

Wedding-Planning Industry in Indonesia: The Influence of Technology Orientation and Trust as Mediating Factors on the Relationship between Entrepreneurial Orientation and e-Commerce Adoption

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Abstract. Statistical data has shown that there is a decrease in the number of marriages in Jakarta in the period 2009-2014 with no significant changes in the last 3 years. The millennial generation of brides and grooms are characterized by their adoption of technology and electronic transactions. This research aimed to examine the influence of technology orientation and trust as mediating variables on the correlation between entrepreneurial orientation and intention to adopt the e-commerce platform. The findings suggested that trust factor plays a more important role than technology orientation.

Keywords: Entrepreneurial Orientation, Technology Orientation, Trust, E-Commerce Adoption, Wedding Platform.

1. Introduction

Wedding industry in Jakarta has been growing for the past decade because of the increasing population growth and the strong economic growth in Indonesia. In 2016, the wedding industry yielded USD 7 billion in transactions, while the non-wedding tourism industry was valued at USD 11 Billion [1]. The data shows there is a decline in the number of marriages continuously in the period between 2009 and 2014 in Jakarta and there are no significant developments in the last 3 years[2].

The decline in marriage is steeper for the millennial generation, because the economic shock of the recession put marriage on hold for many young adults and marriage rates are returning only slowly (if at all) to pre-recession levels [3]. The delay in the age of the first marriage is done because brides are more concerned with pursuing careers, the maturity of psychology and economic stability, and extending the search for an adequately resourced spouse [2]. This

condition is very much in line where 67% of young couples now play a large role in financing their own wedding parties, which traditionally, most *wedding expenses* were borne by the bride's *family* [1].

The government has been trying to regulate the maximum number of invitations at a wedding party [4]. For certain echelons, donations for parties are recorded by officers on duty and reported to the state. For certain nominal donations, it will become the property of the state. This phenomenon is increasingly putting a heightened pressure on the marriage industry.

This decline in growth is a threat to the sustainability of the industry. However, this provides a plenty of opportunities to adapt for the growth of event planners and wedding organizers that caters to the millennials [5]. Millennials are described as a generation that is very easy to accept new technology, more sensitive to prices, more individual and freer in making choices [6]. The use of smart phones among millennials, ownership of social media accounts and other smart applications shows a very strong tendency in the use of technology. Electronic transactions among millennials have become commonplace [7].

Small business companies, particularly in the wedding industry, have latent weaknesses. The quality of human resources in small and medium-sized enterprises is low due to the ability of the companies to pay competent professionals, as well as limited access to technology and low levels of competitiveness in the global market[8].

The e-wedding platform is a market place that brings together numerous wedding vendors with prospective customers who need their services. Instead of making it a media for transactions between consumers and service providers, the current platform is more on online promotion media for service providers and shopping windows for potential customers. Transactions through the marketplace are still very low [5], probably due to vendors' low confidence in platform operators. Also, prospective brides are yet to be convinced to shop online. Therefore, it needs to be researched further to what extent that Trust influences the behavior of entrepreneurs in using an e-wedding platform. Overall, this research will examine the influence of Perceived Technology Orientation as a factor that mediates entrepreneurial orientation and trust in the desire of entrepreneurs to use e-wedding e-commerce platforms.

2. Method

Central Statistics Agency showed the proportion of SMEs have 99.99% of the total businesses in Indonesia or as many as 52.76 million units[9] . There are good reasons of taking the samples in Indonesia's capital city since it is often used to represent Indonesia as a whole. In this case, the research samples are owners and/or directors of small and medium enterprises. We distributed the questionnaire to 64 small and medium organizations specializing in wedding events, e.g. wedding organizers, wedding decorators, wedding photographers and wedding musicians.

The number of samples is justified by the use of Partial Least Squares Structural Equation Modelling (PLS-SEM) 3.0. The use of this model and its bootstrapping method does not require normality in distribution since it follows a non-parametric rule. First, we tested the loading factor of each indicator and examined its reliability and validity. Second, we conducted an inner model test to analyze the significance between latent variables [10].

3. Result

3.1 Theoretical implications

The findings provided empirical support to the theory on the influence of entrepreneurial orientation on e-commerce adoption and on the moderating effects of trust and technology orientation on e-commerce adoption-entrepreneurial orientation relationship. The investigation

of the trust and technology orientation factors is not new; nevertheless, this paper adds to a better understanding of these strategic orientations in an Asian context, which in turn enhances their generalizability. This study has found relatively high levels of trust and technology orientation at Indonesian small and medium business owners specializing in wedding events, where both orientations are associated with dynamism and competitive hostility and dynamism.

3.2 Managerial implications

The findings of current study suggested that the importance of wedding-planning key attributes may be affected by different factors. Wedding-planning organizers may have to focus on the identified key attributes; i.e. trust and technology orientation, as essential factors in their competitive strategy. Trust plays a crucial flow in knowledge flow because it improves access to the sources of knowledge, which in turn will increase the willingness and ability of knowledge transfer. Managers need to emphasize on the importance of trust which further strengthens the network relationships internally and consequently enhance the organizational effectiveness[6].

Technology has become a very relevant factor in the growth of small and medium size businesses[11]. Thus, technology cannot be taken for granted, and instead, they should strive to become technology savvy and focus on adopting better technology to help grow the business. The challenge and opportunity for firms in emerging economies is to adopt technology and act entrepreneurially, which can optimize and maximize developmental efforts. From policy perspective, the government needs to ensure a positive and supportive market conditions for the business owners to operate in while motivating them to become more tech-savvy and more globally competitive.

4. Discussion

The intention to adopt e-commerce platform for the wedding industry can be described as follows. For the validity results, the values above 0.7 for loading factor and Average Variance Extracted were kept (loading factors below 0.7 were removed). We found that some of the outer models from the variable Technology Orientation (facilitating conditions 2, 3, and 4) could not satisfy the loading factor of 0.7. Therefore, the indicator did not reflect the causal effect to its latent variables. This indicator had to be excluded from its latent variable. With this finding, it seems that our respondents did not need any sophisticated facilitating condition in using e-commerce application, thus the considerably high familiarity with the Internet-based applications.

For the reliability test, where Cronbach's Alpha has to be above 0.7 to be valid [12]. We found out that the values are above 0.7, therefore, we can conclude that this particular research met the Validity and Reliability construct (see Fig. 2).

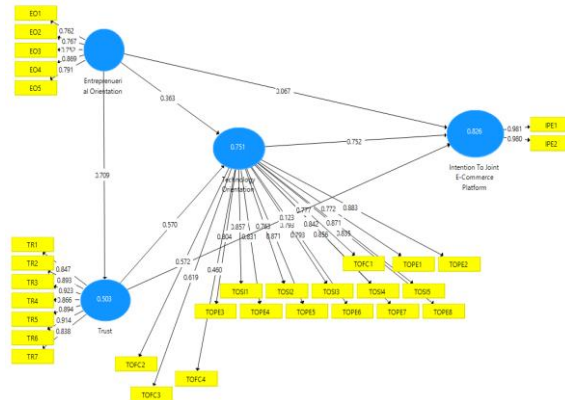


Fig. 2 Validity and reliability tests.

Next, we tested the questionnaire into the inner model method (see Fig.3) to check the significance between latent variables (with 5,000 subsamples, t-value of 1.96 and 5% of significance level as the rule of thumb in accepting the significance between variable). We found in hypothesis 1 that Entrepreneurial Orientation does not significantly influence Intention to Adopt e-Commerce ($t=1.179$, $P>0.05$). For hypothesis 2, we found that Entrepreneurial Orientation positively influences Trust ($t=10.435$, $P<0.05$). For Hypothesis 3, it was discovered that Entrepreneurial Orientation positively influences Technology Orientation ($t=2.321$, $P<0.05$). For Hypothesis 4, we found that the factor Trust positively influences Technology Orientation ($t=6.190$, $P<0.05$). For Hypothesis 5, we discovered that Trust does not significantly influence Intention to Adopt e-Commerce ($t=0.77$, $P>0.05$). For Hypothesis 6, it was found that Technology Orientation positively influences Intention to Adopt the e-Commerce platform ($t=5.745$, $P<0.05$).

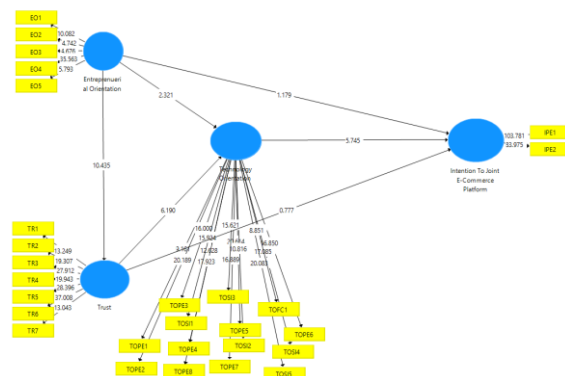


Fig. 3. Significance test for the latent variables.

5. Conclusion

The findings show that small medium enterprises in wedding industry in Indonesia have a high interest in using e-commerce platforms to support their businesses, especially while the Trust factor plays an important role as a mediating variable to Technology Orientation. It clearly

shows that Trust has a more positively significant value in comparison with Entrepreneur Orientation directly connected to Technology Orientation. Therefore, the SMEs in the wedding industry need to find ways of improving consumers' perception of their trustworthiness in order to fully utilize the prospect of e-commerce platform. Further research can also link the role of social media to see its influence on technology orientation which may provide interesting recommendations.

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