

ABSTRACTS AND CD OF FULL PAPERS

THE NATIONAL AND INTERNATIONAL CONFERENCE ON BUSINESS MANAGEMENT AND INNOVATION 2016

SEPTEMBER 24 - 25, 2016 COLLEGE OF GRADUATE STUDY IN MANAGEMENT KHON KAEN UNIVERSITY, THAILAND

- + Bangor University, the United Kingdom
- + Grŵp Llandrillo Menai, the United Kingdom
- + International Business School of Yunnan University of Finance and Economics, The People Republic of China
- + International University in Geneva, Switzerland
- + Southeast Asia Interdisciplinary Development Institute School of Organization Development, The Philippines
- + Universitas 17 Agustus 1945, Surabaya, Indonesia
- + Faculty of Business Administration, Kasetsart University, Thailand
- + Graduate School of Commerce, Burapha University, Thailand



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Message from the President of Khon Kaen University The National and International Conference on Business Management and Innovation 2016

On behalf of Khon Kaen University, I would like to express my warmest congratulations to the College of Graduate Study in Management in hosting this conference the third time. From the success in the part, the conference can go on and serve as a platform for students, researchers and scholars to present their works and contribute their research in the area of business administration to the society. I believed that many papers in this conference can make a great impact on organizations, business units, and entrepreneurs of the northeastern community as well as the ASEAN countries and the region nearby. Last but not least, I wish this conference a great success in achieving its goals and nourishing the research and innovation for the present and the days to come.

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(Assoc. Prof. Kittichai Triratanasirichai, Ph.D.) President Khon Kaen University

Khon Kaen University (KKU)

123 Moo 16 Mittapap Rd., Nai-Muang, Muang District, Khon Kaen 40002, Thailand www.kku.ac.th

NICBMI 2016





Message from the Dean of the College of Graduate Study in Management, Khon Kaen University The National and International Conference on Business Management and Innovation 2016

The National and International Conference on Business Management and Innovation 2016 (NICBMI 2016) is the third annual conference hosted by our college together with our networks which include Bangor University, the United Kingdom, Grŵp Llandrillo Menai, the United Kingdom, International Business School of Yunnan University of Finance and Economics, The People's Republic of China, International University in Geneva, Switzerland, Southeast Asia Interdisciplinary Development Institute, Graduate School of Organization Development, The Philippines, Universitas 17 Agustus 1945, Surabaya, Indonesia, Faculty of Business Administration, Kasetsart University, Thailand and Graduate School of Commerce, Burapha University, Thailand.

The conference serves as a platform for disseminating and exchanging updates in business and management research and innovation which encourage the awareness and preparation for the world economic situation and the impact on globalization. This year we have 358 papers and 7 posters delivered by students, researchers and scholars from universities within Thailand and aboard. Finally I eagerly hope and expect that this conference will help to strengthen our partnership with our networks and the knowledge and innovation for this conference would make an impact on our community and nationwide.

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(Assoc. Prof. Winit Chinsuwan, Ph.D.) Dean College of Graduate Study in Management Khon Kaen University

College of Graduate Study in Management Khon Kaen University

Sunthorn - Araya Arunanondchai Building, 123 Mitraphap Road, Tumbol Nai Muang, Amphur Muang, Khon Kaen 40002 Telephone: +66 (0) 4336-2019, +66 (0) 4336-2021-2 Fax: +66 (0) 4336-2020 http://mba.kku.ac.th







Message from the Chief Executive of the Grŵp Llandrillo Menai, the United Kingdom The National and International Conference on Business Management and Innovation 2016

It is an honour for Grŵp Llandrillo Menai (GLIM) to be a co-host at this year's National and International Conference on Business Management and Innovation 2016 (NICBMI 2016). This co-hosting helps to endorse the relationship between GLIM and the CGSM MBA programme at KKU. Our representative, Mr Mark Learmonth is looking forward to presenting and taking note of the other presenters and researchers from around the ASEAN region and Europe, in particular to inform the work that Grŵp Llandrillo Menai does with Bangor University at "The Management Centre" in Bangor, the City of Learning in Wales, UK. This year sees a re-launch of this collaboration, providing leading edge short programmes and professional courses for a wide range of management disciplines. Wishing everyone a successful NICBMI 2016, Mark is looking forward to meeting you.

(Mr. Glyn Jones OBE) Chief Executive of the Grŵp Llandrillo Menai, the United Kingdom

Grŵp Llandrillo Menai, the United KingdomColeg Menai Ffriddoedd Road Bangor LL57 2TP 01248 370 125 www.gllm.ac.uk





Message from the Dean of the International Business School of Yunnan University of Finance and Economics, The People's Republic of China The National and International Conference on Business Management and Innovation 2016

Congratulations on the holding of the National and International Conference on Business Management and Innovation 2016. This will be a great opportunity for the international partners and scholars to meet and interact. I look forward to the success of this amazing event.



(Professor Liu Ersi Ph.D.) Dean of the International Business School of Yunnan University of Finance and Economics, The People's Republic of China

International Business School of Yunnan University of Finance and Economics, The People's Republic of China 0871-65131181







Message from the President of the International University in Geneva (IUG), Switzerland The National and International Conference on Business Management and Innovation 2016

We are pleased to be associated with the 2016 conference on Business Management and Innovation which will take place at the College of Graduate Study in Management in Khon Kaen. This event represents an opportunity for delegates from the partner institutions of Khon Kaen and scholars from around the world to present the latest research in the field of management and is also an important platform for the university community to share the results of their research.

We wish much success to all participants and congratulate the senior management of the College of Graduate Study in Management on this initiative.

(Mr. Eric Willumsen) President of the International University in Geneva, Switzerland

International University in Geneva

ICC 20, Rte de Pré-Bois 1215 Geneva 15, Switzerland Email: info@iun.ch Tel: (+41 22) 710 71 10/12 Fax: (+41 22) 710 71 11 www.iun.ch

The National and International Conference on Business Management and Innovation 2016 (NICBMI 2016)



Message from the President and Dean of SAIDI Graduate School of Organization Development, Manila, Philippines National and International Conference on Business Management and Innovation 2016

Once again, I greet you all to this annual conference, **The National and International Conference on Business Management and Innovation, 2016.** Yes, we look forward to this golden opportunity to interact and exchange ideas and issues confronting us, educators, learners and leaders of management and change initiatives.

We live in a VUCA environment (*volatile, uncertain, complex and ambiguous) where age-tested ways of managing organizations and businesses seemingly cannot or does not fit current requirements. Hence, as old ways must be eased out, new ways need to be searched and tested, as well. In a forum such as this one, great opportunities present themselves for learning, for collaboration and for simple networks.

Our SAIDI Graduate School of OD brings to you a new invite into this journey of searching ways to lead and manage programs and organizations in a **VUCA ASEAN** environment.

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(Rosalina Ora'a-Fuentes, PhD.) President, SAIDI Foundation Dean, SAIDI Graduate School of Organization Development, Philippines

SAIDI School of Organization Development

Taktak Drive, Antipolo City 1870 Philippines Telefax. 632-6589302 www.saidi.edu.ph

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Message from the President of The Universitas 17 Agustus 1945, Surabaya, Indonesia The National and International Conference on Business Management and Innovation 2016

Universitas 17 Agustus 1945 (Untag) Surabaya, Indonesia is very honored to be one of the Co-Hosts of the Third National and International Conference on Business Management and Innovation 2016 (NICBMI 2016) host by the College of Graduate Study, University of Khon Kaen. A delegation of eleven lecturers from Untag Surabaya attend to support the conference, not only to present their action research papers, especially on small and medium enterprises in the province of East Java, but also to gain business management research and innovation update.

I believe that the conference will broaden our knowledge, so that it might be used to develop our lecture as well as public service and further research references. Furthermore, in this conference, Untag Surabaya expects to develop university partnerships, especially research partnerships (join researches) between Untag Surabaya and other universities outside Indonesia, especially on small and medium enterprise business management and innovation.

> Prof. Dr. drg. Ida Aju Brahmasari, Dipl. DHE, MPA Rector Universitas 17 Agustus 1945 (Untag) Surabaya, Indonesia

Universitas 17 Agustus 1945 Surabaya, Indonesia

Kampus : Jl. Semolowaru 45 Surabaya 60118. Telp : 031-5931800, Fax : 031-5927817 Email : humas@untag-sby.ac.id http://www.untag-sby.ac.id



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Message from the Dean of the Graduate School of Commerce, Burapha University, Thailand The National and International Conference on Business Management and Innovation 2016

The National and International Conference on Business Management and Innovation 2016 is a great venue for academics and researchers to exchange knowledge and research ideas and develop research network. For the participants in this conference, I firmly believe that they have received valuable insights from reviewers/commentators so that they can improve the quality of their research. Thus, I strongly recommend academics and researchers as well as doctoral students to participate in this conference, hosted by Bangor University, the United Kingdom, Grŵp Llandrillo Menai, the United Kingdom, International Business School of Yunnan University of Finance and Economics, The People's Republic of China, International University in Geneva, Switzerland, Southeast Asia Interdisciplinary Development Institute, Graduate School of Organization Development, The Philippines, Universitas 17 Agustus 1945, Surabaya, Faculty of Business Administration, Kasetsart University, Thailand and College of Graduate Study in Management, Khon Kean University, to get in touch with a real business research ambiance.

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(Asst. Prof. Banpot Wiroonratc Ph.D.) Dean of the Graduate School of Commerce Burapha University, Thailand

Graduate rSchool of Commerce Burapha University 169 Longhadbangsean Road Sansuk Muang Chonburi 20131, Tel : 0-3839-2018-20 Fax : 0-3839-2024 http://www.ex-mba.buu.ac.th

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Message from the Dean of the Faculty of Business Administration, Kasetsart University, Thailand The National and International Conference on Business Management and Innovation 2016

Nowadays, many contexts in the world have changed. Driving the Digital Enterprise or known as Digitization is becoming an important cause for numerous occasions, even in the context of the university. Executives and staffs have to amplify their skills to take advantage of the new innovations in the development of a portfolio of academic research, teaching, academic service and maintenance support. Arts and culture are optimized to meet the needs of the society as well.

The National and International Conference on Business Management and Innovation 2016 (NICBMI 2016) is a forum for scholars, academicians, researchers, students and the general public to exchange knowledge and initiate innovations anchored on theories essential in coping with the fluctuations that occur in the world economy.

The Faculty of Business Administration at Kasetsart University is very pleased to serve as one the hosts of the conference. Thanks to the presenters and participants who had a meaningful and substantial exchange of knowledge. Sincerest gratitude is also extended to the working committee and all those who spearheaded the meetings that made all the endeavors fruitful and successful.

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(Assoc. Prof. Sarivimol Meeampol Ph.D.) Dean of the Faculty of Business Administration, Kasetsart University, Thailand

The Faculty of Business Administration, Kasetsart University

50 Ngam Wong Wan Rd, Lat Yao Chatuchak Bangkok 10900 Tel. 66 (0) 2579 0113, 66 (0) 2942 8500-11 www.ku.ac.th

The National and International Conference on Business Management and Innovation 2016 (NICBMI 2016)

Principles and Rationale

In addition to generating ideas and proposing theories to be used in different sections, building the body of knowledge and learning process in the field of business also requires a synthesis of application of learned lessons to systemize a database which will eventually be used to spread knowledge and understanding of ideas and theories that can be widely applied in government, private and local agencies. This will lead to the development of business management and innovation and it will also build business and innovation networks in different business cycles.

Providing a platform for discussion and exchange of knowledge gained from the application of business management ideas and theories in different agencies is a step towards increasing the strength of Thai society in dealing with the fluctuation of global economic system and negative impacts of globalization.

The urgent increase in business strength will prepare Thai people and the society as well as the economic system in each circle for the adjustments to appropriately cope with the impacts of changes with an emphasis on human resource development and quality society. They should have access to the resources and fairly receive the benefits from the economic and social development. This also includes creating economic opportunity with the knowledge, technology, innovation and creativity, based on the environmentally friendly production and consumption. At the same time, the management has to bring about solid practices under the principle of business zone development with collaboration of all related agencies.

College of Graduate Study in Management, Khon Kaen University, therefore, is organizing the National and International Conference on Business Management and Innovation 2016 (NICBMI 2016) with the local and international universities.

Purposes

1. To offer scholars, researchers, graduate students from both the same and different universities and people in general in the field of business management and related fields an opportunity to discuss and exchange their research knowledge and experiences which will lead to concrete development of business management and innovation.

2. To provide a platform for scholars, researchers, graduate students and people in general in the field of business management and related fields to present their beneficial research and academic work in the field of business management and innovation to the public.

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Responsible Unit

College of Graduate Study in Management, Khon Kaen University

Co-host Units

- Bangor University, the United Kingdom
- Grŵp Llandrillo Menai, the United Kingdom
- International Business School of Yunnan University of Finance and Economics The People's Republic of China
- International University in Geneva, Switzerland
- Southeast Asia Interdisciplinary Development Institute, Graduate School of Organization Development, The Philippines
- Universitas 17 Agustus 1945, Surabaya, Indonesia
- Faculty of Business Administration, Kasetsart University, Thailand
- Graduate School of Commerce, Burapha University, Thailand

Date and Venue

September 24-25, 2016

At College of Graduate Study in Management, Khon Kaen University, THAILAND

Participants

The expected number of participants is 400. Presenters and non-presenters are local and international scholars, researchers, graduate students and people in general in the field of business management and related fields.

Expected Outcomes

1. Scholars, researchers, graduate students from both the same and different universities and people in general in the field of business management and related fields will discuss and exchange research knowledge and experiences leading to concrete development of business management and innovation.

2. Beneficial research and academic work in the field of business management and innovation will be shared to the public.

3. Academic networks will be formed and developed among scholars, researchers, graduate students from both the same and different universities and people in general in the field of business management and related fields who will be sources of knowledge and potential resources for the development of business management and innovation.

Conference Activities

Keynote lectures by invited speakers Oral and poster presentations Exhibitions and Promotion of Graduate Programs

Presentation Titles: "Business Management and Innovation"

- 1. Strategic Management and Small and Medium-sized Enterprise Management
- 2. Management of Human Resources, Leadership, Organization Development and

Business Ethics

- 3. Management of Production, Transportation and Supply Chain
- 4. Marketing Management
- 5. Financial and Investment Management and Business Feasibility Studies
- 6. ASEAN Community Studies

Important Dates

Activities	Dates
Due Date for Full Paper Submission	Now - July 31, 2016
Online Registration: mba.kku.ac.th/NICBMI	
and Payment	
Notification of Acceptance	August 21, 2016
Last Day of Revised Paper (if needed) and Presentation File	August 31, 2016
Submission	
Academic Research Presentation	September 24-25, 2016

Registration Rates

Turses of Desistration	With in
Types of Registration	July 31, 2016
Poster Presentation (in English)	2,000 Baht
National Oral Presentation (in Thai)	1,500 Baht
International Oral Presentation (in English)	2,000 Baht
	With in
Types of Registration	September 19, 2016
Participant (non-presenters)	1,000 Baht

- For Government officials, the registration fee can be reimbursed from the host institution and attending this conference is not considered a leave of absence.
- The registration fee is non-refundable under any circumstances.

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Payment

1. Payment can be made by cash at Finance and Accounting Department, College of Graduate Study in Management, Khon Kaen University, or

2. Use a payment invoice to make payment at any branch of Siam Commercial Bank,

or

 Transfer to Siam Commercial Bank Account Name: College of Graduate Study in Management Account Number: 5512625809 and send your payment file to email: mba_finance@hotmail.co.th
 Payment coordinator: Miss Pornchanok Worachat Telephone: 66-43-362-019 Ext. 45510

Fax: 66-43-362-020

Email: mba_finance@hotmail.co.th

Main Conference Coordinators

- 1. Miss Sawitree Jannuan
- Miss On-Uma Sueksa Telephone: 043-362-019 Ext. 45514 Fax: 66-43-362-020 Email: nicbmi2016@gmail.com Website: mba.kku.ac.th/NICBMI



Conference Schedule

The National and International Conference on

Business Management and Innovation 2016 September 24-25, 2016

College of Graduate Study in Management, Khon Kaen University, THAILAND Saturday, September 24, 2016

aturday, Septem	ber 24, 2016
08.00 - 09.00	Registration in front of the Grand Meeting Room: Pol.Gen.Pao Sarasin
	College of Graduate Study in Management, Khon Kaen University
09.00 - 09.15	Opening Ceremony in the Grand Meeting Room: Pol.Gen.Pao Sarasin
	Opening report by Assoc. Prof. Dr. Winit Chinsuwan
	(Dean of the College of Graduate Study in Management, Khon Kaen
	University)
	Opening and Welcome Speech by Prof. Dr. Supachai Pathumnakul
	(Vice President for Research and Technology Transfer, Khon Kaen
	University)
	Presented a souvenir to the Chairman and Supporters by
	Assoc. Prof. Dr. Winit Chinsuwan
	(Dean of the College of Graduate Study in Management, Khon Kaen
	University)
09.15 - 10.45	Prof. Dr. Kanok Wongtrangan
	Topic: A Future Business Model: Competition, Innovation, Resilience
10.45 - 11.00	Coffee Break
11.00 - 11.30	Marie-Paul B. de Luna, PhD, MNSA
	(Assistant Dean, SAIDI Graduate School of Organization Development)
	Topic: Generating Positive Contribution through Social Innovation
	Start-ups
11.30 - 12.00	Prof. Dr. drg. Hj. Ida Aju Brahmasari, Dipl.DHE, MPA.
	(President of The Universitas 17 Agustus 1945, Surabaya, Indonesia)
	Topic: Business Development Service (BDS) program as a moderating
	variable to the effect of external environment, internal environment,
	commitment, and entrepreneurial competence on small enterprise
	performance in East Java Province, Indonesia.
12.00 - 13.00	Lunch
13.00 - 18.00	Parallel Presentation Sessions at Conference Room 1-8

<u>Remark</u>

Poster presentation on Saturday, September 24, 2016, from 14.00 to 17.00 will take place in front of the Grand Meeting Room: Pol.Gen.Pao Sarasin, College of Graduate Study in Management, Khon Kaen University. Presenters must be present for the duration of their scheduled poster presentation session.



Sunday, September 25, 2016

- 08.00 08.30 Register at the front of the meeting rooms No.1-8 on the list provided. Please get coupons for food and drinks.
- 08.30 12.00 Parallel Oral Presentation Sessions at Conference Room 1-8
- 12.00 13.00 Lunch
- 13.00 17.00 Parallel Oral Presentation Sessions at Conference Room 1-8
- 17.00 17.30 Awards Ceremony
 - MBA KKU Ambassador 2016 Awards
 - Presenters
 - Best Paper Awards
 - Closing Ceremony

<u>Remark</u>

Poster presentation on Sunday, September 25, 2016, from 09.00 to 17.00 will take place in front of the Grand Meeting Room: Pol.Gen.Pao Sarasin, College of Graduate Study in Management, Khon Kaen University. Presenters must be present for the duration of their scheduled poster presentation session.

* The schedule may be subject to change.

International Oral Presentation Schedule

September 24, 2016

College of Graduate Study in Management, Khon Kaen University

Types of Presentation: International Oral Presentation

Room: 1403

Oral Presentation Committee:

Chair: Assoc. Prof. Suwat Chitpaneechai

Co-Chair: Dr. Pinyo rathanapan

Secretary: Ms. Thitiporn Koonsombatkul

No.	Presentation Time	Article Title	Presenter
1	01.00-01.15 pm INCREASED PRODUCTIVITY AND PRODUCT		AYUN MADUWINARTI
		QUALITY THROUGH THE APPLICATION OF	SRI ANDAYANI
		EFFICIENT TECHNOLOGY TO SMES	NI MADE IDA PRATIWI
		TROWULAN DISTRIC, MOJOKERTO,	
		INDONESIA.	
2	01.15-01.30 pm	GOVERNMENT SUPPORT AND SMALL	ENDRO TJAHJONO
		BUSINESS DEVELOPMENT (CASE STUDY	UTE CH. NASUTION
		ON SMALL BUSINESS DRINKS AVERRHOA	
		BILIMBI IN TEKUNG-LUMAJANG, EAST JAVA	
		PROVINCE-INDONESIA)	
3	01.30-01.45 pm	PERFORMANCE EVALUATION USING DATA	ERNI PUSPANANTASARI
		ENVELOPMENT MULTIPLIERS MODEL	PUTRI
		ANALYSIS CASE STUDY : TOURISM SECTOR	
		IN EAST JAVA PROVINCE INDONESIA	
4	01.45-02.00 pm	CEO INVOLVEMENT, STRATEGY	MOHAMMAD SIHAB RIDWAN
		DEVELOPMENT, AND DECISION STYLES IN	SIGIT SARJONO
		THE PLANNING PROCESS : A MULTIPLE	
		CASE STUDY IN THE INDONESIAN	
		HIGH-PERFORMING BANKS	
5	02.00-02.15 pm	GUIDELINES TO MOTIVATE SUPPORTING	PATTHAMA THUKKHANE
		STAFF TO WORK EFFECTIVELY A CASE	
		STUDY : OFFICE OF THE DEAN, FACULTY	
		OF TECHNOLOGY, KK UNIVERSITY	
6	02.15-02.30 pm	THE IMPROVEMENT OF PRODUCT	SITI MUJANAH
		QUALITY THROUGH THE APPROPRIATE	TRI RATNAWAT
		TECHNOLOGY FOR CRACKERS IN SMALL	SUMIATI
		SCALE ENTREPRENEUR IN KENJERAN	
		DISTRICT OF SURABAYA	



International Poster Presentation Schedule

September 24 - 25, 2016

College of Graduate Study in Management, Khon Kaen University

Types of Presentation: International Poster Presentation

Room: In Front of the Grand Meeting Room: Pol.Gen.Pao Sarasin College of Graduate Study in Management, Khon Kaen University

 Presentation Period:
 September 24, 2016
 02.00 - 05.00 p.m.

 September 25, 2016
 09.00 a.m. - 05.00 p.m.

Topics:

- Strategic Management and Small and Medium-sized Enterprise Management
- Management of Human Resources, Leadership, Organization Development and Business Ethics
- Marketing Management
- Financial and Investment Management and Business Feasibility Studies

Poster Presentation Committee

Chair: Assoc. Prof. Dr.Winit Chinsuwan

Co-Chair: Assoc. Prof. Dr. Danaipong Chetchotsak and Asst. Prof. Awut Yimtae

Secretary: Ms.On-uma Sueksa and Ms.Sawitree Jannuan

No.	Article Title	Presenter
1-1	MARKETING FACTORS THAT INFLUENCE ON SUCCESS IN BAKERY BUSINESS AT MUEANG DISTRICT, NONG KHAI PROVINCE	CHOTIPHA PHOLSAK
1-2	THE DIRECTON TO INCREASE ANIMAL FEED SALES OF CHAICHAROENPOKPHAND STORE CHUMPARE DISTRICT, KHONKAEN PROVINCE	KOMSAN TUNGKULBORIBOON
1-3	INFLUENTIAL FACTORS IN HIGH SCHOOL STUDENTS' DECISION ON CHOOSING A FOREIGN LANGUAGE ACADEMY IN MUEANG DISTRICT, KHON KAEN PROVINCE	LALITSA BUTPHAN
1-4	THE STRATEGIC PLANNING TO INCREASE PURCHASE PADDY VOLUME OF CHAIRUNGROJ RICE MILL, SOMDAT DISTRICT, KALASIN PROVINCE	NUTTAPON TANTISIRIN
1-5	INCREASING WORKING EFFICIENCY OF GOVERNMENT SAVINGS BANK STAFF BY USING APPRECIATIVE INQUIRY : A CASE STUDY OF NAMPONG BRANCH	WANLADA SAISAENTHONG
1-6	USING IMC TO BUILD CORPORATE IMAGE:A CASE OF KHON KAEN UNIVERSITY LIBRARY	SARANYA PATHAN
1-7	A FEASIBILITY STUDY OF INVERSTMENT IN SNACK AND DRINK SHOP IN SUAN YAI SUBDISTRICT, MUANG NONTHABURI DISTRICT, NONTHABURI PROVINCE	SUWIMOL THAERUANG

NICBMI 2016

Committee and Subcommittee of the National and International Conference on Business Management and Innovation 2016 (NICBMI 2016) September 24 - 25, 2016

A. Conference Committees

1.	Assoc. Prof. Dr.Winit Chinsuwan	Committee Consultant
2.	Asst. Prof. Awut Yimtae	Committee Consultant
3.	Asst. Prof. Dr.Kasem Nantachai	Committee Consultant
4.	Assoc. Prof. Dr. Danaipong Chetchotsak	Chair of the Committee
5.	Asst. Prof. Dr.Ruchirat Patanathabutr	Vice ofthe Committee
6.	Mrs.Nutsamol Tanakulrungsarit	Committee
7.	Mrs.Nagarin Vichakort	Committee
8.	Ms.Mukda Seenan	Committee
9.	Mrs.Rattiya Hormhuan	Committee
10.	Mr.Rangsarit Wetsuwan	Committee
11.	Mr.Weerawat Sudha	Committee
12.	Mrs.Sarocha Ongsankham	Committee
13.	Ms.On-Uma Sueksa	Committee and secretary
14.	Ms.Sawitree Jannuan	Assistant secretary

Duties and Responsibilities:

Organize the National and International Conference on Business Management and Innovation 2016 to achieve the objectives and expected outcomes of the event.

B. Subcommittee on Information and Technology

1.	Mr.Weerawat Sudha	Chair of the subcommittee
2.	Mr.Boonchukiet Kongjitrapa	Subcommittee
3.	Mr.Pongthep Pongnanak	Subcommittee
4.	Mr.Puchong Jacksaen	Subcommittee
5.	Mr.Werachai Usungnoen	Subcommittee
6.	Ms.Nattaon Leawprasert	Subcommittee and secretary

Duties and Responsibilities:

1) Create a website containing detailed information about the conference, including registration, paper submission, press release and other related information to provide those who wish to present their work at the event with convenient and fast access to the accurate information.



2) Take pictures of the conference and post them on the website to advertise the event and allow the participants to download those pictures as well as set up and maintain audio visual aids in the main meeting room and other small meeting rooms.

C. Subcommittee on Public Relations, Print Materials, Souvenirs and Essential Equipment

1. Mr.Rangsarit Wetsuwan Chair of the subcommittee 2. Ms.Prapit Sorosjinda Subcommittee Subcommittee 3. Mr.Pongpot Sarasarin 4. Mr.Puchong Jacksaen Subcommittee 5. Mr.Werachai Usungnoen Subcommittee 6. Mr.Weerawat Sudha Subcommittee 7. Mr.Sutouch Deejai Subcommittee 8. Mrs.Sarocha Ongsankham Subcommittee 9. Ms.Arintra Kimsuwunnawong Subcommittee and secretary

Duties and Responsibilities:

1) Create and distribute print materials to advertise the conference and invite target audience from various universities in both Thailand and foreign countries to present their work and attend the event.

- 2) Issue invitations to reporters to the press conference event and the conference.
- 3) Make the proceedings available in print, CD and online versions.

4) Prepare souvenirs and name tags for registered participants, keynote lecturers and commentators.

5) Install exhibition booths for the College of Graduate Study in Management and the co-hosts.

- 6) Prepare poster stands and schedule the poster presentation sessions.
- 7) Produce certificates and arrange the certificate ceremony.

D. Subcommittee on sponsoring

- 1. Assoc. Prof. Dr.Winit Chinsuwan
- 2. Asst. Prof. Awut Yimtae
- 3. Assoc. Prof. Dr. Danaipong Chetchotsak
- 4. Asst. Prof. Dr.Ruchirat Patanathabutr
- 5. Mrs.Nutsamol Tanakulrungsarit
- 6. Mrs.Tip-ratana Atiwattanachai
- 7. Ms.Pornchanok Worachat
- 8. Mr.Rangsarit Wetsuwan Subcommittee

- Chair of the subcommittee
- Subcommittee
- Subcommittee
- Subcommittee
- Subcommittee
- Subcommittee
- Subcommittee



- 9. Mr.Werachai Usungnoen
- 10. Mrs.Sarocha Ongsankham
- 11. Mrs.Rattiya Hormhuan
- 12. Ms.Sawitree Jannuan

Duties and Responsibilities:

- 1) Plan a meeting to brainstorm to procure fund raising.
- 2) Target funding and prepare an action plan.
- 3) Manage and track the fund raising according to the plan and set goal.
- 4) Evaluate performance and prepare a summary report on the implementation of

Subcommittee

Subcommittee

Subcommittee and secretary

Subcommittee and Assistant secretary

projects proposed to the Board of Directors of the Conference.

5) Summary certificates for sponsors

E. Subcommittee on Article and Presentation File Organization

1. Assoc. Prof. Dr. Danaipong Chetchotsak Chair of the subcommittee 2. Asst. Prof. Dr. Chaw Wayoopagtr Subcommittee 3. Asst. Prof. Dr.Ruchirat Patanathabutr Subcommittee 4. Dr. Panutporn Ruangchoengchum Subcommittee 5. Dr. Pinyo Rattanaphn Subcommittee Subcommittee 6. Dr. Adchariya Auppakarakul Subcommittee 7. Mr. Sakchai Jarernsiripornkul 8. Mrs.Amornwan Runggool Subcommittee 9. Ms.Ratchada Kaewvilai Subcommittee Subcommittee 10. Ms. Thitiporn Koonsombatkul Subcommittee 11. Ms.Nattaon Leawprasert Subcommittee 12. Mrs.Nagarin Vichakort 13. Ms.Pornchanok Worachat Subcommittee 14. Mr.Panupan Wongsawan Subcommittee 15. Mrs.Siriporn Kumnok Subcommittee Subcommittee 16. Ms.Arunee Luanthaisong 17. Ms.On-Uma Sueksa Subcommittee 18. Ms.Sawitree Jannuan Subcommittee and secretary

Duties and Responsibilities:

1) Categorize article and presentation files and submit them to the subcommittee on oral and poster presentation.



- 2) Collect the participants' information.
- 3) Draw up a presentation schedule and plan out the venue.

4) Check the article format according to the specified format and categorize and rearrange the articles for the conference proceeding.

- 5) Place Proceeding order
- 6) Issue and send out letters, articles and evaluation forms to reviewers and follow up.
- 7) Issue and send out a letter of acceptance for all presenters.
- 8) Issue and send out invitation letters to commentators in the presentation sessions.
- 9) Prepare evaluation forms for both oral and poster presentations.
- 10) Plan the conference program and prepare registration documents

F. Subcommittee on article evaluation

- 1. Assoc. Prof. Dr.Winit Chinsuwan
- 2. Asst. Prof. Awut Yimtae
- 3. Asst. Prof. Dr.Kasem Nantachai
- 4. Assoc. Prof. Dr. Danaipong Chetchotsak
- 5. Asst. Prof. Dr.Ruchirat Patanathabutr
- 6. Assoc. Prof. Dr. Krittapa Samchaitorn
- 7. Assoc. Prof. Dr. Chanya Apipalakul
- 8. Assoc. Prof. Dr. Tipparat Laohavichien
- 9. Assoc. Prof. Dr. Tipvanna Ngarmsak
- 10. Assoc. Prof. Dr. Theera Rittitod
- 11. Assoc. Prof. Dr. Nitipon Phutachote
- 12. Assoc. Prof. Dr. Bordin Rassameethes
- 13. Assoc. Prof. Dr. Yuraporn Sudharatna
- 14. Assoc. Prof. Dr. Lumpang Manmart
- 15. Assoc. Prof. Jiamjit Javakorn
- 16. Assoc. Prof. Chuenjit Changchenkit
- 17. Assoc. Prof. Phornsiri Thivavarnvongs
- 18. Assoc. Prof. Paiboon Pajongwong
- 19. Assoc. Prof. Yupawan Vannavani
- 20. Assoc. Prof. Sunee Leopenwong
- 21. Assoc. Prof. Suwat Chitpaneechai
- 22. Assoc. Prof. Ampon Honark
- 23. Asst. Prof. Dr. Kulachet Momgkol
- 24. Asst. Prof. Dr. Khwanradee Tuntrabundit

Subcommittee Subcommittee Subcommittee Subcommittee Subcommittee

Committee Consultant

Committee Consultant

Committee Consultant Chair of the Committee

Vice of the Committee

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	Asst. Prof. Dr. Kemuja Sansom	Subcommittee
	Asst. Prof. Dr. Khanchitpol Yousapronpaiboon	Subcommittee
	. Asst. Prof. Dr. Chaw Wayoopagtr	Subcommittee
	. Asst. Prof. Dr. Songporn Hansanti	Subcommittee
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45	. Asst. Prof. Pongthorn Suwannathada	Subcommittee
46	. Asst. Prof. Supachai Ngarmsak	Subcommittee
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49	. Asst. Prof. Varoon Tuntrabundit	Subcommittee
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52	. Dr. Kittipong Sirichoti	Subcommittee
53	. Dr. Nuttapon Punpugdee	Subcommittee
54	. Dr. Thongchai Srivardhana	Subcommittee
55	. Dr. Thirarut Worapishet	Subcommittee
56	. Dr. Napapon Wongwichit	Subcommittee
57	. Dr. Nantawut Leeamornsir	Subcommittee
58	. Dr. Panutporn Ruangchoengchum	Subcommittee
59	. Dr. Prapimpun Limsuwan	Subcommittee
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61. Dr. Polwat Lerskullawat	Subcommittee
62. Dr. Pittawat Ueasangkomsate	Subcommittee
63. Dr. Pattarawadee Permwanichagun	Subcommittee
64. Dr. Pinyo Rattanaphn	Subcommittee
65. Dr. Purit Pongpearchan	Subcommittee
66. Dr. Yodmanee Tepano	Subcommittee
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68. Dr. Vatin Chalermdamrichai	Subcommittee
69. Dr. Sirintorn Liengjindathaworn	Subcommittee
70. Dr. Sirirak Kosakanika	Subcommittee
71. Dr. Supachart Iamratanakul	Subcommittee
72. Dr. Suchada Jiamsagul	Subcommittee
73. Dr. Suthawan Prukumpai	Subcommittee
74. Dr. Suneerat Wuttichindanon	Subcommittee
75. Dr. Arirat Chueabunkoet Noth	Subcommittee
76. Dr. Anothai Rattanakul	Subcommittee
77. Dr. Adchariya Auppakarakul	Subcommittee
78. Dr. Areerat Pansuppawatt	Subcommittee
79. Dr. Ek-anong Tangrukwaraskul	Subcommittee
80. Mr. Sakchai Jarernsiripornkul	Subcommittee
81. Mrs.Amornwan Runggool	Subcommittee
82. Mr. Natapong khotchakhuan	Subcommittee
83. Ms.Arunee Luanthaisong	Subcommittee
84. Ms.On-Uma Sueksa	Subcommittee and Secretary
85. Ms.Sawitree Jannuan	Subcommittee and Assistant Secretary

Duties and Responsibilities:

- 1) Select and evaluate articles to be presented at the conference.
- 2) Assign reviewers for each article.
- 3) Work as commentators in both oral and poster presentation sessions.

G. Subcommittee on Venue, Accommodation and Transportation

- 1.Ms.Mukda SeenanChair of the subcommittee2.Ms.Nattaon LeawprasertSubcommittee
- 3. Mr.Puchong Jacksaen Subcommittee
- 4. Mr.Rangsarit Wetsuwan Subcommittee



- 5. Mr.Weerawat Sudha
- 7. Mr.Werachai Usungnoen
- 7. Mrs. Sarocha Ongsankham
- 9. Ms.Arintra Kimsuwunnawong
- 10. Mrs.Nagarin Vichakort
- 11. Ms.Sawitree Jannuan

- Subcommittee
- Subcommittee
- Subcommittee
 - Subcommittee
 - Subcommittee and secretary

Subcommittee and Assistant secretary

Duties and Responsibilities:

- 1) Arrange meeting rooms, registration table and exhibition booths.
- 2) Set up small meeting rooms for the oral presentation sessions.
- Organize venues for the poster presentation. 3)

4) Help the participants, keynote lecturers and commentators with accommodation reservation.

5) Coordinate with the keynote lecturers and commentators about domestic and international transportation.

6) Take care of all the conference venues throughout the event.

H. Subcommittee on Reception and Welfare

1.	Mrs.Rattiya Hormhuan	Chair of the subcommittee
2.	Ms.Chawisa Sithiya	Subcommittee
3.	Mrs.Tip-ratana Atiwattanachai	Subcommittee
4.	Ms.Narissara Kittinon	Subcommittee
5.	Ms.Pornchanok Worachat	Subcommittee
8.	Mrs.Siriporn Kumnok	Subcommittee
10.	Ms.Suphatsorn Khamya	Subcommittee
11.	Mr.Thongchai Intagate	Subcommittee
12.	Mrs.Sarocha Ongsankham	Subcommittee and secretary

Duties and Responsibilities:

- 1) Coordinate the preparation of meals and snacks.
- 2) Prepare name plates for speakers and arrange in chronological order.
- 3) Facilitate guest speakers.
- 4) Coordinate for welcome preparation.
- 5) Coordinate itinerary for guest / participant / press.
- 6) Plan all conference process; before / during and after the conference completion.
- 7) Set responsible person for efficient conference operation.





I. Subcommittee on registeration and documentation

- 1. Ms.On-Uma Sueksa
- 2. Ms.Thitiporn Koonsombatkul
- 3. Mrs.Nagarin Vichakort
- 4. Ms.Pornchanok Worachat
- 5. Mrs.Siriporn Kumnok
- 6. Ms.Arintra Kimsuwunnawong
- 7. Ms.Prapit Sorosjinda
- 8. Ms.Sawitree Jannuan

Chair of the subcommittee

- Subcommittee
- Subcommittee
- Subcommittee
- Subcommittee
- Subcommittee
- Subcommittee and secretary
- Subcommittee and Assistant secretary

Duties and Responsibilities:

- 1) Prepare an opening report and an opening and welcome speech.
- 2) Submit the opening speech to the dean and issue an invitation letter to the president or the conference chairman with the opening and welcome speech.
 - 3) Work as a moderator and interpreter, assist solving problems in the meeting room.
 - 4) Plan configuration / procedures for the participants registration.
 - 5) Prepare documents for the conference.

6) Coordinate with relevant parties among presenter/researchers both on lecture and

poster presentation, and participants.

7) Coordinate with relevant departments.

J. Subcommittee on Oral Presentation Venue

Chair of the subcommittee 1. Mrs.Nagarin Vichakort 2. Ms. Thitiporn Koonsombatkul Subcommittee Subcommittee 3. Ms.Nattaon Leawprasert 4. Ms.Prapit Sorosjinda Subcommittee 5. Ms.Pornchanok Worachat Subcommittee 6. Ms.Rattiyakorn Samranpis Subcommittee 7. Mrs.Siriporn Kumnok Subcommittee 8. Ms.Suchavalan Chaiboonruang Subcommittee 9. Ms.Suphatsorn Khamya Subcommittee 10. Ms.On-Uma Sueksa Subcommittee 11. Ms.Arintra Kimsuwunnawong Subcommittee 12. Ms. Sawitree Jannuan Subcommittee and secretary

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Duties and Responsibilities:

1) Create and set up name plates for the commentators in oral presentation rooms according to the schedule.

2) Schedule the oral presentation sessions and control the session time.

3) Provide the oral presentation commentators with evaluation forms and summarize the evaluation results.

4) Observe general activities in the small meeting rooms.

K. Subcommittee on Finance

- 1.Mrs.Rattiya HormhuanChair of the subcommittee2.Ms.Suchavalan ChaiboonruangSubcommittee3.Mrs.Sarocha SarasarinSubcommittee
- 4. Ms.Pornchanok Worachat
- Subcommittee and secretary

Duties and Responsibilities:

1) Receive and transfer registration fee into the bank account, monitor the disbursement, keep the expense report and examine the disbursement papers following the rules and regulations.

2) Issue receipts for the participants.

3) Prepare money and process the payment for keynote lecturers and article and presentation commentators as well as execute finance documents.

L. Subcommittee on Keynote Lecture

- 1. Mrs.Nutsamol Tanakulrungsarit Chair of the subcommittee
- 2. Mr.Werachai Usungnoen
- Subcommittee
- 3. Ms.Rattiyakorn Samranpis Subcommittee and secretary

Duties and Responsibilities:

1) Contact and coordinate with the keynote lecturers as well as issue the invitation

letters.

2) Facilitate the keynote lecturers.



SPEAKERS



Professor Dr. Kanok Wongtrangan

Educational Background

- Chulalongkorn University
- University of California, Santa Barbara
- Johns Hopkins University Maryland, U.S.A.

Professor Dr. Kanok Wongtrangan was a lecturer level 4 at Faculty of Political Science, Chulalongkorn University. Later, he was promoted to be a lecturer level 10 in 1991. After that, he moved to work for Ministry of University Affairs as a position of Deputy Minister of University Affairs.

Later, He started to be into a business circle as an Operational Executive Director and President of Central Retail Corporation Company Limited. And he was approached to be an Operational Executive Director and President of Robinson PCL. He was a major role of Robinson's transformation from that time. After that, He has been working as a President of Family Mart Company Limited since 2003 and President of the Krungthep Thanakom Company Limited since 2004 until now.

Politically

- Deputy General Secretary of the Democratic Party
- Former Assemblyman of the Democratic Party
- Former Advisor to the Prime Minister
- Committee of People Driven Agenda of the Democratic Party; Economic and Education aspects.





Marie-Paul B. de Luna, PhD, MNSA

Apple is currently Assistant Dean and Partners and Consulting Director for SAIDI Graduate School of Organization Development. Beyond her administrative responsibilities, she is a member of the school faculty and mentors graduate students in both MA and PhD programs. She also provides close oversight to the Microfinance Management and Social Entrepreneurship programs of SAIDI.

Her previous work experience include being the former Director for Customized Training Programs for the Ateneo Center for Organization Research and Development (Ateneo CORD). Prior to this, she was with a multinational corporation for more than 12 years, providing Senior Executive oversight to employee (human resource) development and sales and agency management training, curricula, and systems. With her corporate training exposure and while pursuing her master degrees, she became attached to the fields of Organization Development consulting, Appreciative Inquiry, community development for non-government organizations, team facilitation, training design and facilitation, and organizing social involvement activities.

Apple obtained her Bachelor of Arts (BA) major in Psychology and Master of Arts (MA) in Social and Community Psychology from the Ateneo de Manila University (Philippines). A year and a half after moving out of corporate, she completed her Master of Science (MS) in International Community Economic Development from Southern New Hampshire University (New Hampshire, USA). Apple also completed a Professional Certificate in Organization Development from Stanford University (Palo Alto, California, USA) and participated in a trainers' training on education for sustainability under the stewardship of Peter Senge, MIT Professor and well-known author.

Apple completed her PhD in Organization Development at the Southeast Asia Institute for Interdisciplinary Studies (SAIDI) in 2011. In September 2016, she completed her Masters in National Security Administration at the National Defense College of the Philippines (Department of Natioal Defense, Republic of the Philippines), earning her a rank of Lieutenant Colonel (Res).



Prof. Dr. drg. Hj. Ida Aju Brahmasari, Dipl.DHE, MPA. President of The Universitas 17 Agustus 1945, Surabaya, Indonesia

Educational Background

2004: Doctor of Economic Sciences, University of Airlangga, Surabaya

1993: Master of Public Administration, Martin School of Public Administration, University of Kentucky, United States

1982: Dentistry, Faculty of Dentistry, University of Airlangga, Surabaya

1985: Diploma in Advanced Business English, Business Training Limited, Manchester, England

1984: Diploma in Dentah Health Education, the Royal Society of Health, London, England

1983: Diploma in Business for Secretaries, Business Training Limited, Manchester, England

1976: SMA Negeri 3 Surabaya

1973: SMP Negeri 6 Surabaya

1970: SD GIKI Gubeng Surabaya

Work Experience

2009 - present : August 17, 1945 Rector of the University of Surabaya

- 2005 2009 : Director of the Graduate Program August 17, 1945 University of Surabaya
- 2003 2004 : Vice Rector (Academic Affairs and Cooperation) August 17, 1945 University of Surabaya
- 1998 2005 : Vice-Chairman of the Education Foundation August 17, 1945 Surabaya (Organizing Body University, School of Public and School SMP August 17, 1945 Surabaya), Field Student / Student Affairs and Cooperation
- 1993 1998 : Vice Rector IV (Cooperation and Development) August 17, 1945 University of Surabaya
- 1988 1991 : Vice Rector III (Student Affairs) August 17, 1945 University of Surabaya
- 1987 present : Lecturer Kopertis Region VII seconded at the Faculty of Economics, University August 17, 1945 Surabaya
- 1986 1987 : Lecturer, Faculty of Psychology Education Foundation August 17, 1945 Surabaya
- 1986 1988 : Vice Dean III (Students Affairs), Faculty of Psychology, August 17, 1945 University of Surabaya and Head of Clinic Foundation College August 17, 1945 Surabaya



INVITED PAPER

The National and International Conference on Business Management and Innovation 2016 (NICBMI 2016) BUSINESS DEVELOPMENT SERVICE (BDS) PROGRAM AS MODERATING VARIABEL TO THE EFFECT OF EXTERNAL ENVIRONMENT, INTERNAL ENVIRONMENT, COMMITMENT, ENTREPRENEURIAL COMPETENCE ON SMALL ENTERPRISE PERFORMANCE IN EAST JAVA PROVINCE, INDONESIA

I Dewa Ketut Raka Ardiana¹ Ida Aju Brahmasari²

¹ Faculty of Economics, University of 17 Agustus 1945 Surabaya, Indonesia

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Abstract

Purpose - The purpose of this paper is to analyze Business Development Service (BDS) program as a moderating variable to the effect of external environment, internal environment, commitment, and entrepreneurial competence on small enterprise performance in East Java Province, Indonesia.

Design/methodology/approach - Using questionnaire, data were collected from 118 of the 235 small enterprises in East Java that are operated under the supervision of the Department of Cooperative and SMEs of East Java Province. Data were analyzed using Structural Equation Modelling by Partial Least Square Path Modelling (PLS-PM) approach.

Findings - internal environment, commitment, entrepreneurial competence, and BDS program have significant direct effect on small enterprise performance in East Java province. External environment has no significant direct effect on small enterprise performance in East Java province; BDS program as a moderator of the effect of external environment, internal environment, commitment, and entrepreneurial competence on small enterprise performance in East Java province in East Java province were proved to have no significant effect.

Research Implication - The study includes only small enterprises under the supervision of Department of Cooperatives and SMEs, East Java provincial government, Indonesia

Practical implication - The programs provided by Clinic for Cooperatives and SMEs, Department of Cooperatives and SMEs, East Java provincial government as the major providers in the implementation of *Business Development Service* (BDS) must socialize more intensively on the important roles and benefits of *Business Development Service* (BDS) program, both for prospective start up entrepreneurs and their employees.



Originality/value - The study supports the importance of internal environment, commitment, entrepreneurial competence and BDS program to increase the performance of small enterprises in East Java province.

Key words: Business Development Service (BDS) program, external environment, internal environment, commitment, entrepreneurial competence, performance

Introduction

Although many studies have been done to investigate micro, small and medium enterprises (SMEs) problems in Indonesia, the problems of micro are still existed. Six fundamental problems faced by micro and SMEs in Indonesia, are due to limitations of: (1) Market opportunity and market share expansion, (2) Capital structure, (3) Human resource management, (4) Business networks among small enterprises, (5) Conducive environment and business climate, and (6) Unintegrated supervision and lack of trust as well as awareness of the community toward small enterprise (Kuncoro, 2009:333)

Indonesian SMEs have very important roles and contribution to economic growth, employment and new business opportunity creations, in line with rapid economic activities. Indonesian government pays more attention to SMEs growth and performance sectors, including the government of East Java province through the Department of Cooperatives and SMEs. East Java province government creates a Cooperatives and SMEs Clinic in East Java, to provide guidance for cooperatives and SME institutions, through Business Development Service (BDS) program. BDS program aims a to improve business performance, market access and competitiveness, which are non-financial and dynamic with a broad scope, and focus on the needs of cooperatives and SMEs.

SME owner's high business commitment, ability to create a conducive business environment, and entrepreneurial competence in running the business have significant effect on small enterprise's growth and performance through Business Development Service (BDS). In addition to that, stimulant from the owner to generate business commitments towards is very important to create higher business commitment.

Commitment is an attitude of entrepreneurs to remain in the organization and involve in every effort to achieve the missions, values and goals of a company. A number of factors include in the commitment are: confidence in the business success, motivation, and a strive to develop better business (Sianto, 2001, in Elimawaty, 2007:59). Employer's commitment and competence are indispensable intellectual capital needed to achieve corporate objectives (Ulrich, 1997:28). High employer's commitment and entrepreneurial competence will improve business performance.



Ardiana et al (2010: 54) research on the influence of human resource (HR) competencies of SMEs on the performance of SMEs in Surabaya, proved that HR competencies variables that consist of knowledge, skills and abilities in entrepreneurship have significant effect on SMEs performance. Therefore, to improve their business performance, they have to improve their competence in entrepreneurship.

Experts believe that, competency is formed through skill development, typical organizational culture, as well as processes and systems that are appropriate (Elimawaty, 2007:59). Excellent human resources is the main advantage that every organization strive to obtain. Developed countries such as Great Britain, Germany, France, Japan, Canada, and the United States, have made progress in various areas of life, because they have the qualified human resources with entrepreneurial spirit. In Asia, a number of countries that have put forward strong entrepreneurial spirits, are Japan, South Korea, Taiwan, China, Singapore and Malaysia. These countries have better economic growth compared to countries which put less attention to the importance of entrepreneurship (Seng, 2007, Kynge, 2007, in Ishak Hasan, 2011:40).

Contribution of business environment also has significant effect on the growth and performance effort. Crijns and Ooghi in Munizu (2010:34), revealed that business growth is the result of two business environmental factors, i.e. the external environment and internal environment. External environment that influence a company's growth are: industry and market, the competitors and the economic climate. Internal environment includes: entrepreneurs as managers, the company as an organization, and ownership factors.

The phenomenon of a prolonged economic crisis experienced by Indonesian government, could have an impact on the weakening of any organization resources. Therefore, many large and small companies were struggle to survive longer. Small and medium enterprises turned out to be more resilient than large enterprises as they are able to adapt to environmental changes better than the large enterprises. Some SMEs have had to close their businesses due to environment changes. However, SMEs that survived from environmental changes are due to their ability to anticipate changes in the environment. The survived SMEs have the commitment and entrepreneurial competencies as intellectual capital needed to run their business.

Increasing number of SMEs as well as the complexity of the fundamental problems facing business sector, are interesting to study, especially on small enterprises in the province of East Java. Their external environment, internal environment, commitment and entrepreneurial competencies and their influence on their business performance, as well as the moderating effects of Business Development Service (BDS) program. The success or failure of a business highly depends on environmental factors, Small enterprise owner's commitment and entrepreneurial competence in carrying out its duties. Small enterprise which have competent human resources competent and master in business management, will be able to deliver an





optimal contribution to the business, so the predicate of small enterprise can be developed into medium enterprise and even large enterprise.

This study aimed to verify and analyze the direct effect of external environment, internal environment, commitment, entrepreneurial competence, Business Development Service (BDS) program on the performance of small enterprises in East Java province, Indonesia. The study also aimed to prove and analyze Business Development Service (BDS) program as moderating variable to the influence of the external environment, internal environment, commitment and entrepreneurial competence on the performance of small enterprises in East Java province, Indonesia.

Business Environment

Business environment is an area of the environment faced by every business organization to run the entire business activities. Business environment is also one important element in the management process, and should be considered in any decision-making, because the environment will be able to provide some information needed to assess and see the future of business organizations.

In the context of strategic management, environment distinguished by the distance of the environment to the organization, or the environment direct and indirect influence on organizational. The closest environment to the organization is called task environment or industry environment (Hitt et.al, 2001:22), Robinson and Pearce (2000:71), and the specific environment (Robbins, 1997:231) for the environment that directly affect strategy, i.e.: competitors, suppliers, customers and trade unions. Environment that indirectly affect strategy, is called general environment (Hitt et al., 2001: 22), and remote environment (Robinson and Pearce, 2000: 71).

Hitt et al, (1997: 40), Peter et al, (1996: 52), Wheelen and Hunger (2001: 10) distinguish environment into two categories: internal environment and external environment. In analyzing business environment, management should try to identify on a number of basic variables that are beyond the control of the company which is expected to have a genuine influence on business development.

External Environment

External environment is conceptualized in two perspectives: First, perspective view of external environment as the vehicle that provides resources. Second, perspective view of external environment as a source of information (Handriani, 2011:49).

Some experts defined external environment differently among other things:

1) The external environment is all the events outside the company that have potential effect to the company (Williams, 2001:51).

2) The external environment is composed of elements outside the company are largely uncontrollable and influence in decision-making by managers (Handoko, 1999:62).

Williams (2001:51) added a third point, that is, a changing environment. Handoko (1999:67) differentiated external environmental factors, as follow: Micro external environment, which include elements of direct action or special environment, and Macro external environment that include indirect action or the general environment.

A number of experts used different terms for macro environment, such as: social environment (Wheelen & Hunger, 2001:13), far environment (Robinson & Pearce, 2000:71), and macro environment (Hill, 1999:84). Social environment includes general strength which is indirectly related to the organization's short term activities, but it may affect long-term decisions. Social environment includes: economic, technology, law and the political, cultural and social forces (Wheelen & Hunger, 2001:13).

Internal Environment

The internal environment is the characteristic of the business environment that is unique, dynamic and factors that need to be controlled. The internal environment include: structure, culture, and resources. They should be analyzed to determine company's strengths and weaknesses (Wheelen & Hunger, 2001:10). The same statement also delivered by Peter et al. (1996:52) who added that company's resources includes: (1) human resources, such as: experience, capability, knowledge, skills, and judgment of all employees of the company; (2) organizational resources, such as: processes and enterprise systems, corporate strategy, structure, culture, management material purchasing, production/operation, finance, research and development, marketing, information systems, and control systems; (3) Physical resources such as plant and equipment, geographical location, access to material, distribution networks and technologies.

Handoko (1999:62) revealed that internal environment is the events and trends in an organization that will affect the activity of management, employees, and organizational culture. When it is compared to the external environment, internal environment is more manageable. The internal environment includes: quality of human resources, mastery of technology, organizational structure, management systems, participation, culture/business culture, the power of capital, business networks, and the level of entrepreneurship.

Commitment

Commitment, universally, is an expression or a promise, written and unwritten. Commitment can be demonstrated through professional attitude and uphold the values that have been agreed both to themselves and the organization as a place to work. Every organization

needs high commitment employees in order to the organization continue to grow and improve its performance.

Employee commitment is a strong recognition and involvement of employees in the work unit. Employees who are committed to their work unit is likely to remain in their work unit higher than in employees who are not committed (Shadur, Kienzle and Rodwell, 1999: 482). High commitment will reduce employees' desire to break away from the organization or work unit.

As Luthans (2002: 235) stated that commitment is an attitude expression toward: 1) A strong desire to remain as members of certain organizations, 2) The desire to strive as desired by the organization, and 3) Certain believe and acceptance of organization values and goals.

There are four main approaches need to consider to explain employee commitment: (1) Attitudinal, (2) Normative, (3) Behavioral, and (4) Multidimensional Approaches (Shepperd and Mathew, 2000:5).

O' Reilly and Chatman, in Dessler (2004:104), warned that employee commitment to the organization awakened when each individual develops three attitudes that are interconnected to the organization and/or professions, among others, i.e: (1) Internalization of the values of the company, (2) Self identification yourself as part of the company, (3) Behavior that appropriate to the company values and wishes.

Competence

Competence is needed to face new challenges and certain types of jobs within the organization. Competence may be gained by understanding the characteristics that we are looking for from people who work in the organizations. Competence standard can be understood from this two words, standard and competence. Standard is defined as a measure or benchmark agreed, while competence is defined as the ability to carry out tasks in the workplace which includes applying the skills are supported by knowledge and ability in accordance with the required conditions.

Zurnali (2010:1), confirmed that a group of experts in Britain as Strebler et.al (1997) suggests two different meanings of competence. First, competency expressed as behaviors which an individual need to make it happen. Second, competence is expressed as the minimum standards of performance. On the basis of this view is the term competency can be used to indicate the meaning of the expression or disclosure as behavior. While the term of competences is used to denote a standard of expression. Every organization needs professional and high competence human resources (HR).

Entrepreneurship

In contemporary entrepreneurship education, according to the Fayolle and Klandt (2006), in Lans Thomas, Wim Hulsink, et. al (2008: 2), the concept of entrepreneurship can be seen from three different angles, i.e: 1) Entrepreneurship as a problem of culture/state of mind, 2) Entrepreneurship as behavioral problems, and 3) Entrepreneurship as a matter of creating certain situations.

Entrepreneurship as a matter of culture/state of mind is entrepreneurship education focused on a number of aspects: values, beliefs and attitudes related to entrepreneurship such as: the entrepreneurial mindset, spirit and identity an entrepreneur. Entrepreneurship as a behavior problem is, entrepreneurship education focused on the formation of specific skills related to entrepreneurial behavior such as: seize the opportunities, make decisions and social skills. While entrepreneurship as a matter of creating certain situations are, entrepreneurship education focused on matters concerning the creation of new companies and situations that are favorable for entrepreneurs. The three focus of entrepreneurship education stressed that to become an entrepreneur is not solely born, but can be formed through a process of education and training for entrepreneurship. With entrepreneurship education and training, someone has to get reliable knowledge to become an entrepreneur- a good knowledge of the psychology, behavior, and managerial skill for an entrepreneur.

Hubeis (2009: 27), did not differentiate entrepreneurship to entrepreneurs, that is, those who carry out the process of creation (creative) welfare/wealth and added value through ideas, integrate resources (vision) and realize the idea of being reality (innovative) which involves aspects of both opportunity and risk.

In the Annex to Decree of Minister of Cooperatives and Small Business Development No.961/KEP/M/XI/1995, stated that:

1) Entrepreneurs are people who have the spirit, attitude, behavior and entrepreneurial abilities.

2) Entrepreneurship is the spirit, attitude, behavior and ability to handle business or activity that is directed to seek, create and implement ways of working, new technologies and products to improve efficiency in order to provide better services and or obtain greater profits.

Entrepreneurial Competence

Small enterprise deemed necessarily to build professional and high entrepreneurial competence human resources (HR) structure. An understanding of entrepreneurial competencies can be build through a comprehensive understanding of basic concepts of competence as well as entrepreneurial characteristics inherent in an entrepreneur.

As has been disclosed by Dipa (2011: 57), the level of competence of entrepreneurship in Indonesia is still very low, compared to other countries, such as in the United States about

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11%, Singapore about 7%, while in Indonesia only 0.24% that has the entrepreneurial competence of about 237.6 million people in Indonesia. Entrepreneurial competence mastery has a very important role in developing the country, since entrepreneurship has the power necessary to generate creativity and innovation in an effort to reach people's lives (Hasan 2011: 38).

Benedieta in Hasan (2011:42), stated that entrepreneurial competence is an important factor in promoting a business. Her research results of proved a number of factors most dominant contributor to the success of the business i.e. personality traits (49%), ability to relate to customers (17%), the ability to understand business environment (15%), future orientation and flexibility (11%), personal awareness (4%), and other factors (4%).

Harris in Suryana (2006:5), suggested that "A successful entrepreneur in general is he or she who has competency. He or she who has knowledge, skills, and individual quality that includes: attitude, motivation, personal values, and behavior necessary to carry out the work or activity".

As mastery of entrepreneurial competencies for small enterprise entrepreneurs, entrepreneurship competence has strategic significance in the effort to produce a role in the economy and its business unit growth. Therefore, Hasan suggested that the strengthening of entrepreneurial competencies for small enterprise has to be done by involving entrepreneurs themselves in various activities such as: 1) education and training programs, 2) internship program, 3) mentoring program, and 4) a catalyst program (participating directly in small enterprise as a consultant manager, and others). In addition to that, the owners of small enterprise as it is expected.

A number of theories and researches available that explain or examine entrepreneurial competence in particular are limited, therefore this study present some results of previous researches and theory that support entrepreneurial competencies, such as: Baum research in Zulkarnain (2009:541), that resulted research propositions, with the indicators of entrepreneurial competencies are: cognitive ability, technical skill, organization skill, opportunity skills and industry experience, has positive and significant effect on business growth.

Wirasamita in Hasan (2011:41), suggests that indicators of entrepreneurial competencies include: 1) self knowledge, 2) imagination, 3) practical knowledge, 4) search skills, 5) foresight, 6) computation skills, 7) communication skills. These indicators must be owned by those who want to be a successful entrepreneur. In addition to that, an entrepreneur must possess characteristics such as honesty, innovative, and agile courage to cope any risk (Suryana in Hasan, 2011:42).

Chandler and Jansen, Herron and Robinson in Zulkarnain (2009:541), who conducted studies of entrepreneurial competencies, developed skill and ability group similar to those encountered in management/leadership theory, where two additional skills are raised: 1) reading

opportunities, and 2) managing the self. The study based on nine order of entrepreneurial competencies: knowledge, cognition, ability, self management, administration, human resources, decision skills, leadership, opportunity recognition and opportunity development.

This study of entrepreneurial competence will be limited to individual entrepreneurial competence as follows: (1) self knowledge, (2) leadership, (3) communication skill, 4) human resource skill, and (5) innovation.

Enterprise Performance

Performance is very important for individuals and organization, as it used to measure the performance abilities, successes and failures in managing its resources as well as achieving its objectives. A performance should be measured from any aspect or criteria used, and based on time unit. Performance measurement is an important factor in the company, as it is used to assess the success of the company, and to determine remuneration system in the company, such as employee salary and financial reward. A management can also use performance measures to evaluate the performance of an organization, so that it can be used as a benchmark to value an organization ability to achieve its objective.

Prior to 1990, a performance measurement is more emphasis on financial aspects only, especially financial ratios. Performance measurement that based only on financial performance, may produce incorrect signals on the company's condition, but unable to reveal the company's ability to create economic value in the future. Kaplan and Norton (1996:56), developed a model of performance measurement new company called Balanced Scorecard (BSC). A company's performance measurement with BSC model emphasis on the balance of strategic measures that are different from one another in an effort to achieve alignment of objective, in order to encourage employees to act for the best interests of the company. In BSC model, non-financial performance measures such as; customer satisfaction, productivity and cost effectiveness of internal business processes, learning and growth are added. BSC model encourages executives to consider and carry out their businesses. Balanced Scorecard model measurement is divided into four perspectives as follows: 1) Financial, 2) Customer, 3) Internal business process perspective, and 4) Learning and growth perspective.

Sinaga (2004:56) explained that, the elements assessed in the BSC requires accurate data and documents that could be used as evidence of activities within a business organization. The concept of performance measurement with BSC model, initially implemented for business organizations that have implemented the principles and standards of modern business, and where in their operation, management functions have been standardized, and scheduled. For small enterprises, performance measurement model with BSC, it is relatively difficult to implement as most of small enterprises have an unorganized, incomplete and unscheduled administration and



management on a regular basis, as in modern businesses. As BSC essentially measures performance balanced between financial and non-financial aspects, therefore, small enterprise can be measured with a BSC model with various modifications (Sinaga, 2004:59).

A company performance measurement model that has not been widely used by the company is a corporate performance measurement that is more linked to environmental conditions, both external and internal, including competition which is very competitive is Malcolm Baldrige model. Malcolm Baldrige National Quality Award (MBNQA) model or so-called criteria Baldrige, is an organization performance model that has a concept in setting guidelines and criteria to evaluate any organization effort to improve its quality.

Malcolm Baldrige was introduced since 1989. It is named after former US Secretary of Commerce who initiated annual award, for quality and business performance of United States companies' improvement. Recently, criteria used by the Committee Malcolm Baldrige, have been adopted by many company worldwide to measure the performance advantages, including in Indonesian Ministry of State Owned Companies (BUMN). Indonesian Ministry of BUMN issues Indonesian Quality Award for BUMN as performance indicators of BUMN throughout Indonesia. These criteria are called 7 Pillars of Malcolm Baldrige to determine any organization, both public or state success http://rajapresentasi.com/2011/09/8-, are: 1) Leadership, 2) strategic planning, 3) Human Resource Focus, 4) Customer and Market Focus, 5) Data Information and Analysis, 6) Process Management, and 7) Results of Operations.

Small Enterprise Performance Measurement

SMEs used as the objects in this study have never used a standard performance measurement. Indonesian Directorate of Productivity and Entrepreneurship, the Directorate General of Training and Productivity, Ministry of Manpower and Transmigration, has developed a concept for measuring SME performance, followed by corrective action. The concept is set forth in a Manual of Audit and Performance for Small and Medium Enterprises (SMEs), which established in 2013, by the Directorate of Productivity and Entrepreneurship, Ministry of Manpower and Transmigration. It aims to identify weaknesses and advantages of SMEs, to achieve superior performance, and to provide motivation in the form of awards for small enterprises that have demonstrated improvement <u>http://www.slideshare.net</u>.

The concept for SME performance measurement is a development and refinement of an existing concept, based on inputs from small businesses that inquire the concept that has been tested in 2005, which adopted seven criteria for performance measurement Malcolm Baldrige, more simplified to make it easy for small and medium enterprises (SMEs) to implement.

Performance measurement criteria mentioned above have been used by the Indonesian Institute National Productivity (LPN), which consists of 17 departments, through Presidential Regulation No. 50 of 2005, to determine the classification of small and medium enterprises (SMEs), which have good performance, beginning improvement), early result, and new business.

Performance measurement of small enterprises used in this study, will refer to the Code of Audit and Performance for Small and Medium Enterprises (SMEs), in 2013, which has been determined by the Director of Productivity and Entrepreneurship, Ministry of Manpower and Transmigration RI, by adopting 7 performance measurement criteria of Malcolm Baldrige.

Business Development Service (BDS) Program

Business Development Services (BDS) program is aimed to improve corporate performance, market access and competitiveness, which are non-financial, and dynamic with extensive coverage and focus on the needs of SMEs in Indonesia. The existence of this institution provide considerable benefits for SMEs which have non-financial difficulty. BDS is more geared to strengthen SMEs in order to create strong SME centers. BDS program can be viewed from operational and institutional aspects. BDS is a legal entity, not a financial institution, therefore it can earn fees from services it provides (Anonymous, 2002:10).

Committee of Donor Agencies for Small Enterprise Development (2001:3) explains the program BDS as non-financial services for small enterprise to start, survive, enhance productivity and competitiveness, and to expand a business. Sutrisno (2002:10) states that BDS program is defined as non-financial services aimed at improving performance, access to market, and the competitive ability of an individual enterprise, for a brief period of time or temporary. Organization for Economic Co -operation and Development (OECD), in a study of the Service Economy (2000) described the program BDS as a strategic business services which include computer software and information processing services, research and development as well as technical, marketing, management services business organizations, and human resource development services (Dewanti and Wulandari, 2008:54).

In Indonesia, the current definition of BDS program has been set forth in the Regulation of Minister of Cooperative and Small and Medium Enterprises of the Republic of Indonesia, No. 02/Per/M.KUKM/I/2008 on Guidelines for the Empowerment of Business Development Service-Provider (BDS-P), Cooperatives, Micro, Small and Medium Enterprises (MSME) development. A number of institutions involved in BDS program, according to the Committee of Donor Agencies for Small Enterprise Development (2001:8) includes (1) Small and medium enterprises (SMEs), (2) Providers BDS (BDS-P) such as commercial institutions private, nonprofit institution of private, NGOs, semi-public, government agencies, national or regional, and associations of industry, (3) facilitator BDS that support provider's of BDS program, (4) donors- institutions that provide funding for BDS projects and programs, (5) Indonesian government- creates a policy environment, legal and regulatory conditions such as basic infrastructure, education and information services.



In meeting the needs for Cooperatives and SMEs, East Java Provincial Government, through the Department of Cooperatives and SMEs, established a Clinical Institute of Cooperatives and SMEs in East Java, through the East Java Governor Decree No. 188/133/KPTS/013/2008, dated March 18, 2008. The institute is fully responsible for the implementation of Business Development Service (BDS) program for Cooperatives and SMEs in East Java.

Four divisions of the clinic that provide services free of charge are:

1) Business Consulting Services Division. It provides BDS experts who give advice/ solutions to the problems of SMEs.

2) Business Information Services Division. It provides essential information for SMEs such as information on capital strengthening and other programs, facilities owned by various institutions/agencies of central government, provincial, district/municipal, state/regional enterprises, banks, universities, private companies and other institutions.

3) Advocacy Services Division. It provides assistance and mentoring directly to the location of Cooperatives and SMEs in the district/city.

4) Short Course/Training Division. It provides training services/short course for SMEs every two weeks to improve and develop insight knowledge and skills of entrepreneurship (entrepreneurship competencies), such as procedure of establishment/business licenses, intellectual property rights, import/export procedures.

Methodology

This study is an explanatory research that prove and analyze the causal influence (*causal research*) between external environmental factors, environmental factors internal, commitment and entrepreneurial competence on the performance of small enterprises, as well as the moderating effects of the Business Development Service program on the effect among variables.

Data were collected using questionnaire and analyzed using the Structural Equation Modelling (SEM) based variance (component based) approach analysis with Partial Least Square Path Modelling (PLS-PM) program package of Version 2.0 Smart PLS.

Population and Sampel

The population in this study are 235 owners of small enterprises registered under the supervision Clinic Cooperative and SMEs, Cooperatives and SMEs Department in East Java province. Using proportional random sampling, 50% (118) of small enterprise owners throughout East Java province representing each regency/city were selected as respondents.

Latent Variable and Hypothesis

Latent variables and hypothesis of the study are described in Table 1.

Hypothesis	Exogenous Variables	Endogenous variables	Moderating Variable
H1	Environment External (X1)	Small Enterprise Performance (Y)	
H2	Environment Internal (X2)	Small Enterprise Performance (Y)	
H3	Commitments (X3)	Small Enterprise Performance (Y)	
H4	Entrepreneurship Competence (X4)	Small Enterprise Performance (Y)	
H5	BDS Program (M)	Small Enterprise Performance (Y)	
H6	External Environment (X1)	Small Enterprise Performance (Y)	BDS Program (M)
H7	Internal environment (X2)	Small Enterprise Performance (Y)	BDS Program (M)
H8	Commitments (X3)	Small Enterprise Performance (Y)	BDS Program (M)
Н9	Entrepreneurship Competence (X4)	Small Enterprise Performance (Y)	BDS Program (M)

Table 1. Latent Variables and Hypothesis

Research Instrument

Data obtained using questionnaires were scored according to Likert scale which range between 1 to 5- from strongly disagree to strongly agree. The data obtained also tested for validity and reliability.

Method of Analysis

Data in the form of subjective answers of the respondents were analyzed in order to obtain an overview of the research variables, which may ultimately provide answers to research problems. The data were processed and presented using the principles of descriptive statistics, whereas for analysis and research hypothesis testing, Partial Least Square (PLS) Equation Modelling (PLS), with the help of soft ware Smart PLS version 2.0 were used.

Structural Modeling Testing

Structural Modeling Te sting (inner model) in Smart PLS evaluated the value of R-square (R^2) which is a test of goodness-fit model for the dependent variable, and the value of the path coefficient and t-value (t-statistic) for tests of significance between variables. The higher the value of R-square (R^2) means the better the model is used for prediction. Signifiknsi between variables was evaluated by scores on the path coefficients, and t-statistic must be above 2.0, to test the hypothesis in alpha (error rate) of 5% (Sofyan, 2011:184).

Based on the calculation of goodness-fit models can be known from the value of R-square (R^2) . The higher the R-square (R^2) , then models can be said to be more fit to the data. Rated R-square (R^2) on the business performance of the industry ketch (Y) is equal to 0.890, which means



that the influence of external environmental factors (X1), internal environmental factors (X2), commitment (X3), entrepreneurial competence (X4), and Business Development Service (BDS) program (M) on small enterprise performance (Y) amounted to 89.0%, and the balance of 11% influenced by other variables. This means that the proposed model is very *fit* to the data, and is best used for prediction in hypothesis testing.

Direct Effects among Latent Variables

Direct effects among latent variables and path coefficient values is presented in figure 1

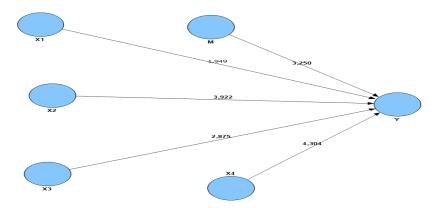


Figure 1. Direct Effect among Latent Variables Model

Path Coefficient and t-statistic values of direct effect among latent variables are presented in tabel 2.

Hip	Variabel	Koefisien Jalur	T-Statistic	Kesimpulan
				T-Statistic > 2
1	Lingk Eks (X1) → Kirja UIK (Y)	-0,164	1,949	Tidak Signifikan
2	Lingk Int (X2) $ ightarrow$ Kirja UIK (Y)	0,260	3,922	Signifikan
3	Komit (X3) → Kirja UIK (Y)	0,206	2,875	Signifikan
4	Komp Ker (X4 $ ightarrow$ Kirja UIK (Y)	0,495	4,304	Signifikan
5	Prog. <i>BDS</i> (M) → Kirja UIK (Y)	0,284	3,250	Signifikan



Hipothesis	Latent Variables	Path Coefficient	T-Statistic	Conclusion
1	External Environment (X1) $ ightarrow$	-0.164	1.949	Not
	Small enterprise performance (Y)			significant
2	Internal Environment (X2) $ ightarrow$	0,260	3.922	Significant
	Small enterprise performance (Y)			
3	Commitment (X3) → Small	0.206	2.875	Significant
	enterprise performance (Y)			
4	Entrepreneurial Competence (X4) $ ightarrow$	0,495	4,304	Significant
	Small enterprise performance (Y)			
5	BDS Program (M) → Small	.284	3,250	Significant
	enterprise performance (Y)			

Tabel 2. Path Coefficient and T-Statistic Values of Direct Effect among Latent Variables

Source: Data processed

Direct effects among latent variables hypothesized based on coefficient and t-statistic values resulted resulted from hypothesis testing can be concluded are follows:

1) The effect of external environment (X1) on small enterprise performance showed path coefficient value of -.164 and and t-statistic of 1.949 at the level of alpha 5%. Therefore, external environment has negative and not significant effect on small enterprise performance. This study rejected the hypothesis 1 (H1) which stated that external environment has significant effect on small enterprise performance in East Java province.

2) The effect of internal environment (X2) on small enterprise performance showed path coefficient value of .260 and and t-statistic of 3.922 at the level of alpha 5%. Therefore, internal environment has positive and significant effect on small enterprise performance. This study accepted the hypothesis 2 (H2) which stated that internal environment has significant effect on small enterprise performance in East Java province.

3) The effect of commitment (X3) on small enterprise performance showed path coefficient value of .206 and and t-statistic of 2.875 at the level of alpha 5%. Therefore, commitment has positive and significant effect on small enterprise performance. This study accepted the hypothesis 3 (H3) which stated that commitment has significant effect on small enterprise performance in East Java province.

4) The effect of entrepreneurial competence (X4) on small enterprise performance showed path coefficient value of .495 and and t-statistic of 4.304 at the level of alpha 5%. Therefore, entrepreneurial competence has positive and significant effect on small enterprise performance. This study accepted the hypothesis 4 (H4) which stated that entrepreneurial competence has significant effect on small enterprise performance in East Java province.

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5) The effect of Business Development Service (BDS) program (M) on small enterprise performance showed path coefficient value of .495 and and t-statistic of 3.250 at the level of alpha 5%. Therefore, commitment has positive and significant effect on small enterprise performance. This study accepted the hypothesis 3 (H3) which stated that BDS program has significant effect on small enterprise performance in East Java province.

Moderating Effects of Business Development Service (BDS) Program on Direct Effects among Latent Variables

Moderating effects of BDS program on direct effect among latent variables resulted from data analysis using Smart PLS is presented in Figure 2 and Table 3.

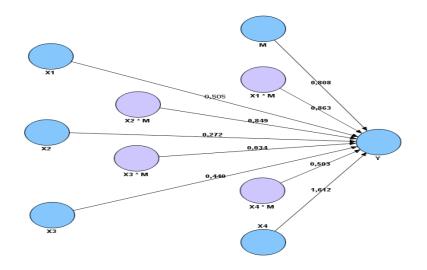


Figure 2. Moderating Effects of Business Development Service (BDS) Program on Direct Effects among Latent Variables

Results of hypothesis testing of moderating effects of BDS program on direct effect among latent variables are presented in table 3.

Нуро-	Variables	Path Coef-	t-Statis-	Conclusion
Thesis		ficient	tic	
6	BDS Program (M) $ ightarrow$ Small enterprise	.495	.808	Not significant
	performance (Y)			
	External Environment (X1) \rightarrow Small enterprise	.265	.505	Not significant
	performance (Y)			
	External Environment (X1) *BDS Program (M) $ ightarrow$	844	.863	Not significant
	Small enterprise performance (Y)			
7	Internal Environment (X2) $ ightarrow$ Small enterprise	124	.272	Not significant
	performance (Y)			
	Internal Environment (X2) *BDS Program (M) $ ightarrow$.808	.849	Not significant
	Small enterprise performance (Y)			
8	Commitment (X3) $ ightarrow$ Small enterprise	.201	.440	Not significant
	performance (Y)			
	Commitment (X3) *BDS Program (M) $ ightarrow$ Small	.034	.034	Not significant
	enterprise performance (Y)			
9	Entrepreneurial Competence (X4) $ ightarrow$ Small	.754	1.612	Not significant
	enterprise performance (Y)			
	Entrepreneurial Competence (X4) *BDS Program	465	.503	Not significant
	(M) \rightarrow Small enterprise performance (Y)			

Table 3.Path Coefficient and T-Statistic Values of Moderating Effect of Business DevelopmentService (BDS) program on Direct Effect among Latent Variables

Source: Data processed

Moderating effects of BDS program on the direct effect among latent variables hypothesized based on path coefficient and t-statistics values resulted from hypothesis testing are concluded as follows:

1. Business Development Service (BDS) program (M) moderating the effect of external environment (X1) on small enterprise performance (Y) with path coefficient value of -.844 and and t-statistic of .863 at the level of alpha 5%. Therefore, the moderating effect of BDS program is negative or weakening and not significantly affect the effect of external environment on small enterprise performance. This study rejected the hypothesis 6 (H6) which stated that BDS program significantly moderates the effect of external environment on small enterprise performance.

2. BDS program (M) moderating the effect of internal environment (X2) on small enterprise performance (Y) with path coefficient value of .808 and and t-statistic of .849 at the



level of alpha 5%. Therefore, the moderating effect of BDS program is positive or strengthening but not significantly affect the effect of internal environment on small enterprise performance. This study rejected the hypothesis 7 (H7) which stated that BDS program significantly moderates the effect of internal environment on small enterprise performance in East Java province.

3. BDS program (M) moderating the effect of commitment (X3) on small enterprise performance (Y) with path coefficient value of .034 and and t-statistic of .034 at the level of alpha 5%. Therefore, the moderating effect of BDS program is positive or strengthening the effect of commitment on small enterprise performance. This study rejected the hypothesis 8 (H8) which stated that BDS program significantly moderates the effect of commitment on small enterprise performance.

4. BDS program (M) moderating the effect of entrepreneurial competence (X4) on small enterprise performance (Y) with path coefficient value of -.465 and and t-statistic of .503 at the level of alpha 5%. Therefore, the moderating effect of BDS program is negative or weakening the effect of entrepreneurial competence on small enterprise performance. This study rejected the hypothesis 9 (H9) which stated that BDS program significantly moderates the effect of entrepreneurial competence on small enerprise performance.

Discussion

Justification and the falsification of the results of this study are as follows:

1. Results of the hypothesis testing hypothesis proved that hypothesis-2, hypothesis-3, hypothesis-4, and hipotesis-5, were significantly accepted. These hipotesis justify theory of the internal environment of Peter Wright, et. al, (1996), Wheelen and Hunger (2001); Theory of commitment of Shepperd and Mathew (2000), Luthans (2002), Gomes (2003), Mowday (2003), Robbins (2005), and Antoni (2006); Theory of entrepreneurial competencies of Suryana (2006), Dipa (2011), Hasan, (2011). Business Development Service (BDS) program approach from Committee of Donor Agencies for Small Entreprises Development (2001), Sutrisno (2002), Regulation of the State Minister of Cooperatives and SMEs, Republic of Indonesia No. 02/Per/M. KUKM/2008), and East Java Governor Decree No.188/133/KPTS/013/2008.

Results of this study also justified previous researches conducted by Yuli (2006), Kusdiyanti (2006), Munizu (2009), that internal environment has significant effect on the performance of SMEs; Previous research conducted by Rombe (2007), that commitment has positif and significant effect on the performance of SMEs; Previous research conducted by Yuli (2006), Rombe (2007), Kusdiyanti (2009), Zulkarnain (2009), that entrepreneurial competence has significant effect on the performance of SMEs; and previous researches conducted by Imam Rosyidi (2005), Imamah (2008), Dewanti and Wulandari (2008), that Business Development Service (BDS) program has positive and significant effect on the performance of small enterprises in East Java province.



2. Result of hypothesis-1 testing proved rejected or has no significant effect. Therefore, falsification on theories of the external environment of Hitt and Ireland (1997), Robinson and Pearce (2000), Wheelen and Hanger (2001), Cluck Williams (2001), which revealed that all external environmental factors potentially affect business performance. Result of this study also falsify results of previous researches conducted by Yuli (2006), Kusdiyanti (2009), Munizu (2010), which found that external environmental factors have positive and significant effect on the performance of small enterprises in East Java province.

4. Results of hipotesis testing for hipotesis-6, hipotesis-7, hipotesis-8, and hipotesis-9, which predicts that Business Development Service (BDS) program moderate the influence of the external environment, internal environment, the commitment and entrepreneurial competence with the performance of small industries in East Java province, are proved rejected (not significant). Results of this research is the development of research conducted by Rombe (2007), which only predicts the direct effect of commitment on performance of SMEs, whereas this study was not only predict direct moderating effect of BDS program to the effect of the commitment on the performance of small enterprises, but also predict the moderating effect of BDS program to the effect of commitment on the performance of small enterprises in East Java province.

Results of this study also extend the result of previous studies conducted by Rosyadi (2005), Imamah (2008), Dewanti and Wulandari (2008), which only predicts the direct influence of Business Development Service (BDS) program on the performance of SMEs, whereas in this study, not only predicted direct effects, but also predicted moderating effect of Business Development Service (BDS) program to the effect of external environment, internal environment, commitment and entrepreneurial competence on the performance of small enterprises in East Java province.

Conclusion

Based on the analysis results using Smart Partial Least Square (Smart PLS), this study concluded that internal environment, commitment, entrepreneurial competence and Business Development Service (BDS) program have positive and significant effects on the performance of small enterprises in East Java province, Indonesia. Only external environment has no significant effect on the performance of small enterprises in East Java province in East Java province, Indonesia Development Service (BDS) program has no significant moderating effects to the effect of external environment, internal environment, commitment and entrepreneurial competence on the performance of small enterprises in East Java province, Indonesia.

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