



THE FUTURE OPPORTUNITIES AND CHALLENGES OF BUSINESS IN DIGITAL ERA 4.0

Edited by

Satria Bangsawan, Mahrinasari MS, Ernie Hendrawaty,
Rindu Gamayuni, Nairobi, Hendrati Dwi Mulyaningsih,
Ani Wahyu Rachmawati and Santi Rahmawati





Taylor & Francis

Taylor & Francis Group

<http://taylorandfrancis.com>

PROCEEDINGS OF THE 2ND INTERNATIONAL CONFERENCE ON ECONOMICS,
BUSINESS AND ENTREPRENEURSHIP (ICEBE 2019), BANDAR LAMPUNG, INDONESIA,
1 NOVEMBER, 2019

The Future Opportunities and Challenges of Business in Digital Era 4.0

Edited by

Satria Bangsawan, Mahrinasari MS, Ernie Hendrawaty, Rindu Rika Gamayuni
& Nairobi

Faculty of Economics and Business, University of Lampung, Indonesia

Hendrati Dwi Mulyaningsih

*Universitas Islam Bandung, Bandung, Indonesia
Research Synergy Foundation, Bandung, Indonesia*

Ani Wahyu Rachmawati

*International Women University, Bandung, Indonesia
Research Synergy Foundation, Bandung, Indonesia*

Santi Rahmawati

Research Synergy Foundation, Bandung, Indonesia

Routledge is an imprint of the Taylor & Francis Group, an informa business

© 2020 Taylor & Francis Group, London, UK

Typeset by Integra Software Services Pvt. Ltd., Pondicherry, India

All rights reserved. No part of this publication or the information contained herein may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, by photocopying, recording or otherwise, without written prior permission from the publisher.

Although all care is taken to ensure integrity and the quality of this publication and the information herein, no responsibility is assumed by the publishers nor the author for any damage to the property or persons as a result of operation or use of this publication and/or the information contained herein.

Library of Congress Cataloging-in-Publication Data

Names: International Conference on Economics, Business and Entrepreneurship
(2nd : 2019 : Bandar Lampung, Indonesia) | Bangsawan, Satria, editor.

Title: The future opportunities and challenges of business in digital era
4.0 : proceedings of the 2nd International Conference on Economics,
Business and Entrepreneurship (ICEBE 2019), Bandar Lampung, Indonesia,
1 November, 2019 / edited by Satria Bangsawan [and seven others].

Other titles: Proceedings of the 2nd International Conference on Economics,
Business and Entrepreneurship

Description: Leiden, The Netherlands : CRC Press/Balkema, [2020] | Includes
bibliographical references and index.

Identifiers: LCCN 2020028655 (print) | LCCN 2020028656 (ebook) | ISBN
9780367425944 (hardback) | ISBN 9780367853778 (ebook)

Subjects: LCSH: Technological innovations--Economic aspects--Congresses. |
Information technology--Economic aspects--Congresses.

Classification: LCC HC79.T4 I57745 2019 (print) | LCC HC79.T4 (ebook) |
DDC 658.4/063--dc23

LC record available at <https://lcn.loc.gov/2020028655>

LC ebook record available at <https://lcn.loc.gov/2020028656>

Published by: CRC Press/Balkema
Schipholweg 107C, 2316XC Leiden, The Netherlands
e-mail: Pub.NL@taylorandfrancis.com
www.crcpress.com – www.taylorandfrancis.com

ISBN: 978-0-367-42594-4 (Hbk)

ISBN: 978-0-367-85377-8 (eBook)

DOI: 10.1201/9780367853778

<https://doi.org/10.1201/9780367853778>

Table of contents

Foreword	xi
Organizing committee	xiii
Scientific review committee	xv
 Role of open innovation in enterprise growth <i>G. Rexhepi</i>	 1
Organizational commitment and job satisfaction: The leadership role of leader-member exchange in SMEs <i>H. Jimad & Roslina</i>	7
Towards a framework for tourism entrepreneurship sustainability: Implications for future research <i>G. Anggadwita, A.A. Budi, L. Aldianto, S. Novani, C. Wirawan & W.B. Profityo</i>	11
The Enhanced performance strategy of Indonesian small entities <i>R. Septiyanti</i>	16
Marketing strategy of electronic transaction services at an Indonesian retail company <i>Haikal, Mahrinasari MS & E. Herdrawaty</i>	20
Confirmation of contingency theory in the implementation of good governance and its impact on government performance in Indonesia <i>Sudrajat</i>	24
The impact of electronic word of mouth in influencing online product-purchase intentions on e-commerce <i>A. Febrian, S. Bangsawan, Mahrinasari MS & A. Ahadiyat</i>	28
Spiritual wisdom in beach management: Best practice from Bali, Indonesia <i>A.W. Handaru</i>	32
Herding behaviour on the Indonesia Stock Exchange in the period 2013–2017 <i>H. Prayogi</i>	36
Characteristics of politically connected companies in Indonesia <i>K. Syaputra, M. Kufepaksi & E. Hendrawaty</i>	40
The impact of trust, satisfaction, and people's pride on purchasing intention in the Indonesian batik sector <i>K. Keni, R. Lerbin, R. Aritonang & A.S. Pamungkas</i>	44
Income smoothing on market reaction: Environmental performance as a moderation variable <i>Y. Pietricia, C. Helinawati, Lindrianasari & R. Oktavia</i>	49
Risk-taking model in Indonesian banking companies <i>R.D.Z. Putri, S. Hasnawati & E. Hendrawaty</i>	53

The effect of spot exchange rate and forward exchange rate on projection of futures spot of Rupiah on Dollar currencies <i>D.S. Warganegara, A. Zahron, E. Mirfazli & O. Pasko</i>	58
Carbon emissions and corporate social and environmental responsibility <i>R. Majidah, Lindrianasari & A. Komalasari</i>	62
Information technology investment and digitization to improve banking performance <i>M. Trimeranti, R.R. Gamayuni & T.J. Prasetyo</i>	66
Determinant factors of stunting conditions on Indonesian economic growth <i>H. Purnama</i>	70
Carbon emissions disclosure, market reaction, and dividend policy <i>Y. Asmaranti & Lindrianasari</i>	74
“Wonderful Indonesia” positioning branding as a place of interesting tourism <i>H. Fauziah</i>	77
Improving business performance through financial technology and customer relationship management <i>Suradi</i>	81
Consumer characteristics and the effects of social factors on purchasing decisions of Kentucky Fried Chicken (KFC) eco-friendly products <i>M. Ali, S. Bangsawan & D. Rouly</i>	86
Convergency of revenue per capita regional New Autonomy (NAR) in Indonesia <i>Ambya</i>	90
Banking performance and shock response of macroeconomic conditions in Indonesia <i>M.K.I. Febriana, R. Malia & S.N. Herlina</i>	94
Foreign investment (PMA) in the food and beverage industry (KBLI15) in Indonesia period 2000 – 2014 Total Factor Production approach (TFP) <i>L.M. Hamzah</i>	97
The effectiveness of business development for rural agricultural business and its effect on the income of farmers group members in Wates Jaya, Lampung Barat District <i>M. Husaini & M.T. Fani</i>	100
The influence of households and labor in fishery industry on industrial agglomeration in Tanggamus District <i>E. Maimunah, A.D. Pratama & U. Ciptawaty</i>	104
An experimental study of the gender differences in risk aversion portfolio selection in Indonesia <i>I.C. Putri, A. Komalasari, Farichah & R.R. Gamayuni</i>	108
Forecasting tourism demand using the trend models method: Evidence from Indonesia <i>H. Kusumastuti, Novalia & A. Anum</i>	112
The impact of mandatory spending on economic growth in Java and Sumatra <i>A. Ratih Yulihar Taher, H.N. Syahputra & A. Darmawan</i>	116
A comparative analysis of Flow of Funds Account (FFA) presentation in Indonesia and Japan <i>F. Zamzami & D. Oktyawati</i>	119
The effect of ethnocentrism and preference of purchase intention <i>D.E. Laofa</i>	124



Taylor & Francis

Taylor & Francis Group

<http://taylorandfrancis.com>

Forecasting the performance of volatility of share prices with the application of ARIMA model <i>F.S.D. Kesumah, R. Azhar, E. Russel & F.K. Wisnu</i>	275
Dividend policy of agency cost models in companies listed on the Indonesia Stock Exchange <i>U. Muharramah, M. Kufepaksi & E. Hendrawaty</i>	280
The effect of cellular marketing and consumers' attitude toward buying dunkin' donuts in Bandar Lampung <i>D.H.R. Pandjaitan</i>	284
Green marketing's effect on the decision to purchase body shop cosmetic products in Bandar Lampung <i>D.H.R. Pandjaitan & Mahrinasari MS</i>	287
Effects of educational performance, political competition, and regional financial capacity on incumbents' votes in Indonesian local elections (a hierarchical regression analysis) <i>F. Dharma, A. Syakhroza & D. Martani</i>	291
Influence of commitment in supporting the innovative work behavior of MSME employees in Bandar Lampung <i>Yuningsih</i>	295
The impact of financial literacy on the performance and sustainability of SMEs in Indonesia <i>Y. Amelia, P. Nauli & N. Desriani</i>	299
Factors affecting financial management behavior in the millennial generation <i>A.S. Gahara, R.R. Gamayuni & U. Syaifudin</i>	303
Measuring the effect of environmental uncertainty on the performance of SME managers with a management accounting system <i>Y. Agustina</i>	307
The role of business group in mitigating agency theory caused by excess cash holdings <i>N.P. Dalimunthe, M.N. Wulan & S. Paujiah</i>	310
Testing of Investment Opportunity Set (IOS), firm size, and risk of investment as variables that affect dividend policy in property and real estate companies listed on the Indonesia Stock Exchange (BEI) during the 2013–2017 period <i>H. Wiweko, I. Febrianto & S.P. Darayani</i>	314
Performance analysis of vehicle tax payment system queue <i>Rr. Erlina & F. Shofa</i>	318
Consumers attitudes and environmental knowledge toward friendly products <i>D. Wiryawan & H. Novrian</i>	321
The impact of training, career development, and compensation on employee performance <i>E. Simanjuntak, Rr. Erlina & N. Mardiana</i>	324
The effects of entrepreneurial orientation and competitive advantage on the international market entry through financing <i>I. Sadalia, H. Muharam & A. Mulyana</i>	328
Opportunities and challenges of the protean career concept: A review and future agenda <i>S. Bakhri, Suharnomo & Mahfudz</i>	333
The influence of Emotional Quotient (EQ), Intellectual Quotient (IQ), and Spiritual Quotient (SQ) on SME employee work performance at Bandar Lampung City <i>N. Mardiana & D. Safitri</i>	338
Author index	342

3 LITERATURE REVIEW

Several theories explain management accounting systems, one of which is the contingency theory. According to this theory, no universal model is fit in explaining organizational designs due to ever-changing or turbulent circumstances. Therefore, the development of an accounting system is dependent on the environment, organization, and decision-making (Gordon and Miller, 1976).

Effect of Environmental Uncertainty on Managerial Performance.

Gul and Chia (1994) state that high environmental uncertainty negatively affects the performance of managers and vice versa. Therefore, to overcome these uncertainties, a reliable accounting management information system is needed. This shows that environmental uncertainty acts as ex-ante MAS information (Chenhall and Morris, 1986; Gordon and Narayanan, 1984). In addition, MAS serves as a mediator between environmental uncertainty and performance (Gul, 1991; Mia and Chenhall, 1994). According to Mia (1993), when MAS increases, managers' performance becomes high, which means that information is influenced by high environmental uncertainty. Therefore, based on this description, researchers provided answers to provisional estimates as follows:

Ha1: High environmental uncertainty negatively affects managers' performance.

Ha2: High environmental uncertainty positively influences managers' performance through information.

4 RESEARCH METHOD

A convenience sampling technique was used to obtain data from small and medium businesses in Bandar Lampung. Primary data were obtained by sending a total of 100 questionnaires to business unit managers responsible for operational activities in fourteen districts in Bandar Lampung. However, only 68 questionnaires were processed, with instrument questions proposed by Govindarajan (1986) used to measure environmental uncertainty. Furthermore, the management accounting system questions were adopted from Chenhall and Morris (1986), while the instrument performances came from Mahoney, Jerdee, and Carroll (1963). Respondents were mostly male college and high school students.

5 RESEARCH ANALYSIS

Table 1. Path coefficients (Mean, STDEV, T-values).

	Original sample (O)	Mean sample (M)	Standard deviation (STDEV)	Standard error (STERR)	T-statistics (O/STERR)
PKL -> KM	0.428806	0.427543	0.071000	0.071000	6.039522
PKL -> MAS	0.496533	0.514671	0.067246	0.067246	7.383880
MAS -> KM	0.379195	0.382229	0.074463	0.074463	5.092361

Based on the test results statistically obtained, the effect and perception of environmental uncertainty on managers' performance are significantly positive, as shown in Table 1 with a coefficient value of 0.428806 and a T-value of 6.039522, which is greater than the T-table value of 1.96 (5%). The second hypothesis test statistical results are the coefficient of PU to AMS, which equals 0.496533 with a calculated T-value of 7.383880, greater than the T-table value of 1.96. These results indicate that the relationship between MAS and managers is significantly positive, with a coefficient value of 0.379195 and a calculated T-value of 5.092361, which is greater than 1.96.

Measuring the effect of environmental uncertainty on the performance of SME managers with a management accounting system

Yenni Agustina

Lampung University, Lampung, Indonesia

ABSTRACT: This research aimed to examine the effect of environmental uncertainty on the performance of SME managers using a management accounting system. Data were obtained and analyzed from sixty-eight SME managers in Bandar Lampung by using questionnaires. The results showed that the perception of environmental uncertainty has a positive effect on managerial performance, and it acts as a partial mediation of the management accounting system.

Keywords: management accounting system, environmental uncertainty, performance of SME managers

1 BACKGROUND

Performance is frequently researched because it is instrumental to the progress of all business ventures. Generally, many studies have been conducted on performance from a psychological perspective, such as motivation, commitment, or ethics. Furthermore, many contextual factors influence performance, such as environmental uncertainty, which is defined as one's perception and subjectivity in conduction with technology, market demand, and competition.

2 RESEARCH ISSUES

This study aimed to provide empirical evidence on the influence of environmental uncertainty on managers' performance using information obtained from a management accounting system (MAS). The research was conducted to determine the phenomena that exist in the use of MAS information by managers of small and medium enterprises (SMEs), which showed that performance under environmental uncertainty conditions is high (Agbejule, 2005; al-Mawali and al-Shammari, 2013; Seaman and Williams, 2011). Some studies found that the indirect/direct testing of environmental uncertainty has a significant effect on performance (Chong and Chong, 1997). This shows that environmental uncertainty acts as a mediator. According to Chiou (2011), direct testing of environmental uncertainty is described from the four characteristics of MAS, which do not affect broad scope and timeliness. The differences in the results found by previous studies showed that the existing environmental uncertainty affects MAS and performance. Although only a few types of research have been performed on SME subjects, however, it is believed that they will inevitably encounter environmental uncertainty. This research contributed to the theoretical field in accordance with its finding that environmental uncertainty affects the performance of SME managers through MAS, which enriches the scientific treasury and design methods. Primary data were collected through survey methods by distributing questionnaires through mail or post.

6 CONCLUSION

In conclusion, the perception of environmental uncertainty has a positive effect on managers' performance. These means that people feel challenged to maintain their original state by increasing their performance. In addition, the perception of high environmental uncertainty affects the design of the management accounting system, which in turn improves managers' performance.

7 DISCUSSION AND MANAGERIAL IMPLICATIONS

The perception of high environmental uncertainty positively influences managers' performance, which indicates that the Bandar Lampung managers have the ability to correctly predict the state of the environment, thereby demanding managers to work adequately. However, when managers have the ability to predict, they tend to improve their organizations' functionality to increase the growth of small and medium businesses. Therefore, it is important for high schools to provide SME training on macro- and microeconomic policies to improve their horizons. The results of the second hypothesis showed that the management accounting system greatly assists in the business activities of SMEs. Therefore, the creation of SMEs and professional organizations is important to provide training and outreach on management accounting systems to further improve manager performance.

REFERENCES

- Agbejule, A. 2005. The relationship between management accounting systems and perceived environmental uncertainty on managerial performance: A research note. *Accounting and Business Research* 35(4), 295–305.
- Al-Mawali, H., and Al-Shammari, H. 2013. Strategic management accounting usage, perceived environmental uncertainty, and organizational performance. *Competition Forum* 11(2).
- Chenhall, R. H., and Morris, D. 1986. The impact of structure, environment, and interdependence on perceived usefulness of management accounting systems. *Accounting Review*, 61 (1), 16–35.
- Chiou, B., 2011. Which types of management accounting information systems can be used to respond adequately to environmental uncertainty? The effects of user participation and tolerance of ambiguity. *African Journal of Business Management* 5(34), 13293–13301.
- Chong, V. K., and Chong, K. M. 1997. Strategic choices, environmental uncertainty, and SU performance: A note on the intervening role of management accounting systems. *Accounting and Business Research* 27(4), 268–276.
- Gordon, L. A., and Miller, D. 1976. A contingency framework for the design of accounting information systems. *Accounting, Organizations, and Society* 3(1), 59–69.
- Gordon, L. A., and Narayanan, V. K. 1984. Management accounting systems, perceived environmental uncertainty, and organization structure: An empirical investigation. *Accounting, Organizations and Society*, 9 (1), 33–47.
- Govindarajan, V. 1986. Impact of participation in the budgetary process on managerial attitudes and performance: Universalistic and contingency perspective. *Decision Science* 17(4), 496–516.
- Gul, F. A. 1991. The effects of management accounting systems and environmental uncertainty on small business managers' performance. *Accounting and Business Research* 22(85), 57–61.
- Gul, F. A., and Chia, Y. M. 1994. The effect of management accounting systems, acceptance of environmental uncertainty and decentralization on managerial performance: A test of three-way interaction. *Accounting, Organizations and Society* 19(4/5), 413–426.
- Mahoney, T. A., Jerdee, T. H., and Carroll, S. J. 1963. *Development of Managerial Performance: A Research Approach*. Cincinnati, OH: South Western.
- Mia, L. 1993. The role of MAS information in organizations: An empirical study. *British Accounting Review* 25(3), 269–285.
- Mia, L., and Chenhall, R. H. 1994. The usefulness of management accounting systems, functional differentiation and managerial effectiveness. *Accounting, Organizations and Society* 19(1), 1–13.
- Seaman, A. E., and Williams, J. J. 2011. Management accounting systems change and sub-unit performance: The moderating effects of perceived environmental uncertainty. *Journal of Applied Business Research* 22(1), 103–120.