

# THE IMPACT OF SOCIAL ENTREPRENEURSHIP DIMENSIONS OF TIMMONS' MODEL TO THE FUTURE OF INDONESIAN BATIK (A Case Study of Ikatan Pencinta Batik Nusantara)

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## Abstract

This study explores the social entrepreneurship dimensions of Timmons' model which are opportunity, resource, and team. In particular, the authors evaluate the utilization of all the three dimensions which interpreted by Timmons for social entrepreneurship that consist of social need as the opportunity, social venture capital as the resource, also external stakeholder and internal stakeholder as the team. Study conducted by asking four founders of Ikatan Pencinta Batik Nusantara as the respondents. Result revealed that there is a gap on the utilization of social need, social venture capital, external stakeholder and internal stakeholder in Ikatan Pencinta Batik Nusantara that should be fitted. It is recommended that for the future, the organization considers the actual social condition especially on young generation, improving its own business unit, and conducting a specification of job allocation for its internal stakeholder, in order to increase its performance and become sustainable.

**Keyword:** social entrepreneurship, opportunity, social need, resource, social venture capital, team, external stakeholder, internal stakeholder

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## 1. Introduction

Economic stability has an important role in nation's development. The stronger the economy, the more a nation could improve its development, and vice versa. The economic growth could be supported by the number of entrepreneurs in a country. To increase the economic growth, there should be at least 2% entrepreneurs of the total population (Darwanto, 2012). In fact, the number of young entrepreneurs in Indonesia is still lagging with only 1,56%. As a part of entrepreneurship, social entrepreneurship is one of the factors that could bring positive impact to the nation's development since it helps the country to solve social problems that occurs (Acs, 2010). Ikatan Pencinta Batik Nusantara is one of the social enterprises that put its concern on the socio-cultural problem in Indonesia, focusing on the young generation. For the past four years, the government fund for Ikatan Pencinta Batik Nusantara was declining. It is believed that the organization must become independent and improving its performance in order to be sustainable enough in conducting its programs. The objective of this study is to give recommendation to Nusantara as the future look of the organization, based on the evaluation of the current performance.

Qualitative research was used in this study. Four respondents who were the founders of of Ikatan Pencinta Batik Nusantara were chosen to answer nine interview questions in order to give proper information regarding the organization. Case study analysis was chosen in this study in order to apply solutions to current problems based on past problem-solving experiences, and the sampling technique was purposive sampling which means taking sample with certain considerations. These certain considerations are, for example the individuals that are considered as the individuals who know most about the information that we wanted to get

The paper is organised as follows. It opens with a brief, general discussion of entrepreneurial process which consist of opportunity, resource, team, and seeking for fit and balance. Also about Timmons' model interpreted for social entrepreneurship which consists of mission and social need, capital market, and external stakeholder. The conceptual model is presented. The research method is next described followed by the analysis and empirical findings. The paper then outlines the conclusions and recommendations.

## **2. Literature Review**

### **2.1 Entrepreneurial Process**

Timmons, Zacharakis and Spinelli stated that the key factors to entrepreneurial success lies with the entrepreneur, the founding team, the opportunity, and the resources that are mustered to start the new organization (Poerwowidagdo, 2010). Timmons and Spinelli (2009) then determine a core, fundamental entrepreneurial process accounts for the substantially greater success pattern among higher-potential ventures. The driving forces which gear or value creation are as follows:

1. It is opportunity driven.
2. It is driven by a lead entrepreneur and an entrepreneurial team.
3. It is resource parsimonious and creative.
4. It depends on the fit and balance among these.
5. It is integrated and holistic.
6. It is sustainable

#### **2.1.1 Opportunity**

The Timmons Model believes strongly that entrepreneurship is nothing but opportunity driven, or that the market shapes the opportunity. Because opportunity are more essential than the talent or competence of lead entrepreneur and the team because a right opportunity identified ensures long-term success of the business. The lead entrepreneur and team should play roles in juggling all the key elements well in a constantly changing and dynamic environment (Poerwowidagdo, 2010).

#### **2.1.2 Resource**

According to Timmons Model (Poerwowidagdo, 2010), one of the misconception among inexperienced entrepreneurs is that you must first have all the resources in place, especially money, in order to succeed in a venture. Surprisingly and ridiculously as it may sound, thinking about money first is a big mistake and paralyses the entrepreneurial moves. Investor and successful entrepreneurs often laugh away concluding that one of the worst things that can happen to an entrepreneur is to have too much money too early. The Timmons model discounts the popular notion that extensive resources reduce the risk of starting a venture and encourages bootstrapping or starting with the bare minimal requirements as a way to attain competitive advantages.

#### **2.1.3 Team**

A highly effective lead entrepreneur should be able to put the best talents together after identifying the opportunity and gathering required resources. The size and the background of the team are contingent upon the size and nature of opportunity. According to Timmons model, a good team can lead to great success and badly formed team can waste great idea which is a disaster to any form of business. Among all resources, only a good team can unlock a higher potential with any opportunity and manage the pressure related to growth.

#### **2.1.4 Seeking for Fit and Balance**

The Timmons Model stated the requirements before starting venture which are, a market driven opportunity, availability of a good team, and adequate resources. The three critical factors of entrepreneurship remain interlinked, with any change in one factor having an impact on the other two. The reality is that opportunity, team, and resources seldom match and the Timmons model considers the major role of the entrepreneur to effect a match of the three critical factors of entrepreneurship at the correct time. Success of the business venture depends on the ability of the entrepreneur to ensure balance by applying creativity, leadership, and maintaining effective communication (Poerwowidagdo, 2010).

## **2.2 The Timmons Model Interpreted for Social Entrepreneurship**

The three major components of the Timmons Model—opportunity, resources, and team—certainly apply to social entrepreneurship; but the model requires a few contextual changes. Social opportunities, for example, are driven not only by markets but also by mission and social need. The brain trusts aspect of the team—the external stakeholders—are especially important here because collaboration across boundaries is paramount in social entrepreneurship. Similar to traditional start-ups, the art of bootstrapping is a necessary method of resource acquisition. Yet capital markets exist for social entrepreneurs, and available funds are increasing in both the for-profit and not-for-profit sectors. The concepts of fit and balance remain because sustainability and growth are the

essence of any entrepreneurial endeavor. Without longevity and value creation, impact is limited. This is particularly relevant to mission-driven social entrepreneurs (Timmons and Spinelli, 2009:250).

**2.2.1 Mission and Social Need**

According to Druker (David, 2011:44), mission is a declaration of an organization’s “reason for being”. A good mission statement describes an organization’s purpose, customers, products or services, markets, philosophy, and basic technology. According to Vern McGinnis (David, 2011:50), a mission statement should (1) define what the organization is and what the organization aspires to be, (2) be limited enough to exclude some ventures and broad enough to allow for creative growth, (3) distinguish a given organization from all others, (4) serve as a framework for evaluating both current and prospective activities, and (5) be stated in terms sufficiently clear to be widely understood throughout the organization.

Social needs provide a measurement of the values, from a political and social perspective, that societies hold regarding the development of their country. And an indicator of social need is chosen which measures the percentage of adult population who consider the achievement of social objectives, such as the fight against poverty, more desirable than economic goals (Ferri, 2011).

**2.2.2 Capital Market**

Capital markets exist for social entrepreneur. Social venture capital is subset of the traditional venture capital market. SVCs seek to invest in for-profit venture not only financial return but also for social and environmental return. Within the social venture capital territory are three types of fund. First there is the “focused” fund. The second is “community” fund. Its purpose is typically economic development and job creation in impoverished areas. And the third is venture capital with a conscience. These funds stipulate that a certain percentage will be invested in socially responsible business related to their target investment areas (Timmons & Spinelli, 2009:252).

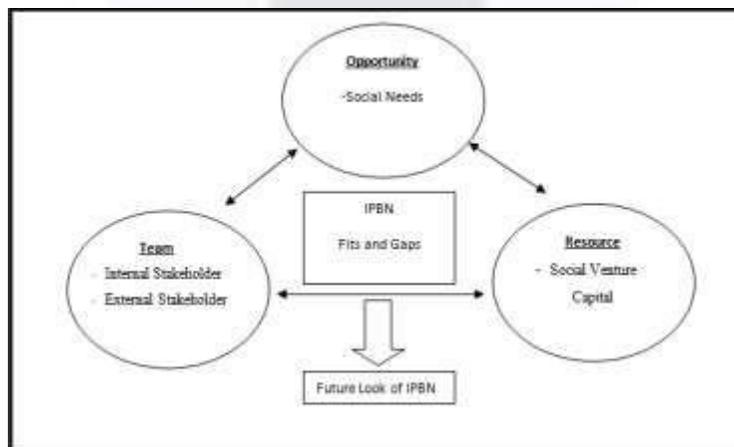
**2.2.3 External Stakeholder**

According to Freeman (Mitchell *et al*:854), stakeholder is any group or individual who can affect or is affected by the achievement of the organization's objectives. Stakeholders include any person, group or organization that has an interest in the activities and affairs of a company. Shareholders and employees are internal stakeholders, because they own or work for the business. External stakeholders include customers, communities, suppliers and partners, creditors and the government.

**2.3 Research Framework**

The research framework of this study was adapted from Timmons and Spinelli (2009). The variables are opportunity, resource and team. While the sub-variables are social needs, social venture capital, internal stakeholder, and external stakeholder. Sub-variable used because there is an additional interpretation on Timmons model that was considered for the social entrepreneurship.

Figure 1  
Research Framerowk



Source: Adapted from Timmons and Spinelli (2009)

### **3. Research Method**

#### **3.1. Type of Research**

The method taken for this research is the *qualitative research*. Qualitative research is research that addresses business objectives through techniques that allow the researcher to provide elaborate interpretations of market phenomena without depending on numerical measurement. Its focus is on discovering true inner meanings and new insights (Zikmund, Babin, Carr, Griffin, 2010:133).

Case study analysis is chosen for this purpose, based on Sekaran & Bougie (2010:30), case studies involve in-depth, contextual analysis of similar situations in other organizations, where the nature and definition of the problem happen to be the same as experienced in the current situation.

#### **3.2 Operational Variables**

Based on the framework of study that developed, the operational variables for this research are opportunity, resource, and team. While the sub-variables are social needs, social venture capital, internal stakeholder, and external stakeholder.

#### **3.3 Stage of Research**

The first stage of this research started with research object identification. In this stage, the author tried to identify the entrepreneurial process and how it is applied social enterprise.

After the identification, it continued to object of research observation. Observing the feasibility of entrepreneurial process in social enterprise is the aim of this stage, which later on will lead the author to do the literature study while also studying research object's current condition—studying about what is now happening with social enterprise, particularly in Jakarta.

Next, it will go through the variable identification, data collection and data analysis. At the end of this research, it will come up with the conclusion and suggestion upon this research. Figure 3.1 below captured the stage used in this research.

#### **3.4 Sample and Populations**

Zikmund *et al* (2010:387) describes sample as a subset or some part of a larger population. Sampling is undertaken to estimate an unknown characteristics of a population.

The sampling tool that is taken in this research is non-probability sampling with the technique of purposive sampling. According to Sugiyono (2011:218), purposive sampling is a technique of taking sample with certain considerations. These certain considerations are, for example the individuals that are considered as the individuals who know most about the information that we wanted to get.

This purposeful sampling is done before the data collection, by which the researcher tries to find the samples/respondents whose are appropriate for the research context (Creswell, 2008). Sekaran & Bougie (2010:276) stated the sampling in purposive sampling is confined to specific types of people who can provide the desired information, either because they are the only ones who have it, or conform to some criteria set by the researcher.

#### **3.5 Data Collection**

##### **3.2.1 Primary Data**

Primary data is the empirical data collected by researcher themselves (Eriksson & Kovalainen, 2008:77). Based on Sugiyono (2011:225) there are some techniques in the data collection in qualitative research, which are observation, documentation, interview, and triangulation. But for the needs and purpose of this research, here are the techniques that used in this research:

1. Documentation
2. Observation
3. Interview

##### **3.2.2 Secondary Data**

According to Zikmund *et al* (2010:161), secondary data are data gathered and recorded by someone else prior to (and for purposes other than) the current project. Secondary data usually are historical and already assembled. These include both textual data that exist without any specific collecting activities (e.g. documents, diaries, memos, stories) and visual materials (e.g. video recordings, television programs, movies) (Eriksson & Kovalainen, 2008:78).

To support this research, author need to find the secondary data that have the closest relation with the research, particularly social enterprise, entrepreneurial process, entrepreneurial process for social enterprise, and the environment of social enterprise in community development particularly in Jakarta. Data that would be gathered is the kind of external data- data that generated and recorded by an entity other than the researcher's organization, government, newspapers, journals, trade associations and other organization create or produce information. Traditionally, this information has been published form, perhaps available from a public library, trade association or government agency (Zikmund, *et al.*, 2010:172). In this case the data would be in form of Articles (both from magazines or retrieved from trusted site on the internet) and journal (printed or online).

### 3.6 Validity and Reliability

One of the techniques to achieve validity and reliability in qualitative research based on Sekaran & Bougie (2010: 384) is triangulation. The idea behind triangulation is that one can be more confident in result if the use of different method or source leads to same results. Based on Sekaran & Bougie (2010: 385) there are several kinds of triangulation, those are:

1. Method triangulation
2. Data triangulation
3. Research triangulation

## 4. Discussions

### 4.1 Opportunity

#### a. Social Need

The interpretations that the author can draw are, Ikatan Pencinta Batik Nusantara has the opportunity to run its social entrepreneurship activities because, since 2009 when the organization was initiated, there were less young generation who cares about local culture, especially batik. Moreover, there were no other organization that focuses on how to increase youth's awareness regarding batik preservation. Ikatan Pencinta Batik Nusantara shall become the first organization which become a media to accomodate the aspirations of young generation, and a tool to direct young generation to start to know, learn, understand, and develop batik as the orginial culture of Indonesia. The author seen that Ikatan Pencinta Batik Nusantara could identify the social need that becomes an opporutnity for this organization to keep running and become sustainable in the future

### 4.2 Resource

#### a. Social Venture Capital

The interpretations that the authors could drawn are Ikatan Pencinta Batik Nusantara used Social Venture Capital as their resource. Because the ways that used by Ikatan Pencinta Batik Nusantara to get resources meet all the criteria. Focused fund match with Ikatan Pencinta Batik Nusantara's partnership, community fund match with Ikatan Pencinta Batik Nusantara events, and venture capital with a conscience match with volunteers from Putra Putri Batik Nusantara who want to contribute for the program of Ikatan Pencinta Batik Nusantara. The organization has been able to manage its resources well, by saving the resources until its resource are needed again, and in a way to make an event if they are short of funds and request additional funds to its partner. Supported by its external stakeholders and also its own business unit to start the effort to become independent, Ikatan Pencinta Batik Nusantara could become sustainable.

### 4.3 Team

#### a. External Stakeholder

The interpretations that the author's could drawn are, Ikatan Pencinta Batik Nusantara could identify who are its external stakeholders which consist of the government, private sector, society, individuals, and young generation as well. Ikatan Pencinta Batik Nusantara can fulfill the demand of its external stakeholders by providing non- financial supports, such as human resource support, time, effort, ideas, and lending asset such as electric stove for batik workshop. As long as the vision and mission of its partners are paralel with the vision and mission of Ikatan Pencinta Batik Nusantara, partnership can be managed in a long term and demand of the external stakeholders can be fulfilled.

#### b. Internal Stakeholder

The interpretations that the author could drawn are, Ikatan Pencinta Batik Nusantara has not put a specific job allocation for its members who are located outside the capital city of Indonesia. The only thing that the organization has been done for its members outside Jakarta, was encouraging them to keep make a movement and put the

activities in Jakarta to become a trigger for those in other region to keep promoting batik. The holistic impact all over Indonesia is the positive impact of the member's spread but the challenges are how to control the quality of their activities and how to maintain the communication and personal development for those who are not in Jakarta.

## 5. Conclusion

Based on the result of research that came out throughout the process of interview and secondary data gatherings, here are the conclusions of this research. The conclusions in this chapter are expected to give an answer to the problem statement and research questions, which stated on the first chapter of this research, by comparing the two objects of study and other respondent as complementary, here are the conclusions from this study:

### 5.1 The Opportunity Required to Relevantly Support The Implementation of Ikatan Pencinta Batik Nusantara's Mission

The respondents' statements are concluded as written below:

- a. Young generation is the one who must do the preservation process as the successor of the nation's culture preservation.
- b. Young generation must be encouraged in order to join in the effort of batik preservation.
- c. Ikatan Pencinta Batik Nusantara is the media to accommodate the aspirations of young generation, and also to direct them to start to know, learn, understand, and develop batik.
- d. Ikatan Pencinta Batik Nusantara held the annual election of Putra Putri Batik Nusantara as a tool to attract young generation who likes to perform and become famous, and educate them with the proper knowledge regarding Indonesian batik.

### 5.2 Resource-collection process to Effectively Fund The Social Program of Ikatan Pencinta Batik Nusantara

The respondents' statements are concluded as written below:

- a. Ikatan Pencinta Batik Nusantara fund its program through the government fund, partnership with private sector, saving from its programs, and also from batik attack program as its own business unit.
- b. Ikatan Pencinta Batik Nusantara realized that the organization could not rely on the government fund so that it increases its partnership with the private sector.
- c. Ikatan Pencinta Batik Nusantara is trying to be independent, because the organization is also realizing that it cannot always rely on others. So that it must develop its own business unit.
- d. Ikatan Pencinta Batik Nusantara has already use the social venture capital.

### 5.3 Identifying External Stakeholders of Ikatan Pecinta Batik Nusantara and Managing The Relationship

The respondents' statements are concluded as written below:

- a. The external stakeholders of Ikatan Pencinta Batik Nusantara are the government, private sector, society, individuals, and young generation for sure.
- b. Ikatan Pencinta Batik Nusantara maintaining the relationship with its external stakeholders by fulfilling their demand.
- c. Ikatan Pencinta Batik Nusantara fulfill the demand of its external stakeholders by providing non-financial support, such as human resource support, time, effort, ideas, and lending asset such as electric stove for batik workshop

### 5.4 Performance of Internal stakeholder Who Were Spread All Over Indonesia

The respondents' statements are concluded as written below:

- a. Ikatan Pencinta Batik Nusantara has not allocate specific job allocation for its member who are outside Jakarta.
- b. The positive impact of the member spread is that the impact of Ikatan Pencinta Batik Nusantara is becoming holistic all over Indonesia.
- c. The negative impact or the challenges of the member spread is that it is hard to do personal development with its member outside Jakarta. It is also a challenge to facilitate and accommodate the member outside Jakarta once they are about to come to Jakarta.

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