



The Fourth International Conference on
Entrepreneurship and Business Management

PROCEEDING

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"Building Sustainable Business Networks: The Role Of Entrepreneurs and Professionals"

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DUSIT THANI COLLEGE



UNIVERSITI SAINS MALAYSIA



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PREFACE



The International Conference of Entrepreneurship and Business Management (ICEBM) brings together researchers and practitioners to facilitate the discussion on various topic in the field of entrepreneurship and business management. This conference was organized by Tarumanagara University together with partner institutions. This year, the Fourth ICEBM is held in Bangkok in collaboration with: Dusit Thani College, Kun Shan University, Universiti Sains Malaysia, and Ciputra University. The focus of the Fourth ICEBM is Building Sustainable Business Networks: The Role of Entrepreneurs and Professionals.

In this information era, businesses are challenged by the fierce competition. The way firms and its stakeholders communicate are changing due to the development of the Internet. The Internet has created an open hyper-connected world where individuals or institutions are free to voice their opinions quick and easy. For instance, websites are considered as an additional communication field where firms and stakeholders interact. Extant research considers business networks as a prominent source of firms' performance. Academic researchers note that business practices increasingly discuss the terms "relationships" and "networks". Hence, it is prominent to develop sustainable business networks in order to answer the competition.

Each paper submitted to the Fourth ICEBM 2015 has gone through a stringent peer review process by members of the ICEBM Scientific Committee, comprising 39 reviewers from 17 different institutions and 10 different countries. A total of 61 papers have been accepted out of 79 papers and 123 abstracts submitted to the conference. The reviewing process of this year conference was on a two-step reviewing process. First, the abstract was submitted and reviewed. After notified the acceptance of the abstract, the author(s) was asked to submit the full paper. Then, the full paper was reviewed using double blind peer-review process. Finally, the author(s) submitted the revised version of the full paper.

These papers address diverse areas of application in entrepreneurship and business management. Starting from the field of accounting and finance, economics, marketing, and so forth through addressing a wide variety of theoretical and methodological approach. We hope that this book of proceedings could promote and stimulate further the discussion of practitioners and academics. Particularly on what research needed to be conducted to advance the body of knowledge in the field of entrepreneurship and business management, which could help firms deal with diverse issues.

Finally, we wish to acknowledge the support of the collaborating institutions, sponsors, scientific committee, and organizing committee. We would also like to thank all the contributing authors for their valuable work in supporting the success of the Fourth ICEBM. Thanks for your contribution, the Fourth ICEBM 2015 would not have been possible without your support.

Conference Chair,

Arnold Japutra, Ph.D.

SPEECH FROM THE RECTOR



Welcome to Bangkok and to the Fourth ICEBM,

It's an honor to open the Fourth ICEBM on this lovely day in Bangkok, Thailand. This year, this conference put forward the theme of "Building Sustainable Business Networks: The Role of Entrepreneurs and Professionals."

It is without a doubt that in this era, businesses are faced with challenges in order to face the competition and to grow. Particularly, due to the development of a very dynamic communication through the Internet, which creates a hyper-connected world.

Firms all over the world are looking for ways to expand their business. However, with limited resources, firms need to find a solution to deal with this issue. One of their strategies is to collaborate and build sustainable business networks. What is considered a sustainable business networks? How to build sustainable business networks? What should professionals and entrepreneurs do to achieve a sustainable business networks? These are some of the questions arising that needs to be addressed.

This conference brings together practitioners and academics that are well known in their fields to address this theme. We are proud to present Mr. Chanin Donovanik as the CEO of Dusit International – a well-know firm in hotel management and education, which comprises a unique international portfolio of distinctive hotels and resorts. I believe that his knowledge and expertise would be valuable in addressing the theme of this conference. We are also proud to present Prof. Carunia M. Firdausy (Untar), Prof. Chen Cheng-Nan (Kun Shan), and Dr. Chong Chee Leong (UniSIM) that would share their expertise to address the conference theme.

I would also like to take this opportunity to congratulate all the parties who are involved in hosting and organizing this conference – partner institutions (Dusit Thani College, Kun Shan University, Universiti Sains Malaysia, and Ciputra University), scientific committee, organizing committee, and the sponsors. I believe that through this conference, where great minds gather, we will be able to advance our knowledge in findings innovative ways and solutions to build sustainable business networks.

Once again, welcome and enjoy the conference.

Prof. Ir. Roesdiman Soegiarso, M.Sc., Ph.D.
Rector

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(Managing Director and CEO Dusit International, Thailand)

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(Tarumanagara University, Indonesia)

Prof. Chen Cheng-Nan, Ph.D.

(Kun Shan University, Taiwan)

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ENTREPRENEURSHIP AND ELECTRONIC COMMUNICATION (CASE STUDY OF OMAH PANCING AT KAMPUNG CYBER YOGYAKARTA)

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Abstract

The birth of the internet indicates a new era that ends mass media culture. It also marks the beginning of new media with the internet as its central core. Internet as a new media brings so much change into human life. These changes also affect the way people communicate with each other. Internet connects people around the world without the limitation of location and time. This fact alone transforms the world into a global village, as highlighted by Marshall McLuhan. This new way of communicating using online technology is also being used in the economic and business sectors, also known as e-commerce or electronic commerce. Before e-commerce existed, the business models available only provided the option of face-to-face transactions. But after the arrival of e-commerce, face-to-face transactions are no longer needed. This is possible because transactions can simply be done through the internet as the medium. These days, entrepreneurship and business have become more popular than ever due to e-commerce. These online businesses have also created promising new jobs. Based on this comprehension, the writer has conducted a study to describe the development of entrepreneurship and business via electronic communication with the internet as the main tool. Through qualitative research methods and descriptive case study approaches, the writer explores how a small time businessman from a faraway village became successful by using the internet as a marketing tool. Originally, the businessman had run his business through more conventional means but later evolved using new media. The result of this study provides a description of the utilization of online technology to develop the entrepreneurial business sector and how electronic communication through the internet as the basis plays a key role in advancing this sector.

Keywords: entrepreneurship, electronic communication, e-commerce, internet

Introduction

Communication occurs in so many levels of human life, between single individuals, and between one person and a large group. Mass communication is one of the studies that is currently on the rise and developed through communication studies. The simplest definition of mass communication is stated by Bitter which explains mass communication as “messages communicated through a mass medium to a large number of people” (Ardianto, et al, 2007). In mass communication, mass medium is the main element. Studies in mass communication show that mass medium is used for different kinds of functions, starting from a medium which transmits information to a large number of people, to using the medium as a marketing tool. Since Guttenberg invented the printing press, mass medium or mass media has continued to grow until it has now become a culture in human life – also known as mass media culture. But this era of mass media culture has begun to fade with the rise of new media. The term of new media itself has been used since 1960 and includes a set of applied communication technologies.

A set of applied communication technologies refers to computers and the internet. The main strength of computers as communication devices lies in the process of digitalization which enables all forms of information to be passed on efficiently. Wynants and Cornelis (2005) state that the internet has opened a new world full of possibility; anything can be put on the internet and it is free to access by anyone without the limitations of copyright and patent. The internet has even been predicted to replace conventional media due to its open source characteristic.

The internet as new media can be used in various fields, such as politics, business and marketing. In the fields of business and marketing, internet utilization can be observed from the number of electronic commerce in the market, also known as e-commerce. The electronic commerce market has great potential in the era of communication technology today. Almost every market player uses the internet as a marketing tool, from public corporate agencies to small private businesses. Simply by using social media, these agents can reach much more consumers than if they used conventional media.

In Indonesia, internet utilization is still largely concentrated in urban areas which have access to sufficient resources. Society in urban areas also have better knowledge about internet technology. In comparison, people in rural areas that do not yet have access to those resources and knowledge, are less visibly utilizing the internet as a business and marketing tool. Based on this contextual background, the writer has conducted research to describe how people living in rural areas have become successful entrepreneurs using the internet as a marketing tool. This research took place in Kampung Cyber, a rural area in the city of Yogyakarta, Indonesia.

The majority of residents in Kampung Cyber Yogyakarta work as craftsmen to make a living. Their livelihood depends so much on people who come to their workshop to buy their products. Unfortunately, they are only familiar

with the traditional ways to market their products. But this began to change when the management of the village introduced their people to the internet. People of Kampung Cyber were taught how to use the internet as a marketing tool to sell their products. As a result of internet utilization in Kampung Cyber Yogyakarta, many of the residents have now successfully grown and expanded their business, one example is Omah Pancing. Omah Pancing is the name of a fishing equipment store owned by Andreas Tatang Yuli Purwoko, who started his business in 2008. Now, his monthly turnover reaches between Rp 35.000.000 to Rp 40.000.000 each month. (Kurniasari, 2015)

This research is focused on electronic communication (utilization of computers and the internet) in improving entrepreneurship in Indonesia, especially in Kampung Cyber Yogyakarta. Castells (2010) stated that as the end of mass media culture, and that the rise of computer and the internet has created a new culture based on internet constellations and an interactive society. Furthermore, Castells (2010) stated that millions of computers exist today around the world, covering the whole spectrum of human communication, from politics and religion to sex and research, with e-commerce as the centerpiece of the contemporary internet. Communication taking place on the internet is still largely spontaneous, unorganized, and diversified in purpose and membership. The peaceful coexistence of various interests and cultures within the internet took the form of the World Wide Web (WWW) – a flexible network of networks within the internet where institutions, businesses, associations, and individuals create their own sites on the basis of which everybody with access can produce their own “home page”.

Howard Rheingold as quoted by Castells (2010) stated the birth of internet developed new communities called virtual communities. Virtual communities are generally understood as a self-defined electronic network of interactive communication organized around a shared interest of purpose, although sometimes communication becomes the goal in itself. Virtual communities are interpersonal social networks, based on weak ties, highly diversified and specialized, but still able to generate reciprocity and support by the dynamics of sustained interaction.

Furthermore, the discussion about new media and internet are in line with the thesis produced by Marshall McLuhan, that humans now live in a place called the “global village” where modern communication media make it possible to millions of people all over the world to be connected anywhere in a short time. McLuhan explained that media, separate from its transmitted content, affects individuals and society. Marshall McLuhan’s concept of a “global village” then formulated into a theory called medium theory. (Littlejohn, 2002)

Medium theory explains media as an extension of the human mind so the primary interest of any historical period is biased by the predominant media in use. McLuhan’s thesis argues that people adapt to their environment through a certain balance or ratio of the senses, and the primary medium of the age brings out a particular sense ratio, thereby affecting perception. McLuhan sees every medium as an extension of some human faculty, exaggerating the sense. Electronic technology has brought back an aural, or hearing, predominance. Printing media created an explosion in society, separating and segmenting individual from individual, but the electronic age has created an explosion bringing the world back together in a global village. As a result, it is forcing humans to reconsider and re-evaluate practically every thought, every action, and every institution formerly taken for granted. McLuhan is perhaps best known for his saying “the medium is the message”. This statement highlights the general influence that a medium has apart from its content. (Littlejohn, 2002)

McLuhan’s concept about medium theory explain how important internet and electronic communication to society nowadays. Internet connect millions of people together. Internet used as personal media but also use as business media. Many company advertised their product online. The rise of the internet also create a new field in business, a term that known as electronic commerce. Electronic commerce used internet, especially social media as it main device to do the business.

McLuhan’s concept of global village and medium theory, and also the concept of virtual community stated by Howard Rheingold, are concepts used by the writer to analysis this research. These concepts will also be connected with business and entrepreneurship.

Methods

This research used qualitative methods with a case study approach. The qualitative method was chosen because this research is aimed to describe how the people of Kampung Cyber became successful entrepreneurs using the internet as a marketing tool. The definition of qualitative research according to Cresswell (2008), as quoted by Raco (2010), is an approach or an inquiry to explore and understand a phenomenon. Based on this definition, qualitative research aims to understand a phenomenon experienced by the research subject by way of description in the form of words and languages. Basically, research with qualitative methods has the advantage of investigating a phenomenon that cannot be tested in a lab.

The case study approach was chosen by the writer because this approach is considered the best way to describe the whole phenomenon within this research. Robert E. Stake, as quoted by Denzin and Lincoln (1994), stated that the case study is not a methodological choice but, rather, a choice of object to be studied. As a form of research, the case study is defined by interest in individual cases, not by the methods of the inquiries used.

Furthermore, Denzin and Lincoln (1994) identify three types of case study. First is intrinsic case study which helps one form a better understanding in a particular case. Second is instrumental case study, where a particular case is examined to provide insight into an issue or refinement of theory. Lastly, the collective case study which is an instrumental study that extends to several cases.

Result and Discussion

Kampung Cyber is a densely populated village located in the center of Yogyakarta province, side-by-side with Taman Sari, a famous tourist attraction of the city. Most people of Kampung Cyber work in the informal sector (as craftsmen) and hold an average education. The total population of the village is 142 citizens consisting of 43 families. In August 2008, the village's management started the campaign to change their village into a "cyber-village". The management had envisioned to build a self-sustainable environment with a tech-savvy society that could improve the social, educational, economic and cultural situation in Kampung Cyber.

At the beginning, the village management had some difficulty in managing Kampung Cyber's program. The main challenge was the lack of media literacy and limited computer access of the residents. But as time went by, those difficulties could be resolved and finally led Kampung Cyber to its reputation as one of the villages that had applied computer and internet utilization. The outcome of this program succeeded in changing the village people's mind set in knowing how to do business and market their products.

Before this program was started, the majority of the village residents worked as craftsmen and relied on tourists who came to the village to buy their products. But since the program was initiated, the citizens use social media platforms, such as blogs, Facebook and email to market their products. And as a result, buyers came from all over Indonesia to buy their products. In the end, this program of computer and internet utilization successfully improved the economy of the people of the village, and also helped develop their abilities and knowledge, especially in terms of media literacy.

The most successful example from Kampung Cyber program is Omah Pancing. Omah Pancing is a fishing equipment store that started from the hobby of its owner. It then grew into a small business in the village. With help and support from new media as marketing tools, Omah Pancing continues to grow with a healthy turnover of Rp 40.000.000 every month.

Figure 1. Omah Pancing's Store at Kampung Cyber

There is an explanation behind Omah Pancing's reputation as the most successful small business at Kampung Cyber Yogyakarta. First, it was the determination and perseverance of the owner to develop his business. The owner very diligently promoted his shop's products online.

Second, the shop's success has a lot to do with today's era of new media and internet. Wynants and Cornelis (2005) state that the internet has opened a new world of possibility; anything can be put up on the internet and anyone is free to access it without the limit of copyright and patent. This is particularly true in the fields of economy and business. E-commerce continues to grow as internet utilization spreads all over the world. Corporate giants have started to market their products online, prompting many trading website to appear and control the online market place.

New media and the internet move the world through small devices – our computers, tablets and smart phones. New media and the internet also bring a new form of culture, a culture that has changed society into a virtual one which, according to Howard Rheingold as quoted by Castells (2010), is generally understood as a self-defined electronic network of interactive communication organized around a shared interest of purpose. Virtual society sees e-commerce as a shopping mall converted into a website which people can access everywhere and anytime. People do not need to go to the mall or the actual market to physically see the products in order to shop. This new culture has continued to grow into the virtual society network.

The new era of new media falls in line with a thesis produced by Marshall McLuhan, that humans now live in a place called the "global village" which modern communication media makes it possible for millions of people all over the world to be connected anywhere in a short time. McLuhan explained that media, separate from its transmitted content, media affect individual and society (Littlejohn, 2002). This research has proved that the internet as new media has changed society. Before the dawn of the internet, business deals and negotiations strictly occurred face to face, but now it can all be done digitally. The internet is only the medium for humans to communicate but it has also changed how people communicate, from face-to-face communication to faraway communications by electronic device.

The conclusion from this research is that the internet utilization has successfully improved the sector of entrepreneurship in Indonesia, using the case of Kampung Cyber and Omah Pancing as just one small example of this achievement. This was accomplished due to society's transformation as a virtual society, a society defined by electronic communication.

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