

Exploring Business Sustainability Factors In MICE Tourism From An MSME Perspective

Nining Yuniati

Lecture at Magister of Tourism Department, Sekolah Tinggi Pariwisata Ambarrukmo (STIPRAM),
Yogyakarta, Indonesia.

*Corresponding Author:

Email: niningyuniati@gmail.com

Abstract.

Event industry as popular known as MICE Tourism business is rapidly growing in Indonesia, various international events have been successfully held in Indonesia, but little is known about how these events are operated and who the parties involved are. Behind the success of the event, many MSME are involved with several constraints that also need government attention, so that they can support the sustainability of event entrepreneurs in the future. The main problem is the lack of achievement standards that can serve as a reference other than simply meeting the terms of reference and spending according to the budget plan outlined in the contract. Based on direct observation and interviews with event business owners, namely a number of involved event organisers and vendors, and with the help of NVIVO software, at least eight important factors were identified: Commitment & Contract, Innovation & Novelty of Event, Mutual Partnership, Payment, Portfolio & Experience, Product Quality, Profit, and Zero Complaint. Each factor and its implications are discussed in detail in this study

Keywords: Entrepreneurship; MICE Tourism and MSME.

I. INTRODUCTION

Over the past 5 years, Indonesia has successfully proven itself as a host country for various international events that attract a large international audience, such as the Trade Expo Indonesia 2025 in Jakarta, which was successfully visited by visitors from 140 countries; the MotoGP Mandalika 2023, which successfully increased local SMEs' revenue by up to USD 1.1 million; and the G20 Bali Summit in 2022, attended by 19 member countries, which successfully contributed USD 500 million to the national GDP. Most media outlets have declared this event a success, bringing Indonesia's name to the international stage. However, few people or media outlets have discussed the actual operations behind these successful events and who was involved. The Indonesian government houses the event business industry in Indonesia within the MICE industry, which manifests in the form of exhibitions, conferences, meetings, or various other gatherings. [1, 2]. MICE is given significant priority in tourism development due to its various roles in boosting the economy, such as its ability to generate higher spending compared to other types of tourism [3, 4]. Event industry also consisting of small and medium-sized entrepreneurs involved in labor-intensive businesses; absorbing a large number of workers, especially during many events; consisting of small and medium-sized entrepreneurs involved in labor-intensive businesses; absorbing a large workforce, attract investment and cooperation with the presence of international delegations [5-7].

This is where event industries plays a significant role in the development of MSME in the tourism sector [8]. In general, the organisation of international and multilateral events is the responsibility of the central government, although local governments and stakeholders are still involved in their implementation. Event business actors in Indonesia can be divided into 3 groups: the owner (government/private), the event organiser, and the supplier (vendor). This stakeholder engagement triangle has a significant impact on the sustainability of MICE event management in Indonesia. Most of the current organisers and suppliers are MSMEs, which, according to Indonesian regulations, have working capital of less than 5 billion rupiah. There are only a few large-capital organisers, and almost no suppliers have net assets exceeding that amount. This means that the event business is indeed dominated by MSMEs. In this context, the role of MSMEs is very important in supporting the success of event organisation; every item of event expenditure will be used

to purchase products produced by MSMEs. However, the need for innovation and the demand for high performance, which is often not fully achievable by them due to various limitations. [9].

Common obstacles faced by event entrepreneurs, whether organisers or MSME suppliers, are working capital, innovation capabilities, production capacity, human resources, work experience, technological adaptation, regulatory compliance such as SNI, and access to contract payments [10-14]. Although the business events participated in so far have been completed successfully, these various limitations have not yet been fully overcome by business owners, especially those with limited capital. This constraint significantly impacts the sustainability of event businesses, especially for organisers and suppliers. These are the reasons for conducting this research to support the sustainability of the business event industry, particularly among MSMEs. This research was conducted to identify the factors influencing the sustainability of event entrepreneurship, specifically in Yogyakarta City, Indonesia. Yogyakarta is one of the quite popular destinations and is one of the priority tourism development destinations designated by the central government. Currently, there are over 600 stakeholders involved in the event business, with approximately 150 companies operating in the event organiser field, and over 500 event supplier businesses covering various event activities such as exhibitions, ceremonies, conferences, meetings, parties and celebrations, gala dinners, graduations, weddings, and many more.

II. METHODS

This research uses the grounded research type, which is a qualitative research approach used to develop theory based on the systematic collection and analysis of data [15]. This is intended to bridge the gap between theory and empirical research. Grounded theory research is utilized to generate both qualitative and quantitative data [16]. In qualitative research, this research model can be used to develop concepts and theories based on empirical facts. [17]. The research was conducted in two stages. The first stage is research conducted to build a concept or theory by interviewing a number of parties considered experts in their field, consisting of EOs (7 respondents) and Suppliers (7 vendors), each representing their respective companies (Table 1). The results obtained were then processed using NVIVO software to obtain coding in the form of keywords related to the sustainability of the event business.

The second stage was to test the generated codes with relevant parties, particularly suppliers, most of whom are MSME. The trial will be conducted on 180 respondents representing the suppliers, who will be randomly sampled. The calculation of 180 is based on the sampling formula Hair, et al. [18] which states that the minimum sample size is 10 times the number of independent variables. Analysis at the concept testing stage was conducted using multiple regression methods with the aim of testing whether the keyword factors already found have a significant influence in supporting the sustainability of the event business. At this stage, validity testing was performed with Confirmatory Factor Analysis (CFA) considered a valuable approach for identifying the key elements influencing a problem [19, 20]. Each variable (Code) is assessed using a Likert scale with a range of 1-5, where a score of five is the best with statements from strongly disagree (1) to strongly agree (5).

III. RESULT AND DISCUSSION

Identify Sustainability Business Factors of MICE Tourism with NVIVO

As explained in the methodology section, the initial stage of this research involved observation and interviews with a number of event stakeholders representing organizers and suppliers whose function is to support the organizers (Table 1). The Committee or owner is not the primary subject of the research because their function is that of a user. Here is the data of the informants interviewed, categorized by business.

Table 1. Data of Interviewed Informants by Business Sector

List of Organizer*		List of Vendor
CM	Event Organizer	LED Videotron Rent & Services
EX	Conference Organizer	Stand Contractor Services
IND	Event Organizer & Travel Service	Multimedia Services
WT	Expo Specialist	Catering
HOP	Event Organiser & Travel Agent	Transportation Services

KE	Event Organiser	Theme Party & Equipment Services
KCG	Conference Organizer	Florist & Decoration

* Company name is disguised at the informant's request for business privacy.

From the results of the interviews, using NVIVO software, a qualitative data processing tool, a number of important keywords were generated through a coding process, which were then theorized as variables influencing the sustainability of the event business (Figure 2). These codes total 8 variable codes, consisting of commitment and contract, innovation and novelty of event, mutual partnership, payment, portfolio & experience, product quality, profit, and zero complaints. Each code is equipped with a measuring indicator. For details, please refer to the following table 2:

Table 2. Keywords or Code generated by NVIVO based on interview data

Code (Keyword)	Description
1.Commitment & Contract	: A proven by signing the contract between two parties or more
Job Contract	: The contract is signed by the relevant parties
Less Addendum Along the Contract	: The contract does not involve much additional or reduced work
One Vision to Accomplish	: They share the same vision for completing the work
2.Innovation & Novelty of Event	: The event is always innovative and has novelty
Innovation in Concept of Event	: Innovative in event concept
Support Eco-Friendly	: Supports environmental conservation policies
Technology Aware	: Adopts cutting-edge technology
3.Mutual Partnership	: Mutually beneficial cooperation
Bonafid & trusted	: Willing to make financial sacrifices and be trustworthy
Bringing Further Cooperation	: Has a vision for sustainable cooperation
Partnership Experience	: Has a history of previous collaborations
4.Payment	: Everything related to payment
Flexible & Modern	: Payment utilizes the latest payment methods
Legal Based on Contract	: Payment is in accordance with the contract
On Time Payment	: Payment is timely, with no delays
5.Portofolio & Experience	: Partner has adequate work experience
Company Experience	: Experience is proven by portfolio
Competence	: Possesses relevant field competencies
Human Resources	: Has reliable and qualified human resources
Resources Support	: Has supporting resources such as work equipment
6.Product Quality	: Quality of the product produced
Delivery	: Quality is measured by delivery capability
Packaging	: Product packaging
Quality of Product	: Truly high-quality product
7.Profit	: Event provides financial benefits
Continuity Guarantee	: Guaranties the sustainability of the partnership
Corporate Goodwill	: Supports business sustainability
Profit Making	: The event is expected to be profitable
8.Zero Complaint	: No complaints
Minimum Complaint	: Minimal complaints from all parties involved
Positive Sentiment from Media	: Positive media impression reflected in news coverage
Zero Participant's Complaint	: Few complaints from participants
Zero Partner's Complaint	: Few complaints from partners



Fig 2. Coding the interview results generated in NVIVO

Coding the interview results generated in NVIVO Based on the coding results as described in Table 1 and also shown in Figure 2, the words "commitment," "contract," and "payment" are the three most prominent and frequently occurring words. In the NVIVO word count calculation with a query for the top 1000 words, the word "commitment" appeared 1152 times (4.63%), ranking 1st ; the word "contract" appeared 1031 times (4.42%), ranking 2nd; and the word "payment" appeared 1031 times (4.14%), ranking 3rd. Details of each word can be seen in Figure 3. Automatically, these three things can be interpreted as words that play a very important role in supporting the sustainability of MICE business actors regarding the events they organize, according to the opinions of both organizers and suppliers. However, to strengthen the interpretation, further testing is needed by measuring the keywords of these variables on a larger population. The main target of the testing is suppliers/vendors, primarily because the main supporters of MICE activities are supplier groups, most of whom are small and medium-sized enterprises (SMEs).

Word	Length	Count	Weighted Percentage (%)
commitment	10	1152	4,63
contract	8	1101	4,42
event	5	1050	4,22
payment	7	1031	4,14
quality	7	994	3,99
product	7	936	3,76
innovation	10	929	3,73
mutual	6	912	3,66
experience	10	906	3,64
novelty	7	903	3,63
complain	8	902	3,62
partnership	11	902	3,62
portfolio	10	902	3,62
profit	6	902	3,62
zero	4	902	3,62
parties	7	288	1,16
good	4	222	0,89
cooperation	11	203	0,82
time	4	195	0,78
vendors	7	188	0,76

Fig 3. Top 20 Words Based on Coding in NVIVO

To prove whether the indicated variables truly influence the sustainability of event businesses, testing is conducted at this stage on a number of event business operators, particularly suppliers. The main reason is that they are the parties most affected and most sensitive to these variables in maintaining the sustainability of their businesses. Here is the data on the test respondents, consisting of the type of business and number of respondent (Table 3).

Table 3. Profile of Respondent for Variable Testing

Company of Respondent	Number of Company	%
Freight Forwarder	11	6%
Souvenir	12	7%
Catering & Food Service	18	10%
Transportasi	14	8%
Travel Agent	11	6%
Accomodation	10	6%
Ticket	10	6%
Stage Contractor	11	6%
Stand Contractor	10	6%
Lighting	11	6%
Sound & Event Equipment	10	6%
Publishing & Offset	13	7%
Merchandise & Souvenir	18	10%
Decoration & Florist	12	7%
Theme Party Specialist	9	5%
Total Respondent	180	100%

This testing involves the variables described in Table 2 as sustainability variables that are expected to influence event efforts. According to the multiple regression analysis method, the testing was conducted in detail first with a validity test using the CFA method to confirm whether the indicators used could confirm a construct or variable. In the CFA test, the loading factor must be ≥ 0.5 for the indicator to be considered valid. Similarly, the KMO value must also be ≥ 0.5 . Based on the calculations and the criteria, the results of testing the indicators for each variable were found to be valid, as were the KMO values (Table 4).

Table 4. Result of CFA Validity Testing

Factor	Component								
	1	2	3	4	5	6	7	8	9
Job Contract	0.848								
Less Addendum Along The Contract	0.808								
One Vision to Accomplish	0.701								
Innovation in Concept of Event		0.709							
Support Eco-Friendly		0.785							
Technology Aware		0.671							
Bonafid & trusted			0.667						
Bringing Further Cooperation			0.792						
Partnership Experience			0.753						
Flexible & Modern				0.743					
Legal Based on Contract				0.735					
On Time Payment				0.788					
Company Experience					0.772				
Competence					0.894				
Human Resources					0.830				
Resources Support					0.649				
Delivery						0.722			
Packaging						0.778			
Quality of Product						0.772			
Continuity Guarantee							0.860		
Corporate Goodwill							0.907		
Profit Making							0.844		
Minimum Complaint								0.799	
Positive Sentiment from Media								0.717	
Zero Participant's Complaint								0.828	
Zero Partner's Complaint								0.753	
Competitive									0.532
Goodwill									0.518
Value Creation									0.524
<i>KMO = 0.820</i>									
<i>Sphericity test of Bartlett; Chi-Square = 1680.410; Sig. = 0.000</i>									
<i>Extraction method: Analysis of principal components Rotation method: Varimax with Kaiser</i>									

The next test is the reliability test using Cronbach's Alpha, with the assessment criteria that the variable must have a value greater than 0.7. As seen from the test results in Table 5, all variables have a value > 0.7 or all meet the reliability value, namely for the commitment & contract, Innovation & novelty, mutual partnership, payment, portfolio & experience, profit, and zero complaint variables.

Table 5. Reliability Test Result

Variables	Cronbach's Alpha	Comments
Commitment & Contract	0.876	Reliable
Innovation & Novelty	0.818	Reliable
Mutual Partnership	0.801	Reliable
Payment	0.871	Reliable
Portofolio & Experience	0.916	Reliable
Product & Quality	0.856	Reliable
Profit	0.923	Reliable
Zero Complaint	0.907	Reliable

After conducting validity and reliability tests, the next step is regression analysis to examine the significance level of the influence of each independent variable on the dependent variable, which is suppliers/vendors in relation to business sustainability. In the regression test (Table 6), it can be seen that

eight variables have a sig. value < 0.05, namely commitment & contract, innovation & novelty, mutual partnership, payment, portfolio & experience, product & quality, profit, and zero complaint. Therefore, it can be stated that these variables do indeed have a significant partial influence on the sustainability of the event business.

Table 6. Multiple Regression Test Result

		Coefficients ^a			
Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	-9.629	2.034		-4.735
	Commitment & Contract	0.199	0.089	0.173	2.232
	Innovation & Novelty	0.229	0.104	0.166	2.197
	Mutual Partnership	0.222	0.110	0.148	2.029
	Payment	0.237	0.100	0.191	2.369
	Portfolio & Experience	0.243	0.073	0.276	3.302
	Product & Quality	0.185	0.088	0.161	2.098
	Profit	0.182	0.077	0.170	2.374
	Zero Complaint	0.211	0.103	0.181	2.189

Meanwhile, based on the simultaneous test or F-test with a degree of freedom of 95%, if the sig. value ≤ 0.05 , it means that the independent variables have a significant simultaneous effect on the dependent variable. Based on the test results (Table 7), it was found that the calculated F value was 21.429 and the significance was $p = 0.000$, so it can be stated that the eight variables, namely commitment & contract, innovation & novelty, mutual partnership, payment, portfolio & experience, product & quality, profit, and zero complaint, have a significant effect on the sustainability of the event business.

Table 7. Simultaneous Test (F-test)

		ANOVA ^a				
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	381.993	8	47.749	21.429	0.000
	Residual	158.207	71	2.228		
	Total	540.200	79			

a. Dependent Variable: Supplier/Vendor

b. Predictors: (Constant), Zero Complaint, Mutual Partnership, Profit, Innovation & Novelty, Commitment & Contract, Product & Quality, Payment, Portfolio & Experience

In the calculation of the adjusted coefficient of determination (R-squared) value in Table 8, it is known that the overall influence of the variables is 0.674, meaning that the percentage of variation in MICE business sustainability (Y) can be explained by the variation of the independent variables (X), namely Commitment & Contract, Innovation & Novelty, Mutual Partnership, Payment, Portfolio & Experience, Product & Quality, Profit, and Zero Complaint, by 67.4%. Meanwhile, the remaining 32.6% is explained by other variables outside the model in this study.

Table 8. Result Test of Coefficient Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.841a	0.707	0.674	1.493

a. Predictors: (Constant), Zero Complaint, Mutual Partnership, Profit, Innovation & Novelty, Commitment & Contract, Product & Quality, Payment, Portfolio & Experience

Business Implication

Event business activities are a synergy of stakeholders consisting of organizers, suppliers (vendors), and committees (owners). The parties involved in the execution and operation are the organizers and suppliers, while the committee is more in a supervisory position and responsible for the operational funds. In every event activity, these parties will be involved in a collaborative partnership and require a series of commitments and a shared vision to support the sustainability of this business in the long term. Based on deep interviews (Table 1), at least 8 important factors related to business sustainability were identified: Commitment & Contract, Innovation & Novelty, Mutual Partnership, Payment, Portfolio & Experience, Product & Quality, Profit, and Zero Complaint. The relationship between these event business stakeholders is a reciprocal one between the organizer and the committee, and between the organizer and the suppliers. In this study, the committee was not or rarely found to carry out activities directly related to suppliers, so there

was no direct relationship between the committee and the supplier/vendor. Every relationship is influenced by eight sustainability factors (Fig 4).

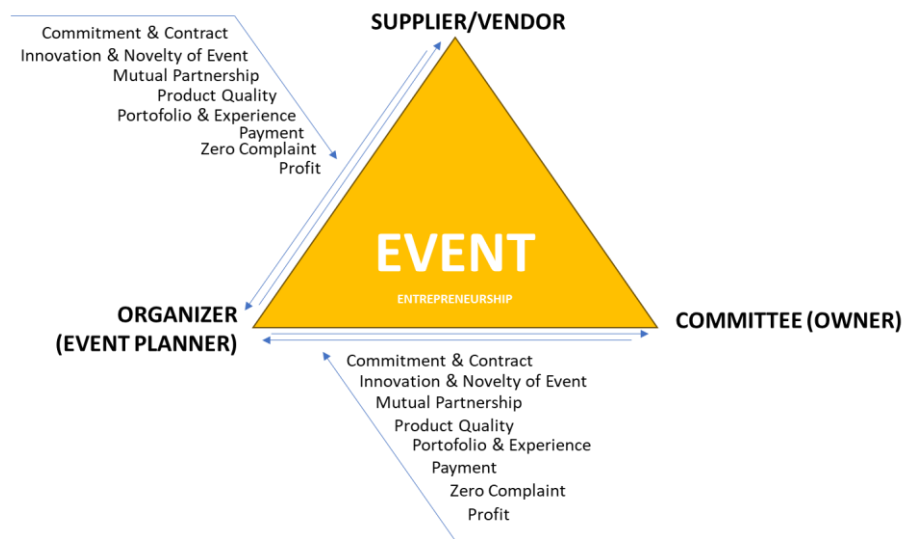


Fig 4. Interrelationship of Event Business Actors and 8 Business Sustainability Factors

To prove how significant these factors are in influencing event business operators, particularly suppliers who are small and medium-sized enterprises and the largest event business community, testing was then conducted. From the regression analysis results, it was found that it is true that these eight factors do indeed have a significant influence on the sustainability of the event business, both partially and simultaneously, and the statistical percentage of their influence is 67%. Based on the results of this study, it is quite clear that in supporting the sustainability of the event business, the factors of Commitment & Contract, Innovation & Novelty, Mutual Partnership, Payment, Portfolio & Experience, Product & Quality, Profit, and Zero Complaint need to be given attention by all parties involved in MICE activities so that this business continues to have sustainable values well into the future.

IV. CONCLUSION

The involvement of SMEs has become a standard procedure for event execution in Indonesia. Whether they are organisers or suppliers, both need to share a common vision for the success of the event. The factors of Commitment & Contract, Innovation & Novelty, Mutual Partnership, Payment, Portfolio & Experience, Product & Quality, Profit, and Zero Complaint need to be considered by all parties involved in MICE activities to ensure the sustainability of this business well into the future. These eight factors can serve as one of the cornerstones in formulating event success standards, in addition to budget-based benchmarks. In Indonesia, especially for events organised by the government, there is no specific reference for evaluating the success criteria of the event.

REFERENCES

- [1] M. L. Suryadana, "Destination Attributes – Its Role on Constructing Image of Bandung as A MICE Destination in Indonesia," *Kontigensi*, vol. 6, no. 2, pp. 67 - 75, 2018.
- [2] N. Yuniati, "Managing Site Selection Factor to Determine Best MICE Destination and Policy Implication in Indonesia," *E-Journal of Tourism*, vol. 11, no. 2, 2024.
- [3] D.Joa,H.-Y.Park,Y.Choec, and D.-K. Kim,"Destination-selection attributes for international association meetings: A mixed-methods study," *Journal of Destination Marketing & Management* vol.13, pp.61–72, 2019.
- [4] A. Sirivadhanawaravachara, "The role and impact of MICE (Meetings, Incentives, Conferences, and Exhibitions) industry in Thailand," *World Journal of Advanced Research and Reviews* vol. 25, no. 1, 2025.
- [5] E. Kim, "A Study on the Factors Affecting Intention to Engage in Sustainable MICE: Applying Grounded Theory," *Korean Study Information Service System (KISS)*, vol. 23, no. 3, 2023.
- [6] R. Ciuffreda and B. Simonetti, "Leveraging regional assets for MICE tourism," *Worldwide Hospitality and Tourism Themes*, 2024.

- [7] G. Nure, E. Bazini, and F. Madani, "SME: Apparently Small But of Great Derivative Value! Literature Review of Tourism SMEs to Create Employment and Access to Finance," *Business and Economic Research*, vol. 10, no. 2, 2020.
- [8] S. Kumar, V. Kumar, N. Devi, K. Attri, and I. K. Bhatt, "Unveiling the Evolutionary Trajectory of SMEs in the Tourism and Hospitality Domain: A Comprehensive Review and Prospective Insight," *International Journal of Hospitality and Tourism System*, vol. 17, no. 4, 2024.
- [9] A. Hartarto, J. M. Panjaitan, and Sumiyana, "A new method to empower organizational readiness for change in Indonesian SMEs," *Entrepreneurship and Sustainability Issues* vol. 8, no. 2, 2020.
- [10] H. Purnomo, S. Subagyo, and F. Faisol, "Access to Credit, Human Resource Development, Market Orientation, and Regulatory Compliance: Determinants of MSME Sustainability in Indonesia," *West Science Social and Humanities Studies* vol. 2, no. 1, pp. 190-199, 2024.
- [11] R. Meilariza, Z. M. Delima, and Zuliyati, "Digitalization of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia " *KnE Social Sciences*, vol. 9, no. 18, pp. 245–257, 2024.
- [12] M. I. Rosyidi, M. T. S. Budiastuti, M. Rahardjo, and T. Gunawan, "Does The Indonesian National Standard (SNI) for Products in SMES Influence Cleaner Production Practices? A Snapshot of Best Practices from Yogyakarta, Indonesia," *Journal of Applied Engineering and Technological Science (JAETS)*, vol. 4, no. 2, pp. 674-692, 2023.
- [13] W. Setiadi, "SMEs as Community Assets: Exploring Management Strategies for Sustainable Development," *Golden Ratio of Community Services and Dedication*, vol. 3, no. 2, 2023.
- [14] A. Caputo, S. Pizzi, and E. Santini, "Sustainability and SMEs: Opening the black box," *Journal of Management and Organization* vol. 30, no. 3, 2024.
- [15] H. Maupa and Z. Abidin, "Grounded Theory in Management Research: A Literature Review," 2020.
- [16] R. Rodrigues, P. Lopes, and M. Varela, "Contribution of Grounded Theory in management research between 2013 and 2022," presented at the European Conference on Research Methodology for Business and Management Studies, 2023.
- [17] K. Charmaz and R. Thornberg, "The pursuit of quality in grounded theory," *Qualitative Research in Psychology*, vol. 18, no. 3, 2021.
- [18] J. F. Hair, G. T. M. Hult, C. M. Ringle, M. Sarstedt, N. P. Danks, and S. Ray, "Squares Structural Equation Modeling (PLS-SEM) Using R : A Workbook," 2021.
- [19] R. P. Sarmiento and V. Costa, "Confirmatory Factor Analysis - A Case study," *ArXiv*, vol. abs/1905.05598, 2019.
- [20] S. Rizwana, "Use of Factor analysis for Best Practices in Behavioral Sciences," *The Journal of medical research*, vol. 59, pp. 43-44, 2020.