the bottle in the middle of his desk. At the end of the European Championship press conference, Coca-Cola fell 1.6 percent to \$ 55.22 from \$ 56.17. That reduced the carnivore's \$ 4 billion market value, and its stock fell another 0.6 percent to \$ 55.08 on Tuesday [22].

According to Wigley (2015) [40] the approval of celebrities in the fashion market and its market is important. In fact, there seemed to be a consensus that endorsement, in various forms and integrated into a comprehensive marketing strategy, was the most important contemporary way in which a fashion brand could introduce itself to consumers. As a strategy, it offers variety and flexibility for brands and may be used at a low cost. The remarkable thing is the broken and scattered media environment and in fact the wider fashion market. Although this complicates fashion advertising because there is no longer a default fashion and lifestyle magazine for advertising, social and digital media and the advent of

specialized magazines provide a platform by which brands may send distinctive messages about themselves. Provide small but effective groups. Consumer fashion celebrities key not only through its potentially low cost, but also for a wide range of opportunities, key brands to build relationships with celebrities who resonate with a particular category of consumers.

Physical attractiveness

Physical attractiveness is the level or degree to which a person's physical characteristics are attractive or beautiful to other people [37]. Physical attractiveness is considered to the extent that a person's physical characteristics such as weight, height, shape, appearance, etc. are considered attractive or beautiful in terms of beauty. The physical appeal of celebrities on social media used to endorse a brand that has a strong desire to get consumers to choose that brand. Appearance is actually a positive relationship with consumer attitudes towards advertising. The results showed that well-known endorsers have more effects on consumers' attitudes toward consumer product advertisements than non-popular endorsers [2].

As Johansson and Bozan (2017) [18] stated, having a successful endorser gives a brand a high quality image. In addition, the attractiveness of the famous sponsor brings more credibility to the brand. This research shows that the attribute of attractiveness goes beyond physical attractiveness, it also includes athletic performance, success and lifestyle. Having a well-

known certifier can lead to the transfer of the certifying image and brand to the approved brand. Celebrities received more attention in advertising than non-celebrities. Having a celebrity and liking celebrity increases consumers' intention to buy when the product is a low-participation product.

Celebrity endorsements have been shown to have a significant effect on consumer buying behaviors [1]. Celebrities and their bodies and celebrities are a great way to build a business connection with consumers [38]. Whether we like celebrities and their impact on society and agree with them or not, they are likely to be an important part of the social scene and, as a result, are likely to continue to change the way people behave and dress [31].

Ahmed et al. (2015) [4] concluded that the Celebrity endorsed advertisements are no more appealing than celebrity-approved ads. The appearance, credibility and consistency of celebrities with reference to approved advertisements all affect the customer's perception of the advertised product. Also, the advertisements approved by celebrities that increase the sales and purchases of products are highlighted. People like to buy more products if celebrities approve, and this shows that customers today are aware of the media and are influenced by it.

Kalu (2019) [21], in a study entitled " The impact of social media influencer marketing on purchase intention from an Irish male millennial's perception: a case study of Irish fashion industry", showed that the physical attractiveness of social media influencers influences consumers' purchasing intent. And ads that use models or

celebrities increase the likelihood of customers buying or recommending a product.

Buy intention

Celebrity is used to make the consumer aware of the product, thus making the consumer buy the product. As soon as the consumer is informed about the product, it is the design, quality and price of the product that affects their buying behavior and celebrities do not approve of it. Celebrities do not change consumers' shopping behavior; they only help to make them aware of the product. A well-used celebrity can be an effective tool to increase the impact of a campaign [14].

When consumers are thinking about buying, they consciously or unconsciously go through the buying process, which includes six consecutive steps to reach the final buying decision. The six steps are problem diagnosis, information retrieval, alternative evaluation, purchasing decision, purchase and post-purchase [19]. When a celebrity matches the brand, consumers are easily able to establish a celebrity relationship with the brand, because both the brand and the celebrity have fixed features that facilitate cognitive processing [20].

Chiosa (2013) [10] shows, in the case of women's clothing, the presence of well-known endorsers in print advertising does not affect consumers' attitudes toward branding and advertising. This means that celebrity and model are equally effective in changing attitudes toward two dependent variables. Celebrities show their influence in influencing the intention to buy. When

using the approval of celebrities, the consistency of the image of celebrities affects the intention to buy the product more than non-celebrities.

In a study conducted in Sri Lanka, Roshan et al. (2017) [34] revealed that the likability to the celebrity used in the perfume brand highly significant in the perfume buying intention. Ahmed et al. (2015) [4] found that advertising products approved by celebrities has a positive effect on consumers, both in terms of their attitude towards brand approval and in terms of their purchase.

Also Janjua (2017) [17] revealed that the consumer decision-making process and whether a person's intention to buy a product can be influenced by the consumer's attitude towards the brand. The results showed that the relationship between the effectiveness of celebrity endorsement and consumer evaluation of a brand with brand endorsement was determined. In other words, it was found that consumers are loyal to certain brands, and this credit is based on the reputation of brand-approved celebrities.

When celebrity endorsement is used effectively, it can help a brand stand out from its competitors and build awareness [43]. It has also been proven that celebrity endorsements create more positive emotions about the brand and product [26]. Therefore, the approval of celebrities can affect the intention of consumers to buy [25]. Fashion participation, referring to consumers' interest in clothing and fashion, is an important dimension of consumers' lifestyles that influence purchasing decisions and consumption behavior [30].

According to Adam and Hussain (2017) [1] Attractiveness is further divided into three factors namely similarity, familiarity, and likeability. Because the field of cosmetics is so fragile, the attractiveness of a celebrity does not play a very important role here, because loving a celebrity does not mean that a cosmetic actually brings the same result to you or your skin. Brought. As it turns out, as research shows, a celebrity's attractiveness has nothing to do with shopping.

Ahmed et al. (2012) [5] revealed that celebrities significantly influence the intention of customers to buy, advertisements approved by celebrities more than non-celebrities. Also, customers are more inclined to match the product-celebrity match than the physical attractiveness of the endorsers, and last but not least, the non-popular endorsement has a negative relationship with the intention to buy.

Zafar and Rafique (2012) [42] showed that Celebrity endorsement based on their attitude and intention to buy has a reasonable impact on customers. The appearance, credibility and consistency of celebrities with reference to approved advertisements all affect the customer's perception of the advertised product. Celebrity endorsement boosts sales. Hence the growing trend these days. If the customer likes the physical attractiveness, credibility, and compatibility between the celebrity and the product, he or she will be passively affected, leading to the purchase of that product. Product features are of secondary importance in themselves

Based on the studies mentioned, it can be assumed that:

H1: Physical attractiveness is significantly different for men and women.

H2: The attractiveness of a celebrity appearance has a positive and significant effect on the consumer's intention to buy.

Methodology

This study examines the role of celebrity endorsement and how the appearance of celebrity appeals to young consumers' intent to buy. Considering the classification of age groups in Iran and determining the age category older than 30 years as people who have passed the youth period (Iran, 2015) [15], the present study examines the age group under 30 years. The information obtained through the distribution of the questionnaire was randomly distributed on social networks such as Telegram and WhatsApp channels, as well as via email. The total number of questionnaires received was 650, of which 410 were in the young age category as defined. The questionnaire consists of two parts of questions: the first part includes 8 questions related to demographic and general information, the second part includes questions related to the appearance of celebrity and buying intention, which generally consists of 6 questions. In the second part of the questionnaire, the answers were prepared using a five-point Likert scale, very high, high, medium, low and very low.

For a better conclusion, SPSS 22 is considered as a tool to help analyze the data collected from participants. Questions of variables used [8,31,38], in which Cronbach's alpha is the value of 0.84, Accordingly, Cronbach's alpha was used to assess

the validity of the questionnaire, which shows the value of 0.90. Pearson correlation coefficient was used to show the significance of the relationship between the components of the variables.

Results and Discussion

After separating 410 questionnaires related to the young age category from other questionnaires,

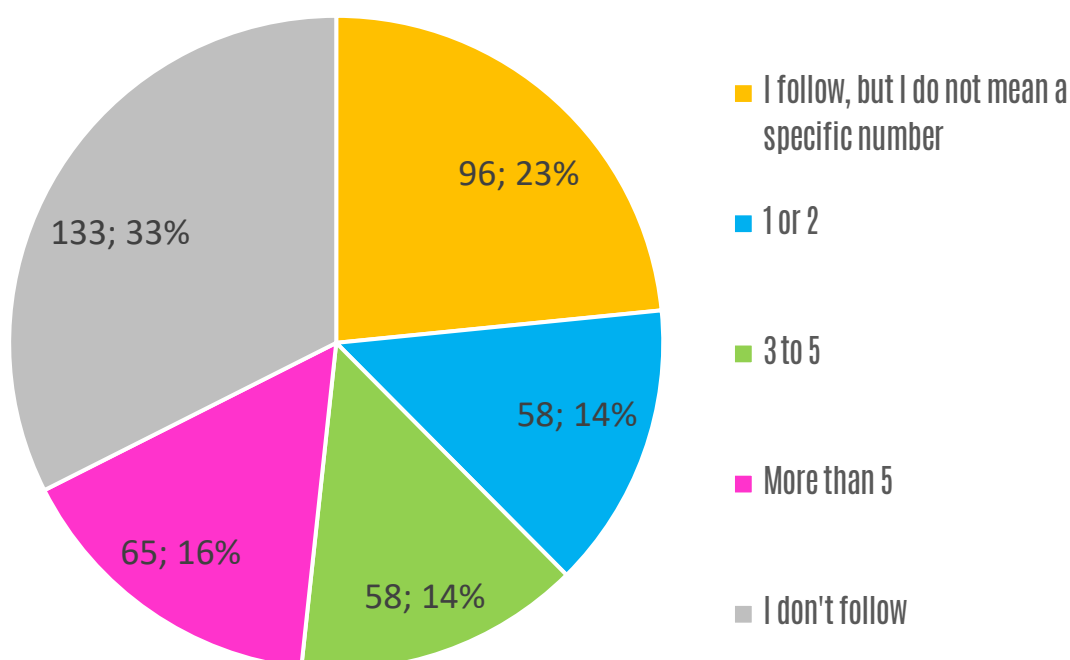
general information is displayed as follows. Table 1 shows the frequency and percentage of data related to demographic information. It shows that the division of the number of respondents is 69% female and 31% male, of which 83% of respondents have a university degree. Information about the employment status of these people is also shown in the job section.

Description	Gender	Classification	Frequency	Total
Gender	Female	<= 20	60	15%
		21-30	223	54%
	Male	<= 20	15	4%
		21-30	112	27%
Education	Female	Diploma or below	58	14%
		Associate	15	4%
		Bachelor	86	21%
		Master	120	29%
		Doctoral or above	4	1%
	Male	Diploma or below	13	3%
		Associate	6	1%
		Bachelor	55	13%
		Master	51	12%
		Doctoral or above	2	0.5%
Job	Female	GOVSE* or PSE**	25	6%
		Self employed	18	4%
		Student	197	48%
		Unemployed	31	8%
		Others	12	3%
	Male	GOVSE or PSE	13	3%
		Self employed	14	3%
		Student	73	18%
		Unemployed	16	4%
		Others	11	3%

*GOVSE = Governmental sector employee, **PSE = Private sector employee

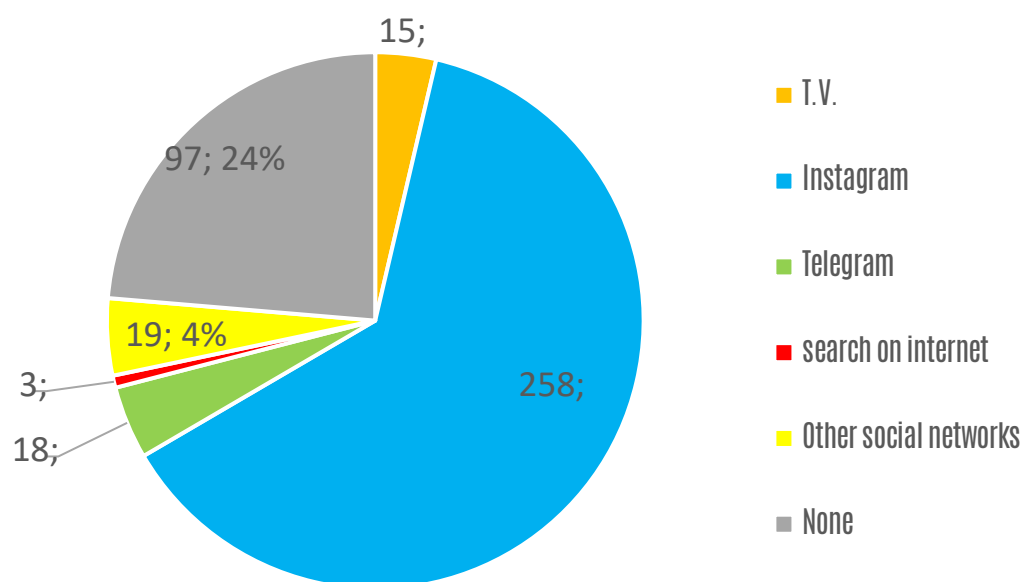
Table 1: Demographic information

Graph 1 shows respondents' information in terms of the number of celebrities they follow. This information shows that 67% of all respondents follow at least one celebrity. Graph 2 shows the division of participants according to the media they use to follow celebrities. Instagram has the highest percentage with 63%.



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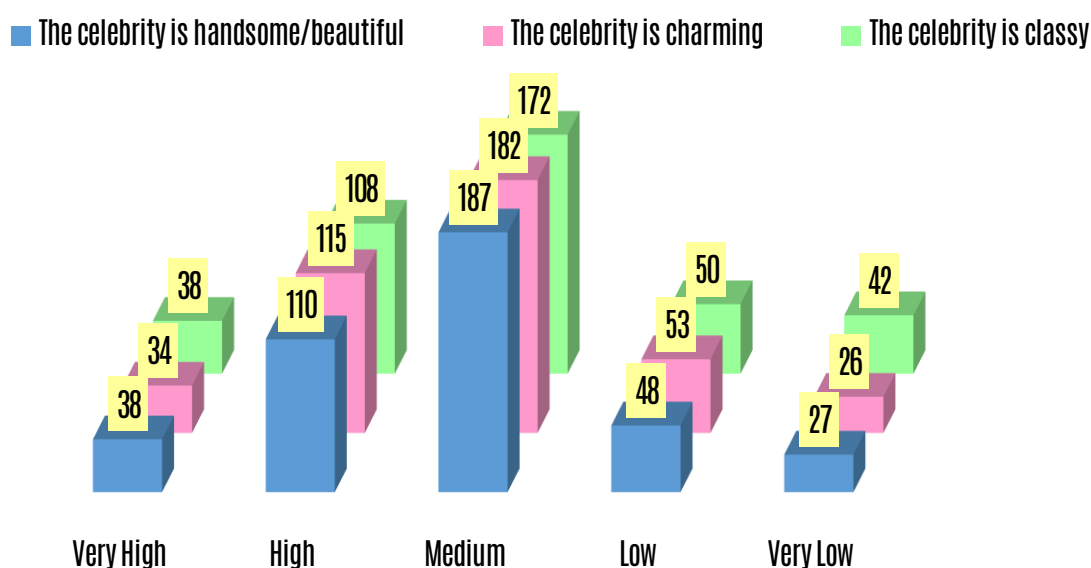
Graph 1: How many celebrities do you follow?



Graph 2: Which social media do you use to follow celebrities?

Physical attractiveness

In the section of celebrity physical attractiveness, three questions have been asked, which based on the information obtained from the respondents, graph 3 has been created. The graph shows that the majority of respondents are people who do not care about the attractive appearance of a celebrity who is shown with the medium option. Also, the number of respondents in section High is more than double the number of respondents in section Low.



Graph 3: Physical attractiveness

To examine the apparent attractiveness of the celebrity from the point of view of the respondents by gender, one-way ANOVA was used, which is given in Table 2. In the first step, questions related to physical attractiveness were tested individually in terms of gender, and finally, the average of the respondents' questions was tested as a variable of physical attractiveness celebrities. The results showed that the value of Sig. for each component is greater than 0.05, thus the hypothesis of dissimilarity of views of men and women about the appearance of celebrity is rejected and the similarity of views is accepted.

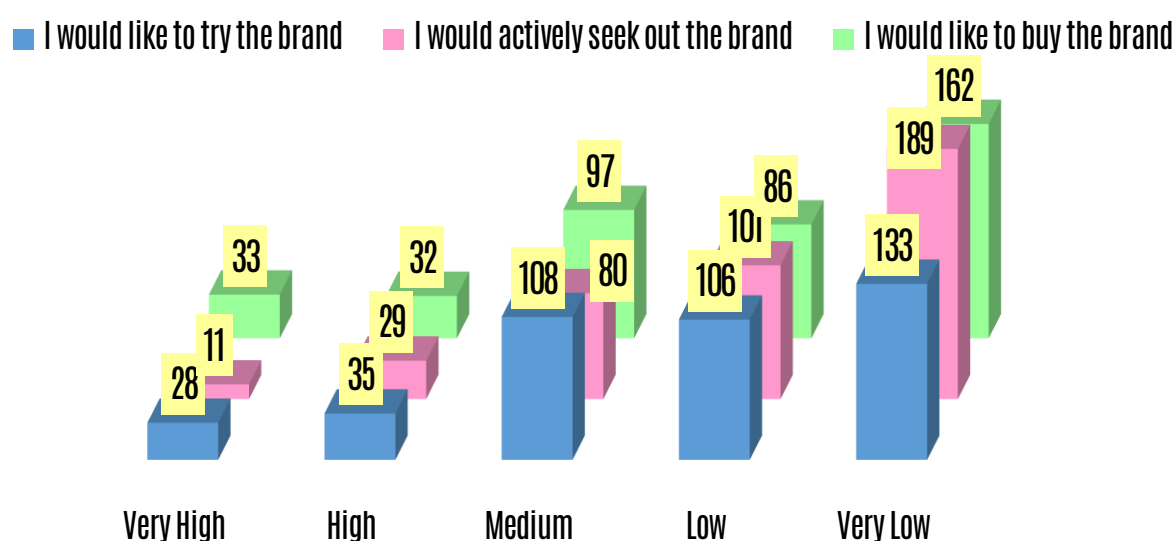
Factor	Sig.
The celebrity is handsome/beautiful	.319
The celebrity is charming	.142
The celebrity is classy	.268
Celebrities Physical Attractiveness	.290

Table 2: Relation between youth's gender and physical attractiveness

Based on this, hypothesis H1 is rejected and it was shown that the physical attractiveness of celebrities is not significantly different between men and women.

Buy intention

In this section, the answers to the consumer intention purchase questions are expressed in terms of the apparent attractiveness of the celebrity, and the information obtained is shown in graph 4. According to the diagram, it can be seen that High and Very High sections are significantly different from other sections and the least answers were related to these two answers.



Graph 4: Buying intention

Statistical tests using SPSS 22 software were used to examine the relationship between celebrity physical attractiveness and customers' intention to buy. In the first part, the three questions of the physical attractiveness section were examined with the three questions of the shopping intention section through Chi-Square tests. The tables obtained from the test showed that the value of Pearson Chi-Square is 0.000 and df is 16 for all connections. Therefore, this test showed that the hypothesis of independence of the questions of the first and second parts from each other is not acceptable. In the second step, because the answers to the questions are ordinal, the Spearman correlation coefficient test is used to show the amount and direction of this relationship, the values of which are shown in Table 3. According to the obtained values, it seems that there is a significant and positive relationship between the questions of the two sections, but the amount of this relationship is not very strong.

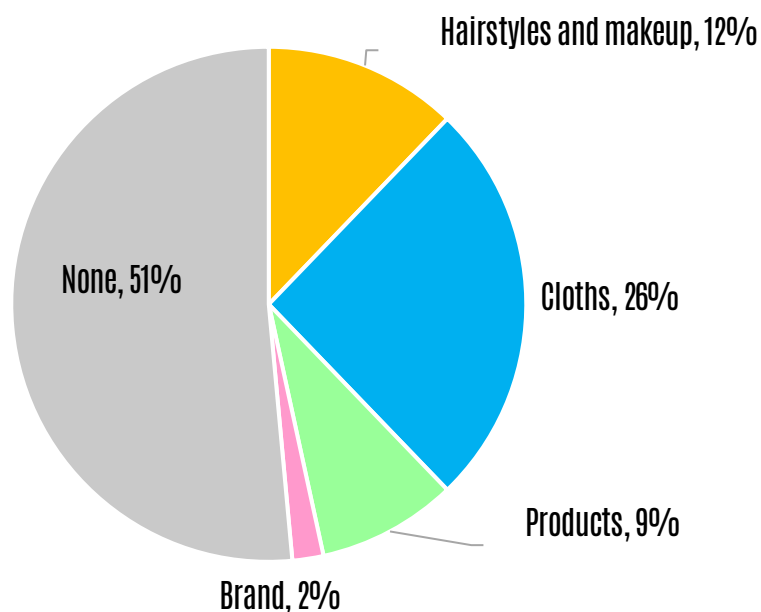
Description			I would like to try the brand	I would actively seek out the brand	I would like to buy the brand
Spearman's rho	The celebrity is handsome/beautiful	Correlation Coefficient	.539**	.449**	.513**
		Sig. (2-tailed)	.000	.000	.000
		N	410	410	410
	The celebrity is charming	Correlation Coefficient	.517**	.473**	.550**
		Sig. (2-tailed)	.000	.000	.000
		N	410	410	410
	The celebrity is classy	Correlation Coefficient	.461**	.418**	.504**
		Sig. (2-tailed)	.000	.000	.000
		N	410	410	410
**. Correlation is significant at the 0.01 level (2-tailed)					

Table 3: Nonparametric Correlations

Based on this, Hypothesis H2 is acceptable and it seems that there is a positive and significant relationship between the physical attractiveness of a celebrity and the consumer's intention to buy.

Other effects

According to the division of expectations from the effect of celebrity on people into sections of brand, product, clothing, hairstyle and makeup and the section of ineffectiveness, the information obtained from the questionnaire is displayed as graph number 5. According to the data, it seems that among the people who are influenced by celebrities, the most affected is related to clothes with 105 people. Hairstyles and makeup, product and brand are in the next categories with 50, 36 and 8 people, respectively. 211 respondents chose not to be affected, which is 51% of the total respondents.



Graph 5: In what cases are you influenced by celebrities?

Chi-square test was performed to examine the relationship between the questions of the two parts of physical attractiveness and intention to buy with the type of celebrity impact on the young consumer. With the value of Sig. equal to 0.000, the hypothesis of independence was strongly rejected and it was shown that there is a connection in this case. Then, for a more detailed study, the mean of the responses with the type of effect was performed by case summaries in SPSS, the result of which is shown in Table 4.

In what cases are you influenced by celebrities?	The celebrity is handsome/beautiful.	The celebrity is charming.	The celebrity is classy.	I would like to try the brand.	I would actively seek out the brand.	I would like to buy the brand.
Brand	3.62	3.50	3.75	3.00	2.38	2.87
Cloths	3.68	3.71	3.62	2.79	2.40	2.76
Hairstyles and makeup	3.50	3.78	3.26	2.66	2.04	2.50
Products	3.28	3.31	3.42	3.08	2.81	3.17
None (ineffectiveness)	2.87	2.76	2.77	1.84	1.55	1.73
Total	3.20	3.19	3.12	2.31	1.96	2.24

Table 4: Case Summaries

Table 4 shows that the mean of the type of impact in some cases is different from the total mean of the respondents. According to the figures in Table 4, the highest average value among the respondents to each question is as follows:

- The celebrity is handsome/beautiful - Cloths with 3.68
- The celebrity is charming - Hairstyles and makeup with 3.78
- The celebrity is classy - Brand with 3.75
- I would like to try the brand - Products with 3.08
- I would actively seek out the brand - Products with 2.81
- I would like to buy the brand - Products with 3.17

According to the information, these numbers seem to indicate the amount of desire of the people answering each question and the type of celebrity influence on them.

Conclusion and Future Research

The purpose of this study was to investigate the effects of celebrity physical attractiveness on consumers' intention to buy. After collecting questionnaire data, 410 respondents in the young age group were selected and surveyed and analyzed. Graphs and statistical tests are better used. The results showed that the physical attractiveness of a celebrity is not significantly different from men and women and also showed that the effect of the physical attractiveness of a celebrity on the intention to buy young people is a positive and significant amount. In addition, an

analysis of the type of relationship between respondents' responses and the type of celebrity influence on them is presented, which shows the relationship between them and the type of celebrity effect.

It is suggested that for future research, the impact of celebrities on different age groups in terms of attractiveness, popularity and type of products advertised should be examined and analyzed. Also, considering the impact of sports celebrities, it is suggested that the effect of approval or disapproval of sports celebrities on brand credibility be investigated.

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CAN COMPANIES DISTRIBUTE THE DIVIDENDS IN 2020? STUDY CASE ON THE INDONESIA STOCK EXCHANGE

Abstract:

This study aims to determine the effect of leverage, liquidity, stock prices, and good corporate governance on dividend distribution. The data used in this study can be found on the Indonesia Stock Exchange website (www.idx.co.id), the websites of each company, and www.investing.com. By using the purposive sampling method, there are 152 manufacturing companies in 2020 that were listed on the Indonesia Stock Exchange before 2019 and had released audited financial statements ending December 31, 2020 and annual reports for the period 2020.

Data is analyzed using logistic regression in SPSS version 25. Based on the research that has been done, the results show that leverage and good corporate governance affect dividend distribution, but liquidity and stock prices do not affect dividend distribution.

Keywords:

Leverage; Liquidity; Stock Prices; Good Corporate Governance; Dividend Distribution

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Introduction

In 2020, the world was engulfed in chaos caused by the COVID-19 pandemic. The COVID-19 virus was first discovered in China in 2019 and began to enter Indonesia in 2020. The increase in COVID-19 cases made the economy in Indonesia experience a significant decline [1]. This means that many business sectors in Indonesia have experienced tremendous decline in sales and business performance due to the impact of the COVID-19 pandemic. On the other hand, investment can be made by placing the capital or money in a business with the hope of obtaining profits in the future [2]. In the capital market, investors can invest their money by buying shares of the company they want to invest in. Companies that have obtained investment funds from investors must manage these funds properly in order to improve their performance. On the other hand, investors expect returns from their investments, in which one of the returns is in the form of dividends [3]. With the condition of COVID-19 pandemic, the dividend distribution decision is an important decision faced by company management because company management must determine the amount of net profit to be distributed to shareholders and not be distributed as retained earnings. The comparison between dividends and net income is known as the dividend payout ratio [4].

Meanwhile, investors are not the only parties who have interests in the company. The company also has other parties who have relationships and interests on the company, such as creditors, suppliers, and even company

management. Although these parties have different interests, they can contribute to the company's success. The company can distribute dividends if the company succeeds in generating positive profits. Hernawan and Hutomo [5] explain that companies must pay attention to all parties who have influence on the company. From this problem, the issue of dividend distribution is not only influenced by the interests of investors, but also by the interests of other parties.

Creditors are one of the company's external stakeholders. Creditors as parties who have lent money to the company have interest in ensuring that the company's loans can be returned in accordance with the agreement. Bramaputra et al. [6] state that excessive use of debt requires the company to repay the debt to creditors, thereby reducing company profits and dividends to be distributed. In this regard, the use of debt by the company is referred to as leverage. High leverage can indicate that there are many creditors whose money has not been returned by the company so that it can influence the company's decision making in distributing dividends.

The company also has other important external stakeholders, namely suppliers. Suppliers as parties who have a role in supplying the products needed for the company have interest in ensuring the products purchased by the company on credit can be paid off on time. Sapitri and Suryani [7] state that companies that manage to pay off their short-term debt can increase the dividends to be distributed. The company's ability to pay off its short-term debt is known as liquidity. Low liquidity can indicate that many suppliers can

not receive repayments by the company because the assets owned by the company are insufficient to pay them. This condition can affect the company's decision making in distributing dividends because dividend distribution requires sufficient money to be paid to shareholders.

Besides creditors and suppliers, investors are the company's internal stakeholders. Investors have interest in obtaining profits on the capital they have invested. In addition to dividends, another benefit that can be obtained is capital gains, which this profit occurs if investors sell shares above their purchase price [8]. Stock prices can move up and down due to demand and supply in transactions in the capital market. Big stock price changes indicate that there is great pressure from investors on the company's shares. Rahmadhani [9] explains that companies that can earn high profits and are accompanied by their ability to control their operational costs can make investors more interested and confident to invest their money by buying shares of the company so that the share price increases. Meanwhile, investors who have owned shares are entitled to share ownership of the company [10]. This means if more investors buy company shares, more investors have rights to the profits earned by the company so that it can influence the company's decision making in distributing dividends.

Company management is the company's internal stakeholder. The company management has interest in improving the company's performance so that the company can earn large profits. However, sometimes it is found that there are corrupt or fraudulent practices within a

company that can cause the company to not run properly and end up in bankruptcy. To prevent this, a company needs a good management system, known as good corporate governance [11]. With the existence of good corporate governance in the company, it is expected that important decisions taken by the company management can bring positive things to the company, especially the decision to distribute dividends. The better the good corporate governance of a company, the company management can manage the company's finances better so that it can influence the company's decision making in distributing dividends.

Based on the things that the authors have described above, this study aims to determine the effect of leverage, liquidity, stock prices, and good corporate governance on dividend distribution.

Theoretical Framework

Based on stakeholders theory, Woodward et al. [12] explain that bankers as creditors have expectations about the company's liquidity and solvency and the value of cash flow guarantees. The company delivers information to meet creditors expectations in the form of coverage ratios, collateral values, and cash flow estimates. It means that because the cash flow can be estimated by the company, the company can distribute dividends by estimating the cash held by the company in the future. The relationship between the bankers and the company is in loan agreements [12].

On the other hand, Bramaputra et al. [6] state that the large proportion of debt in the company's capital structure can make the amount of debt continue to grow. This means that if leverage increases, the company must think about paying off the debt. With the cost of debt that must be paid, the dividend as the cost of equity is reduced so that the company's debt can still be paid including the interest. Therefore, large debt can reduce the company's ability to pay dividends. It is supported by Puspita [13] which explains that the greater the leverage, the greater the debts owned by the company, so that the profits earned by the company will be used to pay off its debts and reduce the dividends distributed.

However, Hardianto [14] says that no matter the company's debt has increased or decreased, the company still pays attention to the interests of shareholders who have invested in the company so that investors confidence is maintained. In addition, increase in debt is not a problem for the company as long as it is followed by increased profits, so that the company can pay off the debt [14]. From this explanation, it can be seen that as long as the company has a commitment to pay dividends and the company's managers can manage loan capital well, leverage does not affect the dividend distribution. It is supported by Nugroho and Hidayati [15] which explains that if high or low leverage is also accompanied by the increase of sales, it can still make the company to distribute dividends. Therefore, the first hypothesis is proposed as:

H1: Leverage has a negative effect on dividend distribution.

Based on stakeholders theory, Woodward et al. [12] explain that suppliers have expectations regarding payment of current debts in accordance with the terms and enduring relationships. The company delivers information to meet suppliers expectations in the form of payment in accordance with the terms. It means if the current debt can be paid by the company, the company can distribute dividends with existing cash without worrying about unpaid current debt to suppliers. The relationship between the supplier and the company is in contract law [12].

Lismana [16] explains that a company with high liquidity indicates that the company is protected from the risk of being unable to pay short-term debt which can lead to the company's bankruptcy. Because dividends are cash outflows, the greater the position of the company's current assets, the greater the company's ability to pay dividends.

On the contrary, Puspita [13] states that although the company's cash is sufficient to pay dividends, it is decided that the company's cash adequacy is used for the company's operational interests or investments so that the dividends to be distributed decrease. It is supported by Rokhayati et al. [17], which explain that high or low liquidity does not guarantee that the company will distribute dividends so that liquidity is only a measurement tool. Therefore, the second hypothesis is proposed as:

H2: Liquidity has a positive effect on dividend distribution.

Based on stakeholders theory, Woodward et al. [12] explain that shareholders have expectations about dividends and stock price increases. The company delivers information to meet shareholders expectations in the form of the company's annual report and information on mergers and acquisitions. It means if investors as shareholders are interested in the company's performance in company's annual report, the stock price will increase because investors are interested in buying company shares to get dividends. The relationship between shareholders and the company is in the company deed, the Stock Exchange, and the rules of the accounting profession [12].

Harahap [18] explains that investors use financial statements issued by the companies to obtain information on company profits. With increased profits, the stock price tends to increase and vice versa. Therefore, the higher the stock price, the bigger the dividends to be distributed by the company. Conversely, if the stock price is getting lower, the dividends to be distributed by the company will also be smaller. It is supported by Anggundini et al. [19], which explain that the stock price as reflection of investors' expectation on company performance improvement is realized by the management by distributing dividends as a form of reciprocity to investors who have invested their funds in the company. Therefore, if the stock price increases greatly, the dividends to be distributed by the company will also be greater.

However, Maghfiroh et al. [20] say that previously the company has determined the dividends to be distributed according to the

number of shares owned by investors, so that stock prices that move up and down due to demand and supply by investors do not affect the dividend paid by the company. Therefore, the third hypothesis is proposed as:

H3: Stock prices have a positive effect on dividend distribution.

Sudarmanto et al. [21] define good corporate governance as a system that regulates and controls the company by paying attention to and managing its relationship with its stakeholders so that the company can achieve its goals. Sudarmanto et al. [21] explain that the implementation of good corporate governance in the company has the aim of creating added value for its stakeholders, ensuring the achievement of company goals, ensuring the good control of company assets, and ensuring the healthy and transparent business activities. Companies that implement good corporate governance can experience benefits such as increased productivity and business efficiency, increased company operational capabilities and accountability to the public, and reduced practices of corruption, collusion, and nepotism and conflicts of interest [21]. It means that the higher the good corporate governance, the higher the dividend to be distributed.

Puspaningsih and Pratiwi [22] explain that companies need a good management system or known as good corporate governance in order to avoid conflicts of interest. Puspaningsih and Pratiwi [22] say that companies with high good corporate governance provide protection for

investors from conflicts of interest so that good corporate governance can increase the dividends distributed by the company. It is supported by Hotimah and Hindasah [23], which explain that good corporate governance implements protection for investors in terms of dividend payments, so that better corporate governance can lead to better fulfillment of dividend distribution.

On the other hand, Bahri [24] explains that there is no guarantee for companies that implement good corporate governance will distribute higher dividends than companies that do not implement good corporate governance. It means the implementation level of good corporate governance by the companies do not affect the dividends that will be distributed by the companies. Therefore, the fourth hypothesis is proposed as:

H4: Good corporate governance has a positive effect on dividend distribution.

Methodology

Data used by the authors in this study is secondary data sourced from the financial statements and annual reports of companies listed on the Indonesia Stock Exchange (IDX) in 2020 and the company's stock prices at the end of 2018 and the end of 2019. The data can be found on the Indonesia Stock Exchange website (www.idx.co.id), the website of each company, and www.investing.com. The population in this study are manufacturing companies listed on the Indonesia Stock Exchange in 2020. Manufacturing companies are chosen in this study because many sectors on the Indonesia

Stock Exchange are classified as manufacturing companies. Sampling data in this study use purposive sampling technique and the criterias are companies that operate in the manufacturing sector, listed on the Indonesia Stock Exchange before 2019, and release audited financial statements ending December 31, 2020 and annual reports for the period 2020.

The measurement of dividend distribution in this study is formulated as companies that distributes dividends are numbered 1, while companies that do not distribute dividends are numbered 0 [25]. Leverage in this study is measured by debt to assets ratio which can show how much the company's assets are funded by debt. Debt to assets ratio is formulated by comparing the total liabilities with the total assets [26]. Liquidity in this study is measured by current ratio which can show how much the company's current assets can cover its current debt. The current ratio is formulated by comparing the current assets with the current liabilities [27]. Stock prices in this study are measured by change in stock prices because it can indicate investor pressure on company's shares. The change in stock prices is formulated by comparing the difference between the closing stock price of the current year and the previous year with the closing stock price of the previous year [28].

Good corporate governance in this study can be measured using a self-assessment made by Forum for Corporate Governance in Indonesia or abbreviated as FCGI [29]. Forum for Corporate Governance in Indonesia [30] explains that the self-assessment contains 71 questions that can be

assessed independently to determine the quality of governance in a company in Indonesia regardless of the type and field of industry. There are five sections and their weight in the self-assessment: shareholders rights (20%), corporate governance policy (15%), corporate governance practices (30%), disclosure (20%), and audit (15%).

The data analysis method used in this research is logistic regression. In this study, data is processed and analyzed using Statistical Package for the Social Sciences (SPSS) version 25 software. This study uses logistic regression because the dependent variable in this study is a dummy variable.

Results

The objects in this study are manufacturing companies on the Indonesia Stock Exchange in 2020, in which the companies were listed before 2019. The sample data is taken using purposive sampling technique and this study obtains 152 companies that meet the criterias. The results of the logistic regression can be seen in table 1.

Variable	B	S.E.	Wald
Constant	-3.830	2.016	3.608
Leverage	-3.633	0.919	15.636***
Liquidity	-0.006	0.006	1.106
Stock Prices	0.090	0.320	0.080
Good Corporate Governance	8.949	3.412	6.879***
-2 Log Likelihood	177.03	6	
Cox & Snell R Square	0.182		
Nagelkerke R Square	0.244		
Chi-square	2.395		
Hosmer and Lemeshow Test's Sig.	0.966		

***significant at the 1% level

**significant at the 5% level

Table 1. Logistic Regression Results

As shown in table 1, the significance value of leverage by 0.000 which is less than 0.05 indicates that leverage affects the dividend distribution. The significance value of liquidity by 0.293, which is greater than 0.05, indicates that liquidity does not affect the dividend distribution. The significance value of stock prices by 0.777, which is greater than 0.05, indicates that stock prices do not affect the dividend distribution. The significance value of good corporate governance by 0.009, which is less than 0.05, indicates that good corporate governance affects the dividend distribution.

Discussion

From the findings shown in table 1, the effect of each independent variable on dividend distribution is be explained as follows:

Leverage. The reseach result conducted by the authors shows that leverage affects the dividend distribution. The regression coefficient value of leverage is negative 3.633, meaning that decrease in leverage can increase the possibility for distributing dividends. Prastyo and Kusumawati [31] define leverage as money borrowed by the company to meet its operational needs. Companies with low leverage indicate that there are few creditors who have an interest in the company, in which creditors have an interest in collecting money that has been lent to the company in accordance with the agreed agreement. Therefore, a small leverage can increase the possibility of dividend distribution because the debt that must be paid by the company is smaller. The result of this study is in accordance with the research conducted by Bramaputra et al. [6] and Puspita [13] which state that leverage is a factor that causes dividend distribution. However, the result of this study contradicts the research conducted by Hardianto [14] and Nugroho and Hidayati [15] which state that leverage is not a factor that causes dividend distribution.

Liquidity. The reseach result conducted by the authors shows that liquidity does not affect the dividend distribution. Ross et al. [32] defines liquidity as the company's ability to pay its short-term debt. Liquidity can be affected by other transactions such as companies that borrow

money in the long term, thereby increasing their cash and long-term debt [32]. This means companies that have high or low liquidity can pay off products purchased on credit to suppliers because companies can borrow money so that their cash increases. Therefore, high or low liquidity does not affect the dividend distribution dividends. The result of this study is in accordance with the research conducted by Puspita [13] and Rokhayati et al. [17] which state that liquidity is not a factor that causes dividend distribution. However, the result of this study contradicts the research conducted by Lismana [16] which states that liquidity is a factor that causes dividend distribution.

Stock Prices. The research result conducted by the authors shows that stock prices do not affect the dividend distribution. Investors who buy shares have an interest in gaining profits from capital gains and dividends. Borzykowski and Logue [33] state that there are investors who aim to earn profits in the long term, but there are also investors who aim to earn profits in the short term. This means that investors who aim to obtain short-term profits are more focused on profits from capital gains (the difference between the selling price and the purchase price) rather than profits from dividends. The result of this study indicates that stock prices do not affect the dividend distribution because most investors on the Indonesia Stock Exchange do not view dividends as profits, but investors view capital gains more as profits they can earn. Therefore, stock prices that move up or down do not affect the dividend distribution. The result of this study is in

accordance with the research conducted by Maghfiroh et al. [20] which state that stock prices is not a factor that causes dividend distribution. However, the result of this study differs from reseach result conducted by Harahap [18] and Anggundini et al. [19] which state that stock prices is a factor that causes dividend distribution.

Good Corporate Governance. The research result conducted by the authors shows that good corporate governance affects the dividend distribution. The regression coefficient value of good corporate governance is positive 8.949, meaning that increase in good corporate governance can increase the possibility for distributing dividends. Sudarmanto et al. [21] defines good corporate governance as a system that regulates and controls the company by paying attention to and managing its relationship with its stakeholders so that the company can achieve its goals. A company that has high good corporate governance indicate the company's management is working well to bring big profits for the company. Because the decision about dividend distribution are made by the company's management, companies that are free from conflicts of interest can manage their finances and manage their relationships with stakeholders properly so as to increase profits and increase the possibility for distributing dividends. The result of this study is in accordance with research conducted by Puspaningsih and Pratiwi [22] and Hotimah and Hindasah [23] which state that good corporate governance is a factor that causes dividend distribution. However, the result of this study is different from the reseach result conducted by

Bahri [24] which states that good corporate governance is not a factor that causes dividend distribution.

Variable	B	t-value
Constant	0.023	0.063
Leverage	-0.467	-2.451**
Liquidity	-0.001	-0.939
Stock Prices	0.024	0.202
Good Corporate Governance	0.927	1.506
R Square	0.115	
Adjusted R Square	0.056	
Durbin-Watson	1.807	
Asymp. Sig. (2-tailed)	0.017	
F-test	1.948	
p-value	0.114	

***significant at the 1% level

**significant at the 5% level

Table 2. Multiple Linear Regression Results

Table 2 shows the results of tests carried out using multiple linear regression. This analysis method is different from logistic regression, in which the authors only use sample data of companies that distribute dividends (65 companies without being reduced by outlier data) and the dependent variable here does not use dummy variable but uses dividend payout ratio. As shown in table 2, the authors do not use multiple linear regression model in this study because because the number of sample data is too small so the model does not fit. In addition, the data are not normally distributed and the significance of the p-value is not below 0.05. However, the interesting findings that the authors find in table 2 are leverage affects dividend

payout ratio, while other independent variables (liquidity, stock prices, and good corporate governance) do not affect dividend payout ratio. It means that the higher the leverage, the smaller the dividend payout ratio.

Conclusion

This study has the aim to determine the effect of leverage, liquidity, stock prices, and good corporate governance on dividend distribution. From the study that has been done by the authors using 152 manufacturing companies on the Indonesia Stock Exchange in 2020 which were listed before 2019, the authors can conclude as follows:

1. Leverage affects dividend distribution, because small leverage means that the debt that must be paid by the company to creditors is smaller, so it increases the possibility of dividend distribution.

2. Liquidity does not affect dividend distribution, because companies with high or low liquidity can borrow money that can increase their cash.

3. Stock prices do not affect dividend distribution, because most investors on the Indonesia Stock Exchange do not view dividends as profits, but investors view capital gains more as profits they can earn.

4. Good corporate governance affects dividend distribution, because high good corporate governance can increase the profits obtained by the company, thereby increasing the possibility of dividend distribution.

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THE INFLUENCE OF DEFENDER AND PROSPECTOR STRATEGY TYPOLOGY ON COMPANY PERFORMANCE AND ENVIRONMENTAL UNCERTAINTY AS MODERATION VARIABLES

Abstract:

This research aims to analyze and understand the influence of typology of defender and prospector strategies on company performance by using moderation of environmental uncertainty. This research is an explanatory study using a quantitative approach with survey methods. This research uses a questionnaire instrument that researchers distribute to managers of companies listed on the Indonesia Stock Exchange (IDX).

Data analysis uses moderation regression analysis (MRA). The results showed that the typology of defender and prospector strategies significantly affected the company's performance and environmental uncertainty moderated the influence of defender and prospector strategy typology on company performance.

Keywords:

Defender Strategy Typology; Prospector; Environmental Uncertainty; Company Performance

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Introduction

The strategy's success is based on the belief of the company's managers in the right strategic idea and has a practical value for the company [1]. However, based on empirical results, managers' understanding of the application of strategies in manufacturing companies is still very minimal [2] [3]. The implementation of the strategy has not been appropriate, so the company failed in developing the company's progress and even went bankrupt [4].

Strategy typology can improve a company's performance. The concept of strategy typology is in the rate of product or market change because strategy typology is a strategic position that emphasizes the integrative components of various strategies to improve a company's performance [5] [6].

Anwar & Hasnu stated that the performance results for the strategy typology of both defenders and prospectors have no difference between the average strategic type, except for the company's performance with the Return on Asset indicator [5]. Saraswati & Atmini found a different fact that prospector companies have a more significant market reaction than market reactions to defender companies but are insignificant [7]. Therefore, the typology of defender and prospector strategies shows that the growth of unexpected earnings in prospector companies is greater than that of defender companies. Likewise, the profit growth of prospector companies is higher than companies with typology defenders. This indicator shows that the average sales yield at prospector companies is higher than that of defender

companies. Nevertheless, the ratio of dividend payments and return on investment in prospector companies is smaller than that of defender companies [8]. Purba et al. corroborate this finding that prospector companies have a lower return on investment because it is still in the early stages [9].

Environmental uncertainty is a concept that can play a role in the company's performance. Environmental uncertainty is a contingent variable that can moderate the relationship between the typology of defender and prospector strategies against company performance [10]. Nonetheless, this strategy indirectly affects performance through environmental uncertainty. Overall the relationship between strategy and performance has not been able to provide clarity because it must require other factors to improve performance [11] [12].

Referring to the explanation mentioned above, the researcher asked a research question, namely, whether the role of environmental uncertainty can moderate the influence of typology of defender and prospector strategies on company performance. Researchers hope that the study results can contribute new findings in estimating environmental uncertainty by considering the typology aspects of strategies to support company performance.

Literature Review

Defender strategy typology is a technical strategy that focuses on emphasizing the efficiency of the company's operational costs; as Anwar & Hasnu

explained, companies using defender strategies use cost leadership strategies [5]. This strategy triggers the company to collect information from the company's internals. Internal information helps improve the company's efficiency [13]. Therefore, companies with defender strategy typology have little product variety and do not do product development very often [5] [14] [13].

Companies that implement a defender strategy prioritize product competition. Defender strategy-type companies also prefer to dominate specific small markets safe for their industry [14]. In competing, defender companies compete on the essential things in business such as price, quality, delivery, service and produce rational products for customers [14] [15] [13]. The company implements this strategy to maintain and protect the market from new competitors. Defender strategies using indicators keep market share stable, maintain a stable environment, established engineering processes, keep costs low, and long-term planning [5] [13].

Saraswati & Atmini states that the typology of prospector strategy can identify the development of a new product that provides benefits to market opportunities [7]. In contrast, the defender strategy is more likely to maintain the market with existing products at low-cost leadership. Companies with prospector characteristics have the orientation to be innovative organizations, open up new market opportunities, and take several risks. Such companies often increase creativity and flexibility by adopting a decentralized organizational structure.

The company always tries to pioneer in competing and is willing to sacrifice costs to make innovations and creations. Indicators in prospector strategy typology include making creative innovations, observing and analyzing, and creating rapid changes [5] [16] [13].

Environmental uncertainty exists in various perspectives and generally comes from the views of psychologists and economists. Environmental uncertainty explains the company's inability to determine possible future events due to lack of information about cause and effect relationships, inability to predict the implications of decisions accurately, and others [17]. Constructs of environmental uncertainty are present in several studies despite having more specific content than the construction variations in previous studies [18]. Current research uses environmental uncertainty with three indicators covering the market environment, technology environment, and competitor environment [16].

Measurement of performance in the company is one of the essential factors to achieve the goal. A company's performance is often identical to financial performance, but financial performance is not a single indicator of a company's ability to achieve good performance. Chet Miller et al. explained that the company's performance should be able to see all related aspects, including non-financial aspects [19].

The company's performance classification has financial and non-financial dimensions [20] [21]. The company's financial performance includes the ratio of net income to total investment, the ratio of net profit to sales,

amount of operating profit, sales growth, cash flow from operations, the ratio of networking capital to total assets, turnover of inventories, the ratio from total debt to total assets, cost control. The company's non-financial performance includes market share changes, new product development, timely delivery of products, human resource development, and company reputation. While Cadez & Guiding classifies performance measurement indicators, including the rate of return on investment, the development of new products, as well as the market share of the company [6].

Research Methodology

Data Collection

This research uses a quantitative approach with survey methods to produce primary data in the form of managers' perceptions of manufacturing companies listed on the Indonesia Stock Exchange (IDX). The research sample includes personnel managers, production operations managers, financial managers, sales & marketing managers, maintenance managers, and research & development managers. This study used instruments in the form of a quaffer that researchers distributed as many as 1068 questionnaires to managers from 178 companies listed on the Indonesia Stock Exchange (IDX). Respondents who answered and returned questionnaires as many as 237 questionnaires. The sample in this study refers to several Jermias et al. [20], Huusko [22], Faradiza [23], the overall manager of a manufacturing company listed on the Indonesia Stock Exchange.

Moderation Regression Analysis (MRA)

Interaction test or often referred to as Moderated Regression Analysis (MRA), is a particular application of multiple linear regression, which is regression equations contains elements of interaction with equation formulas (1) as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 (X_1X_2X_3) + e$$

Information:

Y: Company Performance

a: Constant

b: Regression coefficient

X1: Defender

X2: Prospector

X3: Environmental Uncertainty

X1X2X3: Variable multiplication between the typology of defender and prospector strategy with variable moderating environmental uncertainty

e: Error

The determination coefficient (R²) test measures how much the model's ability to explain variations of dependent variables. The value of the coefficient of determination between zero and one [24]. The smaller the SEE value will make the regression model more precise in predicting dependent variables [24]. The statistical test t shows how far the influence of one explanatory variable or independent variable individually explains the variation of the dependent variable [24].

Coefficient of Determination and Moderating Variables

The value of the coefficient of determination is located between zero to one, meaning that if it is close to the value of 0, the independent variable cannot explain the percentage of its influence on the dependent variable. Conversely, if the coefficient of determination is close to the value of 1, the independent variable can explain the percentage of its influence on the dependent variable.

Comparison of the R^2 determinant coefficient indicates environmental uncertainty that can moderate the typology of defender and prospector strategies for company performance. The R^2 value of the first equation does not contain moderate variables if the R^2 value is greater than the second equation model. The moderation variable affects variable X1 and variable Y. The use of R^2 often causes problems in the form of values that will always increase with the addition of free variables in a model to cause bias. This reason makes researchers use adjusted R^2 because the value changes up or down with new variables and the correlation between the additional free variables and the bound variables.

Result

Respondent Profile

Description	Amount	Percentage
Scattered questionnaires	1068	100%
Questionnaire without response	831	78%
Questionnaire is back	237	22%

Table 1. Questionnaire Return Rate Based on Respondents' Responses

The researcher distributed as many as 1068 questionnaires through google form to managers in 178 companies listed on the Indonesia Stock Exchange (IDX). Each company gets six Google form links (questionnaire). Researchers spread all questionnaires, respondents who returned questionnaires as many as 237 questionnaires or response rates of 22% and respondents who did not return questionnaires as many as 831 people or equivalent to 78%.

Description of Respondent Characteristics

Description of Respondent	Amount	Percentage
Gender		
Man	204	86.0%
Woman	33	14.0%
Age		
31-40	36	15.2%
41-50	157	66.2%
>50	44	18.6%
Length of Work		
1-5	1	0.4
6-10	16	6.8
11-15	147	62
>15	73	30.8
Education Level		
S1	148	62.5
S2	88	37.1
S3	1	0.4

Table 2. Description of Respondents Based on Gender, Age Type, Length of Work, and Education Level

The study used 237 respondents with gender classification, namely respondents with male sex as many as 204 (86.0%) and respondents with female sex as many as 33 (14.0%). The description by age cluster includes respondents aged between 31-40 years as many as 36 respondents (15.2%), ages 41-50 years as many as 157 respondents (66.2%), and over-50 years old as many as 44 respondents (18.6%). The description based on the working length cluster includes respondents with a working length of 1-5 years of 1 respondent (0.4%), working length of 6-10 years as many as 16 respondents (6.8%), working length of 11-15 years as many as 147 respondents (62.0%) and working lengths over 15 years as many as 73 respondents (30.8%). Finally, the description based on the education level cluster includes respondents with undergraduate

education level (S1) as many as 148 respondents (62.50%), Master's (S2) education level as many as 88 respondents (37.1%), and Doctoral education level (S3) of 1 respondent (0.4%).

Descriptive Research Variables

The study consisted of 4 variables: defender variables with ten statements, prospectors with eight statements, environmental uncertainties with 16 statements, and company performance with 18 statements. The size of the study scale uses a Likert scale with a range of 1 to 7 (strongly disagree to the point of strongly agreeing). A summary of the statistical data of each variable appears in table 3:

Variable	N	Min	Max	Mean
<i>Defender</i>	237	4	7	6.04135
<i>Prospector</i>	237	3	7	6.037447
<i>Environmental</i>				
<i>Uncertainty</i>	237	3	7	6.023207
<i>Company</i>	237	4	7	5.940459
<i>Performance</i>				

Table 3. Research Variable Description Results

Hypothesis

1. Defender strategy typology (X1) has a significant effect on the Company's Performance (Y)

Based on the results of the defender strategy typology test (X1) against the company's performance (Y) can be seen in Table 4 below:

Model Summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.790 ^a	.624	.622	7.376
a. Predictors: (Constant), X1			

Table 4. Determination Coefficient Test Result(R2)

The output data above shows an adjusted R2 of 0.622 or 62.2% means that the defender strategy typology variable (X1) can explain the variation in company performance (Y). The variable Significance Test appears in tables 5 and 6 as follows,

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	21207.558	1	21207.558	389.777	.000 ^b
	Residual	12786.222	235	54.409		
	Total	33993.781	236			

a. Dependent Variable: Y

b. Predictors: (Constant), X1

Table 5. Test Result F Calculate X1 against Variable Y

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1	(Constant)	13.415	4.761	2.818	.005
	X1	1.548	.078	.790	.000

a. Dependent Variable: Y

Table 6. Test Result T Calculate X1 Against Variable Y

Table 5 shows that the calculated value F is 389,777 greater than the table F value (n-k-1), which is 3,880 (389,777>3,880), and the significant value is smaller than the probability value (0.000<0.05). Table 6 shows a calculated T value of 19,743 greater than the table T value (n-k-1) which is 1.65251 (19.743 > 1.65251) and the significance value of 0.000 is smaller than the probability value (0.0000<0.05). Thus, the first hypothesis is that the typology of the defender strategy (X1) significantly affects the company's performance (Y).

Prospector strategy typology (X2) has a significant effect on Company Performance (Y)

Based on the results of the prospector strategy typology test (X2) against the company's performance (Y) seen in table 7 below

Model	R	R Square	Model Summary	
			Adjusted R Square	Std. Error of the Estimate
1	.669 ^a	.448	.445	8.939

a. Predictors: (Constant), X2

Table 7. Determination Coefficient Test Result(R2)

The value in Table 7 shows that the adjusted R2 of 0.445 or 44.5% means that the Typology variable of the prospector strategy (X2) can explain the variation in the company's performance (Y). The results explain that the typology of prospector strategy (X2) affects the company's performance. Significant test variables appear in the following tables 8 and 9,

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15214.058	1	15214.058	190.381	.000 ^b
	Residual	18779.723	235	79.914		

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	27.316	5.799		4.710	.000
	X2	1.648	.119	.669	13.798	.000

a. Dependent Variable: Y

b. Predictors: (Constant), X2

Table 9. Test Results T Calculate X2 Against variable Y

The explanation for table 8 is that the value F calculates 190,381 is greater than the value of F table (n-k-1), which is 3,880 (190,381>3,880), and the value is significantly smaller than the probability value (0.000<0.05). The explanation for table 9 is that the value of T calculates at 13,798 is greater than the table T value (n-k-1), which is 1.65251 (13.798 > 1.6525), and the significance value is smaller than the probability value (0.0000 < 0.05). Thus, the second hypothesis, namely typology of prospector strategy (X2), significantly affects company performance (Y).

Environmental Uncertainty (X3) Moderating Defender Strategy Typology (X1) Against Company Performance (Y)

Moderate regression analysis requires an interaction test to look at the relationship between the typology variable strategic defender (X1) and the company's performance (Y) through moderation of environmental uncertainty variables. Hypothesis testing uses a probability level guided by an analytical error rate (α) of 5%. If the probability value is more significant than 0.05, then the hypothesis is insignificant, and vice versa; if the probability value is smaller than 0.05, then the hypothesis is grateful. The results of the moderation test appear in the following tables 10 and 11,

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.796 ^a	.633	.630	7.297

a. Predictors: (Constant), X1X3, X1

Table 10. Moderation Regression Analysis (MRA) (Moderation X1)

Table 10 shows the adjusted number R square with the coefficient of determination. The relationship of independent variables with dependent variables increases the value of adjusted R square compared to the regression model in table 4 and the regression model in table 8 by 0.80% (adjusted R square X1 by 62.20%). In table 10, the adjusted value of R square of 0.630 means that the defender strategy typology variable (X1) can explain the company's performance variable (Y) by sixty percent (63%) through moderation of environmental uncertainty (X3) and the influence of other factors outside the model by thirty-seven percent (37%).

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1	(Constant)	12.271	4.732	2.593	.010
	X1	1.377	.104	.703	.000
	X1X3	.002	.001	.131	.014

a. Dependent Variable: Y

*Table 11. Moderation Significance Test (X1*X3)*

Regression analysis showed the interaction between the defender strategy typology variable (X1) and environmental uncertainty (X3) had a calculated T value of 2,473 with a significance value of 0.014, more minor than the probability value of 0.05 (0.014<0.05). The value explains that the environmental uncertainty variable (X3) can strengthen the relationship of the defender strategy typology variable (X1) to the company performance

variable (Y). Thus the hypothesis of environmental uncertainty (X3) through moderation of the typology of the defender strategy (X1) against the Company's performance (Y) has significant or grateful results.

Environmental Uncertainty (X3) Moderating Prospector Strategy Typology (X1) Against Company Performance (Y)

Table 12 and Table 13 show the test results of the relationship between the prospector's strategic typology variable (X2) and the Company's performance (Y) through moderation of the following environmental uncertainty variables,

Model	R	R Square	Model Summary	
			Adjusted R Square	Std. Error of the Estimate
1	.683 ^a	.467	.462	8.803

a. Predictors: (Constant), X2X3, X2

Table 12. Moderation Regression Analysis (MRA) (Moderation X2)

Table 12 explains that the adjusted number R square indicates the coefficient of determination. The relationship of independent variables with dependent variables increases the adjusted value of R square from the regression model in table 7 to the regression model in table 12 by 1.7% (adjusted R square X2 by 44.5%). An adjusted R square value of 0.462 means that the prospector strategy typology variable (X2) can explain the company's performance variable (Y) of forty-six-two percent (46.2%) through moderation of environmental uncertainty (X3). At the same time, the influence of other factors outside the model amounted to fifty-three commas, eight percent (53.8%).

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	24.365	5.801		4.200	.000
	X2	1.373	.151	.557	9.072	.000
	X2Mo	.003	.001	.178	2.891	.004

a. Dependent Variable: Y

*Table 13. Moderation Sginifikan Test (X2*X3)*

The results of the regression analysis showed that the interaction variable (X2*X3) between the prospector strategy typology variable (X2) and environmental uncertainty (X3) had a calculated T value of 2,891 with a significance value of 0.004 more minor than the probability value of 0.05

(0.004<0.05). The value means that the environmental uncertainty variable (X3) can strengthen the relationship of the prospector strategy typology variable (X2) to the Company's performance variable (Y). Thus the hypothesis of environmental uncertainty (X3) through

moderation of prospector strategy typology (X2) to the Company's performance (Y) has significant or grateful results.

Conclusions and Suggestions

Conclusion

This study concluded that the company's performance improved because it used the typology of defender and prospector strategies. Nonetheless, researchers believe that the defender strategy is very appropriate for the company to improve the company's performance. This view refers to the results of statistical testing showing that the typology affects the value of the defender strategy is higher than the typology affect value of the prospector strategy. Applying the typology of defender and prospector strategies needs to consider environmental uncertainty factors because the results of statistical tests show this factor also affects the company's performance. Environmental uncertainty factors such as the market environment, technology environment, and competitive environment can strengthen the typology of the strategy so that it becomes a part that can affect the company's performance.

Suggestion

Management can choose strategies to improve the company's performance. Defender strategy typology can be the main focus in improving the company's performance. In addition, management can consider environmental uncertainty when it wants to improve the company's performance. Researchers can further develop this study by

adding several other variables so that factors that affect the company's performance are increasing.

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THE IMPACT OF ENTERPRISE RISK MANAGEMENT, CORPORATE SOCIAL RESPONSIBILITY, AND SUSTAINABILITY REPORT ON FIRM VALUE IN BANKING SECTOR OF INDONESIA, MALAYSIA, AND THAILAND

Abstract:

The purpose of this research was to determine the impact of disclosure on enterprise risk management (ERM), corporate social responsibility (CSR), and sustainability reports (SR) on firm value. Data for this research is taken from financial reports, annual reports, and reports issued by firms. In this study, the sample used was banking firms listed on Indonesia, Malaysia, and Thailand Stock Exchanges from 2019-2020. Sampling using purposive sampling technique with four criteria. Firms that meet these criteria are 36 Indonesian firms, 10 Malaysian firms, and 8 Thai firms.

The method of data analysis is multiple regression analysis using the Eviews software. The results show that Enterprise Risk Management positively influences firm value. Meanwhile, the Corporate Social Responsibility and Sustainability Report has no effect on banking firm's value. The results of this study can be used as a reference for potential investors to know the condition of each company they want to invest in.

Keywords:

Firm Value; Enterprise Risk Management; Corporate Social Responsibility; Sustainability Report

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Introduction

The primary purpose of a firm is to make a profit and increase the firm value. The firm value can measure the firm's performance in utilizing the resources it has for profit. The better the firm's performance in generating earnings, the higher the firm's value (Indawati, 2021). For public firms, the indicator of firm value is reflected in the firm's stock price on the stock exchange. The higher the firm's stock price on the stock exchange, the higher the firm's value (Hermuningsih, 2014). A high firm value gives investors confidence in the firm's performance and the firm's sustainability in the future. Information related to a firm's performance can be seen from the financial statements issued by the firm every year. Financial statements are the basis for assessment for external parties to evaluate a firm's financial performance in a certain period to get an idea of the firm's condition before investing.

When this research was conducted, the world was still hit by the COVID-19 outbreak since 2020. The pandemic condition had a significant effect, especially on the world economy. Many firms are affected by this global pandemic because people's mobility is limited and trading activities both domestically or abroad are very limited. This condition has resulted in the firm's performance during the pandemic declining a lot. The results of the Badan Pusat Statistik (BPS) survey in 2020 revealed that 82.85% of firms in Indonesia were affected by the Covid-19 pandemic. Along with the decline in firm performance during the COVID-19 pandemic, the firm's value will also decrease.

Hidayat (2021) research shows a decrease in financial performance and firm value from before and during the COVID-19 pandemic.

Many factors can affect the firm's value, whether it's a factor related to its financial performance or even a factor related to its non-financial performance. Therefore, in conditions like today, when many firms' financial performance is declining, non-financial performance factors are needed to determine the firm's value. Investment decision-making must also consider non-financial information because financial information only is not sufficient as a basis for assessing a firm (Devi et al., 2017). Non-financial factors that can affect the firm's value include disclosure of Corporate Social Responsibility (CSR), Sustainability Report (SR), and Enterprise Risk Management (ERM). A firm is considered better if it discloses both financial and non-financial information widely because it has implemented the principle of transparency (Rustriani, 2012).

According to ISO 3100 in 2018, Enterprise Risk Management is actions accomplished by the firm in a coordinated manner to manage and control the risks faced by the firm. COSO (2006) defines Enterprise Risk Management as a process influenced by management and other personnel within the firm that is applied in strategy and throughout the firm's activities to identify risks faced by the firm and how the firm manages those risks to provide adequate confidence in the achievement of firm goals. For parties outside the firm, such as investors, disclosure of Enterprise

Risk Management is very useful because investors can get information on how the firm manages the risks it faces and how the firm carries out the impact of risk management on the firm's condition in the future. Research from Devi et al. (2017) stated that Enterprise Risk Management (ERM) disclosure significantly positively affects firm value. While the results of research from Cristofel & Kurniawati (2021) state that Enterprise Risk Management (ERM) has a significantly negative effect on firm value.

According to WBCSD (1999), Corporate Social Responsibility is an ongoing commitment by a firm to make a contribution to economic growth and improve the quality of life of its workers, their children, and the wider community. Firms that have implemented CSR activities to the community indirectly indicate that the firm is committed to running a business in the long term and will provide a positive image in the eyes of investors so that the firm value will also increase. Rahmantari (2021) states that Corporate Social Responsibility (CSR) significantly positively affects firm value. Meanwhile, Stacia & Juniarti (2015) states that Corporate Social Responsibility (CSR) has no significant effect on firm value.

According to the Global Reporting Initiative (GRI, 2011) Sustainability Report (SR) is a report made by a corporation to assess, disclose, and be accountable to internal and external parties for the firm's performance in environmental, social, and economic aspects in realizing sustainable development goals. By issuing a sustainability report, the firm provides additional information to interested parties, information that

has not been included in the Annual Report or Financial Statement. With this additional information, investors will gain confidence in the firm for the firm's business continuity prospect. According to Siregar & Safitri (2019), the Sustainability report significantly affects firm value. Meanwhile, according to Puspita & Fairuz (2018), the Sustainability report does not affect the firm's value in BUMN firms that go public from 2010 to 2016.

Based on that background and the results of previous studies, which show results that are still inconsistent for each variable. The author will also focus more on examining the influence between variables during the covid 19 pandemic. Therefore, the author will conduct a study entitled The Effect of Disclosure of Enterprise Risk Management, Corporate Social Responsibility, and Sustainability Reports on Firm Value.

Literature Review

This section provides the definitions and literature on theoretical link between variables.

Signalling Theory

Akerlof first put forward this theory in 1970 in his work entitled "The Market for Lemons." Akerlof studied the phenomenon of unfair information held between sellers and buyers by conducting tests on the used car market. According to (Akerlof, 1970) this situation can be minimized by providing a signal in the form of information the seller owns about the product being sold to the buyer. According to Siregar & Safitri (2019), signalling theory tells us how

important it is for firms to provide information that explains the firm's actual state to external parties who will use this information as a basis for making investment decisions. This condition is due to the existence of information asymmetry between the firm and the investor. Therefore, the disclosure of information in the report issued by the firm is expected to explain the firm's prospects in the future, give good signals to investors, and increase the firm's value. Disclosure of information to external parties can be financial or non-financial information. For financial information it is usually submitted in financial reports and for non-financial information, it is usually submitted in annual reports and sustainability reports. The information examined in this research is related to Sustainability Report, Corporate Social Responsibility, and Enterprise Risk Management.

Firm Value

The firm value can measure the firm's performance in utilizing the resources it has for profit. The better the firm's performance in generating profits, the higher the firm's value (Indawati, 2021). Tambunan et al. (2017) explain that firm value is the perception of investors on the achievement of the firm's performance in managing its resources which is reflected in the firm's stock price on the stock exchange. Following the signalling theory, the firm will try to provide information to its stakeholders to communicate. One of the information needed by stakeholders is information related to the firm's environmental, social, and economic performance in realizing sustainable development goals reported in the Sustainability

Report. Providing information related to the sustainability report will show that the firm has been responsible for stakeholders and will be captured as a signal by investors because the firm has sustainable goals and will positively impact the value of the firm (Devi et al., 2017).

Enterprise Risk Management

According to ISO 3100 in 2018, Enterprise Risk Management is actions carried out by the firm in a coordinated manner to manage and control the risks faced by the firm. COSO (2006) defines Enterprise Risk Management as a process influenced by management and other personnel within the firm that is applied in strategy and throughout the firm's activities to identify risks faced by the firm and how the firm manages those risks to provide adequate confidence in the achievement of firm goals. The purpose of Enterprise Risk Management is to manage the risks faced in the firm's activities simultaneously with structured and strategic framework guidelines rather than managing risks independently (Bogodistov & Wohlgemuth, 2017). The firm's disclosure of information related to Enterprise Risk Management can be used as material for analysis for investors to make investment decisions. The relationship with signalling theory is that the firm's disclosure of information related to Enterprise Risk Management is a form of a signal given by the firm to external parties. With this disclosure, external parties can find out information about the risks faced by the firm and the efforts made by the firm in dealing with these

risks and the impact of these risks on the prospect of firm condition (Devi et al., 2017).

Corporate Social Responsibility

According to WBCSD (1999), Corporate Social Responsibility is an ongoing commitment by a firm to make a contribution to economic growth and improve the quality of life of its workers, their children, and the wider community. Corporate Social Responsibility was first proposed by Bowen (1953), who defined Corporate Social Responsibility as a form of an obligation of the firm in making decision-making policies to carry out activities following the firm's goals and values in society. In addition, disclosure of information related to Corporate Social Responsibility that the firm has issued can increase the firm image in the stakeholders. The relationship with signalling theory is that disclosure of information related to Corporate Social Responsibility funds that the firm has issued is a form of signalling to external parties related to social responsibility activities that have been carried out by the firm (Siregar & Safitri, 2019). This information is considered important because it will affect the firm's image in the market and affect the firm's value.

Sustainability Report

According to the GRI (2011) Sustainability Report is a report made by a firm to assess, disclose, and be accountable to internal and external parties for the firm's performance in environmental, social, and economic aspects in realizing sustainable development goals. Elkington (1997) defines the sustainability Report is a report issued by a firm that contains information related to the firm's

financial performance and non-financial information including of information related to environmental and social activities that enable the firm to grow sustainably. The relationship with signalling theory is that the disclosure of sustainability reports is also a signal given by the firm to investors in the form of information related to the firm's activities on environmental, social, and economic aspects in realizing sustainable development goals (Wicaksono & Septiani, 2020).

Previous Research

Researchers used several previous studies to determine the model of this research. The first research conducted by (Candra & Wiratmaja, 2020) regarding the effect of enterprise risk management on firm value resulted that enterprise risk management has a positive effect on firm value because investors will respond positively to various risk information disclosed by the company. The second research conducted by (Rahmantari, 2021) related to the effect of corporate social responsibility on firm value resulted that corporate social responsibility has a positive effect on company value because it will build a positive image in society with the company's corporate social responsibility program. The third research conducted by (Pujiningsih, 2020) related to the effect of the sustainability report on firm value resulted that the sustainability report has a positive effect on the value of the company because the sustainability report or in the annual report is able to reflect the level of accountability, responsibility, and transparency of the company to investors and

other stakeholders. From some of these studies a hypothesis was made for this research which will be explained later.

Hypotheses Development

This research was conducted to test the following hypotheses:

Enterprise Risk Management on Firm Value

Following signalling theory, the firm will try to provide information to its stakeholders as the basis for investment decisions (Supriyadi & Setyorini, 2020). One of the information needed by stakeholders is related to the firm's management of the risks it faces (Enterprise Risk Management). Disclosure of information related to Enterprise Risk Management permits investors to assess the firm's capability to control the risks it faces and see the firm's potentialities in the future after controlling these risks (Cristofel & Kurniawati, 2021). With this information, investors will respond positively that the firm has managed the risks faced by the firm. Investors will invest their funds in the firm because it is considered to have future prospects, so the firm value will increase (Candra & Wiratmaja, 2020). Based on research, Devi et al. (2017), Iswajuni et al. (2018), Supriyadi & Setyorini (2020), Candra & Wiratmaja (2020), and Dinoyu & Septiani (2020) states that the Enterprise Risk Management (ERM) variable has a significantly positive effects on firm value. So that in this study, the hypotheses formulated is:

H1: Enterprise Risk Management has a positive effect on Firm Value

Corporate Social Responsibility on Firm Value

Following the signalling theory, the firm will try to provide information to its stakeholders as the basis for investment decisions (Supriyadi & Setyorini, 2020). One of the information needed by stakeholders is information related to Corporate Social Responsibility that firms have issued. Disclosure of information related to Corporate Social Responsibility that the firm has issued shows the firm's concern and responsibility to the society (Nugraha & Hwihanus, 2019). Corporate Social Responsibility activities will provide a good image for the firm in the market. Therefore, the greater the firm's corporate social responsibility, the firm value will increase because investors will catch the information as a positive signal (Siregar & Safitri, 2019). Several studies that have been carried out, such as Rahmantari (2021), Siregar & Safitri (2019), Arora et al. (2021), Nurhayati et al. (2021), and Harjoto & Laksmana (2018), state that Corporate Social Responsibility has a significantly positive effect on firm value. So that in this study, the hypotheses formulated is:

H2: Corporate Social Responsibility has a positive effect on Firm Value

Sustainability Report on Firm Value

Following the signalling theory, the firm will try to provide information to its stakeholders as the basis for investment decisions (Supriyadi & Setyorini, 2020). One of the information needed by

stakeholders is information related to the firm's environmental, social, and economic performance in realizing sustainable development goals reported in the Sustainability Report. Providing information related to the sustainability report will show that the firm has been responsible for the stakeholders and captured as a signal by investors because the firm has sustainable goals and will have a positive effect to the firm value (Erkanawati, 2018). This opinion is in line with research conducted by Siregar & Safitri (2019), Pujiningsih (2020), Pramita et al. (2021), Imaniar Arvida Natalia & Soenarno (2021), and Mulya & Prabowo (2018), which show that the Sustainability Report has a significantly positive effect on firm value. So that in this study, the hypotheses formulated is:

H3: Sustainability Report has a positive effect on Firm Value

Research Methodology

Population and Sample

This research uses secondary data in a quantitative form collected by documentation method on documents or data issued by the firm in the form of annual reports and firm sustainability reports. The population used for this research are banking firms listed on the Indonesia Stock Exchange (IDX), the Malaysia Stock Exchange (MYX), and the Thailand Stock Exchange (SET). Sample selection using purposive sampling method with the following criteria: Banking companies that went public in Indonesia, Malaysia, and Thailand in 2019-2020, Banking companies that publish annual reports for 2019-2020, Banking companies that

publish sustainability reports for 2019-2020, and Banking Companies that have the data needed in this study. The data collected will be analyzed using multiple linear regression to see the relationship between variables. The tool used in the research to process the data that has been collected is the Eviews software.

Variable Operation

Firm value is the dependent variable in this study. This variable was measured using the PBV ratio. The higher the ratio, the better the firm's performance will be. The equation calculates the PBV value:

$$PBV = \frac{\text{Market Price per Share}}{\text{Book Value (Equity Value : Outstanding Shares)}}$$

The first independent variable in this study is the disclosure of the firm's Enterprise Risk Management. This variable is measured based on ISO 31000, including five dimensions using 25 disclosure items. These items are calculated using a dummy variable by assigning 1 point to the disclosed item and 0 points to the undisclosed item. Enterprise Risk Management disclosures are obtained from the firm's annual report. After the points have been awarded, they will be added up and the disclosure is calculated using the formula:

$$ERM = \frac{\sum \text{Disclousured items}}{25}$$

The second independent variable in this study is the disclosure of the firm's corporate social responsibility funds. This variable is measured using the natural logarithm of the total funds issued by the company to finance the firm's

Corporate Social Responsibility. These variables are calculated using the formula:

$$CSR = Ln (Corporate Social Responsibility Fund)$$

The third independent variable in this study is the disclosure of the Sustainability Report. This variable was measured using the Sustainability Report Disclosure Index (SRDI) based on the General Reporting Initiatives (GRI) G4. The calculation gives 1 point to the disclosed item and 0 points to the undisclosed item. After the points have been awarded, they will be added up and the disclosure is calculated using the formula:

$$SRDI = \frac{\Sigma \text{ Disclosed items}}{\text{items that must be disclosed}}$$

This analysis is used to see whether there is an effect of the dependent variable on one or more independent variables. The regression line equation is a model of the relationship between the dependent variable and the independent variable.

The formula is as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$$

Information:

Y = Firm Value

X1 = Enterprise Risk Management

X2 = Corporate Social Responsibility

X3 = Sustainability Report

Data analysis method

The use of regression models in panel data has three models that can be used depending on the

characteristics of the data collected. The three models consist of:

a. Common Effect Model

This model is the most common because it only combines cross-section data and time-series data. This model does not consider the dimensions of time and individuals because they are considered the same behaviour of company data in a certain time period. This model is estimated using Ordinary Least Square (OLS).

b. Fixed Effect Model

This model assumes that differences between individuals can be accommodated from differences in their intercepts. Intercept differences can occur due to differences in incentives, managerial, and work culture. This model is estimated using Least Squares Dummy Variable (LSDV).

c. Random Effect Model

This model assumes that the disturbance variables in the panel data are interconnected between time and individuals. In contrast to the fixed model, in this model, the different intercepts are accommodated by the error terms of each company. This model is estimated using the Error Component Model (ECM).

After determining the model, research is carried out using several tests to see the effect of the independent variable on the dependent variable

a. Chow Test

Chow test is used to determine the use of the model between the common effect model or the fixed effect model. If the test results show a probability value > 0.05 then the model chosen is the common effect model. Meanwhile, if the probability value is < 0.05 , the model chosen is the fixed effect model.

b. Hausman Test

The Hausman test is used to determine the use of the model between the fixed effect model or the random effect model. If the test results show a probability value > 0.05 then the model chosen is a random effect model. Meanwhile, if the probability value is < 0.05 , the model chosen is the fixed effect model.

c. Lagrange Multiplier Test

The lagrange multiplier test is used to determine the use of the model between the common effect model or the random effect model. If the test results show a probability value > 0.05 then the model chosen is the common effect model. Meanwhile, if the probability value is < 0.05 , the model chosen is the random effect model.

Results and Discussion

Based on selection using criteria, the samples used for this study were 36 Indonesian companies, 10 Malaysian companies, and 8 Thai companies with an observation period from 2019 to 2020.

Variable	Indonesia		Malaysia		Thailand	
	Coefficient	T-Statistic	Coefficient	T-Statistic	Coefficient	T-Statistic
(Constant)	-1.318070	-1.346576	-0.724011	-0.697180	-0.778130	-0.648105
ERM	3.421387	3.295781***	1.777509	2.740632**	1.419245	2.676543**
CSR	-0.045900	-0.884650	0.019915	0.520725	0.017462	0.383605
SR	-0.328424	-0.409176	0.465943	0.581093	0.677357	1.348719
Adj R-squared	0.099442		0.266586		0.332534	
F	F	Significance	F	Significance	F	Significance
	3.613349	0.017487	3.302082	0.047362	3.491018	0.049973
Durbin W	2.026067		1.737080		2.281776	
	There is no autocorrelation		There is no autocorrelation		There is no autocorrelation	
*** Significant at the level 1%						
** Significant at the level 5%						
Table 1. Hypothesis Test Result						

In the table above, it can be seen that the results of hypothesis testing for banking in Indonesia resulted in a significant Enterprise Risk Management variable at the 1% level, which

means that the first hypothesis in this research was accepted, namely Enterprise Risk Management influences firm value. The Corporate Social Responsibility variable is not significant at the

1%, 5%, or 10% levels, which means that the second hypothesis in this study is rejected. Corporate Social Responsibility does not affect firm value. The Sustainability Report variable is not significant at 1%, 5%, or 10%, which means that the third hypothesis in this study is rejected. Sustainability Report does not affect firm value. For the sample of banks in Indonesia, the independent variable can provide information about the dependent variable of 9.94%. The dependent variable can also jointly affect the firm value variable because the significance value is <0.05 ($0.017 < 0.05$).

The table above shows the results of hypothesis testing for banking in Malaysia, which resulted in a significant Enterprise Risk variable at the 5% level, which means that the first hypothesis in this research is accepted, namely Enterprise Risk Management influences firm value. The Corporate Social Responsibility variable is not significant at the 1%, 5%, or 10% levels, which means that the second hypothesis in this study is rejected, namely Corporate Social Responsibility does not affect firm value. The Sustainability Report variable is not significant at 1%, 5%, or 10%, which means that the third hypothesis in this research is rejected. The Sustainability Report does not affect firm value. For the banking sample in Malaysia, the independent variable can provide information about the dependent variable of 26.66%. The dependent variable can also jointly affect the firm value variable because the significance value is <0.05 ($0.047 < 0.05$).

The table above shows the results of hypothesis testing for banking in Thailand, which resulted in a significant Enterprise Risk Management variable at the 5% level, which means that the first hypothesis in this research was accepted, namely Enterprise Risk Management influences firm value. The Corporate Social Responsibility variable is not significant at the 1%, 5%, or 10% levels, which means that the second hypothesis in this research is rejected. Corporate Social Responsibility does not affect firm value. The Sustainability Report variable is not significant at 1%, 5%, or 10%, which means that the third hypothesis in this study is rejected. The Sustainability Report does not affect firm value. For the banking sample in Thailand, the independent variable can provide information about the dependent variable of 33.25%. The dependent variable can also jointly affect the firm value variable because the significance value is <0.05 ($0.049 < 0.05$).

The Effect of Enterprise Risk Management on Firm Value

The first hypothesis (H1) in this research is the Enterprise Risk Management variable positively affects firm value in Indonesia, Malaysia, and Thailand. Based on the results of hypothesis testing, it produces a significance value less than 0.05. Therefore, the first hypothesis (H1) is accepted, which means that the Enterprise Risk Management (ERM) variable positively effect on firm value in Indonesia, Malaysia, and Thailand. The results of this research are in line with research conducted by Supriyadi & Setyorini (2020), Candra & Wiratmaja (2020), and Dinoyu & Septiani

(2020), which state that Enterprise Risk Management positively effect on firm value. Based on signalling theory, the results of this research conclude that the firm's disclosure of Enterprise Risk Management will be captured as an information signal that investors consider in the market in making decisions. Then investors will invest their funds in the firm because it is considered to have prospects so that the firm value will increase. According to Supriyadi & Setyorini (2020), investors in the market believe that Enterprise Risk Management disclosure can be used as one of the applicable information in identifying the prospects and sustainability of the firm. Investors will consider the firm's lack of information about risk management in the annual report as a firm weakness in risk management.

The Effect of Corporate Social Responsibility on Firm Value

The second hypothesis (H2) in this research is that the Corporate Social Responsibility variable positively affects firm value in Indonesia, Malaysia, and Thailand. Based on the results of hypothesis testing, it produces a significance value greater than 0.05. Therefore, the second hypothesis (H2) is rejected, which means that the Corporate Social Responsibility variable does not affect firm value in Indonesia, Malaysia, and Thailand. The results of this research are in line with research conducted by Stacia & Juniarti (2015), which states that Corporate Social Responsibility does not have a significant effect on firm value. Based on signalling theory, the results of this research conclude that Investors do not see

corporate Social Responsibility information in the market in making investment decisions. This is because the reporting of Corporate Social Responsibility activities that the firm has carried out is still newly implemented based on the regulations from OJK number 51/POJK.03/2017. Based on this regulation, Financial Services Institutions, Issuers, and Public Firms must implement Sustainable Finance in their business activities. Reports on the use of TJSI (Social and Environmental Responsibility) funds are included in the Sustainability Report. Therefore, the new regulation makes information about Corporate Social Responsibility not yet considered information by investors in the market in making investment decisions.

The Effect of Sustainability Report on Firm Value

The third hypothesis (H3) in this research is that the Sustainability Report variable positively affects firm value. Based on the results of hypothesis testing, it produces a significance value greater than 0.05. Therefore, the third hypothesis (H3) is rejected, which means that the Sustainability Report variable does not affect firm value in Indonesia, Malaysia, and Thailand. The results of this research are in line with research conducted by Puspita & Fairuz (2018) and Ibrahimi & Artinah (2020), which state that the Sustainability Report does not affect firm value. Based on the signalling theory, the results of this study conclude that the disclosure of firm information in the Sustainability Report is not captured as information that investors consider in the market in making decisions. This is because the obligation to report

Sustainability Reports by firms is still newly implemented based on regulations from OJK number 51/POJK.03/2017. Based on this regulation, Financial Services Institutions, Issuers, and Public Firms must implement Sustainable Finance in their business activities. They must prepare a sustainability report separately from the annual report. The new regulation makes the Sustainability Report not yet a source of information considered by investors in the market in making investment decisions.

Conclusion

The study was conducted using a sample of 36 Indonesian firms, 10 Malaysian firms, and 8 Thai firms with an observation period from 2019 to 2020. The test was carried out using multiple linear regression and the data was processed using Eviews version 12 software. Data processing analysis that the author has done, the results of the study can be concluded as follows:

1. Enterprise Risk Management has a significant positive effect on firm value in Indonesia, Malaysia, and Thailand. Enterprise Risk Management disclosures made by the firm will be captured as an information signal that investors in the market pay attention to making investment decisions.
2. Corporate Social Responsibility does not affect Firm Value in Indonesia, Malaysia, and Thailand. Investors do not see information on corporate social responsibility in making investment decisions. This is because there are still new regulations regarding the disclosure of

corporate social responsibility. It has not become information considered by investors in the market in making investment decisions.

3. The Sustainability Report does not affect Firm Value in Indonesia, Malaysia, and Thailand. Firm information in the Sustainability Report is not captured as information investors consider in making decisions. This is because there are still new regulations regarding Sustainability Report reporting so that it has not become information that investors consider in the market in making investment decisions.

The results of this study are expected to be a material consideration for companies in disclosing non-financial information of the company in the future. For potential investors, the results of this study are expected to be considered in making investment decisions in a company. From the research that has been done, the writer would like to give some suggestions to further researchers who want to do research related to the title of this study so that they can get better results, among others, by adding other non-financial information variables issued by the company. In addition, further researchers can also increase the observation period to obtain a sample that can describe the relevant results and try to cover other company sectors besides banking used by the author in this study.

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USING EFFICIENT CONTRACTING THEORY TO FIND OUT THE COMPANIES' EARNINGS QUALITY

Abstract:

Profit is one of the information from financial statements that is still considered by investors or creditors. Therefore, accounting profits that have good quality are important information for potential investors and creditors in making the right decisions. Management has an information regarding the condition of the company and is likely to change or exaggerate the existing information, so efficient contract requests for financial accounting information is coming from lenders and shareholders. This study aims to examine the effect of leverage, outstanding shares, and good corporate governance on the earnings quality of manufacturing companies listed on the Indonesia Stock Exchange (IDX) during 2020. Leverage is measured by Debt to Asset Ratio (DAR),

outstanding shares is measured by Cumulative Abnormal Return (CAR), good corporate governance is measured by the 1st level of ASEAN Corporate Governance Scorecard (ACGS), and earnings quality is measured by earnings quality ratio. The number of samples in this study were 104 companies that was taken by purposive sampling technique, tested using the multiple linear analysis method, and processed using SPSS Statistics 25 software. The results of this study show that outstanding shares have a positive effect on earnings quality, while leverage and good corporate governance have no effect on earnings quality.

Keywords:

Earnings Quality; Leverage; Outstanding Shares; Good Corporate Governance

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Introduction

One thing that companies can do in order to survive in carrying out their operational activities is to use the capital market as a place to obtain additional funds (Amalya, 2018). These additional funds can also be obtained from loans provided by creditors. Besides that, in running a company, financial statements are one of the reports that must be presented where the report focuses on the financial aspects of the company which can be used as a tool to communicate between companies and parties who have an interest in financial data or activities of a company (Efriyanti, Anggraini, & Fiscal, 2012).

One of the information from financial statements that is still considered by investors or creditors is information about accounting profit. A profit can be said to have high quality if it is close to the initial planning or even exceeds the set target, while the earnings quality can be said to be low if the profit presented in the financial statements does not match the reality (Kepramareni, Pradnyawati, & Swandewi, 2021). Therefore, Agustina and Mulyani (2017) state that the profits generated by the company must be analyzed more deeply to see whether the earnings has a good quality.

Earnings quality in general is something that users of financial statements pay attention to for contractual purposes and for making investment decisions (Kepramareni et al., 2021), and that makes a company will definitely try to present the best possible financial statements, especially company profits because the

information of the profit will be used by creditors to see whether the company is come under the lending criteria seen from the company's financial condition. By understanding that information from financial statements is very important, every company certainly tries to increase their profits, and often in the end this practice is carried out in an unhealthy way. Therefore, it is necessary to implement good corporate governance.

Corporate governance is a supervisory mechanism for the organization of the company so that the manager or management of the company does not act only to fulfill their own interests, but also thinks about the interests of the managers and owners of the company. Good corporate governance in the proxy mechanism includes the audit committee, the size of the board of commissioners, managerial ownership, and institutional ownership (Puspitowati & Mulya, 2014).

Literature Review And Hypothesis Development

Efficient Contracting Theory

Holthausen (1990) revealed that efficient contracting theory carries the view that a company regulates itself in the most efficient way, so that the company's prospects for survival can be maximized and contribute to shareholders. This theory also assumes that company management is like investors, where they think rationally, which results in management not being able to act only to

get the highest profit for the company but must act like an investor (Scott, 2015: 313). Efficient contracts are a significant component of corporate governance, and in order for corporate governance to be said to be good, these contracts must be efficient where the costs incurred must be balanced with the benefits obtained (Scott, 2015: 312).

Efficient contracting theory as explained by Scott (2015:313) studies the role of financial accounting information in reducing information inequality between parties who make a contracts or agreements. Management has an information regarding the condition of the company and is likely to change or exaggerate the existing information. So therefore, efficient contract requests for financial accounting information is coming from lenders and shareholders (Scott, 2015:314).

Leverage

Sadiah and Priyadi (2015) state that leverage can be used as a measuring tool to see the company's ability to use its assets and funds coming from company debt. If the company has a high level of debt, the financial risk is also higher and the company is more likely to be unable to pay its debts. With these problems, companies are indirectly required to incur large amounts of costs and this can have an impact on the company's low profits. Low company profits make the management decide to carry out earnings management, which results a low quality of the company profits (Sadiah & Priyadi, 2015).

Outstanding Shares

The number of outstanding shares is representative of the shares held by the company management and institutional parties where the number of outstanding shares is not static and can fluctuate from time to time, and the outstanding shares will only increase in number if the company adds its shares by issuing additional shares. Outstanding shares in the capital market can be bought or sold by shareholders (Erlinawati & Mawardi, 2015).

Good Corporate Governance

The definition of corporate governance has been presented by the Cadbury Committee (1992, referred to in Claessens, 2003) as a system that regulates and controls companies. The meaning conveyed by the Cadbury Committee is the same as that expressed by Monks and Minow (2008) where corporate governance is defined as a system that regulates and controls companies that generate added value for stakeholders.

The OECD (2015) reveals the objectives of corporate governance, such as to assist in building the environment of trustworthiness, transparency, and accountability needed to encourage long-term investment, financial stability, and business integrity, so as to support stronger growth, as well as more inclusive society. In order to achieve these goals, the principles that underlie the implementation of corporate governance are needed. The principles consist of TARIF (Transparency, Accountability, Responsibility, Independency, and Fairness).

Earnings Quality

Schipper and Vincent (2003, referred to in Wardhani, Putri, & Mulyani, 2020) convey their views regarding earnings quality, where according to them earnings quality is the level of closeness of reported earnings using hicksian income which shows the amount that can be consumed in a fixed period by keep maintaining the company's ability at the beginning and end of the period. Therefore, earnings can be said to have a good quality if the company can earn profits that have the same amount as the amount to be consumed.

Earnings that have a good quality according to the International Accounting Standards Boards or abbreviated as IASB (2009) are profits that provide benefits in decision making. Zarviana, Nur, and Indrawati (2017) also said that earnings can be said to have good quality if they can be used as a good indicator of future earnings or have a strong relationship with future operating cash flows.

Hypothesis Development: The Effect of Leverage on Earnings Quality

Company that has a high level of leverage tends to use accounting policies to provide reports on changes in company profits from time to time which causes the company has low earnings quality. In addition, it is feared that companies with high debt will not be able to pay their debts according to the specified time and it will be more difficult for companies to earn high profits. This statement is in accordance with the results of research conducted by Dewi & Fachrurrozie (2021),

where leverage has a negative effect on earnings quality.

On the other hand, research conducted by Wati and Putra (2017) shows that leverage has no effect on earnings quality. In the research it was said that although the level of leverage and company risk is high, it does not mean that the company's earnings quality are not good because the company can still improve the quality of its earnings even though it has a high debt to asset ratio (DAR) if the company can manage debt efficiently, and has more conservative inventory and credit sales management.

Based on the argument above, the research hypothesis can be formulated as follows:

H1: Leverage affects earnings quality.

Hypothesis Development: The Effect of Outstanding Shares on Earnings Quality

The increasing number of outstanding shares can affect the increase in the company's share price because in classical economic law, if there is an increase in demand, the price can also increase (Asyrafani, 2019). Rusliati and Farida (2011, referred to in Marpaung, 2018) reveal that the number of outstanding shares that are responded positively by investors can cause demand for shares to increase, while the number of outstanding shares that are responded negatively by investors can cause a decrease in demand for shares. The decreasing demand for shares made the company's management look for ways to increase the demand for shares, which is by presenting good profits to attract investors.

If the profit presented by the company is good, then investors may be interested in buying company shares and increasing demand for shares automatically affects the number of shares outstanding. However, the presentation of good profits can be done in a bad way, namely by presenting profits that are not in accordance with actual profits where this action can reduce the quality of company profits.

Based on the argument above, the research hypothesis can be formulated as follows:

H2: Outstanding shares affects earnings quality.

Hypothesis Development: The Effect of Good Corporate Governance on Earnings Quality

The possibility of risk carried out by the board of commissioners for their own benefit can be minimized by having good corporate governance. In addition, the trust of investors and creditors to invest and provide loans also increases, so the company has the opportunity to improve its performance which affects the quality of company profits. This is in line with research conducted by Wati and Putra (2017) which shows that good corporate governance has a positive effect on earnings quality. However, the research conducted by Wati and Putra (2017) is not in line with the research conducted by Tuwentina and Wirama (2014), which shows that good corporate governance has no effect on earnings quality.

Based on the argument above, the research hypothesis can be formulated as follows:

H3: Good corporate governance affects earnings quality.

Research Methods

Measurement for Variables

In this study, leverage is measured by Debt to Asset Ratio (DAR) that shows how much of the company's assets are financed by the company's debt; outstanding shares is measured by Cumulative Abnormal Return (CAR) to see the effect of an event on stock prices which indirectly affect the number of outstanding shares; good corporate governance is measured by the 1st level of the ASEAN Corporate Governance Scorecard (ACGS) which is a self-assessment checklist for the implementation of corporate governance which aims to motivate companies to implement good corporate governance and obtain a high score; and earnings quality is measured by Earnings Quality Ratio (EQR).

Data Collection

The type of data used in this research is secondary data. The data are in the form of financial reports and annual reports presented by manufacturing sector companies listed on the Indonesia Stock Exchange (IDX) for the 2020 period. In taking the sample for this research, purposive sampling technique was used where this technique will determine the sample that is considered to represent the population and meet certain criteria.

Some of the criteria are:

- 1) Manufacturing companies listed on the Indonesia Stock Exchange (IDX) for the 2020 period.

2) The company issues a financial report for the period 2020 on the Indonesia Stock Exchange (IDX).

3) The company publishes an annual report for the period 2020.

4) The company has a financial year ending on December 31, 2020.

Data Analysis

The secondary data collected will be processed using Microsoft Excel and SPSS Statistics 25 software for data analysis. Several data analysis methods used in this research are descriptive statistical analysis, classical assumption test, hypothesis testing, and multiple linear regression analysis.

Results And Discussion

Variables	Beta	t-Values
Constant	2.286	0.744
Leverage	-0.350	-0.335
Outstanding Shares	17.855	2.948
Good Corporate Governance	-0.008	-0.234
R-Square	0.083	
Adjusted R-Square	0.055	
F-Tests	3.008	
Durbin-Watson	1.776	

*Level of Significance: 50%

Source: Author's Elaboration

Table 1. Regression Model Testing Results

The Effect of Leverage on Earnings Quality

The results of the tests that have been done show that leverage has no effect on earnings quality. The

results of this study are in line with research conducted by Wati and Putra (2017). According to them, if the company is able to manage its debt efficiently, and has a more conservative inventory management and credit sales, then a company with leverage, especially a high debt-to-asset ratio, can improve its earnings quality compared to a company with a low debt-to-asset ratio.

The calculation of earnings quality by comparing net income with Cash Flow from Operations (CFO) can also be said makes the leverage not affect the company's earnings quality. This can happen because the calculation of earnings quality only concerns on operating activities, so it cannot reflect the impact of leverage that goes into financing activities on the quality of profits generated by the company.

The Effect of Outstanding Shares on Earnings Quality

Based on the results of the tests that have been done, it can be seen that the outstanding shares has a positive effect on earnings quality. The increase in the number of outstanding shares can occur because of the positive response given by investors that can be obtained when the company publishes financial statements. If the profits presented in the company's financial statements can provide needed and useful information for investors, it will have an effect on increasing the company's stock price.

The increasing share price of the company indicates that there is an increase in the demand for the number of company shares. In addition, an increase in stock prices can also increase the returns received by investors. With

these events, the company's management can see that there is a positive response from investors who are given information related to company profits published in the financial statements. From there, the company's management will be motivated to continue to provide quality profits from year to year.

The Effect of Good Corporate Governance on Earnings Quality

The results of the tests that have been done show that good corporate governance has no effect on earnings quality. The results of this study are in line with previous research conducted by Tuwentina and Wirama (2014). According to them, the success or failure of implementing good corporate governance can only be seen in the long term. Therefore, the success of implementing good corporate governance in companies cannot be compared with the calculation of profitability which can be seen in the short term.

The implementation of good corporate governance is also inseparable from the internal mechanism. However, the internal mechanism of good corporate governance is often not well optimized by the company so that the control and supervision of management becomes weak which results in the quality of earnings generated and reported by management become doubtful (Puspitowati & Mulya, 2014; Soly & Wijaya, 2017).

Conclusions

Based on the results of the tests carried out, it can be concluded that leverage has no effect on

earnings quality because the calculation of earnings quality that only looks at net income and cash from operating activities cannot reflect the leverage included in the company's financing activities.

The test results on the outstanding shares indicate that outstanding shares has an effect on earnings quality. The existence of this influence is caused by the positive response given by investors when the company publishes financial statements which has an effect on increasing stock prices and the demand for the number of company shares, as well as returns received by investors, so that companies are motivated to provide quality profits from year to year.

Good corporate governance has no effect on earnings quality based on the results of the tests that have been carried out. The success of implementing good corporate governance can only be seen in the long term that cannot be compared with the calculation of profits which can be seen in the short term. Internal mechanisms of good corporate governance that have not been implemented and optimized optimally also cause the quality of earnings reported become doubtful due to weak control and supervision of management.

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WHAT HAS THE COVID-19 PANDEMIC TAUGHT US ABOUT THE (IN)EFFECTIVENESS OF LEGAL PROTECTION AGAINST DOMESTIC VIOLENCE?

Abstract:

Combating domestic violence requires an interdisciplinary approach to solving this serious social problem, with law, legal practice and science playing a very important role. Theoretically, it appears as physical, psychological, sexual and economic violence, while the victims are mostly weaker social groups - women, children and the elderly. Numerous international documents, as well as national regulations in the field of family, criminal and misdemeanor law, provide protection against domestic violence, but statistical indicators do not

speak in favor of sufficient effectiveness in their application in practice. The COVID-19 pandemic has in a way further intensified the existing ones, but also created new challenges in the fight against domestic violence. Measures of social isolation, unavailability of competent institutions and general uncertainty are just some of the causes that have contributed to the increase in the number of cases of domestic violence, and the possibility of protecting victims of such treatment.

Keywords:

domestic violence; victim; legal protection; efficiency; pandemic COVID-19

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Introduction

Domestic violence, which destroys family relations and tears families apart, leaves their members with various consequences, from emotional and health to economic ones. Despite the fact that numerous international and national legal sources, as well as various measures taken by the competent authorities attempt to take preventive measures to prevent domestic violence and sanction perpetrators in the event of violent acts, domestic violence is still a very serious social problem. As a result of COVID-19 social isolation measures, domestic violence became “invisible”, and the impossibility for a victim to contact the relevant institutions made the situation more difficult. The factors that can be highlighted as contributing to the increased rate of violence during the pandemic include problems related to job loss, uncertainty resulting from the duration of the pandemic, and the lack of social relationships. The fight against domestic violence and the protection of victims' rights that are guaranteed by international and national regulations should not be jeopardized by such exceptional circumstances as a pandemic, yet this has nevertheless been the case. This paper seeks to answer the question to what extent the pandemic has led to an increase in cases of domestic violence in Croatia compared to some other countries, and what these exceptional circumstances may have taught us about the (in)effectiveness of legal protection against domestic violence for the future. With this in mind, the objective of this paper is to define the term “domestic violence” and its forms of

manifestation, and then provide a brief overview of international and national sources of legal protection against such forms of treatment. It will analyze relevant statistical data on the number of cases of domestic violence in Croatia and other countries, measures for the protection of victims and will provide certain recommendations for the future in conclusion.

Domestic violence - definition and manifestations

Domestic violence can occur in many different forms, and most often certain forms of violence occur simultaneously rather than alone. Psychological abuse is any non-physical abuse that impairs the dignity or well-being of a victim.[51] Psychological abuse involves emotional abuse in which the perpetrator's goal is to exert power and control over a victim. This usually includes various prohibitions that are not appropriate for the age of a victim, for example, forbidding them to socialize with friends, prohibiting them from finding a job, threats to the victim or their relatives, insults and humiliation, public ridicule, constant control, stalking, exclusion from social networks, etc. Such behavior towards the victim significantly affects the victim's mental health, self-image, self-esteem, and personality.[2] Physical violence means any violence that refers to any form of intentional physical abuse, such as pushing, choking, pulling hair, pressure, hitting (with hands, feet or objects), inflicting injuries and burns, locking a victim out of a house, locking a victim in a room, etc.[2] [68]

Sexual violence is defined as any unwanted sexual behavior by another person that results in humiliation and compromising the dignity and safety of the victim.[2] The World Health Organization defines sexual violence as any sexual act or an attempt to obtain a sexual act, unwanted sexual comments or advances, directed against a person or a person's sexuality.[72] Economic violence involves restricting access to and seizing of the victim's financial resources, preventing the victim from disposing of their property, manipulating and forcing the victim to give up property for the benefit of a violent family member, etc.[62]

Anyone can be a victim of domestic violence, regardless of gender, age, social status, education, sexual orientation, or financial situation. However, women, children, and the elderly and infirm tend to be the most common victims.[2] In modern society, particular emphasis is placed on economic violence against women, in which case they have no or limited access to financial resources.[41] Child abuse manifests itself in physical, sexual, and emotional abuse and neglect.[9] Physical violence is characterized by physical injury to a child, regardless of whether such injury was intentional or the result of carelessness.[9] Sexual abuse refers to any sexual act with a child, while psychological violence refers to any threats to the child, disproportionate discipline, and other.[9] In contrast to abuse, child neglect is any failure by parents or guardians to act in a manner that may have harmful consequences for the child.[9] Thus, in the aforementioned forms of violence against children, the fundamental

difference lies in their perpetration or omission. Violence against the elderly and infirm is also manifested as physical, psychological, sexual, or financial abuse and neglect,[75] so the difference in approach is based on the act or its omission.

Legal framework for protection against domestic violence

International legal framework

Several international legal sources prohibit violent behavior and guarantee the protection of victims. What follows is a brief analysis of some of the key international global and regional documents that are relevant to this issue.

Any form of violence, including domestic violence, was prohibited already in the 1948 Universal Declaration of Human Rights,[65] which provides in Art. 5 that no one shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment. Similarly, Art. 7 of the International Covenant on Civil and Political Rights of 1966 [38] also stipulates that no one shall be subjected to torture or cruel, inhuman or degrading treatment or punishment, which in the broadest sense would include the prohibition of domestic violence. Domestic violence results in a violation of the principle of equality. Art. 3 of the International Covenant on Economic, Social and Cultural Rights[39] requires the States Parties to ensure the equal right of men and women to the enjoyment of all economic, social and cultural rights. The commitment to protect these rights also illustrates the complexity of the issue of domestic violence and its ubiquity. The Convention on the

Elimination of All Forms of Discrimination against Women [18] does not explicitly refer to the concept of domestic violence towards women in any of its provisions, but it does call for the strengthening of their equality in the family and the prohibition on any form of discrimination. [56] Subsequently, the Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women [52] was adopted, which established the Committee on the Elimination of Discrimination against Women, an action that can be interpreted as an effort to provide women with protection against domestic violence. In 1993, the Declaration on the Elimination of Violence against Women [63] was adopted, which, for the first time ever, addressed violence against women, types of violence, and women's rights (exercised equally with men). It also established the responsibilities of States regarding the prevention of domestic violence. Multiple international instruments protect children from violence. [69] [9] In accordance with Art. 19 of the 1989 Convention on the Rights of the Child [63], the Signatory States shall take appropriate measures (legislative, administrative, social and educational) to protect children from all forms of violence. In addition to indicating the general obligations of a State to prevent violence against children, the Convention emphasized the additional obligation contained in Art. 39 - Social (re)integration of children following any violence perpetrated against them, which should be interpreted in accordance with the child's best interests and the fact that violence against children has long-term consequences. [24]

While the Council of Europe's main document, the European Convention for the Protection of Human Rights and Fundamental Freedoms (hereinafter: ECHR) [26] does not explicitly provide protection against domestic violence, the relevant ECHR provisions on protection against domestic violence are certainly those guaranteeing the right to life (Art. 2), the prohibition of torture (Art. 3), the right to respect for private and family life (Art. 8) and the prohibition of discrimination (Art. 14). According to the case law of the European Court of Human Rights (hereinafter: ECtHR), domestic violence violates the physical integrity and the right to protection of private life of the victim of abuse. Meanwhile, Member States have an obligation to protect family members from violence by establishing an adequate legal framework. [28] States have a positive obligation to ensure adequate protection for victims, while taking into account that often even minor forms of violence result in more serious consequences. [60] In a number of cases, the ECtHR has handled domestic violence or matters relating directly to it. Recent Croatian cases before the ECtHR include: Branko Tomašić and others v. Croatia, [12] A. v. Croatia, [11] Ž.B. v. Croatia, [15] Galović v. Croatia [13] and Marešić v. Croatia. [14] By analyzing the recent case law of the ECtHR in cases against Croatia related to domestic violence, it is apparent that in Croatia, the problem with sanctioning domestic violence lies not in the normative approach, but in the institutional approach. In general, the competent authorities fail to act quickly enough, even though such situations require urgent action. This challenges the very attempt to sanction, as well as to prevent

domestic violence as a social problem. It is critical to detect any potential domestic violence, especially psychological violence that manifests itself through verbal threats, as the lack of response by the competent state authorities when this occurs, will lead to the repeated occurrence of domestic violence.

Since 2018, the Istanbul Convention [19] has been incorporated into the Croatian legal system, the importance of which is reflected in the fact that it provides a definition of violence against women and domestic violence, while advocating total equality between women and men (Art. 1-3 of the Istanbul Convention).[74] [53] [55] [35] The Istanbul Convention offers a comprehensive approach to the issue of domestic violence by establishing preventive mechanisms, providing adequate support to victims, and strengthening the criminal justice system to punish perpetrators of domestic violence. The Istanbul Convention, like other international instruments, sets up the obligations of States aimed at preventing domestic violence (Art. 4 of the Istanbul Convention).

In addition, there are instruments of the European Union, such as the Charter of Fundamental Rights of the European Union (hereinafter: CFR)[16], that guarantee protection against domestic violence. Some of the CFR provisions include the inviolability of human dignity (Art. 1), the right to life (Art. 2), the prohibition of torture and inhuman treatment (Art. 4), non-discrimination (Art. 21), and the promotion of equality between women and men (Art. 23). The CFR in its many provisions generally follows other international legal instruments with respect to protection from domestic violence. [1]

The Directive on establishing minimum standards on the rights, support and protection of victims of crime (hereinafter: Directive) [23] [6] defines gender-based violence, as well as violence in close relationships (paras. 17 and 19 of the Directive), which aims to provide victims with support in a manner that ensures they have adequate information, assistance, and protection with the possibility to participate in criminal proceedings (Art. 1 of the Directive). It is thus evident that the European Union, through this Directive, has sought to work towards ensuring equal rights of victims of domestic violence, something that has been recognized as a serious social problem in its Member States. More specifically, it establishes minimum standards regarding the protection of victims of crime, [57] which in this case includes domestic violence.

National legal framework

Within the national context, protection against domestic violence is regulated by criminal law, misdemeanor law, but also family law. Article 179a of the Criminal Code [20] (hereinafter: CC) regulates the crime involving domestic violence. In accordance with this Article, whoever seriously violates the provisions on protection against domestic violence, thereby causing a family member or a close relative to fear for their safety or the safety of their close persons, or putting them in a humiliating or degrading position, without committing other serious criminal offense, shall be punished by a term of imprisonment of between one to three years. The scientific literature points out that there is still the problem of the vagueness

concerning the “gross violation of legislation.” Problematic is primarily whether it is the frequency of misdemeanor violations or the severity of the offense. The case law considers that the term “gross violation” refers to the frequency of violations, that is, to the repeated violation.[56] [44] It follows that the criminal act of domestic violence regulates acts of psychological and physical violence. According to some authors, psychological violence under Art. 179a of the CC exists in cases involving repeated and severe psychological bullying and harassment involving serious threats, which are not harmless, and in which the perpetrators have committed serious criminal acts against life and body after making the threat.[45] If psychological violence is considered from the aspect of misdemeanor, it involves serious abusive speech, shouting, insults, belittling.[43] In the case of physical assault, there shall be no injury, because in that case the assault would be considered a criminal act in accordance with the CC. Within the meaning of Art. 179a of the CC, there is physical violence where there is continuity, intensity and reckless violent behavior.[68] [44] [59]

When looking at domestic violence from the perspective of misdemeanor law, the Family Violence Protection Act [30] (hereinafter: FVPA) is applied as a *lex specialis*, whereas in proceedings arising from domestic violence under the FVPA, the provisions of the Misdemeanor Law [49] (hereinafter: ML), the Criminal Procedure Code [21] (hereinafter: CPC) and the Law on Juvenile Courts [42] (hereinafter: LJC) have been applied subsidiarily. In conclusion, the FVPA represents a

basic regulation for protection against domestic violence, as it establishes the fundamental rights of victims of domestic violence, defines a “family member” and provides for sanctions on perpetrators of domestic violence. The underlying procedural features of the FVPA state that the authorities dealing with domestic violence should proceed expeditiously (Art. 4 of the FVPA) and, with respect to the victim, specifically the child, protect the dignity of the incapacitated person and the elderly person (Art. 5 of the FVPA). Some of the rights of victims of domestic violence include the right of access to special services, the right to psychological care, the right to protection from intimidation or retaliation, the right to a representative, the right to confidentiality, the right to temporary housing, the right to police protection, and many more (Art. 6 of the FVPA). It is therefore obligatory for the competent authorities, when taking the first step to protect the victim of violence, to inform them of their rights and to ensure that they understand those rights (Art. 6, paras. 2 and 3 of the FVPA). In the case of a child victim of violence, a special guardian shall be appointed if his or her interests would conflict with those of the parents (Art. 6, para. 5 of the FVPA).[36] With its comprehensive approach, the FVPA aims to prevent domestic violence and thus requires health professionals, employees of social institutions, employees of educational institutions, professionals in religious or humanitarian institutions, civil society organizations, and all other professionals who come into contact with the victims of violence to report it to the police or the public prosecutor in the

event they learn of domestic violence in the course of their work (Art. 7, para. 1 of the FVPA). In addition, the competent authorities dealing with reports of domestic violence shall inform the Social Welfare Center, which shall then take appropriate measures within the scope of its competence (Art. 7, para. 2 of the FVPA). There are six forms of domestic violence under the FVPA. This includes the use of physical violence that has not resulted in physical injury; physical punishment or other forms of humiliating treatment of children; psychological violence that causes anxiety or injury to dignity of the victims; sexual harassment; economic violence as an act of prohibition or disabling of the use of a joint or personal property; inability to dispose of personal income or property acquired through personal means or through inheritance, disabling the opportunity to be employed; deprivation of resources for maintaining a common household and child care; neglecting the needs of a person with a disability or an elderly person that causes them anxiety or insults to their dignity and thereby causes bodily or mental suffering (Art. 10 of the FVPA). [70] With respect to application, FVPA applies to current and former spouses and domestic partners, life partners and informal life partners, to the children that the aforementioned persons have in common (and the children each of them has) and, in general, to those who have children together, persons living in collective households, direct blood relatives, collateral relatives within the third degree, step-relatives within the second degree, and adoptive parents and adoptees. In terms of legal sanctions for protection against domestic violence, the FVPA

provides for protective measures, fines, imprisonment, and other legal sanctions prescribed by the misdemeanor law. The purpose of these sanctions is to protect family members exposed to violence, to respect the legal system and to prevent the recurrence of domestic violence by adequately punishing the perpetrators (Art. 11 of the FVPA). In addition to the protective measures prescribed by the ML, a court may impose the following protective measures on a perpetrator of domestic violence: compulsory psychosocial treatment, restraining order, prohibition of harassing or stalking a victim of domestic violence, removal from the joint household, and compulsory treatment for addiction. The purpose of the protective measures is to prevent domestic violence, ensure the protection of the health and safety of victims of domestic violence, and eliminate any circumstances that may encourage or inspire committing a new offense, and are imposed for the purpose of eliminating the vulnerability of victims of domestic violence. Protective measures may be imposed independently and without the imposition of a penalty. They may be imposed *ex officio*, at the proposal of an authorized prosecutor, the victim or the social welfare center (Art. 12 of the FVPA).

Family law legislation has protected victims of domestic violence since 1998. [56] Broadly speaking, the principles of the Family Act [29] (hereinafter: FA) serve as a compass for the protection against domestic violence. The most important principle is equality between the sexes, according to which both women and men have equal rights and obligations in family matters

(especially with regard to the exercise of the right to parental care), prohibiting all forms of discrimination and violence (Art. 2. of the FA). It also emphasizes the principle of solidarity, mutual respect and assistance among all members of the family, stating, among other things, that domestic violence is a particularly serious violation of this principle and indicating that the issues of prevention, suppression and sanctioning of domestic violence are regulated by a specific act (Art. 4, para. 2 of the FA). In addition to the aforementioned principles of the FA pertaining to domestic violence, there are a number of other provisions that govern this issue, particularly with respect to children. Therefore, everyone is bound to inform a welfare center about any form of violence against a child. It also establishes the mandatory mutual cooperation of the competent authorities (Art. 132 of the FA). An act of violence against a child will also result in the possibility of imposing some of the measures to protect the child's personal rights and duties, [36] whereby one of the strictest measures is the deprivation from parental rights (Art. 171 of the FA). There is also an additional protection of the child from domestic violence provided for through the implementation of mandatory counseling in the case of divorce. In fact, following the mandatory counseling procedure, in the event that experts conducting the mandatory counseling suspect domestic violence or endangerment of children's rights, a social welfare center shall implement other adequate procedures - it is possible to impose certain measures for the protection of the personal rights and best interests of the child and/or to institute

other adequate procedure for the protection of the rights and interests of the child on an expedited basis (Art. 328 of the FA). Apropos alternative methods of resolving family disputes - mediation is not conducted in cases where, due to domestic violence, equal participation of spouses or other family members is impossible (Art. 332 of the FA). Besides children, domestic violence also negatively impacts spouses. When there is domestic violence against a spouse, it constitutes a violation of personal rights and obligations of the spouses, especially their equality, solidarity, and mutual understanding (Art. 31 of the FA). Consequently, the marriage breaks down, thus meeting the requirement for divorce (serious breakdown of marriage). [36] [34]

The aforementioned regulation of domestic violence - within the framework of criminal, misdemeanor and family law - undoubtedly reflects the legislature's efforts to adequately sanction perpetrators of domestic violence and protect victims of violence. It is, however, open to question whether the desired positive effects will be achieved in this manner, or whether such regulation will lead to complexity regarding the conduct of the competent national authorities. Regardless of the number of legislative solutions, however, their effectiveness depends on public awareness of the problem of domestic violence and their timely reaction to it.

Domestic violence during the COVID-19 pandemic - what do the statistical analyses show us?

The emergence of the COVID-19 pandemic resulted in a dual pandemic - the one involving the public health, and the other involving the domestic violence. Domestic violence increased significantly in pandemic conditions all over the world, particularly manifesting itself as sexual or physical violence. [5] During the pandemic, Google, a global service, recorded up to 75% more searches on domestic violence. [33] [34] During the pandemic, the rise in domestic violence was so significant that even the UN Secretary General expressed concern and called for a “truce in a family.” [4] This part of the paper will analyze the available statistical data on the number of domestic violence cases in 2020, the time when confinement measures were in effect in Croatia and many other countries.

Based on the data published by the Ministry of the Interior of the Republic of Croatia, there were 7,895 reported offenses against children and families in 2020, which is an increase of 15.1% compared to the year before. Out of that figure, there were 1,578 reported domestic violence offenses, an increase of 39.2% compared to 2019. [45] In addition, of the total number of reported domestic violence offenses against children aged 14-18, there were 27 reported domestic violence offenses, which is an increase of 58.8%. On the other hand, 30 cases of domestic violence against children aged 14 years and younger were reported, which is an increase of 7.1% compared to the previous year. In 2020, women made up the vast majority of victims of domestic violence during the pandemic, with 1,330 female victims and 248 male victims. [45] The Ombudswoman for Gender Equality noted in her

2020 activity report that, according to the Ministry of the Interior, 8,539 people were reported as having committed domestic violence offenses, which is a decrease of 11.3% compared to the year before. [54] In 2020, a total of 1,848 repeated offenders were registered. Domestic violence offenses that were perpetrated, harmed 9,888 people, which is 7.4% less than in 2019. On the other hand, in 2020, there were 5,747 cases of aggressive behavior perpetrated against close relatives, which represents an increase of 28.8% compared to 2019. Unfortunately, as noted earlier, the most significant rise was in the number of cases of domestic violence. [54]

During the COVID-19 pandemic, no specific regulations in Croatia were adopted to provide adequate protection to victims of violence, and no amendments were made to existing regulations, as examples of good practice from Poland, Spain and France are worth highlighting in this case. [71] In the initial phase of the pandemic, the issue of domestic violence was merely “discussed” in Croatia, [37] and it was not until November 2020 that the SOS hotline for all victims of domestic violence was established, accessible 24 hours a day, seven days a week (and not only at certain times). [67] [61] During the pandemic, the shelters for victims of violence were also poorly occupied, only 45% compared to over 70% under “normal conditions.” [61] Post-pandemic research shows that inequality between women and men increased significantly, contributing to, among other things, an increase in verbal and emotional abuse, as well as a type of “health related” violence during the pandemic, when partners abused women and

children by forbidding them to comply with the measures or by spreading the infection. [3]

The Ombudswoman for Gender Equality highlights the long-term downward trend in the number of reported perpetrators of domestic violence, while noting an increase in the number of crimes between close relatives, which expanded in 2020. According to the Ombudswoman for Gender Equality, this is due to the fact that perpetrators are only reported when their violent behavior in the family leads to more severe consequences for the victims, i.e., after committing serious criminal offenses. [54]

Even when looking at the relevant statistical indicators in other countries, there is a trend of an increase in the number of cases of domestic violence during the pandemic period, as in Croatia. As an example, based on the report on the work of the Slovenian police [46], a total of 1,336 cases of domestic violence were recorded in 2019. On the other hand, there were 1,477 cases of domestic violence registered in 2020, an increase of 141 cases, or 10.5%. [46]

A report by the French Ministry of the Interior (le ministère de l'Intérieur) found that 119,800 cases of domestic violence were registered in 2019, compared to 131,200 cases in 2020, which is an increase of 11,400 or 9.5%. [47] [48] Drawing inspiration from the Spanish approach to more effectively combat domestic violence during the pandemic, the French authorities told victims who were afraid to contact the police or to come forward openly that they were the victims of domestic violence to report domestic violence by coming to a pharmacy and using the code word “mask19.” [27]

The German Criminal Code (Strafgesetzbuch; hereinafter: StGB) does not provide for a separate criminal offense of domestic violence, however, domestic violence is sanctioned through other criminal offenses provided for in the StGB. According to a report by the Federal Office of Criminal Investigation [31], the number of offenses of bodily harm in partnerships increased (Körperverletzung, Art. 223-227, 229, 231 of the StGB) by 5.8% (in 2019, 156,374 offenses of bodily harm were committed in a family, while in 2020, a total of 165,495 offenses of bodily harm were committed), the cases of forced marriage (Zwangsheirat, Art. 237 of the StGB) increased by 11.5% in 2020 compared to 2019 (61 case in 2019 and 68 cases of forced marriage in 2020), stalking as a criminal offense (Nachstellung, Art. 238 of the StGB) increased by 2.6% (9,743 offenses were committed in 2019, and 10,000 in 2020), cases of illegal restraint (Freiheitsberaubung, Art. 239 of the StGB) increased by 6.8% (there were 2,294 cases of illegal restraint in 2019, and 2,451 cases in 2020), coercion (Nötigung, Art. 240 of the StGB) offenses increased by 6.2% (there were 6,987 coercion offenses in 2019, and 7,421 cases of coercion in a family in 2020) and there was an increase of threats (Bedrohung, Art. 241 of the StGB) by 1.9% (30,521 offenses were committed in 2019, and 31,111 in 2020). [31]

Similarly to Germany, domestic violence in Switzerland is not sanctioned as a separate criminal offense, but rather under other criminal offenses such as bodily harm, threats, coercion, sexual offenses, etc. Based on a report by the Swiss Federal Statistical Office [10], the number of severe physical injuries under Article 122 of the Swiss

Criminal Code [58]] (Schweizerisches Strafgesetzbuch, hereinafter: SSGB) increased in 2020 compared to 2019 (schwere Körperverletzung, Art. 122 of the SSGB) by 11% (109 offenses of serious bodily harm were committed in 2019, and 121 cases in 2020), [10] cases of minor physical injuries (Einfache Körperverletzung, Art. 123 of the SSGB) increased by 3,9% (1,945 cases in 2019, 2,022 cases in 2020), [10] coercion offenses (Nötigung, Art. 181 of the SSGB) increased by 19,4% (in 2019, data showed that there was a total of 681 cases of coercion, and 813 cases in 2020) and, finally, violent behavior in which the victim was not injured (Tätlichkeiten, Art. 181 Of the SSGB) registered an increase of 3.3% in 2020 (a total of 5,876 cases were registered in 2019, and 193 more in 2020, i.e. 6,069). [10] The offense of threat (Drohung, Art. 180 of the SSGB) declined by 1.3% in 2020 compared to 2019 (in 2019, a total of 4,136 threats were registered compared to 4,084 cases in 2020, which is slightly fewer. [10]

The rise in the incidence of domestic violence during isolation measures during the pandemic is not limited to European countries. There have also been recorded cases in the USA, China, Brazil, and Australia, citing (social) isolation during the pandemic as a cause for the increase in domestic violence. [66] China, the country from which COVID-19 spread to the rest of the world, had worrying domestic violence statistics before the pandemic, and this problem continued to escalate during the pandemic, with an increase in the number of reports of domestic violence nationwide. [73] As an example, the number of domestic violence reports to the local police in the rural town of Jianli in the Hubei province near Wuhan doubled in January

2020 compared to January 2019. The province of Guangdong in southern China reported an increase in domestic violence cases during the period of strict movement restriction measures. In the Zhuhai province, a local women's rights association received 42 reports of domestic violence in January and February 2020, which was 20% more than in 2019 in the same months. [73] When house arrest measures went into effect in Australia, police reported an overall 40% drop in crime in some parts of the country, but a 5% increase in reports of domestic violence. [40]

As it is evident, the available statistical indicators published in the professional and scientific literature, on the websites of the competent national authorities and in the media worldwide indicate that the period of isolation during the pandemic resulted in a significant increase in domestic violence. While determining the underlying causes of these types of situations is a non-legal domain, prescribing effective mechanisms to protect victims of domestic violence in such extraordinary circumstances is certainly the responsibility of the legal professions. While it seems that, given the rapid spread of the epidemic, many countries were not prepared to provide conditions for the protection of victims of domestic violence, the question arises as to what have we learned from such a situation for the future.

Concluding recommendations for the future

As a lesson learned from the negative impact it had on the protection against domestic violence, it is important to understand that the COVID-19 pandemic had a two-way impact in the context of domestic violence: on the one hand, it affected perpetrators of domestic violence, and on the other hand, the victims and their access to help. Many perpetrators of domestic violence increased their alcohol consumption and were much better able to control the victim of violence because of social isolation measures. [27] As for victims of domestic violence, the pandemic was reflected in the limited medical care, the lack of support from family and friends and institutions, the increase in their anxiety, and they were prevented from leaving perpetrators of violence or partners. [27] At the level of the European Union, states have taken measures based largely on the adoption of action plans, which are implemented by governments. However, some states have also implemented laws to support victims of domestic violence, primarily by preventing them from being "stranded" with the perpetrator. [27] While the slogan "Stay at home!" was used during the COVID-19 pandemic to promote reducing social contact as a way to help combat the pandemic, the effect was counterproductive for victims of domestic violence. Whenever measures were made stricter and social relations were isolated, the incidence of acts by perpetrators of domestic violence also increased because the victims did not have access to the institutions that would provide them with adequate support. [8]

Domestic violence as a public health problem [71] also had consequences for the health of the victims, particularly mental health. [50]

Domestic violence remains a deep-rooted social issue and needs to be addressed systematically. Therefore, the measures adopted to combat domestic violence during the pandemic should be a compass guiding further efforts to combat this problem. It is generally necessary to work continuously on raising public awareness on the problem of domestic violence. Through social isolation, the pandemic has further reduced the domestic violence issue to a "private" issue, however, its severity transcends the private sphere and rightly requires a response from the entire community. There is a common problem in combating domestic violence, which is its centralization, i.e., the focus on state measures. Fighting domestic violence must also be implemented at the local level, especially through increasing the availability of civil society organizations dealing with the rights of victims of domestic violence, whose efforts may be particularly crucial in crisis situations such as a pandemic. The pandemic also pointed to the need for stronger oversight mechanisms in the implementation of laws aimed at protecting against domestic violence. The issue of domestic violence will not be solved by various documents aimed at its prevention, but by its effective implementation. Driven, among other things, by the problems of protecting victims highlighted during pandemic, the European Commission passed the European Union Strategy on Victims' Rights (2020-2025) [17] (hereinafter: Strategy). In

the conclusion of this document the Commission undertakes to focus on the full implementation and enforcement of existing EU rules on victims' rights, to promote awareness of victims' rights and work with Member States to strengthen the resilience of victim support structures, including by drawing lessons from the COVID-19 pandemic. Commission emphasizes that drawing lessons from the COVID-19 pandemic Member States should take action to ensure that victims of gender-based and domestic violence have access to support and protection that is integrated into the national pandemic emergency measures, including continuous access to shelters and helplines, and by strengthening the inclusion of civil society in victims' support and protection. [17]

Any loopholes in legal protection against domestic violence highlighted by the COVID-19 pandemic should not be overlooked. However, national plans to combat domestic violence must focus on specific situations such as the COVID-19 pandemic, it is also necessary to work on rapid separation victims from perpetrators, implement crisis communication tools, run campaigns against violence as a socially unacceptable behavior, and provide training to professionals working with victims of domestic violence. [27] Conclusions about what needs to be worked on in the future should not be seen as just a good "idea" whose realization can wait. Taking active action aimed at creating all the necessary conditions for the successful implementation of the legal framework for the prevention of domestic violence and the protection of its victims, which will also be effective in exceptional circumstances of isolation

caused by the COVID-19 pandemic, is an imperative of the competent authorities, a responsibility that knows no excuse.

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GOOD GOVERNANCE AT THE LOCAL LEVEL - RESPONSIBILITY OF EXECUTIVE AUTHORITY IN SOME COUNTRIES OF SOUTHEAST EUROPE WITH SPECIAL REFERENCE TO THE INSTITUTE OF REVOCATION

Abstract:

Good governance is an unanswered area, the eternal search for optimal social order. Throughout time, good governance changed its appearance depending on many elements (political, economic, social, legal, moral, etc.). Good governance implies a responsibility of authority at all levels, respecting guaranteed rights and freedoms.

The paper analyses executive authority in some countries of Southeast Europe. And how they exist concerning executive power at the local level and towards citizens. The normativity, comparative, historical method and methods of analysis and synthesis were used.

Keywords:

Good Governance; Executive Authority; Revocation

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Introduction

Citizens need to act at the local level, where through the electoral system, direct forms of democracy, and participation in the legislative process, they contribute to policymaking. However, citizens do not participate sufficiently, and one of the reasons is the irresponsibility of the authorities. First of all, we think of the political irresponsibility of the leaders. Citizens feel betrayed and played out by government officials who behave irresponsibly in their duties because they do not have sufficient resources available to influence the outcome of particular political decisions. On the other hand, resources are available that seem unattainable in implementation. Each state's legal system needs a mandate revocation and a realistic and enforceable recall. The legal system needs measures to allow its citizens to influence the power holders. The legal system needs measures that will prevent local sheriffs and their arbitrariness. The legal system needs steps to restore citizens' trust in politics and the political system because democracy is unsustainable without trust in political parties and the political system. A historical review of the Croatian legal system was also made, as was the development of the revocation institute and whether the current situation is in line with the European Charter of Local Self-Government. Ultimately, recommendations and improvements were presented to make a transformation from a local sheriff to a local servant.

Administration implies a group of people working together to achieve goals. The people make up the administration, and the quality of any administration/self-government (state, local, regional) depends on the relationships established between individuals. There are two types of relations in "administrations": the relationship between political potentates and administrative systems and, on the other, the relationship between administration and individuals and social groups. [1] Various modalities of connections are possible within administrations for the entire administrative system to function in the best way possible. For this reason, several organizational theories have evolved that allow us to "organize our thoughts and experiences, offer meaningful explanations and find the logic behind an event, identify existing behaviours, or enable us to anticipate future business challenges better". [2] According to Frederick W. Taylor, and greater worker efficiency is achieved via job simplification and more detailed division of labour. In this way, it is possible to expect efficiency: to divide a complex task into simpler ones and assign them to individuals.

Every community unit wants to be self-sufficient simultaneously and be democratic, economical and efficient. By satisfying these postulates, we would create a perfect team. However, we have not calculated the mathematical formula for it so far. An aggravating circumstance for creating an efficient and cost-effective self-government unit is the number of teams in the individual legal system. It is difficult for the state apparatus to

control self-government units in such a legal system. The horizontal and vertical authority relationship does not have to manifest itself in control as much as in a reciprocal relationship. The state apparatus is unable to handle the too large number of units. Only poor legal and political communication can be created in such a legal structure.

Each unit arrangement matches the needs of society at a given moment. Today's culture at the European level has recognized the needs of individuals, communities, and ultimately the state and supranational organizations. The European Charter of Local Self-Government (in the future: The Charter) has set out the basic principles on which "European Local Government" should rest. The focus of decentralization can be mentioned as a starting point. The second article of the Charter states the obligation to accept the principle of subsidiarity in constitutional texts of the Member States. In the following article, local self-government is defined as the right and ability of local units to manage public affairs based on their responsibility and in the interest of the local population. Local self-government exists through local or regional representative bodies elected in free and direct elections by secret ballot based on universal and equal suffrage. Besides, the representative rule does not exclude the immediate forms of democracy. Article 4, paragraph 3, lays down the principle of subsidiarity, which advocates the exercise of public authority at the level closest to the citizen. When granting public authority, account must be taken of the nature and breadth

of the task and cost-effectiveness and efficiency. Also, Article 5 prescribes the protection of the boundaries of self-government units, i.e., every change requires the opinion of the local population. The principle of autonomy is laid down in Article 6, where local teams can independently regulate their internal organization. The criteria of expertise and professionalism should guide the recruitment of civil servants and employees. The principle of constitutionality and legality is evident in Article 8. However, in the same article, paragraph 2, the focus on practicality in situations of delegated tasks is also enabled. The principle of financial autonomy is described in Article 9, with the aspiration of introducing the regulation of economic equilibrium in paragraph 5. "The protection of financially weaker local units requires adopting appropriate procedures or measures of financial equalization to correct the effects of the unequal distribution of possible sources of financing or the financial burden that local units have to endure. Such actions or measures shall not restrict the free decision-making of local units on matters within their competence." [3]

Through the Charter and the White Paper on European Governance, the demands of individuals and the community are set. In conclusion, an attempt will be made to set up an executive authority that fits the set principles. Numerous administrative reforms have taken place recently to achieve good governance. So far, under the influence of the new public management, the enormous emphasis has been placed on the

economic values of the governing system, and the legal, democratic and political components have been neglected. The critical point is the involvement of various stakeholders in the decision-making process, the weakening of the influence of the body at the national level and the participation of citizens in the decision-making process. "Instead of one sovereign government, the rule presupposes the existence of several actors depending on the policy area, interdependence on the axis society - politics - governance, common goals, blurred boundaries between the private, public and voluntary sectors, and multiple and new forms of action, intervention and control" [4]. The White Paper on the Governance System advocates more significant activity and citizen participation in shaping government. "The goal is to open the process of adopting political measures to make that process more inclusive and responsible." [5]

"Governance and local governance is characterized by cooperation between governmental and private organizations, joint policymaking, shared service delivery, etc. Local governance is to be juxtaposed to the local government." [6] Local self-government implies a higher level of cooperation because these are the closest organizational forms to the citizens. These are organizational forms of self-government units that directly contact the local population due to their legal status.

The paper is divided into five parts. The introductory part explains the general notion of good governance. The second part of the paper deals

with the possible formation of the executive power. The third part of the paper deals with the chronological status of the executive power in the Republic of Croatia with the possibility of revocation. The fourth part gives examples of other countries. Finally, the recommendations in the concluding reflections are explained. This paper aims to study the status of the executive power in the Republic of Croatia, considering all available possibilities for the election of the executive power. The aim of the paper is to study the relationship between the principle of subsidiarity and the status of the executive power regarding to the institute of revocation. The European Charter of Local Self-Government laid a different foundation for local self-government, invoking the principle of subsidiarity. The executive power, in most cases, is elected by the citizens. In accordance with the principle of subsidiarity, it is necessary to have an institute that would enable citizens to revoke the executive power, to revoke the executive power of their choice. The purpose of this paper is to study the state of implementation of the principle of subsidiarity in the Republic of Croatia and in some neighbouring countries. The normativity, comparative, historical method and methods of analysis and synthesis were used. Also, special attention has been paid to the institute of recall of the executive authority in some countries of Southeast Europe. The comparative method was used to analyze legal status between four countries - the Republic of Croatia, Bosnia and Herzegovina, the Republic of Srpska and Serbia. Also, the historical method describes the situation

in the Republic of Croatia - from the beginning to the current situation.

Possibilities of Appointing Executive Power in Self-Government Units

Most countries have organized their local self-government or administration in municipalities or local communities. The majority of countries have two levels of local self-government - lower and higher. Lower levels are municipalities and local districts, and the higher level is regional self-government. Besides, most countries have municipalities as local self-government units, but they differ in legal form. "Management system in local self-government unit (in the future: the local system) is a set of local institutions and organizations focused on performing public affairs, interconnected via the mechanism of government and operationally restricted to the territory of the local unit." [7] This model was introduced in Croatia 2007 with the relatively broad support of politicians and the public, and three cycles of local elections were held in this way: 2009, 2013 and 2017. It is time after which it is possible and desirable to compare the effects of this model with baseline expectations and forecasts, both optimistic. Those who abstained; adequately evaluated them and made proposals for improving the relevant legal framework and practice. [8] In terms of functions, two functions can be attributed to an executive body: initiative and executive. The initiative function manifests itself in proposing

acts to the representative body, while the executive function assumes responsibility after enacting the action in the representative body for implementation. According to typology, the executive function can be classified into three basic types:

1. monocratic type - one individual performs the function of executive power; or if more are foreseen, then there is a chief executor who directs and coordinates;
2. collegial type - multiple individuals perform the function of executive power as a singular collegial administrative body;
3. plural type - executive power consists of several collegial administrative bodies, each with its scope of work, and coordination is performed by an individual, executive body, representative body or a combination of the above.

If types and methods are combined, the following formats are possible:

1. The monocratic type differs according to how the executive function is selected:
 - a political option where the executive authority is elected by a representative body (for example, in France);
 - an administrative one where the executive authority, in a professional sense, is appointed by a local representative body (for example, the governor of individual cities in the USA);
 - localization in which the executive authority is elected by the citizens (mayor in most cities in the USA);

- a centralist option where the central government appoints the executive authority (for example, in the Netherlands and Sweden).

2. Collegial type is distinguished by:

- the executive committee selects a local representative body among its members (for example, Croatian local governments);
- the board of directors consists of the President and members appointed as professionals (for example, in Norway and Finland),
- the communal committee consists of members elected by citizens (such practice is seen in, for example, most Swiss communes);
- the central government appoints a committee headed by the President (for example, in Belgium).

3. The plural type has three subtypes:

- a pluralistic system with no chief executor (for example, the committee system found in the UK);
- a pluralistic system coordinated by the local executor;
- a pluralistic system linked by the executive college (the Swedish council-committee system can be cited as an example). [9]

Progređior or regređior of Executive Authority in the Republic of Croatia

After adopting the Constitution of the Republic of Croatia, local self-government had an institutional form inherited from the former Yugoslavia. Only after the adoption of the Act [10] on December 29, 1993, municipalities and cities were defined as self-government units, while counties were

designated as local self-government and administration units. The executive power is exercised by the municipal mayor, the mayor and the county prefect, who the members of the representative body elect in the manner and procedure established by the rules of operation of the representative body. The election of the county prefect is confirmed by the President of the Republic of Croatia at the proposal of the Government of the Republic of Croatia. If the President refuses to approve the county prefect, then a new county prefect must be elected within 14 days of such refusal. Suppose the County Assembly does not elect another county prefect, or the President of the Republic of Croatia refuses to confirm again. In that case, the President of the Republic shall himself appoint a new county prefect within 14 days. The municipal, city, and county government exercise executive authority and are elected by a representative body by majority votes. The municipal mayor, the mayor and the county prefect are the presidents of appropriate governments. The members of governments are, as a rule, the heads of the self-government units' administrative departments. Amendments to the Constitution of the Republic of Croatia of 2000 [11] for local self-government have brought about crucial and significant changes. Since then, decentralization and strengthening of local and regional self-government institutions have begun. The county was no longer a unit of local self-government and administration. Still, it became a regional self-government unit, and the county was no longer a representative of the state government but a county official. The duality of the

executive power is still retained - at both individual and collegial levels. The representative body still elects individual executive power-holders. With further amendments to the Act [12] and by adopting the Election of Municipal Mayors, Mayors, County Prefects and the Mayor of the City of Zagreb Act [13], the manner of electing the executive power holders was changed entirely - municipal mayors, mayors, county prefects and the mayor of the City of Zagreb are elected in direct elections by secret ballot for a term of four years. "The direct link between the executive power holder and citizens should, to a certain extent, emancipate him from responsibility to the political party proposing his/her election (departmentalism)." [14] Powers from local governments have been transferred to individual officials elected in direct elections by secret ballot. The mandate is won by a candidate who receives more than 50% of the votes cast in the election. If no candidate wins a sufficient majority, two candidates with the most votes from the first round enter the second round. It was believed that such practice would break the link between political parties and the executive power because the citizens would directly elect the executive power.

The Local and Regional Self-Government Act [15] introduced the institute of recall as one way of controlling the work of the executive authority. There are direct (complete) and indirect (mixed) revocations depending on the initiative. In the case of an immediate recall, the citizens themselves have the enterprise. In the case of an indirect memory, the possibility of initiating is up to the

representative body. In both cases, the citizens make the final decision in a referendum. The institute of revocation is set up only as an element of democracy without the possibility of realization, i.e. realization is greatly hindered. Calling for a recall referendum may be proposed by 20% of the total number of voters in the unit in which revocation is demanded. A recall referendum may not be called before the expiration of a period of 12 months after the elections have been held or in the year in which regular elections are held. The municipal mayor, mayor or county prefect may be considered revoked if a majority of voters vote in favour of cancellation in a referendum. The majority amounts to at least 1/3 of the total number of voters registered in the unit. In the situation above, early elections are held. Until the elections are completed, the duty of the municipal mayor, mayor or county prefect is exercised by the Commissioner of the Government of the Republic of Croatia. According to legislative changes of 2017 [16] it is also possible that a representative body with a two-thirds majority of its members calls for a referendum on revocation. The somewhat achieved balance between the representative and executive bodies has been undermined by legislative changes of 2017 regarding budget adoption. Also, Klarić, in his work *Executive Bodies in Local Self-Government - Comparative Examples and Croatian Experience*, states that the institute of revocation is practically impossible due to the conditioning of the number of voters who are obliged to go to the referendum. [17]

The new amendments distinguished the dismissal of the representative body and the executive authority during budget adoption in favour of the executive. Failure to adopt the budget does not lead to a parallel release of the representative body and the administrative head. The executive authority is limited to proposing the budget as an act, and the representative body to the fact of adopting the budget. Therefore, if the municipal mayor, mayor or county prefect does not propose a budget, withdraws before the vote and does not propose a new version of the budget, the Government of the Republic of Croatia, at the proposal of the central state administration body responsible for local and regional self-government, is authorized to dismiss that municipal mayor, the mayor and county prefect, and their deputy.

The institution of recall in some countries of Southeast Europe

The Constitution of Bosnia and Herzegovina [18] is an integral part of the General Framework Peace Agreement for Peace, i.e. it is Annex No. 4 of the Dayton Peace Agreement. Signed on 14.12.1995. years in Paris. Bosnia and Herzegovina consists of the Federation of Bosnia and Herzegovina, the Republic Srpska, and the Brcko District. [19] The Constitution of Bosnia and Herzegovina does not concern local self-government, but the organizational structure is prescribed by the Constitution of the Federation of Bosnia and Herzegovina. [20] According to the Constitution, each municipality has a municipal council and a

municipal mayor. Councillors and mayors are elected by direct and secret ballot. The higher level of local self-government is a city consisting of two or more municipalities, and the bodies are also the city council and the mayor. Amendment No. 16 elects the mayor to the city council. The City of Sarajevo, as part of the Sarajevo Canton, is legally organized as a unit of self-government. As part of the Herzegovina-Neretva Canton, the City of Mostar is classified as a unit of government and local self-government. [21] According to the Statute of the City of Sarajevo, "Mutual relations between the City Council and the Mayor are based on mutual respect and cooperation, with individual responsibility for exercising their competence and joint responsibility for the functioning of the City of Sarajevo." [22] In addition, the mayor is obliged to regularly inform the city council about the implementation of city policy. He is also obliged to answer the councillors' questions within 30 days.

According to the Law on Local Self-Government of the Republic Srpska ("Official Gazette of the RS", no. 97/2016, 36/2019 and 61/2021), the mayor and the mayor are elected in direct general elections for a term of four years. According to the Election Law of the Republic Srpska, the duration of office of the mayor may be terminated if:

1. does not ensure the implementation of legal regulations;
2. does not ensure the implementation of strategic documents of national importance;
3. does not implement the decisions of the Assembly and strategic development documents;

4. material damage occurs to the municipality due to the adoption or failure to adopt acts within the competence of the mayor;
5. if he does not submit a report on his work to the Assembly;
6. fails to propose the municipal budget within the time limit provided by law. [23]

The revocation initiative can be initiated by one-third of councillors and 10% of voters registered on the voter list, and a majority vote decides to start all councillors. The recall procedure shall be carried out within 30 days from the day the decision to initiate the process for the recall of the mayor enters into force. Citizens decide to recall by direct secret ballot. The memory is considered successful if more than half of the voters who voted for it voted for it.

In Serbia, the mayor is elected from among the representative bodies. The mayor may be dismissed before the expiration of his term with a reasoned proposal from one-third of the councillors. The proposal for the mayor's dismissal must be voted on within 15 days from the day the bid was submitted. With the mayor's release, the mandate of the deputy mayor and the municipal council ends. (Law of Serbia)

Concluding Considerations

Healthy local self-government is also a guarantee of sound national policy. The political system needs to be created "bottom-up". In a short period, the Republic of Croatia decided to make its

local organization. From the introduction of local self-government and administration units through the identification of regional self-government units to the system in which the last legal changes strengthened local self-government, i.e. the executive authority official. Recent legislative changes have strengthened the executive authority with the merger of the state administration office with the county as a regional self-government unit.

The democratic, rational and professional move was the introduction of the direct election of a municipal mayor, mayor and county prefect. Following the European Charter of Local Self-Government and by all current postulates of the principle of subsidiarity, that was the only expected solution. The will of the citizens is respected, and the local population is left with the choice of a local official. At any time, that choice was considered justified. However, every society must be prepared for individual political moves and decisions. The political system has delved too much into the pores of the Croatian population. The Croat population abhors political power, political blackmailers and political manipulators. Thus, tremendous progress was made with the local elections in 2009 because, in addition to the representative body representing citizens, another institute was obtained - the institute of executive power, which is also directly elected by the citizens. However, the problem arises from the preparedness of society and the community to take such moves. From 2009 to 2012, two referendums on dismissal were held in the municipalities of Pribislavec and Pušića (Škarica, 261). In both cases,

there was insufficient voter turnout. Numerous reasons were tempting and seemed justified during the introduction of the direct election of the executive authority: greater confidence in the political system would emerge, more people would go to the polls, and a more excellent balance between the legislative and executive leaders would be possible. A lot of it turned out to be the opposite. In a paper titled "Evaluation of the direct election of municipal mayors and county prefects in Croatia after two terms: one step forward, two steps back" [22], it turned out that the direct election of the executive authority failed to affect voter turnout. It increased slightly (by 6%) from 2005 to 2009, while in 2013 and 2017, the turnout stagnated. The introduction of direct elections did not affect the number of referendums held. Besides, decisions had been made by an individual, which had led to a loss of professionalism among public servants (more on this topic can be found in a paper written by Koprić-Škarica). The number of independent candidates in elections for municipal mayor and county prefects was initially satisfactory. Of course, the success of independent candidates in the election was not acceptable. Consequently, the number of independent candidates decreased significantly by the next election. [23] The institute of recall is set at a level of untouchability. With the existing low voter turnout, a significant share of voters who voted for a specific individual as an executive power holder in direct elections should vote in favour of their recall.

The results of the research show the realization of the principle of subsidiarity in neighbouring countries as well. For example, the Republic Srpska has a direct election of the executive power, and the institute of recall is adaptable to the citizens because only 10% of voters are needed for the initiative. In Serbia, the mayor is elected from the ranks of the representative body, which is a significant deviation from the principle of subsidiarity. In any case, the institute of revocation requires a different approach and certain proposals will be made.

The Croatian local system tried direct and indirect election of the executive authority. We also had a collegiate executive officer. We also had confirmation from a government body. Some European countries have shown that there is not too much room for introducing new modalities. It would be crazy to go back to the models we have had. There is no third solution in European countries - either from a representative body (as a member or based on expertise), direct elections, or individual governing bodies. The only way out from this situation is to specify the prerequisites for the election of a municipal mayor, mayor and county prefect. Conditions that should affect the competencies of candidates. In such situations, the number of candidates would be reduced, and the candidates should be individuals who would expertly and professionally carry out the duties at the local level. A parallel can be drawn with the Commissioner of the Government of the Republic of Croatia, for whom a certain level of expertise is prescribed. This could lead to the withdrawal into

the policy system of younger individuals willing to take leading roles in local units. Unfortunately, nepotism is challenging to eradicate, but this recommendation would probably reduce the percentage of nepotism. As scandals (for example, domestic violence) have repeatedly occurred recently in the Republic of Croatia, the following recommendation refers to prohibiting individuals who are being prosecuted or who have been convicted of criminal offences charged *ex officio* from becoming candidates. The second recommendation would again narrow down the selection of candidates and leave room for younger individuals who have proven to hold specific social values. The third recommendation concerns leaving the political party - the municipal mayor, mayor and county prefect should not be members of any political party (modelled after the executive authority at the national level). In such a case, we would have all the components satisfied: we would retain the direct election of the administrative officer, maintain the principle of subsidiarity, and encourage direct election by creating appropriate criteria that should minimize the shortcomings of previous models. The only question is how to regulate the responsibility of the holders of executive power to perform their function as conscientiously and responsibly as possible. The legal changes set the institute of recall for citizens as a means by which they can "punish" the irresponsible exercise of power. Unfortunately, the institute is almost on the verge of the impossible. Today's institute of revocation is the tied hands of democracy. As an institute, it did not find its realization. The goal of democracy is to establish a

"check and balance", and in this case, there is no check between voters and the executive. It is recommended to make the institute of recall enforceable to voters so that the citizens could conduct an inspection of the executive branch and thus influence its accountability. The current situation under the favourable regulations is in deficit because the changes in the patent law have led to the creation of local sheriffs. An escape from democracy and the principles of good governance has been made in Croatian local self-government.

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MIGRATION AND WORKLIFE: QUALITY OF WORKLIFE OF MIGRANT LABOUR IN PLYWOOD INDUSTRY IN INDIA

Abstract:

Migration plays a pivotal role in the work culture of many lives. In most cases it creates a positive effect on the quality of work life of labourers especially in industrial sector. This positive vibe leads to an effective growth towards manufacturing sectors especially in plywood industries. In this paper the researcher tries to analyses the quality of work life of migrant workers in plywood industries and was surveyed migrant workers in Kerala, India.

A pre-tested semi-structured questionnaire was used for the responds collection and a total of 250 migrant workers have been interviewed. From the study it was concluded that the migration process brought out significant changes to their quality of life.

Keywords:

Migration; Migrant Labour; Plywood Industry; Quality Of Work Life; Employment

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Introduction

Migration is the movement of people away from their customary residence, whether across an international border or inside a country. People can either choose to migrate (voluntary migration) or are compelled to migrate (involuntary migration). Internal migration can occur when people move within a state, country or continent and the external migration occurs when a person or group of people immigrate to a country from another country. The study of movement of people helps in understanding the different aspects of the society in a better way [5]. It helps in understanding the various changes in social group, social interaction, culture and many other challenges.

According to Weinberg (1977), "Human migration is the changing of the place of abode permanently or, temporarily, for an appreciable duration as e.g in the case of seasonal workers. It is used symbolically in the transition from one surrounding to another in the course of human life" [1]. Lee (1966) defines migration, "As a permanent or semi- permanent change of residence. No restriction is put upon the voluntary and the involuntary nature of the act, and no distinction is made between external and internal migration" [2]. Usually, migration extends to a place where industry and opportunities for employment increase in size and in different way, it is the exodus of people over distances to a place to settle permanently or temporarily [7]. One of the unique characteristics of labour market in India is

its migratory character and assumes great contribution in Indian's GDP contribution [10].

Migration in India emerged from the consequence of unequal development where in people from 'backward' regions move to fast growing developed regions. These developed regions may either be metropolitan cities or the expanding urban areas where the people from the regions will get better employment and income opportunities flock [12]. The state has been witnessing large inflow of migrant laborers not only from the Neighboring States of Tamilnadu and Karnataka but also from States in East India. (West Bengal, Orissa), North India (Uttar Pradesh, Bihar, Uttarakhand), Northeast (Assam, Manipur) [6],[11] The inter-state migrant workers coming to Kerala were pushed out of their native places because of several reasons such as low wages and unemployment or underemployment in agriculture and another sector. Rapid growth of Kerala economy and the increase in activities particularly in infrastructure and construction sectors, the in-migration is expected to grow faster in the coming year [3]. A study by Surabhi K.S and N. Ajithkumar (2007) on 'Labour Migration to Kerala; A Study of Tamil Migrant Labors to Kochi'. According to them the migrant laborers get much higher monetary wages than in their native places. But they work for longer hours and their real wages may be lower as they have to incur higher cost of living in Kochi on shelter, food and transport. They live in shanty houses/rooms in slum like localities often on a sharing basis. Most of the migrants have limited access to better sanitation facilities and quality healthcare environment. Their nature of job, living

atmosphere and life routine make them suffer from a number of diseases. But their access to basic Public Services like better health and basic education is limited and also, they enjoyed very limited protection from labor laws. They also face several challenges of social integration in Kerala. Recent studies reported that large number of human rights violations with the possibility of much larger influx in view of the largescale expansion of economic activities in the state, the migrants can put heavy pressure on urban infrastructure, environment and public services. They may also face many challenges in governance particularly of urban areas. Our study highlights the strong case for a much larger multidisciplinary study on this emerging phenomenon in the state.

Daniel Richard Vernazza in his study 'Essays on the Causes of Migration' (2012) gives a clear framework of the determinants of migration. The study mainly consists of 3 chapters. The first chapter explains the importance of relative income in migration choice. In the second chapter, the author examines that return migration is optimal, and to create an incentive for return migration, the model assumes 3 key variables: initial wealth, income differential between the origin and destination, compensating differentials such as place attachment, unemployment, and price level between the source and destination. According to the study, those people with more wealth are more likely to return than those with low wealth. The final chapter identifies some key obstacles of migration such as emotional bonds towards the place, attachment to the motherland, etc.

The Kerala migration survey 2007 observes that the unemployment rate in Kerala has declined to 12.29% in 2007. From the history we can noticed that labour out migration did not create any major problems in labour market in Kerala in the early phase, but in the last two decades Kerala's labour Market has faced some problems [4]. The continuous large scale out migration of labour has created scarcity of semi-skilled and unskilled workers in almost all sectors in the state. At the same time, the foreign remittances have created real estate and construction sector boom in Kerala, leading to huge demand for certain categories of workers, such as carpenters, welders, plumbers, drivers, electrician, motor mechanics, and other craftsmen. The shortage of workforce in Kerala resulted in-migration to Kerala after a break about 60 years since the 1960's [13]. In the light of the present migration scenario, there is an urgent need to address the quality of work life of migrant labour in Kerala. The present study aims to analyse the work life of migrant workers in plywood industry in Ernakulam. The course of the study following questions are to be addressed.

1. What is the opinion of migrant labour towards the working conditions of plywood industry?
2. What is the attitude of migrant labour towards the infrastructure conditions available in the plywood industry?

Objectives of the Study

Based on the research questions pointed out above, the present study, "Quality of Work life of

Migrant Labour in Plywood Industry” has the following objectives.

1. To identify the migrant labour opinion on the working conditions of plywood industry.
2. To assess the attitude of migrant labour towards the infrastructure conditions available in the plywood industry.

Methodology of the Study

This is an empirical study using descriptive statistics. The data for the research were collected from both secondary and primary sources. The project is based on the primary data collected from the Migrant workers in Ernakulum district of Kerala, India. The selection of district is based on the concentration of In-migrant workers especially in plywood industrial areas of Ernakulam district. The study conducted with the help of the local people to find out the areas where the migrant workers have been working and the places where they have been living. Data has been collected by visiting both the places i.e., either working sites or residence whichever found convenient. In case of conducting interviews in working places we discussed with the employer/contractor under whom the workers have been working to identify the workers who would like to give their interview and schedule the most convenient date and time for interview so that their work would not be affected by the process of interview. A total of 250 Migrants workers have been interviewed by using a pre-tested semi-structured questionnaire [14]. Data from secondary sources also used for the study. Secondary data were collected from

International Migration Reports, journals, books and publications related to Kerala Migration Report etc.

The study deals with the socio-economic conditions of migrant labour in the plywood industry and also identifies the push and pull factors of migrant labour to the plywood industry. It also proves the impact of push and pull factors of migration on the quality of work life of migrant labour in the plywood industry. In this context the migrant labour opinion about the working and infrastructure conditions and also employer's view on the impact of migrant labour in the development of plywood industry are studied. For the current study, Perumbavoor has been selected because 1) Perumbavoor is the plywood centre of Kerala, 2) the people are more enterprising in the non-farm activities than farm activities, 3) studies are not available on the impact of the migrant workers of plywood industry in Perumbavoor.

Results and Discussion

Profile of the Study:

Education level of workers is very poor. 28% of people have no formal schooling and 68 % of people have primary schooling and only 4% of people have secondary school education. It shows that their society or family didn't encourage education. This family wasn't able to find sufficient money for them to study, so they went for work and finally found job in Kerala. Majority of the respondents reveals that the reason for their migration is they are getting high wages and job opportunities in Kerala. Regarding the response towards the living condition, 6% of peoples living

in one room and 54% of people room shared with others and 40% of people house shared with others, this is because of the reason that the contractor arrange their housing facility.

Migrant labour View on the Working and Infrastructure Conditions

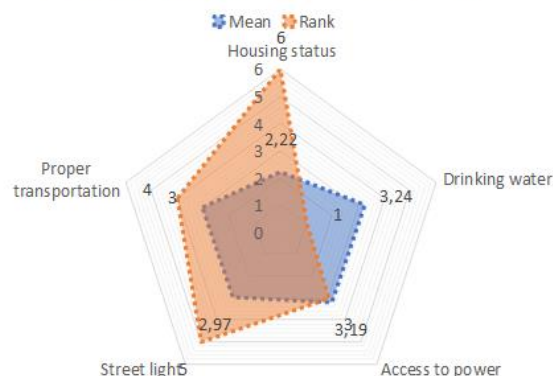
Indicators of Accommodation	Mean	Rank
Housing status	2.22	6
Drinking water	3.24	1
Access to power	3.19	3
Street light	2.97	5
Proper transportation	3.00	4
Access to essential commodity shop	3.21	2
Ration shop	2.01	7

Source: Computed from Primary Data

Table 1-Mean Score Regarding the Migrant Labour View on the Accommodation and Infrastructure

Table 1 shows that migrant labour view on the accommodation. It is found that migrant labour agree with the drinking water facility (3.24), access to essential commodity shop (3.22), electricity (3.09) and proper road access (3.00) provided by the plywood industry. At the same time, it is found that the migrant labour are not satisfied with housing facilities (2.22), street light (2.97) and the facility of buying things from ration shop (3.00).

MIGRANT LABOUR VIEW ON THE ACCOMMODATION INFRASTRUCTURE



Source: Computed from Primary Dana

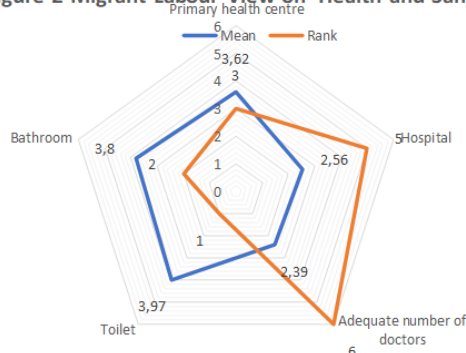
In the figure 1 it was concluded that the migrant labour are highly satisfied with the clean drinking water facility and least satisfied with the facility of buying things from ration shop.

Indicators of Health and Sanitation	Mean	Rank
Primary health center	3.62	3
Hospital	2.56	5
Adequate number of doctors	2.39	6
Toilet	3.97	1
Bathroom	3.80	2
Medical shop	3.22	4

Source: Computed from Primary Dana

Table 2 indicates the migrant labour view on health and sanitation. It is found that migrant labour agree with the toilet facility (3.97), bathroom facility (3.80), primary health center facility (3.62) and nearby medical shops (3.22) provided by the plywood industry. At the same time, it is found that they are not satisfied with hospital facility (2.56) and the availability of adequate number of doctors in case of urgency (2.39).

Figure 2-Migrant Labour View on Health and Sanitation



Source: Computed from Primary Dana

Figure 2 concluded that the migrant labourers are highly satisfied with the toilet facility and least satisfied with the adequate number of doctors in case of urgency.

Indicators of Communication	Mean	Rank
Telephone	3.34	1
Post office	3.07	3
Newspaper	2.05	6
Bank	2.47	4
Bus and vehicles	3.16	2
Police station	2.24	5

Source: Computed from Primary Data

Table 3-Mean Score Regarding the Migrant Labour View on the Communication

Table 3 shows that the migrant labour view on the communication facilities. It is found that migrant labour agrees with the telephone facility (3.34), and post office (3.07) provided by the plywood industry. At the same time, it is found that they are not satisfied with police station facility (2.24), bank facility (2.47) and the newspaper availability in their local language (2.05). Hence it is concluded that the migrant labourers are highly satisfied

with the telephone facility and least satisfied with the newspaper availability in their local language.

Indicators of Education	Mean	Rank
Primary school	1.34	1
Secondary & Higher secondary school	1.07	2
College	1.05	3
Library	1.00	4

Source: Computed from Primary Dana

Table 4: Mean Score Regarding the Migrant Labour View on the Education

Table 4 indicates that migrant labour view on the education. It is found that migrant labour are not at all satisfied with the education facilities provided by the plywood industry to their children. The opinion indicators for primary school facilities is 1.34 for secondary & higher secondary school 1.07 for college 1.05 and for the library 1.00.

Indicators of Entertainment	Mean	Rank
Cinema Theater	3.64	2
Television/ Cable Connection	3.07	3
Hotel	4.05	1

Source: Computed from Primary Data

Table 5: Mean Score Regarding the Migrant Labour View on the Entertainment

Table 5 indicates the migrant labour view on the different types of entertainment. It is found that they are highly satisfied with the entertainment indicators nearby the plywood industry such as hotel (4.05), Cinema Theater (3.64) and the television/ cable connection (3.07).

Findings and suggestions:

It is found that migrant labourers are satisfied with the clean drinking water facility (3.34), vegetables, fruits and grocery shop (3.22), electricity (3.09) and proper road access (3.00) provided by the plywood industry. At the same time, it is found that they are not satisfied with a concrete housing (2.12), street lighting (2.01) and the facility of buying things from ration shops (2.97). It is identified that migrant labour are satisfied with the toilet facility (3.97), bathroom facility (3.80), primary health Centre facility (3.62) and medical facilities (3.22) provided by the plywood industry. At the same time, it is found that they are not satisfied with hospital facility (2.56) and the availability of adequate number of doctors in case of emergency (2.39).

It is clear that migrant labour are satisfied with the telephone facility (3.34), bus and vehicle facility (3.80) and post office (3.07) provided by the plywood industry. At the same time, it is found that they are not satisfied with the police station facility (2.24), bank facility (2.47) and the newspaper availability in their local language (2.05).

It is found that migrant labourers are not at all satisfied with the education indicators provided by the plywood industry such as primary school (1.34), secondary and higher secondary school (1.07), college (1.05) and library (1.00). The study shows that migrant labour are highly satisfied with the entertainment indicators nearby the plywood industry such as hotels (4.05), Cinema theaters (3.64) and television/ cable connection (3.07).

It is recommended that the migrant labour of the study area should be given top priority in the National Insurance Scheme launched by the Central Government in the 2015-16 Budget. This scheme aims to bring under its purview nearly 10 crore families as its beneficiaries. It is recommended that on a priority basis the State Government and Local bodies should bring these persons and their families under this scheme. Further, the State government should make necessary amendment in the rules to provide the migrant labour with ration cards. This would enable them to get the essentials at subsidized rates which also improve their quality of life.

It is further recommended that a national platform for registering such workers has to be developed. Aadhar should be provided to all these workers, so that they can access the welfare schemes of Central and State Governments. The district panchayat, the local bodies and related institutions should be entrusted with this responsibility in the rural areas and urban local bodies in the urban areas. Such a platform would also help the authorities to get a clear idea about the migrant labour and give them due recognition. It is concluded that the migration process brought out significant changes to their quality of life. So there must be a continuous institutional support for migrant labour from the central and state governments, industry associations and various NGO's. Through an effective supporting system, migrant labour can create tremendous positive spread effects in the Kerala economy.

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