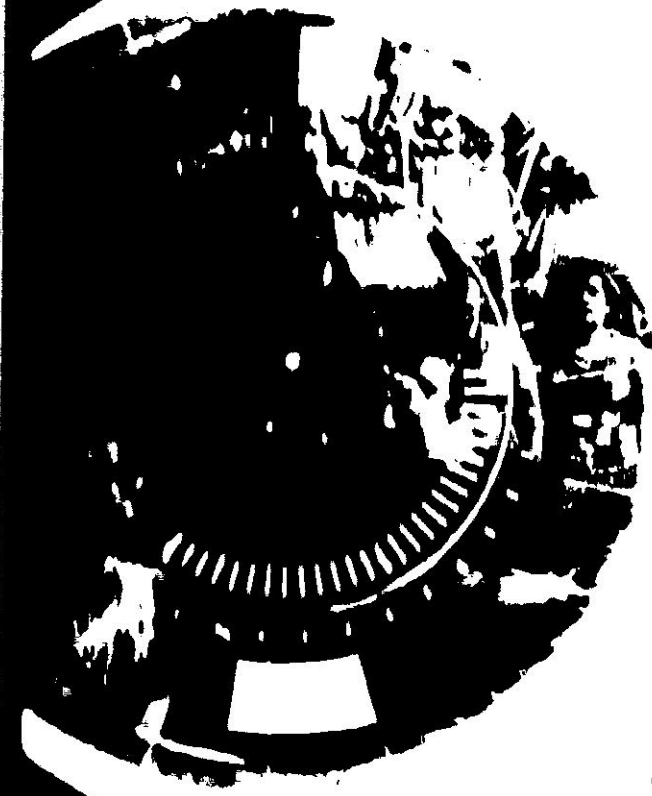


CHALLENGES AND OPPORTUNITIES AT THE LEADING EDGE OF WORLD CLASS SUPPLY CHAIN MANAGEMENT

<https://fbe.ubaya.ac.id>



Department of Management
Faculty of Business and Economics
Universitas Surabaya

Jl. Raya Kalkrungkut, Surabaya, 60283
Ph: +62 31 296 1139 | Fax: +62 31 296 1131
email: ubeyainsyma@gmail.com | managementsymposium@ubaya.ac.id

ISBN 978-979-99365-7-8

9 789799 193657

Proceeding**The 10th UBAYA International Annual Symposium on Management****CHALLENGES AND OPPORTUNITIES OF THE LEADING EDGE IN WORLD CLASS SUPPLY CHAIN MANAGEMENT**

Editors:

Werner R. Murhadi, Dr

Prita Ayu, MM

Edithia Ajeng Pramesti, SE

Reviewers:

Candra S. Chayadi, Ph.D. (School of Business, Eastern Illinois University)

Dudy Anandya, Dr (Universitas Surabaya)

Joniarto Parung, Ph.D, Prof. (Universitas Surabaya)

Ning Gao, Ph.D. (Manchester Business School)

Wahyu Soedarmono, Ph.D. (Research Analyst, The World Bank, Jakarta)

Yuanto Kusnadi, Ph.D. (City of Hongkong University)

Published by:

Department of Management, faculty of Business & Economics
Universitas Surabaya

Jl. Raya Kalirungkut

Surabaya, Indonesia 60293

Phone : +62-31-2981139

Fax : +62-31-2981239

ISBN: 978-979-99365-7-8

Copyright © 2013 Department of Management, faculty of Business & Economics, Universitas Surabaya

FOREWORD

This proceeding is a compilation of papers submitted for **The 10th International Annual Symposium on Management** (Insyma) conducted by the Department of Management, Faculty of Business and Economics, Universitas Surabaya. This year's theme of the symposium is **Challenges and Opportunities of the Leading Edge in World Class Supply Chain Management**.

In this opportunity, we would like to share our grateful to the institutions (National and abroad) who send their lecturer or researcher to our symposium. This symposium is to provide a sharing forum for researcher, academics, and practitioners engaged in basic and applied research in Supply Chain Management. This theme represents an emerging and highly challenging and opportunities area of research and practice. One of the most significant paradigm shifts of modern business management is that individual business no longer compete as solely autonomous entities, but rather as supply chains. Business management has entered the era of internetwork competition. In this emerging competitive environment, the ultimate success of the single business will depend on management's ability to integrate the company's intricate network of business relationships. The supply chain is not a chain of businesses with one-to-one, business-to-business relationships, but a network of multiple business and relationships. SCM deals with total business process excellence and represents a new way of managing the business and relationships with other members of the supply chain. Successful supply chain Management requires cross-functional integration must play a critical role. The challenge is to determine how to successfully accomplish this integration.

This symposium aims to bring together different points of view from academics, business practitioners, government agencies, and international institutions with the ultimate goal to share and disseminate various ideas and practices in Supply Chain Management.

Finally, we hope that this compilation of papers, ranging from a conceptual work to an empirical research, can enrich our perspective in supply chain management and its application in creating higher level of competitiveness.

Bali, March 16th, 2013

31.	SUPPLY CHAIN MANAGEMENT: STRATEGY IN INFORMATION TECHNOLOGY TO REDUCE COST Meythi, Riki Martusa.....	40
32.	EVALUATING THE FINANCIAL PERFORMANCE USING THE GROWTH OF EPS, CFO, AND EVA AND THEIR IMPACT TO THE STOCK RETURN OF LISTED TELECOMMUNICATION INDUSTRY IN BEI Suskim Riantani, Harry Setyo Negoro, Alfiah Hasanah	41
33.	EFFECT OF APPLICATION CORPORATE SOCIAL RESPONSIBILITY ON IMAGE PT . ANTAM UNIT PASCATAMBANG KIJANG Sutama Wisnu D, Budi Astuti.....	42
34.	LEADERSHIP AND FIVE STAGE MODEL OF ORGANIZATION GROWTH AT UD "RAMA JAYA" May Eka Saputri, Liliana Inggrit Wijaya.....	43
35.	VALUE CHAIN CONCEPT ON STRATEGIC CSR PROGRAM: A CASE STUDY OF MARTHA TILAAAR GROUP Dianne Frisko.....	44
36.	DEFINE THE CRITERIA TO IDENTIFY CORE AND NON-CORE ACTIVITIES TO LEVERAGE THE COMPANY'S COMPETITIVENESS AND STRENGTHENING THE PARTNERSHIP WITH OTHERS Alain Widjanarka.....	45
37.	DETERMINANTS OF THE DECISION TO BUY AND SELL MUTUAL FUNDS IN INDONESIA Irene Rini Demi Pangestuti.....	46
38.	A COMPARATIVE STUDY ON RETURN STOCKS BETWEEN VALUE STOCKS AND GROWTH STOCKS IN THE GO PUBLIC COMPANIES AT THE INDONESIAN STOCK EXCHANGE (PERIOD OF 2006-2010) Panji Aditya Evindo, Nadia Asandimitra Haryono.....	47

39.	FOREIGN DIRECT INVESTMENT IN ASEAN, 1994-2010: DOES THE CHINA EFFECT EXIST? Yulius Pratomo.....	48
40.	THE RELATIONSHIP BETWEEN THE LEVEL OF THE USE OF ERP SYSTEM, SCM, STRATEGIC ALIGNMENT, AND FIRM PERFORMANCE USING BALANCED SCORECARD APPROACH Weli Imbri.....	49
41.	INTERNAL AUDIT QUALITY ROLE IN IMPROVING EFFECTIVENESS OF QUALITY MANAGEMENT SYSTEM ISO 9001:2000 (Case Study PT INTI Bandung) Christine Dwi K.S., Sondang M.R., Adriana Oktarina Sembiring	50
42.	THE IMPACT OF RELATED PARTIES' TRANSACTIONS TO MARKET VALUATION OF FIRMS Niki Jayanthi, Felizia Arni Rudiawarni.....	52
43.	TRANSITION OF IFRS IN INDONESIA: FINANCIAL POSITION, FINANCIAL PERFORMANCE AND KEY FINANCIAL INDICATORS EFFECTS Stephanie Susilo, Felizia Arni Rudiawarni.....	53
44.	INFLUENCE OF JOB MOTIVATION AND JOB SATISFACTION ON EMPLOYEE PERFORMANCE IN ASURANSI JIWA BERSAMA (AJB) BUMIPUTERA 1912 SURABAYA REGIONAL OFFICE Agus Frianto, Ayu Septirini.....	55
45.	INNOVATION SUCCESS IN SMALL BUSINESS CONTEXT: AN EMPIRICAL EVIDENT FROM INDONESIA Aluisius Hery Pratono, Suyanto.....	56
46.	FACTORS INFLUENCE INDONESIAN YOUNG CONSUMERS' ONLINE PURCHASE INTENTION IN SOCIAL MEDIA WEBSITES Levina Rolanda Tjia, Christina R. Honantha.....	57
47.	CAREER DEVELOPMENT OF CREATIVITY REVIEWED, AND COURAGE IN BUSINESS INNOVATIVE MULTI-LEVEL	

FACTORS INFLUENCE INDONESIAN YOUNG CONSUMERS' ONLINE PURCHASE INTENTION IN SOCIAL MEDIA WEBSITES

Levina Rolanda Tjia

International Business Networking
Faculty of Business and Economics, University of Surabaya, Indonesia
Email: levinarolanda@ymail.com

Christina R. Honantha

Faculty of Business and Economics, University of Surabaya, Indonesia
Email: crhonantha@gmail.com

Abstract - This research is done to prove the influence of perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors toward the online purchase intention in social media websites based on the perception of young Indonesia consumers. The research used quantitative approach and causal type research was causal. This research used sample characteristics which are Indonesia people in the range age of 15-24 years old and also have Facebook, Twitter, and Blog accounts with minimum online 3 times a week. The data was primary data which obtained from 100 questionnaires. The data was processed through multiple linear regressions and hypotheses test were proven by t-test and F-test. The research result indicates that perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors have significant influence toward the online purchase intention in social media websites based on the perception of young Indonesian.

Keywords: online purchase intention; product factors; social media websites

INTRODUCTION

The emerging of information technology brings a big change for all countries around the world. Internet is one of information technology that connects all people around the world without limitation of space and time. People nowadays are using Internet to sell their products or services in cyberspace, as we known as e-commerce. Since the e-commerce's growth has been incredibly fast until the tragedy of dotcom crash in the year of 2000, most of the business did come with potential of risks and benefits that need to be measured and to be taken into consideration before started the e-commerce.

We are living in Web 2.0 era that serves us social networking and blogs with highly user generated content compare with Web 1.0. There is a significant shifting from offline to online transaction which shows that nowadays people are more influenced by internet. Facebook, blogs, twitter are the example of popular social media for all consumers' level. Based on Indonesian online shopping community at Facebook, twitter, and blogs, there were about 43,887 Facebook accounts that did e-commerce and online shopping, 26,523 twitter accounts that did e-commerce and online shopping, and 28,919 blog accounts that did e-commerce and online shopping. This numbers represent that there are many e-commerce in Facebook, twitter, and blogs. Today's era, e-commerce brings big opportunity for Indonesian. Indonesia people who are in 15-24 years old have the highest percentage as internet users. In this age, Indonesian easily accepts the usage of technology for their daily life and also in doing e-commerce. This shows that Indonesian have potential to adopt e-commerce in the context of social media.

This study attempts to investigate factors that influence online purchase intention among Indonesian young consumers in social media websites by synthesize two previous studies done by See Siew Sin, Khalil Md Nor, and Ameen M Al-Agaga (2012) and Ying-Hueih Chen, I-Chieh Hsu, and Chia-Chen Lin (2010). The constructs investigated in this study were perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors and product factors.

According to Y. -H. Chen *et al.* (2010), online purchase intention is the desire of consumers to make purchase through social media. Online purchase intention will be measured by the level of people's intend to make purchase of product online through social media, people are willing to buy product through social media, and people are willing to recommend social media to friends.

Perceived ease of use, according to See Siew Seen *et al.* (2012), is the degree where using a particular system will be free of effort. Perceived ease of use consists of social media is easy to learn, social media is easy to control, social media has understandable content, social media is flexible to interact with, and it is easy to become skillful at using social media.

Perceived usefulness, according to See Siew Seen *et al.* (2012), is the degree which people believe that using particular system would accelerate their personal growth and would enhance their job performance. Perceived usefulness consists of social media that enables to buy product faster, social media gives time-saving and money-saving benefits, purchase decision can be made in short time using social media, social media is increasing effectiveness in shopping, and social media makes easier to make purchase or find shopping information.

According to Pookulangara and Koesler (2011), subjective norm as variable in research model is the perceived social pressure from family, friends, or other people to an individual when deciding whether to behave in certain way. Subjective norm consists of friend's suggestion and recommendation affects to make purchase through social media, family members/relatives influence to make purchase through social media, people will make purchase if colleagues use social media, mass media influence people to make purchase through social media, and people use social media to make purchase if people in community also use it.

According to Y.-H Chen *et al.* (2010), technology factors comprise the quality of website that facilitates online transactions. People make purchase if there is security in social media, people use social media which has privacy not to distribute private information, and people doing transaction on social media that has high usability.

According to Schaupp and Belanger (2005), shopping factors is the shopping process and proposed that convenience, trust, and delivery are indicators that affect purchase intention. People use social media which is convenience to make purchase, people trust social media in purchasing a product, and people purchase through social media if there is notification for delay in delivery.

According to Schaupp and Belanger (2005), product factors are the perceived quality of the product or service for sale. Price and quality of product which people buy through social media is matching with expectation, and social media that people use offers variety seasonal products.

Figure 1 depicts the research model and Table 1 presents related hypotheses.

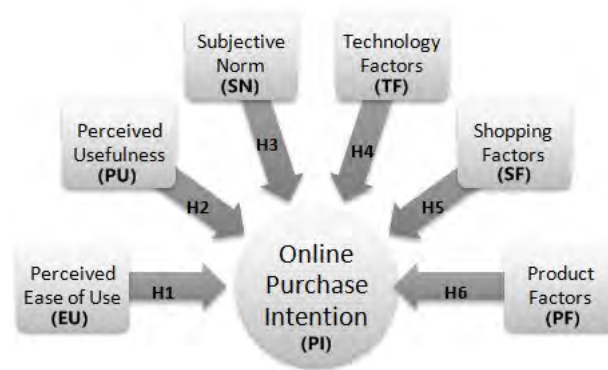


Figure 1. Proposed Research Model

Table 1. Summary of Hypotheses

H1	Perceived ease of use positively influence the online purchase intention through social media.
H2	Perceived usefulness positively influence the online purchase intention through social media.
H3	Subjective norm positively influence the online purchase intention through social media.
H4	Technology factors positively influence the online purchase intention through social media.
H5	Shopping factors positively influence the online purchase intention through social media.
H6	Product factors positively influence the online purchase intention through social media.

RESEARCH METHOD

This study is quantitative research and type of quantitative research used is causal research with objective to determine that some variables might be causing a certain behavior, which is perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, product factors influence to the online purchase intention through social media. A total of 100 respondents were chosen using the purposive sampling method. Respondents were Indonesia people in the range age of 15-24 years old and have Facebook, Twitter, and Blogs accounts with minimum online 3 times a week in social media accounts.

Research instrument in this study is questionnaire. The data was subjective to validity test, reliability test, normality test, heteroscedasticity test, multicollinearity test, and determination of coefficient before the final analysis was conducted by multiple linear regression.

RESULTS AND ANALYSIS

A total of 100 questionnaires were distributed and were returned for analysis. Among respondents, 38% were male and 62% were female.

Table 2. Summary of Respondents' Profile

Demographic	Groups	Frequency (n=100)	Percentage (%)
Gender	Male	38	38
	Female	62	62
Level of last education	Junior High School	24	24
	Senior High School	53	53
	Diploma 3	3	3
	Bachelor's Degree	20	20
	Master's Degree	0	0
Product Purchased	Clothes	22	22
	Bag	6	6
	Shoes	6	6
	Gadget	5	5
	Shoes and t-shirt	5	5
	Others	56	56

After analyzing data for validity test, all of the total score showed a result with significance lower than 0.05. This indicated that all items for perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors and product factors were correlated significantly to the total score or valid. Cronbach's reliability test results (Table 3) indicated a high level of internal consistency. VIF was examined and the results indicated no multicollinearity. Multiple linear regressions results are shown in Table 4.

Table 3. Result of Reliability Test

Variable	Cronbach's Alpha	Explanation
Perceived Ease of Use	0.808	Reliable
Perceived Usefulness	0.746	Reliable
Subjective Norm	0.781	Reliable
Technology Factors	0.816	Reliable
Shopping Factors	0.731	Reliable
Product Factors	0.649	Reliable
Online Purchase Intention	0.813	Reliable

Source: Data processing done by SPSS 18.0 for Windows.

Table 4. Result of Multiple Regression Analysis

Variable	Standardize Coefficient	t	Sig.	Tolerance	VIF
	Beta				
Perceived Ease of Use	0.150	2.061	0.042	0.338	2.961
Perceived Usefulness	0.164	2.045	0.044	0.278	3.603
Subjective Norm	0.112	1.986	0.050	0.562	1.778
Technology Factors	0.242	3.630	0.000	0.401	2.493
Shopping Factors	0.172	2.137	0.035	0.276	3.622
Product Factors	0.243	3.781	0.000	0.434	2.303

Source: Data processing done by SPSS 18.0 for Windows.

Note: Overall Model $F=77.753$; $R^2=0.834$; adjusted $R^2=0.823$

The results of multiple linear regression analysis showed that all six independent variables, perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors and product factors, significantly influence the dependent variable which is online purchase intention. R square for regression model was 0.834, which indicated 83.4% of the variance in online purchase intention is explained by perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors and product factors. Based on the standardized beta coefficient, the most dominant factor that influence the respondents' online purchase intention was product factors ($b=0.243$), followed by technology factors ($b=0.242$), shopping factors ($b=0.172$), perceived usefulness ($b=0.164$), perceived ease of use ($b=0.150$) and subjective norm ($b=0.112$).

Based on analysis result of multiple linear regressions, all data showed that perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors influence to online purchase intention of young Indonesian through social media. The regression equation $PI = 0.150 EU + 0.164 PU + 0.112 SN + 0.242 TF + 0.172 SF + 0.243 PF$ showed that perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors had positive relationship with online purchase intention. If perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors were increasing, online purchase intention would also increasing significantly. This research was supported by previous researchers, See Siew Sin *et al.* (2012), who did an analysis

about the influence of perceived ease of use, perceived usefulness, and subjective norm toward online purchase intention through social media based on Malaysian young consumers and other previous researchers, Y.-H. Chen *et al.* (2010), who did an analysis about the influence of technology factors, shopping factors and product factors on online purchase intention.

From hypotheses testing result, showed that significant value for F-test was 0.000 and F was 77.753, so that can be concluded perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors influence on online purchase intention simultaneously.

Whereas, t-test result of significant values are less than or equal to 5%, then H₀ was rejected. Thus, perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors influence on online purchase intention significantly and had positive relationship because the regression coefficient value was also positive.

CONCLUSION AND RECOMMENDATION

The results showed that 100 questionnaires had been proven have high reliability and validity. The hypotheses which stated had been proven or correct. This was proven by the result of hypotheses testing, which were F-test 77.753 with significant value 0.000 means that H₀ was rejected, perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors influence to online purchase intention through social media. Partially, t-test between perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, product factors and online purchase intention which resulted 2.061, 2.045, 1.986, 3.630, 2.137, and 3.781 with significance level valued less than or equal to 0.05 or H₁, H₂, H₃, H₄, H₅, H₆ were not rejected, which means that perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors had significant influence towards online purchase intention. From the research result, product factors had greater regression coefficient value than the others. Product factors include price, quality, and seasonal product variety.

Coefficient determination (R^2) value was 0.834 or 83.4%, means that 83.4% variation of online purchase intention through social media could be explained by variation of perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors. The rest, 16.6%, could be explained by other factors which were not observed.

Based on Y.-H. Chen *et al.* (2010), online purchase intention reflects the desire of consumers to make a purchase through the website. The desire of consumer to make a purchase could be depended on perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors. Therefore, perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors need to be maintained and improved in order to create and maintain online purchase intention. With the presence of online purchase intention, there was an intention from consumer to buy product online so that affect to sales increase and market share in a company.

Based on research, perceived ease of use, perceived usefulness, subjective norm, technology factors, shopping factors, and product factors influenced online purchase intention in social media websites (Facebook, twitter, and blog) significantly. By the existence of influence, positive product factors, technology factors, shopping factors, perceived usefulness, perceived ease of use, and subjective norm could be figured in minds of the consumers. This cause positive attitude and behavior of the consumers which was proven by the product purchase done by the consumers.

As a conclusion, there are several recommendations for upcoming research in this topic. First, future researchers may add more dimensions for independent variables to identify the other dominant factors that influence online purchase intention, such as trust and perceived cost. Trust and perceived cost are factors that influence online purchase intention (See Siew Sin *et al.*, 2012). Second, future researchers may investigate factors that influence young consumers' online purchase intention through social media from other countries, since this research is only focus on young Indonesian consumers. In other side, the disadvantage of

online purchasing is people cannot feel the product. Companies or industries which built in social media websites need to provide the detail of products with high quality of original photos and product size. The companies also need to be selected in choosing what products that will be sold because people are more likely to buy product with high quality or suitable with the price given. Companies also can give product guarantee to customers. If there are any defects on the product, customer can return the product for replacement or company will refund customers' money.

REFERENCES

- Ajzen I. and Fishbein M., 1980, *Understanding attitudes and predicting social behavior*, Prentice-Hall: Englewood Cliffs.
- Chen L., Gillenson M.L., and Sherrell D.L., 2002, Enticing Online Consumers: An Extended Technology Acceptance Perspective, *Information and Management*, Vol. 39:705-719.
- Chen, Y., Hsu, I. I., and Lin, C., 2010, Website Attributes That Increase Consumer Purchase Intention: A Conjoint Analysis, *Journal of Business Research*, Vol. 63: 1007-1014.
- Davis F.D., 1986, *A Technology Acceptance Model For Empirically Testing New End User Information Systems: Theory And Results*, Cambridge, MA: MIT Sloan School of Management.
- Davis F.D., 1989, Perceived Usefulness, Perceived Ease of Use, And User Acceptance of Information Technology. *MIS Quarterly*, Vol. 13: 319-340.
- Kotler, P., Keller, K.L., Ang, S.H., Leong, S.M., and Chin, T.T., 2009, *Marketing Management: An Asian Perspective*, 5th edition, Pearson.
- Moon J.W. and Kim Y., 2001, Extending the TAM for A World-Wide-Web Context, *Information and Management*, Vol. 38: 217-230.
- Pookulangara, S. and Koesler, K., 2011, Cultural Influence on Consumers' Usage of Social Networks and Its' Impact on Online Purchase Intentions, *Journal of Retailing and Consumer Services*, Vol. 18: 348-354.
- Richard, M.O., 2005, Modeling the impact of internet atmospherics on surfer behavior, *Journal of Business Research*, Vol. 58: 1632-1642.

Santoso, Singgih, 2012, Aplikasi SPSS pada Statistik Parametrik, PT Elex Media Komputindo: Jakarta.

Schaupp, L.C. and Belanger, F., 2005, A Conjoint Analysis of Online Consumer Satisfaction, *Journal of Electronic Commerce Research*, Vol.6: 95-111.

See, S.S., Nor, K.M., Al-Agaga, A.M., 2012, Factors Affecting Malaysian young consumer's online purchase intention in social media websites, *Social and Behavioral Sciences*, Vol. 40: 326-333.

Sekaran, U. and Bougie, R., 2009, *Research Methods for Business*, 5th edition, Wiley.

Smith, A.N., Fischer, E., and Yongjian, C., 2012, How Does Brand-related User-generated Content Differ across YouTube, Facebook, and Twitter?, *Journal of Interactive Marketing*, Vol. 26: 102-113.

Wei T.T., Marthandan G., Chong A.Y., Ooi K., and Arumugam S., 2008, What Drives Malaysian M-commerce Adoption? An Empirical Analysis, *Industrial Management & Data Systems*, Vol. 109: 370-388.

Wijaya, Tonny, 2009, Analisis Data Penelitian Menggunakan SPSS, Universitas Atma Jaya: Yogyakarta.

<http://the-marketeers.com/>, retrieved 20 June 2012

<http://the-marketeers.com/?s=materi+mds+may>, retrieved 20 June 2012

<http://www.socialbakers.com/facebook-statistics/>, retrieved 20 June 2012

<http://www.slideshare.net/salingsilang/indonesia-social-media-landscape-h1-2011-3rd-salingsilangcom-report>, retrieved 20 June 2012

<http://www.slideshare.net/salingsilang/indonesia-social-media-landscape-h1-2011-3rd-salingsilangcom-report>, retrieved 20 June 2012

<http://www.slideshare.net/>, retrieved 20 June 2012