

Model in Generating Social Innovation Process: Case Study in Indonesian Community-Based Entrepreneurship

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Abstract: The need of social innovation keeps increasing by time. Social innovation is expected to give some ideas in the activity, thus the activity could bring creative ideas and produce innovative activities that meet a social goals. The aims of this study are to know how the social innovation in Indonesia, as a developing country is conducted and what kind of factors influenced in the process of generating the idea. This study will discuss about the model in generating social innovation that could give a contribution to knowledge. The study is based on case study in one of the community-based entrepreneurship in Indonesia. With using case study method, the scientific model is conducting in this study. In-depth interview, observation, discussion and literature review are conducting to gather the data. Agritektur community is a unique and innovative community-based entrepreneurship in Indonesia. To be an intermediary between local producer and the consumer is the social vision of this community-based entrepreneurship in order to revive the glory of local agricultural product in Indonesia. This community develops young generations which are expected to spread the love and consume behavior to local agricultural products. There are several factors that influence the activities in social innovation which can be recognized or even well accepted by the society. The model starts from the idea and ends in how the social innovation is conducted.

Key words: Social innovation, case study, agribusiness, community development, Indonesia

INTRODUCTION

Society is always changing dynamically every time, therefore the need of innovation is also increased. Since 1980, European Community Innovation Survey (CIS) has conducted a survey in innovation and then spread it to the developing country (Cantu *et al.*, 2013). Complex understanding about innovation is often given. New idea that work could be the answer of innovation in a simple definition (Mulgan *et al.*, 2007). However, this definition does not necessarily respond to all the diversity of the problems that occur in the society.

Social innovation is expected to give some ideas in the activity, thus the activity could bring creative ideas and produce innovative activities that meet a social goals (Mulgan *et al.*, 2007). In the research conducted by Babu and Pinstrup-Andersen (2007), social innovation and entrepreneurship, states that social innovation is a new strategy, concepts, ideas and organizations that bring together social needs. This can be affected by social mission combined with business principles and motivation.

Since, a long time Indonesia claimed as an agrarian country with the wealth of biological resources.

Agribusiness ought to be a huge prospective business sector. Nevertheless, local vegetable productivity of Indonesia did not show the significant growth.

The productivity of vegetable in Indonesia in last 10 years is fluctuate and inconsistent in almost every years. Basically that phenomenon happen influenced by some factors, including the novellity of producers and consumers. Consumers in Indonesia usually did not notice about the vegetable they eat whether is it local or imported vegetables how the producer plant the product and so on. When they expect to eat spinach, consumers will go to find spinach, they did not notice whether the spinach is originates, local farmer or imported product could be the same product for consumers. Likewise, the local producers in the competition with imported horticultural products. Local farmers, also do not pay attention to whom their product being consumed both in large or small scale and what kind of product that the consumers need. Although, the intense competition with importers, they still not perform innovation.

Agritektur community appears and offers a solution to the problem of local horticultural products and the development of the local agribusiness. Agritektur is a community which formed based on the idea of 5 young

people. Through this community, they pour their ideas into a concept of innovation to solve the social problem. Agritektur were expected to give contribution to the problems that faced by the agribusiness sector in Indonesia.

Although, the research about social innovation is increasing more lately, those research have not set broad acknowledged models or adequate practical insights (Mulgan, 2006). So, the boundaries of social innovation process has not been completely define a way out. Thus, this research is conducted to give some sight of view of social innovation process. The aim of this research is to fill the gap about a model in the process of producing the idea of social innovation and how those social innovation are being conducted.

Review of literature

Social innovation: Complex understanding about innovation is often given (Mulgan *et al.*, 2007). In the research of Bygballe and Ingemansson (2014), stated that innovation is happen when companies perform a new way of activities or performs existing activities in the new way. It is based on the statement that innovation involves a change in routine and the carrying out of new combinations. While Karl Marx gives opinion that innovation is the flywheel of capitalism (Bessant and Tidd, 2007). In this context, the subject of innovation is not just about a company, it could be an organization or even a society. Therefore, a research concludes that the innovation in any kind of subject could drive some of social changes (Cajaiba-Santana, 2014).

Innovation is always being needed by now-a-days situation because the society is always changing dynamically. The social reality in which we live today was constructed in the past and it is continuously in flux (Cajaiba-Santana, 2014). But, the theoretical work of innovation has only a little progress since the pioneering work in 1980. They do not added up the clear picture and pattern of social innovation instead of linking social

innovation to broader pattern of technological change (Mulgan, 2006). Since 1980, European Community Innovation Survey (CIS) has been conducted a survey in innovation and then spread it to the developing country (Cantu *et al.*, 2013).

Over last decade, the research in social innovation has increased. Those rising were based on the growth of social issues related to management, entrepreneurship and public management (Cajaiba-Santana, 2014). Mulgan (2006) differentiate 2 typical of lenses who conducted a social innovation. First lense is individual, a very small number of person who are heroic, energetic and impatient. The other lense is broader movements while the individual, as the carrier of ideas rather than the originators (Mulgan, 2006).

Analogously with that statement Bessant and Tidd, found 5 characteristics of social entrepreneurs and will lead to socially valueable direction. First is ambitious and tackle major social issue, second is mission driver concern in generating social value, strategic opportunities to improve systems, create solutions and invent new approaches that create social value, resourceful to mustering and mobilizing people and political resources, results-oriented which essentially linked to making the world a better place (Bessant and Tidd, 2007).

Slightly different from the earlier argument, the other researchers stated that a mostly single entrepreneur cannot created a social innovation. Social entrepreneurs could get ideas and resource, identified social problem and creates social innovation in collaboration with related stakeholder (Tanimoto, 2012). Figure 1 shows that social innovation is the ouput of social entrepreneurship. But, those research were conducted in the developed country how about the social innovation process in the developing country? A research about entrepreneurship education stated that the entrepreneurial subject in master course is important to be conducted, it can support and bring benefit for the country. Especially, when the country need more job providers instead of job seekers (Jaafar and Aziz, 2008).

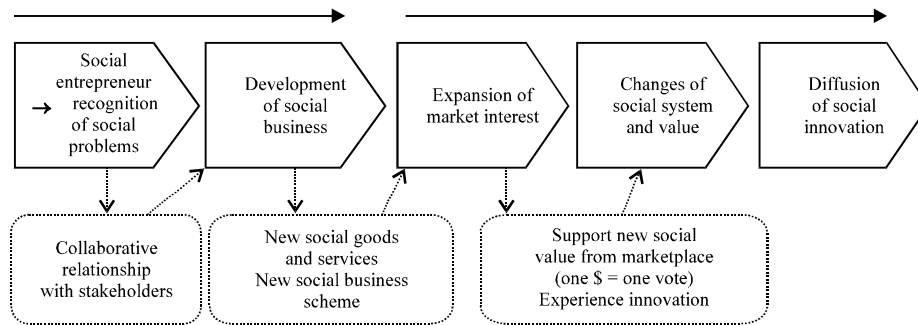


Fig. 1: The process of social innovation (Tanimoto, 2012)

Community-based entrepreneurship: In some historical period, the encouragement of social innovation could be built by civil society. In 19th century, when the great wave of industrialization and urbanization established, accompanied by the emerging of social enterprise and innovation. Some social activities was held in that time, mutual self-help, microcredit, building societies, cooperatives, trade unions, reading clubs and philanthropic business leaders creating model towns and schools (Cajaiba-Santana, 2014). There are several research conducted to show that the community helps the business owner to expand their business and so as the agribusiness producers. But, there are limited research which linking the social innovation and agribusiness sectors in the context of community development.

Communities holding the producer of agribusiness to build relationship and network with the other agribusiness producers. This community helps the producers to get opportunity to export their local products (Gijbers, 2009). But, next question emerged how about the local market? Thus, this study was conducted to fill the gap and to extend factors could influenced the social innovation.

Innovation in agricultural system: Particurally in Asia, agricultural systems have changed dramatically by the influence of internationalization and globalization processes (Gijbers, 2009). Thereby, Gijbers also found 4 major changes in the research, are found in the agricultural sector. First is the founding of rapidly increasement of agricultural products since 1980. Second, intraregional trade, industrial growth, foreign investment and those similarities are the driver of regional system of agricultural product (Thomson and Cowan, 2000). Third, globalization becomes a trigger of agricultural national policy. Some countries have started to rely on regional and global trade while in some other country continue pursuing national level of food sufficiency. Fourth since the year of 2000, the increasement of Asian agricultural systems are influenced by the organization of production, technologies used and on distribution and consumption of food products (Readon *et al.*, 2004).

As explain in earlier, social innovation is emerge to bring together social needs. There are some problems found from the prespective of local agricultural producers in Indonesia. Perishable and rotten agricultural products, scattered production, production is seasonal and tends to be small scale, farming communities do not understand the concept of marketing, transportation and competition and the influence of middlemen. These theory were advocated to the phenomenon that happen in society.

The principal objective of the Indonesian government was to attain self-sufficiency in rice production (Gijbers, 2009). The food empowerment not only by government but also by the people of Indonesia. Thats why the novel of local agricultural producer is most important, considering Indonesia as the agragian country.

In general, small business entrepreneurship or local agricultural producers empowerment can conducted in a participatory manner. These are some propose solution from the finding of a research by viewing the society as a subject, the practitioner should placing himself, as an insider, people who make models, maps, diagrams, reviewing/mengagalisis, present the results, review and plan their business activities and model of empowerment and participatory society in determining social indicators.

By the earlier explanation, it is clearly explain that innovation in agricultural system is not just focus in the need of producer to market their product but also to fulfill the need of consumers. Lately, so many innovation in agricultural sector are conducted in order to solve the problem and there are not a limited research about those innovation. But, there is non of a research which contain a discussion of social innovation in agricultural sector. Thereby, this research is conducted to fullfil the need of knowledge in the area of social innovation in a community-based entrepreneurship in Indonesia.

MATERIALS AND METHODS

This research is set about the factors influenced the community-based entreprneurship, as a social innovation by using in-depht examination of a single case in aim to gather a detail understanding of the case (Tanimoto, 2012). Case study is necessary in conducting this research, it is because this research is need to be explored more. With case study the phenomenon that happen in society will be appear clearly (Cresswell, 1998).

Interview, observation, discussion and literature review were conducted to gather the data. Secondary data is also needed in this research to know the other information for this research (Cresswell, 1998). Some qualitative data were gathered and being treated to propose a model of process of generating idea. Both secondary and primary data were needed in research (Cresswell, 1998).

In-depth interview occupied by unstructured questions and answer. The interviews focused on questions about how the community generating the idea, concept of the community what factors determine the

process of generating idea. Secondary data is needed to understand more about the social innovation, it is consist of external data from published material (Creswell, 1998). By the interview, observation, discussion and literature review, researchers try to explore about the community and concluded the outcomes as a model. The respondents are selected in this research adapted to the purpose of this research. There are 3 respondent which incharge as the founder, 3 respondent as the senior member and 3 respondent as costumer in several activities of the community.

RESULTS

Generating process of community-based entrepreneurship: The problem that happen in society become one of the motivation of creative and energetic young person. One of two typical of person who conducted a social innovation is a very small number of heroic, energetic and impatient (Mulgan, 2006). Those also happen in Indonesian local community-based entrepreneurship, Agritektur is one of the name of a community which initiated in 2012. This local community form based on the idea of 5 young people from 3 different educational background which are architecture, economics and agribusiness. Its members consist of local farmers, local buyer and volunteers as a driving force. They come up with an idea after finding social problem about local farm industry.

Figure 2 shows us about the process, starts with generating the idea into the realization. From this research, researchers found that educational background and finding of problem in society become foundations of idea generation. Educational background is one of the most influential factors in the formation of the local community development. Together with finding the problem in society which is lack of awareness in the use of land for

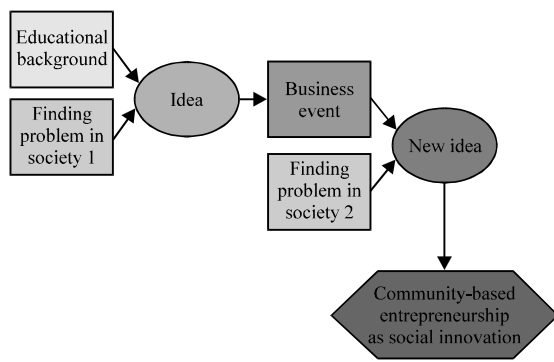


Fig. 2: Model in generating idea of social innovation in community-based entrepreneurship

agricultural activities in Indonesia, they formulate the idea into a business proposal to be proposed in an event where they can get business opportunity. But, then because of some reason they failed to implement it.

As a consequence, they change their mission and generate new idea after finding the other problem faced in society. They found that the producer usually has no connection to their consumers, so as the consumer. Consumers did not aware about the origin of agricultural product that they consume how the plant that they consume growth and processed, does it contains pestiside trace or whether it is import or local product. As a response to that problem, they begin to develop a community-based entrepreneurship with a new vision to revive the glory of Indonesian agricultural product and a mission to built cooperative economic enterprise.

In Fig. 2, researchers found that there is >1 finding problem in society, it shows the development in the community. It is possible the same thing will happen in the future which is able to cause changes in this community-based entrepreneurship. However, specific research is needed on this subject.

Social events that conducting by the community-based entrepreneurship are purposed to be a bridge of interaction between local producers and consumers. The expectation of this event is to attract consumer's interest. The activities were created, as attractive as possible with a lot of innovations in order to attract customer, especially the young generation on local agricultural products. Those interest could build an engagement between local producers and consumers. The engagement will develop a long-term relationships in a mutually beneficial.

Stakeholders of social innovation in community-based entrepreneurship: Figure 3 shows us how the activities of community-based entrepreneurship is being influenced by some stakeholders. Not only customers and users that created social innovation but they collaborate with various stakeholders in order tackling the social issues (Tanimoto, 2012). This study found several stakeholders influence the community-based entrepreneurship in Indonesia. There are individual, communities center, other communities, government, local producers and consumers.

Individuals: Individuals give the biggest contribution in the community-based entrepreneurship and as the key to innovation (Bygballe and Ingemansson, 2014). Individual are capable to act as an idea initiator or the creators, also as a machine who run the community. Interested is the most important variable of individual to join the

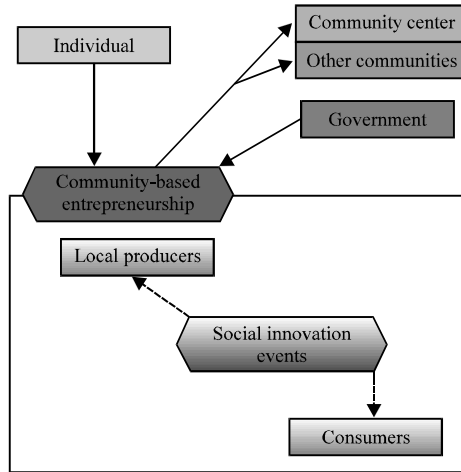


Fig. 3: Model in conducting the idea of social innovation in community-based entrepreneurship

community. They could do various contribution, such as volunteering in operational, donation fund, conceptor of activities and so on. But, if the individual do not has any interest in vision and mission or activities of the community, they will not involve. Those interesting factors may arise when individual already have awareness of the problems that arise in the society.

Community center: Resources, ideas and managerial skills from individuals are limited, therefore creative relationship is needed between individual and another stakeholders to make an innovative scheme and got supports in solving social issues (Tanimoto, 2012). Community center is an umbrella for some communities to gather. In community center occurs the interaction between one to another communities. The interaction could initiate the rapid expansion and collaboration both in knowledge and size of the community-based entrepreneurship. In the other words, community center cold become one of the bridge to execute communities' activities.

Other communities: Social interaction that emerge in a community, usually will lead to a positive reciprocal relationship among the other communities. The relationship is meant to be knowledge sharing, collaboration in activities or giving a donation. Other people could give a arising influence in creativity by gathered and banked ideas from other people (Mulgan, 2006).

Government: Government supports the activities undertaken by these educated young generation.

Government provide required facilities in implementation of community-based entrepreneurship's activities and programs. The facilities that endorsed by government could be equipments both the area to conducting the event. In other words, the government has a role in supporting the activities organized by the community-based entrepreneurship.

Local producers: The problem that underlying the social innovation activities is due to the onset of the gap between the local farmers with the customer. Because the purpose of this community is to revive the glory of local agricultural industry, therefore by this community-based entrepreneurship, the farmers are required to be innovative and create an innovation. They develop an innovation in their product to fullfil the need of the customer, such as in the form of non pesticide products or various types of vegetables that have not been recognized in public. In the other words, local farmers cultivate improve cropping and diversify the agricultural products which induce the consumer interest. So finally, arises a sense of engagement to the products were offered by the local farmers through the community-based entrepreneurship.

Consumers: The initial target of this community-based entrepreneurship is to attract consumers. It is judged, as an indicator for the main purpose which lead to revive the glory of local agricultural product. This research found that most of consumers shows their interest to the offering innovative product which leads to the engagement to the another product of the local producer. The innovation conducted by local producers should be very unique and attractive from the customer's perception following the rapidly changing of the world. Production of vegetables that have foreign name is not intended to override local agricultural products. Because the fact Indonesia is still dependent on foreign countries in the development of certain vegetable seeds. But, the effort of local producer in developing local seed flavor is still awaiting a long process, besides the need to support the brand image of the consumer to use and choose a local vegetable products.

DISCUSSION

Social innovation conducted by community is based on new idea referring to the phenomenon that happen in the society. This community-based entrepreneurship try to solve the problem by using their own ability, makes innovation in society and produce an entrepreneurship activities (Mulgan *et al.*, 2007). The interesting finding is

that educational background has become one of the factor in intialing the idea of social innovation. Educational background is a very important factor in performing this community-based entrepreneurship. Because the educational background of the initiators is the basis of their creativity which translated into the initial concept of social innovation (Dutta *et al.*, 2010).

This research has define the model in generating idea of social innovation which conducted by community-based entrepreneurship. How the community pour ideas into a concept of innovation to solve the social problem. Beside that this research, also find a model in developing social activities in involvement of several stakeholders. Individuals, communities center, other communities, government, local producers and consumers give effects, influences and endorsement in performing some activities.

This research found that if the producer developed a product innovation follow the rapidly changing world, makes the consumer give more interest in to the local product. That indication could build an engagement between local producers and consumers. Continuously long-term engagement are expected to revive the glory of local agricultural product. But, further more research is needed in prove the statement.

This research, also found that the community is developed along with the emergence of new ideas. It is possible the same thing will happen in the future which is able to cause transformation in this community-based entrepreneurship. However, specific research is needed on this subject.

CONCLUSION

The expectation of this research is to give contribution in both theory and practice. In practice, this research is expected to give benefits and detail picture in conducting social innovation and to spread the paradigm of social innovation to solve the problem in society. So, young educated generation of Indonesia could being inspired to make similar activities in order to solve problems in society. This research is expected to give enhancement to knowledge of social innovation, especially in the model of generating the idea. But, the limitation of this research is the model of social innovation should be tested into another community, especially the community which has contribution in society.

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