



The Eighth International Conference
on Entrepreneurship
and Business Management
(ICEBM) Universitas Tarumanagara



Program Book



THE CHALLENGE FOR ENTREPRENEURSHIP AND BUSINESS MANAGEMENT IN DIGITAL DISRUPTION ERA

□ Tunku Abdul Rahman University College
□ Kuala Lumpur, Malaysia □ □ □ □ □ □ □ □ □ □
November 7th, 2019

Organized by :



Management Department
Master of Management
Tarumanagara Center for
Entrepreneurial Studies

Co-Hosts :



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Program Book
**International Conference on Entrepreneurship and
Business Management**
(ICEBM 2019)

UNTAR
KUALA LUMPUR – MALAYSIA

REPORT FROM THE COMMITTEE CHAIR OF THE EIGHTH ICEBM UNTAR 2019

The International Conference on Entrepreneurship and Business Management (ICEBM) is a conference that aims to facilitate the exchange of best practices information and knowledge dissemination in the field of entrepreneurship, business, and management. The first ICEBM was held in 2011 at Tarumanagara University, Indonesia. From 2013 to 2018, Tarumanagara University had co-hosted The ICEBM event with foreign universities, such as Universiti Sains Malaysia, Dusit Thani College, and Foreign Trade University, as well as domestic universities, such as Universitas Ciputra, Universitas Udayana, Universitas Krida Wacana, and Trisakti School of Management. This year, The ICEBM has co-hosts with Tunku Abdul Rahman University College, Kun Shan University, Universitas Putra Indonesia YPTK Padang, STIE YKPN Yogyakarta, Trisakti School of Management, and Universitas Kristen Krida Wacana.

The only thing that never changes is the change itself and digital disruption is part of the change process. Nowadays, the most valuable resource is data. Along with artificial intelligence, digitalization will provide companies with data for marketing, sales, and product development, also the data to optimize operations and improve productivity. Businesses are becoming more data-oriented and data-driven. However, there are things to watch, that the winner in digital world doesn't always take all, new technologies are complementary and not substitute, meanwhile geography still matters, and the changing speed is not so fast.

Digital disruption has become a reality for most organizations nowadays. Companies can create new markets or leverage the power of information to offer solutions in new ways. However, limited efforts have been done to provide an understanding on how entrepreneurship and business management will be affected by such digital disruption. With a conference theme "The Challenge for Entrepreneurship and Business Management in Digital Disruption Era", The 8th ICEBM aims to provide opportunities for academics, professionals, policy-makers, and practitioners from various fields to present their research and views, while interacting with members inside and outside of their disciplines.

This year, we receive 94 paper submissions from Indonesia, Malaysia, Taiwan, Hungaria, Philippine, and Germany. Papers submitted were being double-blinded review by The ICEBM Scientific Committee consisting of 42 reviewers coming from 16 different academic institutions and 6 countries. A total of 85 out of 94 papers were accepted. All papers accepted will be published in the Conference Proceedings and will be submitted for further indexation to Web of Science (WoS).

Last but not least, we wish to express our sincerest gratitude to all parties that have supported this event: Co-Host Universities, Organizing Committee, Sponsors, and all fellow researchers for their tireless contributions in science. Let us be the part that disrupts and not disrupted. Thank you. We wish you all the good experience during the conference.

**Committee Chair,
Cokki**

OPENING SPEECH FROM THE DEAN OF FACULTY OF ECONOMICS AND BUSINESS UNIVERSITAS TARUMANAGARA

Four Things Will Influence to Entrepreneurship and Business

Honorable guests, speakers and participants of 8th International Conference on Entrepreneurship and Business Management 2019, welcome and thank a lot for joining this prestigious event. First I must appreciate to the committee that has been arranged this annual job perfectly.

Second I also want to state that the theme of the conference - The challenge for Entrepreneurship and Business Management in Digital Era - is very relevant and inspire, especially according to future of the progress of entrepreneurship and business model. I think digitalization become one of the solution for overcoming economic slowdown or recession. According to Patrick Dixon, the author of The Future of Almost Everything, How Our World Will Change Over The Next 100 Years (2019), there are four things that will create the next great digital revolution. The four things are: Internet of thing; big data; cloud computing; artificial intelligent.

Internet of thing: at least 60 billion different items will be communicating with each other online by 2025, and rising to 130 billion by 2030—hard wired into the web, or using radio-frequency identification device (RFID). Human being also already part of internet of thing. Some people have injected RFID themselves under their skin. Four thousand people in Sweden have been chipped in this way, which mean that they no longer need paper travel tickets or plastic travel to pay somethings.

Big data: around 90% or all data we have ever created has been generated in the last two years, 2.5 million trillion bytes a day, much of it from the internet of things. Here are the benefit of big data: Your bank sees an unusual pattern of purchase from strange location, the bank can create a fraud alert. The market places can predict which product to stock in warehouses to closest to their costumers.

Cloud computing: cloud computing will become the main way to prevent data loss, backing up automatically the contents of every computer or mobile. Most software will be rented by the day, week, month or year, running in cloud, rather than on your own machine. Salesforce.com, is a prime example of a cloud company able to set up and run call center almost instantly and manage customer relationships.

Artificial Intelligence: in reality is that billions of small decisions are already influenced by AI, for example selecting the route your drive. AI is gradually taking over and dominating our world. Robot doctor, who never trained at medical school, are now more accurate at diagnosing many medical emergencies than most doctors or nurses. AI also is better at detecting payments fraud. Even AI already is able to predict, with 90% accuracy, a wide range of gene defect, just from the shape of people's face.

It must be realize, however, behind the many benefits of digitalization, also emerge threats that AI will be harnessed by criminals. Every web page you visit may be collecting your

screen size, operating system, location, web browser type and many other things that form a unique digital footprint. This information open opportunity to be used to target you as crime victim. But this problem also provide new business such as private security.

When we combine all the power and all the weakness of the digitalization of business, which one much more? It depend the agile and smart entrepreneur to treat it in business. This is the challenges of the entrepreneurship and business management that we will talk today. Hopefully this conference will propose many ideas for answering the question.

Thank you very much.

Dean of Faculty of Economics and Business
Dr. Sawidji Widodoatmodjo

OPENING SPEECH FROM THE RECTOR OF UNIVERSITAS TARUMANAGARA

Dear our Distinguished guests, ladies and gentlemen,

It is such a great pleasure for me to welcome all the participants to the International Conference on Entrepreneurship and Business Management (ICEBM 2019). As we all know, the goal of this conference is to provide a forum that facilitates the exchange of knowledge and experience of both practitioners and academics in the fields of the Entrepreneurship and Business Management. Under these circumstances, they can mutually share their findings. Besides, the topic itself, which is about: *The challenge for Entrepreneurship and Business Management in Digital Era*, is extremely interesting. I can agree with the conference committee that a little thing has been done to provide comprehensive understanding of the importance of the Entrepreneurship and Business Management to support business development increase the welfare of society.

I would like to take this opportunity to extend my appreciation to the following institutions. Firstly, this year's conference becomes special due to the support from our Plenary Speakers from various institutions. We are thankful for your wonderful cooperation. Secondly, our gratitude goes to our co-host and sponsors for the utmost support and kind contribution.

I would also sincerely say thanks to the organizing committee for their commitment, hard work and dedication, making this internationally reputable conference successfully realizable. Finally, I would like to express my gratitude for the presence of distinguished speakers, authors, reviewers, and a number of active participants from several countries. I wish you all a wonderful and great conference. Thank you.

Rector
Prof. Dr. Ir. Agustinus Purna Irawan

VENUE

Conference held on November 7th , 2019, at:

Conference Venue:

Tunku Abdul Rahman University College
Jalan Genting Kelang, Setapak, 53300 Kuala Lumpur, Malaysia
Tel. (6) 03 41450123 (Ext. 3447)

Gala Dinner Venue:

Double Tree Hotel

SPEAKERS

KEYNOTE SPEAKER

Prof. Ir. Dr. Lee Sze Wei

President of Tunku Abdul Rahman University College

PLENARY SPEAKERS

Ir. Dr. Rajendran Muthuveloo

Universiti Sains Malaysia

Hadi Cahyadi

Founder and Managing Partner of Helios Capital

STEERING COMMITTEE

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Jap Tji Beng, Ph.D.

Dr. Keni

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Dr. Zerni Melmusi, M.M., Ak., C.A.	:	UPI YPTK, Indonesia
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Dr. Hetty Karunia Tunjungsari : Universitas Tarumanagara, Indonesia
Dr. Herlin Tundjung Setijaningsih : Universitas Tarumanagara, Indonesia
Dr. Estralita Trisnawati : Universitas Tarumanagara, Indonesia

TOPICS AREA

Entrepreneurship:

Artpreneurship
Business Ethics and Entrepreneurship Ethics
Corporate and Strategic Entrepreneurship
Entrepreneurship Education
Entrepreneurial Universities
Entrepreneurship and Growth
Entrepreneurial Finance and Venture Capital
Entrepreneurship and Regional Development
Entrepreneurship and Governmental Support
Entrepreneurship and Intellectual Property
Entrepreneurial Culture
Entrepreneurship and Gender
Entrepreneurial Learning and Communities Practice
Entrepreneurship and Ethics Minorities
Entrepreneurship and Sustainability
Entrepreneurial Finance
Entrepreneurial Marketing
Family Business
Franchising
Green Entrepreneurship
Innovation and Technological Entrepreneurship
International Entrepreneurship
Social and Community Entrepreneurship
Social Entrepreneurship
Sustainable Entrepreneurship
Technopreneurship
The Psychology of Entrepreneurship
Women Entrepreneurship

Business and Management:

Advertising Management
Accounting
Auditing
Brand Management
Business Intelligence
Business Statistics
Business Performance Management
Business Education
Business Ethics
Business Law
Consumer Behavior
Change Management
Communications Management

Corporate Governance
Cost Management
Decision Sciences
Destination Marketing
Human Resource Management
Industrial Engineering
International Business
Informational Systems
Information Technology Management
Leadership
Management Science
Management Information Systems
Manufacturing Engineering
Marketing
Marketing Research
Marketing Strategy
New Product Development
Organizational Behavior
Organizational Communication
Operations Research
Public Relations
Product Management
Resource Management
Strategic Management
Stress Management
Supply Chain Management
Systems Thinking
Systems Management
Taxation
Time Management
Total Quality Management

Entrepreneurship in Tourism and Hospitality Industry

Architecture, Tourism and Sustainable Development
Artisan, Cultural and Tourism Entrepreneurship
Community Tourism Entrepreneurship
Consumer Behavior in Tourism
Consumer Psychology of Tourism, Hospitality and Leisure
Communication in the Tourism and Hospitality Industry
Economic Efficiency of Tourism Industry
Entrepreneurship in Tourism Industry
Entrepreneurship and The Rural Tourism Industry
Entrepreneurship and Sustainable Tourism
Entrepreneurship on Innovative Tourism
Food Tourism
Gastronomy and Creative Entrepreneurship
Global Tourism Industry

Health and Medical Tourism
Hospitality Entrepreneurship
Indigenous Entrepreneurship and Tourism Development
Industry, Tourism and Investment
Migration and Tourism Entrepreneurship
Rural Tourism and Art Entrepreneurship
Psychology and Tourism Management
Psychology of Happiness and Tourism
Social Media, Tourism and Entrepreneurship
SMEs and Tourism
The Use of Information Technology in Tourism Industry
Tourism and Entrepreneurship
Tourism Enterprise, Entrepreneur and Entrepreneurship
Tourism and Entrepreneurship in Hospitality Industry
Tourism Culture and Communication
Tourism Entrepreneurship and Social Capital
Transportation in Tourism

PARALLEL SESSION SCHEDULE

Thursday, November 7th, 2019

Room : **Conference Room 3**
Time : **15.30 – 17.42**
Session Chair : **Dr. Melitina Tecualu**

Time	Authors	Title	Institutions
15.30 – 15.42	<ul style="list-style-type: none"> • Irine Herdjiono • Gerzon Maulany • Benediktus Elnath Aldy • Fitriani 	Designing an Entrepreneurial University Model with Social Cognitive Theory Approach	Musamus University, Indonesia Atmajaya Catholic University, Jakarta, Indonesia
15.42 – 15.54	<ul style="list-style-type: none"> • Riza Yonita • Sutiyeem • Muthia Roza Linda 	Intellectual Capital and Knowledge Management on Business Performance	Universitas Putra Indonesia “YPTK”, Padang, Indonesia
15.54 - 16.06	<ul style="list-style-type: none"> • Lusiana • Nila Pratiwi • Zefriyenni • Rio Andhika Putra • Winda Fierza Vironica 	The Effect of Multiple Directorship, Tenure, and Age of Board of Directors on Corporate Value	Universitas Putra Indonesia “YPTK”, Padang, Indonesia
16.06 – 16.18	<ul style="list-style-type: none"> • Emil Salim • Nanik Istianingsih • Harkamsyah Andrianof • Hanna Pratiwi 	West Sumatra MSMEs Strategy in Facing Competition in the 4.0 Industrial Revolution Using SWOT Analysis	Universitas Putra Indonesia “YPTK”, Padang, Indonesia
16.18 – 16.30	<ul style="list-style-type: none"> • Fidela sadikin • Melitina • Eka Dessy 	The Effect of Servant Leadership and Work Engagement on Organizational Citizenship Behavior Mediated by Organizational Commitment on Volunteers in Abbalove Ministries Church	Krida Wacana Christian University, Jakarta, Indonesia
16.30 – 16.42	<ul style="list-style-type: none"> • Sonata Christian • Trianggoro Wiradinata • Christian Herdinata • Auditia Setiobudi 	Environmental Factors Affecting The Acceleration Adoption of Financial Technology (Fintech) by SMEs in the East Java Region	Ciputra University, Surabaya, Indonesia
16.42 – 16.54	<ul style="list-style-type: none"> • Yemima Amitay • Hery Winoto, Tj • Saporso • Soegeng Wahyoedi 	The Impact of Celebgram Endorsement on Purchase Intention: The Mediating Effects of Customer Attitude and Brand Awareness	Krida Wacana Christian University, Jakarta , Indonesia



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Keni

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PREFACE

Digital disruption has become a reality for most organizations nowadays. Companies can create new markets or leverage the power of information to offer solutions in new ways. However, limited efforts have been done to provide an understanding on how entrepreneurship and business management will be affected by such digital disruption. With a conference theme “The Challenge for Entrepreneurship and Business Management in Digital Disruption Era”, The 8th ICEBM aims to provide opportunities for academics, professionals, policy-makers, and practitioners from various fields to present their research and views, while interacting with members inside and outside of their disciplines.

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8 – 1035

The Effect of Servant Leadership and Work Engagement on Organizational Citizenship Behavior Mediated by Organizational Commitment on Volunteers in Abbalove Ministries Church

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Abstract. This research aimed to examine the effect of Servant Leadership and Work Engagement on Organizational Citizenship Behavior mediated by Organizational Commitment on Volunteers in Abbalove Ministries Church. The research utilized the Structural Equation Model (SEM) as the analytical technique by using SmartPLS program. The results of this research highlighted that servant leadership, work engagement, and organizational commitment had an effect on organizational citizenship behavior in which work engagement had an effect on organizational commitment, while servant leadership did not. This also happened when Organizational Commitment did not mediate the effect of Servant Leadership on Organizational Citizenship Behavior. Meanwhile, Organizational Commitment became a mediation between Work Engagement and Organizational Citizenship Behavior.

Keywords: Servant Leadership, Work Engagement, Organizational Citizenship Behavior, Organizational Commitment

8 – 1036

The Influence of Technology Factors on Retail 4.0 Adoption in Malaysia

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Abstract. The younger generation, i.e Gen Y and Gen Z, will make up 67% of Malaysia's population in 2019. They are technically savvy and have huge spending power. Since this young generation is attracted to novel and exciting shopping experiences, Malaysian retailers should entice them by incorporating Retail 4.0 technologies into their existing retail formats. This paper uses the Technology construct from the Technology-Organisation-Environment (TOE) Framework to study the factors which will play a crucial part in the adoption of Retail 4.0 technologies. Although retailers are likely to face many challenges during the technology adoption process, proper strategy and also financial aid from the government will help retailers to overcome these obstacles and will eventually lead to the full digitalisation of the Malaysian retail industry.

Keywords: Technology adoption, Retail 4.0, TOE Framework, retail industry, Malaysia

The Effect of Servant Leadership and Work Engagement on Organizational Citizenship Behavior Mediated by Organizational Commitment on Volunteers in Abbalove Ministries Church

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ABSTRACT

This research aimed to examine the effect of Servant Leadership and Work Engagement on Organizational Citizenship Behavior mediated by Organizational Commitment on Volunteers in Abbalove Ministries Church. This research utilized the Structural Equation Modeling (SEM) as data analysis technique by using SmartPLS program. The results of this research highlighted that servant leadership, work engagement, and organizational commitment had an effect on organizational citizenship behavior in which work engagement had an effect on organizational commitment, while servant leadership did not. This phenomenon also happened when Organizational Commitment did not mediate the effect of Servant Leadership on Organizational Citizenship Behavior. Meanwhile, Organizational Commitment became a mediator between Work Engagement and Organizational Citizenship Behavior.

Keywords: *Servant Leadership, Work Engagement, Organizational Citizenship Behavior, Organizational Commitment*

1. INTRODUCTION

In Abbalove church, the role of a leader is needed in supporting the success and smooth running of the organization. Each service section is led by someone who has been chosen and agreed upon in advance. Kouzes & Posner (2010) revealed that 25% of employees stated that their work was productive, motivated, effective, and committed due to the behavior of their leaders. Leadership attitude is important for an organization, especially for non-profit ones. Research conducted by Malik, Saleem & Naeem (2016) found that there was a positive and significant effect of leadership style on the Organizational Citizenship Behavior (OCB).

Organizational Citizenship Behavior (OCB) is a voluntary attitude that exceeds the mandatory role and is not part of an employee's formal work obligations (Tecoalu, 2015). If an organization has workers who have good citizenship attitudes, the organization will be more developed as the employees are willing to work more and better (Smith, Organ & Near, 1983).

Allen & Meyer (1990) stated that when employees are committed to their organization, they will be more eager to work and continue to improve their work performance which impacts on their low intention to leave the organization. Meanwhile, work engagement is a condition in which an employee feels involved in an organization and

is able to express their physical, cognitive and emotional distinction in working (Akanni & Ndubueze, 2017).

Mathumbu & Dodd (2013) in their research, found that there was a significant effect of work engagement on organizational citizenship behavior. The higher level of work engagement would have an impact on high organizational citizenship behavior; hence, it can be concluded that employees who feel bound to the organization will have a greater tendency to perform extra works.

Thus the novelty of this study is to explore whether Organizational Commitment can strengthen the influence of Servant Leadership and Work Engagement on the Organizational Citizenship Behavior among church volunteers, whereas previous research was conducted in non-church organizations.

Based on the explanation above, the researchers aimed to examine: 1) Is there an effect of servant leadership on organizational citizenship behavior? 2) Is there an effect of work engagement on organizational citizenship behavior? 3) Is there an effect of servant leadership on organizational commitment? 4) Is there an effect of work engagement on organizational commitment? 5) Is there an effect of organizational commitment on organizational citizenship behavior? 6) Is there an effect of servant leadership on organizational citizenship behavior mediated by organizational commitment? 7) Is there an effect of work engagement on organizational citizenship behavior mediated by organizational commitment?

2. LITERATURE REVIEW

2.1 Servant Leadership

Greenleaf (1997 in Taft & Yazd, 2012) stated that servant leadership means serving and putting others and organizations above the leader's interests. Liden, Wayne, Zhao & Henderson (2008) identified the dimensions of servant leadership: **1)** Emotional healing, actions that show sensitivity to other people's personal problems. **2)** Creating value for the community, caring for one another consciously and sincerely to help the community. **3)** Conceptual skills, having knowledge about the organization and existing tasks. **4)** Empowering, encouraging and facilitating others in identifying and solving problems, as well as determining when and how to solve those problems. **5)** Helping subordinates grow and succeed, showing genuine concern for the growth and development of other people's careers by providing supports and guidance. **6)** Putting subordinates first, making subordinates a priority, helping subordinates deal with existing tasks. **7)** Behaving ethically, acting fairly and honestly to others. According to the previous research, servant leadership means leadership that desire to serve and prioritize others.

2.2 Work Engagement

Bakker and Leiter (2010) defined work engagement as a positive, fulfilled, and motivated feeling of well-being at work that can be seen as opposed to work stress and as employees' own mastery of their role at work (Kahn, 1990). According to Bakker and Leiter (2010), there are three dimensions in work engagement; vigor, dedication, and absorption. **1)** Vigor is characterized by a high level of strength and mental resilience at work, a desire to be persistent in facing difficulties, and to put the best effort in doing tasks. **2)** Dedication is an enthusiastic feeling and inspiration at work. **3)** Absorption is characterized by deep concentration and interest, focus at work, and individuals' reluctance to leave the work (Schaufeli & Bakker, 2003). The employees who have work engagement will improve their performance.

2.3 Organizational Commitment

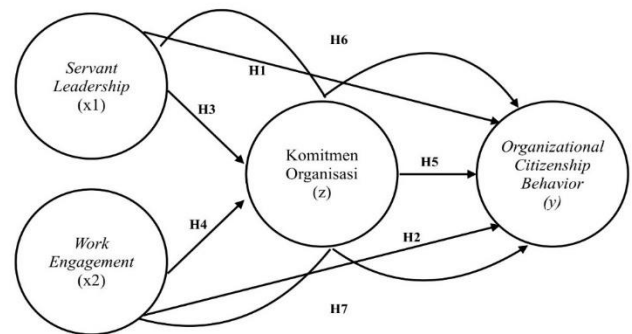
Allen & Meyer (1990) explained that organizational commitment is not only a formal membership but also covers an attitude of appreciating the organization and an emotional attachment between employees and the company. Luthans (2006) stated that organizational commitment is a strong desire to remain a member by giving much effort for the interests of the organization and accepting its values and goals. There are three dimensions of organizational commitment; **1)** Affective commitment is being able to create emotional attachment between the organization and its employees. **2)** Ongoing commitment is the employees'

considerations of the profit and loss if they leave the organization. **3)** Normative commitment is the individuals' experience in family, cultural, and social contexts. Employee retain in the organization because they understand the goals and values of the organization.

2.4 Organizational Citizenship Behavior (OCB)

Messer and White (2006) defined Organizational Citizenship Behavior as an attitude that increases the financial, social, and psychological benefits of an organization; i.e. as individual behavior that is not formally required in the organization but can help the team to achieve organizational success. (Organ, Podsakoff, & MacKenzie, 2006). Dimensions of Organizational Citizenship Behavior, according to Podsakoff, MacKenzie, Paine & Bachrach (2000), are **1)** Altruism, as a voluntary behavior which helps others as well as a desire to prevent problems at work. **2)** Sportsmanship, as a desire and willingness to tolerate discomfort at work without complaining. **3)** Conscientiousness, as a condition of carrying out tasks beyond what is expected with a sense of joy and be voluntary to innovate in improving the quality and performance of the organization. **4)** Civic Virtue, as a sense of responsibility towards the organizational life by taking initiatives on things within the organization. **5)** Courtesy, as an attitude to avoid conflict with others and maintain relationships by respecting others, so that there is no interpersonal problem. OCB is a voluntary individual behavior without looking at the rewards received to enhance the organization.

2.5 Conceptual Framework



2.6 Hypotheses

- H₁ : Servant leadership has significant effect on organizational citizenship behavior.
- H₂ : Work engagement has significant effect on organizational citizenship behavior.
- H₃ : Servant leadership has significant effect on organizational commitment.

H₄ : Work engagement has significant effect on organizational commitment.

H₅ : Organizational commitment has significant effect on organizational citizenship behavior.

H₆ : Servant leadership has significant effect on organizational citizenship behavior mediated by organizational commitment.

H₇ : Work engagement has significant effect on organizational citizenship behavior mediated by organizational commitment.

3. RESEARCH METHOD

This research aimed to examine whether there is significant effect of Servant Leadership and Work Engagement on Organizational Citizenship Behavior mediated by Organizational Commitment among the volunteers in Abbalove Church. As the church is a non-profit organization, volunteers who contribute generally do not receive wages in form of materials. In becoming a volunteer in a church organization, there will surely be responsibilities that need to be resolved and rules that need to be obeyed. What drives volunteers to have the desire to give extra roles in the church is important to note. Just like organizations in general, human resources are necessary to support the success or continuity of this organization.

The population in this research was 200 volunteers in Abbalove Ministries in Taman Palem branch. Slovin formula was applied in the sampling technique, and as the result, there were 145 people obtained as samples.

In examining Servant Leadership, a questionnaire developed by Liden, Wayne, Zhao and Henderson, was used. Work Engagement was measured by using the Utrecht Work Engagement Scale-17 (UWES-17) designed by

Schaufeli and Bakker (2003). Organizational commitment was examined by using a questionnaire developed by Myers, Allen and Smith. Organizational Citizenship Behavior was examined by adopting the theory proposed by Podsakoff, MacKenzie, Paine & Bachrach (2000).

This research was processed by using PLS-SEM software through two measurements; The outer model (Measurement model) and the inner model (Structural model).

1. The outer model was used to examine the relationship between latent variables and their indicators; i.e. to explain how each indicator relates to the latent variables. The inner model was used to examine how strong the estimation between latent variables was.
2. Convergent validity was used in this research to examine the correlation between the indicators and variable scores through the outer loading value. According to Ghazali & Latan (2014), an outer loading value at the threshold of 0.5 to 0.6 is considered valid.
3. Reliability was examined in reference to Cronbach's Alpha coefficient along with the Composite Reliability with acceptable values > 0.70 (Ghozali & Latan, 2014).

4. ANALYSIS AND DISCUSSION

4.1 Measurement Model Testing (Outer Model)

The measurement model aims to test the accuracy of the relationship between indicators in a variable in measuring the latent variables. The test of measurement model consists of convergent and discriminant validity, as well as the composite reliability test.

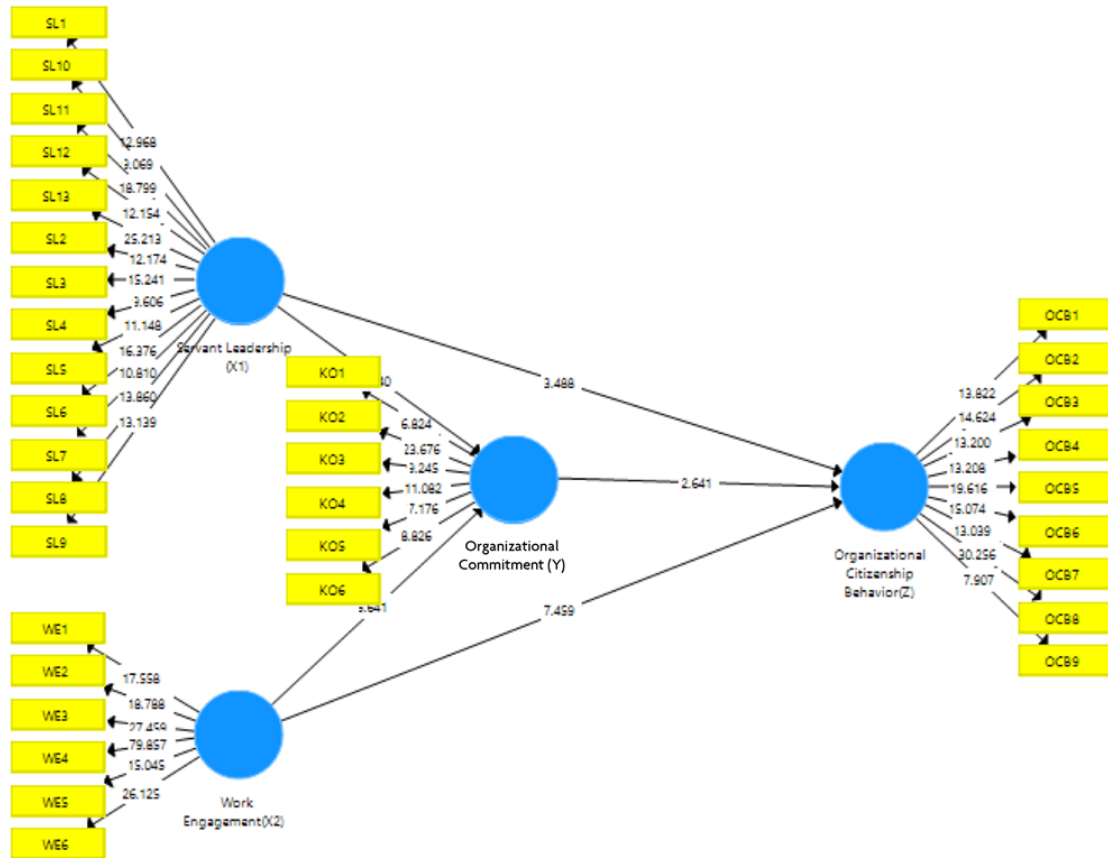


Figure 1: Outer Model

4.2 Validity Test

The Validity test aims to measure the accuracy of indicators in measuring the latent variables. According to Gozali (2008), an indicator is considered valid if it has a loading factor above 0.70. All loading factors of the indicators are above 0.7. Hence, it can be concluded that all the indicators are valid.

4.3 Reliability Test

Reliability of a variable is measured based on the values of Cronbach’s Alpha and the composite reliability is greater than 0.7 (Hair et al, 2010)

Table 1: Composite Reliability Values

	Cronbach's Alpha	Composite Reliability
<i>Servant Leadership</i>	0.937	0.943
<i>Work Engagement</i>	0.926	0.937
<i>Organizational Commitment</i>	0.838	0.861
<i>Organizational Citizenship Behavior</i>	0.881	0.905

All variables in this research have the Composite Reliability and Cronbach Alpha values greater than 0.7. Thus, all variables in this research are considered reliable.

4.4 Structural Model Testing (Inner Model) - Hypothesis Test

The structural model (inner model) in this research consists of two exogenous latent variables (Servant Leadership and Work Engagement) and two endogenous latent variables (Organizational Commitment and Organizational Citizenship Behavior).

Table 2: Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	t-statistics (O/STDEV)	P-Values
SL -> OCB (H ₁)	0.217	0.220	0.061	3.546	0.000
WE -> OCB (H ₂)	0.500	0.491	0.063	7.908	0.000
SL -> OC (H ₃)	0.176	0.180	0.092	1.907	0.028
WE -> OC (H ₄)	0.498	0.512	0.089	5.597	0.000
OC -> OCB (H ₅)	0.190	0.202	0.071	2.668	0.004

H₁: The effect of servant leadership on organizational citizenship behavior.

Servant leadership had significant effect on organizational citizenship behavior with a t-statistic value of 3.546, greater than t-table of 1.96. This is consistent with the research of Margaretha & Prasetio (2012) stating that servant leadership affects organizational citizenship behavior because the actions taken by leaders are able to influence their followers' actions. Greenleaf (1970) explained that the best indicator of servant leadership is when followers are inspired and willing to be the servants for others. This makes the organizational participants encouraged to have a voluntary nature to do something for their organization and others.

H₂: The effect of work engagement on organizational citizenship behavior.

Work Engagement had significant effect on organizational citizenship behavior with a t-statistic value of 7.908, greater than t-table of 1.96. These results are consistent with the results of Roberson & Strickland (2010) stating that employees with work engagement will be dedicated to what they are doing and continue to focus on the work given to them. Employees who engage with what they do will improve their performance to be more efficient and effective in an organization. Dedicated employees will deliver work performance that is more than what is required by the organization. Therefore, the OCB attitude will be formed if there is a dedication given by its members (Muldoon, Keough & Liguori, 2017). Meanwhile, Vigor, as a positive feeling that combines emotions and moods, can be seen from physical strength, emotional energy, and cognitive liveliness. Physical strength can be seen from the high energy in completing daily tasks. Emotional energy is an ability to express and use emotional bonds in connecting with the people served. Cognitive liveliness is a persistent mental state of doing work (Little, Nelson, Wallace & Johnson, 2011).

H₃: The effect of servant leadership on organizational commitment.

Servant Leadership did not have a significant effect on organizational commitment, with a t-statistic value of 1.907,

smaller than t-table of 1.96. Allen and Meyer (2002) described several antecedents of forming a commitment. Affective commitment is an emotional attachment between the organization and employees; e.g. a satisfaction towards the organization is formed not only from the work experience but also from the individual characteristics in which ongoing commitment is formed by several things, such as reluctance to move to other organizations. Meanwhile, normative commitment is more influenced by social experience of the employees concerned.

H₄: The effect of work engagement on organizational commitment.

Work Engagement had significant effect on organizational commitment, with a t-statistic value of 5.597, greater than the t-table of 1.96. Employees who have an engagement to organization will be encouraged to stay for various reasons; such as 1) emotional attachment, 2) a sense of needs, 3) normative demands. This is in accordance with the research conducted by Agyemang & Ofei (2013) stating that when employees perform their job effectively and have a positive response to the organization, it means that they have a commitment to the organization. This result is also in accordance with Job Demand-Resources in which when employees receive proper social exchange from their organization, they tend to contribute themselves cognitively, emotionally, and physically in their roles in the organization.

H₅: The effect of organizational commitment on organizational citizenship behavior.

Organizational commitment had significant effect on organizational citizenship behavior with a t-statistic value of 2.668, greater than t-table of 1.96. When people have an emotional attachment to the organization, they will work consistently, have the desire to follow organizational rules, improve efficiency, work more productively, and help colleagues who are experiencing difficulties. In addition, they will give more time to work and think of strategic planning to develop their organization. This is in accordance with the research conducted by Ortiz, Rosario, Marquez & Gruñeiro (2015) stating that there is a positive effect of organizational commitment on organizational citizenship behavior. Meanwhile, Schappe (1998) explained

that organizational commitment is the only predictor of actions taken by an employee.

H₆: The effect of servant leadership on organizational citizenship behavior mediated by organizational commitment.

Organizational commitment did not mediate the effect of servant leadership on organizational citizenship behavior with a t-statistic value of 1.523, smaller than the t-table of 1.96. A good leader is able to provide support to his employees, so they are willing to contribute to their organization. Stum (2001 in Kuswanti, Ningrum & Hamidah, 2018) explained that the quality of a leader can be reflected in the employees' commitments to their organization. Mathieu & Zajac (1990, in Kuswanti, Ningrum & Hamidah, 2018) stated that the higher the service level provided by a leader results in a higher organizational commitment of its employees.

Nonetheless, Meyer (2002) explained that there are several things that are antecedent to a commitment; including demographic variables, individual differences, work experience, and alternatives investment. These indicated why organizational commitment did not mediate the effect of servant leadership variable on Organizational Citizenship Behavior.

H₇: The effect of work engagement on organizational citizenship behavior mediated by organizational commitment

Organizational commitment mediated the effect of work engagement on organizational citizenship behavior with a t-statistic value of 2.111, greater than t-table of 1.96. This is in accordance with the research conducted by Albdour and Altarawneh (2014) stating that employee engagement has a positive relationship with organizational commitment.

5. CONCLUSIONS AND RECOMMENDATIONS

Servant leadership and work engagement has significant effect on organizational citizenship behavior, while work engagement has proven to be able to provide organizational commitment and have positive impact on organizational citizenship behavior. However, organizational commitment did not mediate the effect of servant leadership on organization citizenship behavior. Therefore, the Abbalove church needs more consideration on organization citizenship behavior in order to increase the number of congregations.

Other influencing factors can also be examined in further studies by adding other variables, such as person-in-fit, job satisfaction and work spirituality.

Practical Recommendations

1. Based on data management, 84.1% of volunteers felt that moving from one church to another did not define themselves. This means that the volunteers had a commitment to remain in their organization. Regarding

these results, organizations need to continue maintaining and increasing engagement with one another.

2. 27.5% of volunteers felt that organizational leaders did not take action to make their work easier. Leaders should be more involved, so that volunteers will feel that their work is facilitated and supported.
3. 33.1% of volunteers felt disagreed that leaders cared more about the volunteers' success than their own. Hence, this research recommends that a relationship needs to be established by the leaders with the volunteers, so that they can feel being cared for, wish to remain in the organization, and provide work performance.

Theoretical Recommendations

1. Researchers who want to examine the same topic could compare the level of organizational citizenship behavior between social and spiritual communities. This can be carried out to explore the attitude of organizational citizenship behavior with different subject's characteristics.
2. This topic can be examined further by conducting different tests related to the age and length of service.

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The Effect of the Board of Directors' Characteristics on Company Value

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ABSTRACT

This study aims to analyze the influence of the characteristics of the board of directors on company value. The characteristics of the board of directors are measured by size, age, and activities on company values. The samples of this research were taken randomly from 266 companies listed in the Indonesia Stock Exchange during 2011-2017. The results of this study indicate that the size of board of directors has a negative and significant effect on company value. However, age and activities of the board of directors and company growth do not have a significant effect on company value. Meanwhile, company leverage has a positive and significant effect on company value.

Keywords: *Company value, size, age, activities, board of directors*

1. INTRODUCTION

Indonesia is one among emerging countries in the world. Emerging country has low quality of legal environment and weak protection for investor (La Porta et al., 1998), poor corporate governance system (Joh, 2003). The characteristic of board of directors is one among the ways to create better corporate governance practice. According to Berezinets, Ilina, and Cherkasskaya (2017), the effect of board of directors characteristics on company value is one among the issues that are still in debate.

Several prior researches most focused on board of directors characteristics in Anglo-Saxon system (Baysinger and Butler, 1985; Nelson, 2005; Assenga, Aly, and Hussainey, 2018). Meanwhile, limited attention of researchers explore the effect of board of directors in Continental European system (e.g., Melmusi, Ilona, Elfiswandi, and Kumiawan, 2019).

Board of directors produces a crucial information for practices, strategies, and other decision-making in order to solve the company's problems (Fernandez and Thams, 2018) as the backbone for better corporate governance (Bozec and Dia, 2017) and important part of internal mechanism, when external mechanism is not effective (Kamardin and Haron, 2011).

The current study contributes to the literature in term of theoretical and practical area. From theoretical area, this study examines the effect of board of directors characteristics and company value in countries that adopt Continental European system. This system has two separate board, namely board of commissioners (monitor and control the strategy taken by board of directors) and board of directors (manage the company operation). Thus, this study offers the knowledge of how board of directors characteristic could influence company value.

In general, board of commissioners is chosen by general meeting of shareholders and board of directors is selected by board of commissioners in Continental European system. However, Indonesia has modified the system while board of commissioners and board of directors are voted by general meeting of shareholders. This practical phenomenon will impact the power of board of commissioners in monitoring and controlling the action taken by board of directors. Thus, the characteristics of board of directors could improve the effectiveness of board of directors in managing the company's operational and finally enhancing the company value.

The remainder part of this study is prepared as follows. Section two explores related literature and hypothesis development of board of directors characteristics and company value. Section three provides research design. It continues to explain the findings and discussion of this study. Finally, it reports about the conclusion and recommendation of this study.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Agency theory claims that separation of directors and owners create conflict of interest among them (Jensen and Meckling, 1976). Board of directors characteristic could reduce the agency cost and enhance the shareholders' wealth.

2.1. Size of Board of Directors

Size of board of directors is the number of board of directors member. Larger number of board of directors is likely less effective to increase company value (Kumar and Singh, 2013), create greater conflict among board members (Goodstein, Gautam, and Boeker, 1994), and increase cost associated to board of directors (Merendino and Melville,

2019). However, other studies believe that increasing number of board member creates the ability to solve the company's problem (Haleblian and Fininkelstein, 1993) and to create better market value (Larmou and Vafeas, 2010). Jensen (1993) claims that the ideal number of board members are not more than seven figures.

Kumar and Singh (2013) investigated the effect of board of directors size and company value among 176 selected companies listed in India. They found that the size of board of directors has negative impact on company value. Nuryanah and Islam (2011) found that the size of board of directors has a positive and significant impact on company value. Adeabah, Gyeke-dako, and Andoh (2019) examine 21 banking companies for 2009-2017 periods. They found that the number of board members could increase bank efficiency.

H1 : The size of board of directors has relationship with company value.

2.2. Age of Board of Directors

Age of board of directors gives impact on decision making. Younger directors tend to choose risky strategies in order to enhance future company performance (McClelland, Barker, and Oh, 2012), while older directors has more experience, economic resources, and wisdom (Kang, Cheng, and Gray, 2007).

Previous studies that focused on age of board of directors and company value shows mix results. Kagzi and Guha (2018) found that age of board of directors has positive and significant impact on company value. Alqatamin, Aribi, and Arun (2017) examined the relationship between directors' age for non-family versus family companies and earning management. They found that directors' age has no relationship with earning management. McClelland et al. (2012) found that directors' age has little impact on future company performance. In addition, the effect of directors' age has received slow attention form researchers (Halioui, Neifar, and Abdelaziz, 2016; Kagzi and Guha, 2018).

H2 : Age of board of directors has relationship with company value.

2.3. Activities of Board of Directors

Activities of board of directors means that multiple directorships are held by board members. Busy board create absence from meeting (Li and Ang, 2000), destroy the capability of board of directors to conduct their responsibility effectively (Kavitha, Nandagopal, and Uma, 2019), and reduce company performance (Haniffa and Hudaib, 2006). However, busy board of directors create better expertise of board in managing the company's operation (Jiraporn, Singh, and Lee, 2009).

Prior study conducted by Chen, Gray, and Nowland (2013) found that busy board of directors has negative and significant impact on company value. Therefore, Field, Lowry, and Mkrtchyan (2013) found a positive and significant relationship between busy board of directors and company value. Kavitha et al. (2019) investigated the effect of busy board of directors on discretionary disclosures

among 500 companies listed in India. They found that busy board of directors has negative impact on discretionary disclosures.

H3 : Busy board of directors has relationship with company value.

3. RESEARCH METHOD

The sample of this paper comprised of 266 companies listed in Indonesia during 2011-2017 periods. The dependent variable of this research is company value. To assess the company value, this study has employed Tobin's Q. According to Kagzi and Guha, (2018), Tobin's Q is an expected value of future cash flow from the market value of company's assets. This study follows the prior work of Klapper and Love (2004) to measure Tobin's Q.

The size of board of directors is calculated with the number of board of directors members (Hoseini, Gerayli, and Valiyan, 2019). The age of board of directors is measured by the difference among board of directors' date of birth and the year of this study (Alqatamin et al., 2017). The activities of board of directors is proxied as the proportion of multiple appointments of board of directors in other companies (Virk, 2017).

Company growth and company leverage are control variables of the current study. Company growth is measured by the sales of this year less the sales of last year and then divided by the sales of last year (Mak and Kusnadi, 2005). Company leverage is a leverage ratio, which is proxied by using total debt divided by total assets (Alqatamin et al., 2017). Multivariate regression analysis is applied to analyze the data (Gujarati, 1995) and the mathematical model is demonstrated below.

$$TOQ_{it} = \alpha + \beta_1 SBOD_{it} + \beta_2 ABOD_{it} + \beta_3 BBOD_{it} + \beta_4 CG_{it} + \beta_5 CL_{it} + e \quad (1)$$

TOQ = Tobin's Q

SBOD = Size of board of directors

ABOD = Age of board of directors

BBOD = Activities of board of directors

CG = Company Growth

CL = Company Leverage

4. RESULT AND DISCUSSION

The analysis of this study is started by conducting the classical-assumption test. Normality, multicollinearity, and heteroskedasticity test have been conducted. The result shows that the model is free from classical-assumption problem. As can be seen in Table 1, the descriptive statistics results present that the average and median of Tobin's Q is 0.91 (0.79), while the minimum and maximum value of Tobin's Q is 0.05 (2.55).

Board of directors variables shown as SBOD has a mean 4.56 with median 4. The average of ABOD is 52.01 and the median is around 50.5 years old. The mean (median) value of BBOD is around 0.27 (0.00). The average (median) of company growth and company leverage are around 0.31

(0.29) and 0.57 (0.48). The result of descriptive statistics has been showed in Table 1 as follow.

Table 1 Descriptive Statistics

	Min	Max	Median	Mean	Std. Dev
TOQ	0.05	2.55	0.79	0.91	0.52
SBOD	2.00	13.00	4.00	4.56	2.35
ABOD	29.00	72.00	50.5	52.01	8.45
BBOD	0.00	1.00	0.00	0.27	0.25
CG	-8.56	76.12	0.29	0.31	2.79
CL	-2.89	10.79	0.48	0.57	0.49

Notes: TOQ (Tobin's Q), SBOD (Size of board of directors), ABOD (Age of board of directors), BBOD (Activities of board of directors), CG (Company growth), CL (Company leverage).

In examining the effect of board of directors' characteristic on company value, this paper employes multivariate regression analysis. This study conducts the fixed effects panel data regression analysis to investigate the effect of board of directors' characteristic on company value.

Table 2 shows the fixed regression results of this study. SBOD has negative and significant relationship with company value. It means that small size of board members may enhance company value due to small size of board members is more effective in decision making. This finding is in the opposite with that from previous study (Adeabah et al., 2019). They found that larger number of board members could increase bank efficiency.

The next independent variable is ABOD. ABOD has insignificant association with company value. This result appears to be consistent with Alqatamin et al. (2017) and Arun (2017), which stated that there is insignificant relationship between BBOD and company value. Thus, this result does not support the related hypothesis and the study of (Field et al., 2013). They found that BBOD has positive and significant association with company value. The control variables shows mix results.

Table 2 Fixed Effect of Regression Result

	Coef	Std. Error	t-Stat	Prob.
C	0.80	0.13	6.06	0.00
SBOD	-0.02	0.00	-3.12	0.00*
ABOD	0.00	0.00	0.84	0.40
BBOD	0.02	0.05	0.39	0.69
CG	0.00	0.00	0.15	0.87
CL	0.17	0.02	8.26	0.00*
R ²	0.74			
Adj. R ²	0.70			
F Value	0.00			

Notes: * indicates significant at 1%, SBOD (Size of board of directors), ABOD (Age of board of directors), BBOD (Activities of board of directors), CG (Company growth), CL (Company leverage).

Company growth (CG) has no relationship with company value. However, company leverage (CL) has positive and

significant effect on company value. It indicates that debt holders are more effective in monitoring the company action in order to enhance the stakeholders wealth. This finding is inconsistent with (Grove, Patelli, Victoravich, and Xu, 2011). Grove et al. (2011) found that company leverage has negative impact on company value.

5. CONCLUSIONS

The result presented in this study shows that board of directors characteristics as measured by board size significantly influences company value. However, other variables of board characteristics, that are age and activities of board of directors have no effect on improving company value. This paper provides the highlight to agency theory whereas large size of board members can create the problems of communication and decision making.

The negative effect of board size on company value implies that company value would increase if there is no communication and decision making problem. this study has several limitations, such as small sample and one perspective. Future investigation should be focused on more samples and various perspectives.

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