



Business Model Innovation and Its Implications for Indonesian Batik's Start-up Development

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Abstract

Business Model Innovation is the key to develop and improve the company's strategy to survive and sustain. Nevertheless, the existing Batik communities often find it difficult to innovate their business model. The purpose of this study was to evaluate the nine components of the business model canvas, in Batik communities, Giriloyo and Kricak Kidul village, Yogyakarta. Second, develop an innovation on business model, Ruby Batik start-up. The evaluation research method used was descriptive qualitative case study approach. The data were collected through questionnaires and in-depth interviews. The analytical model used the CIPP (Context, Input, Process, Product). The results showed that nine components of the business model canvas of the batik communities, Giriloyo and Kricak Kidul, Yogyakarta were still less and need improvement and innovation. Innovation of the business model canvas component became the development basis of social entrepreneurship business model, Rubi Batik start-up. The startup business model development, Rubi Batik, was directed to the commercial mission and social impact mission.

Keywords: *Social Entrepreneurship Business Model; Innovation; Startup; CIPP Model*

Introduction

Indonesia is a country that is known for its rich culture. *Batik* has become one of Indonesian cultural heritage that has evolved over time and can be used to strengthen the nation's identity. The aesthetic beauty of *batik* designs has become one aspect that draws the attention of both domestic and foreign tourists. Many tourists buy *batik* as a souvenir when visiting an area. The rapid flow of tourists who come to Indonesia can be a great opportunity to introduce *batik* in a wider scope; not only as souvenirs, but also as an educational means for tourists to learn about the meaning of *batik* patterns. *Batik* itself has a comparative excellence in the economic field, so it is expected that *batik* will be able to improve people's welfare.

The craftsmen of this traditional and original Indonesian *batik* cloth are encouraged to improve their productivity and innovation in order to be more competitive in both domestic and international markets. Some reasons are underlying this support; first, the industry is able to absorb hundreds of

thousands workers in all aspects. Second, the *batik* industry has played a major role in national economic growth. This sector is dominated by small and medium industries. This sector has a major influence on the country's foreign exchange contribution through exports. The export value of *batik* and *batik* products until October 2017 reached USD 51.15 million, up from the first semester of 2017 achievement of USD 39.4 million (Ministry of Industry and Trade, 2017). The main target markets for Indonesian *batik* products are Japan, the United States and Europe. Third, the batik industry has developed into an environmentally friendly business sector along with the increasing use of natural dyes in these traditional fabrics. This has made *batik* as a high economic value product; even the presence of natural dyes development also gives contribution in reducing the synthetic dyes imports. Fourth, the customers' preferences toward *batik* as an environmentally friendly product keep increasing.

Meanwhile, the data shows that the development of IKM *batik* is spread in 101 centers, such as: Central Java, East Java, West Java, and the Special Region of Yogyakarta (Ministry of Industry and Trade, 2017). Meanwhile, the data that is taken from the Department of Industry, Trade, Cooperative, and Enterprises of Special Region of Yogyakarta shows that the number of people who work in *batik* sector in the Special Region of Yogyakarta reached approximately 81,000 people. The number of *batik* craftsmen in the Special Region of Yogyakarta has continued to regenerate from year to year. Meanwhile; based on industrial *batik* data in the Special Region of Yogyakarta, the number of IKM reached 3000 units in 2013 and in 2015, the number reached 8,000 units, which were spread out in five Districts / Cities (Kharisma, 2017).

Some of the *batik* industrial centers in the Special Region of Yogyakarta are located in Pandak, Imogiri (Bantul District); Hamlet Trembowo, Tancep (Gunung Kidul District), Turi or the slopes of Merapi (Sleman District), Sapon, Lendah, Gulurejo, (Kulon Progo) and Taman Sari (Yogyakarta); while there were about 400 *batik* patterns in 2015 (Kharisma, 2017). The *batik* industry in Yogyakarta keeps increasing. At the end of 2016, *batik* exports from the Special Region of Yogyakarta reached USD 101.11 million. This exports increase had made Yogyakarta appointed as the World *Batik* City by the World Craft Council (WCC). The total export value was valued at USD 252.78 million, of which 40% came from textile commodities including *batik* (Kharisma, 2017). Besides the increasing sales factor, it is also due to the presence of young *batik* makers who keep increasing. They work through various innovations without leaving the standard patterns.

Although the development of the *batik* industry in the Special Region of Yogyakarta keeps increasing, the presence of batik business models are mostly still in commercial mission-oriented and ignore the social missions. Due to the fierce business competition among the *batik* craftsmen, many of them stopped their production. Based on that, we need to innovate the existing *batik* business model. Amit and Zott (2012) state that companies are increasingly turning to business model innovation as an alternative or complement to product or process innovation. Several existing studies (Yunus et al., 2010; Sommerrock, 2010; Haryanti et al., 2015) suggest innovation from commercial business models towards social business models or social entrepreneurship business models. This social entrepreneurship model has an economic mission and a social mission.

In the context of the *batik* craftsmen community in Yogyakarta, social entrepreneurship is expected to be able to provide solutions to make the *batik* craftsmen community better. Based on the interview results, the social problems in the *Kricak* and *Giriloyo Batik* craftsmen communities in Yogyakarta that arose include: first, since late 2014, some batik craftsmen had stopped their activities in the *batik* production process. The *batik* activities were abandoned due to the presence of intense competition, the decreasing demand for *batik* and the difficulty of these *batik* craftsmen in entering the modern market. In addition, the *batik* craftsmen admitted that they were unable to compete with modern products. As the result, the income of these batik craftsmen had continued to decrease. Second, the private sector or the government had not yet paid full attention to give empowerment programs for written *batik* craftsmen,

such as: increasing the human resources competence, *batik* business management ability. Third, the lack of *Batik Business* ability to access market information; both domestically and internationally. Fourth, the batik craftsmen community still had not used digital technology in promoting and marketing their *batik* products. Fifth, there were no responsive facilitators to the social problems of *batik* craftsmen.

Based on the previous explanation, this study evaluates the existing model of *batik* craftsmen, and develops a social entrepreneurial startup business model, *batik*. It is hoped that the contribution of the social entrepreneurship business model can solve the social problems, through the empowerment of *batik* craftsmen. Finally, this startup business model is expected to have a commercial motive and later is able to bring social impacts in improving the welfare of written *batik* craftsmen in Yogyakarta.

Literature Review

Social Entrepreneurship and Social Business

Social entrepreneurship has drawn the researchers attention from different majors who later have produced various definitions in terms of social entrepreneurship. However, there is no clear consensus on this social entrepreneurship definition. Alegre et al. (2017) map existing definitions; by using citation maps and cluster analysis methods. In fact, there is broad consensus within the academic community related to the definitions and meanings of the social entrepreneurship terms and definitions; particularly centered on the combination of social and financial goals, community ideas and innovation. Several existing studies (Austin et al. 2006; Alter, 2007), attempt to conduct a comparative analysis between Social Entrepreneurship and Commercial Entrepreneurship. Austin et al. (2006) reveal many things after comparing social and commercial entrepreneurship; including the similarities between social and commercial entrepreneurship, some important differences that are related to their original propositions regarding market failure, mission, resource mobilization, and also the performance measurement.

Meanwhile, Yang et al. (2014) compare social enterprises and commercial companies (for profit) based on mission and values. Commercial companies are focused on maximizing profit; therefore these companies are market driven. On the other hand, social enterprises pursue social missions simultaneously. The operational goal of these social enterprises is to maximize socially oriented profit. Hence, the social enterprises devote all of their resources to create social impact and value. By using a hybrid spectrum, Alter (2007) discusses the differences between social enterprises and commercial enterprises (for profit). On the right spectrum, there are for-profit entities that create social value; yet, its main motivation is related to profit creation and distribution to the stockholders. Meanwhile, on the left of the spectrum, there are non-profit organizations whose commercial activities generate economic value that is diverted to finance social programs. Yet, their main motivation is the mission achievement, as determined by the stakeholders mandate. Alter, (2007) presents a hybrid spectrum of social enterprises and commercial enterprises as in Figure 1 below:

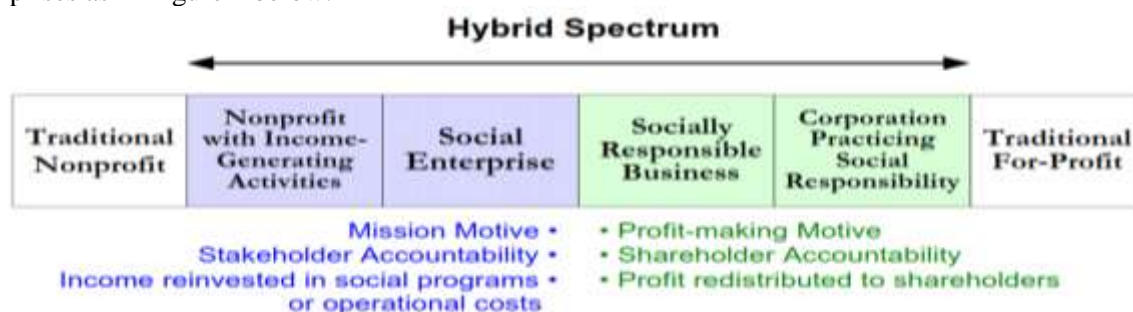


Figure 1. Hybrid Spectrum
(Source: Alter, 2007)

Social enterprises are at the crossroads of commercial business (for profit) and traditional non-profit. The social business motive is a combination of good will and self interest motives, a balance between market and mission, the goal is on creating economic and social value. The income distribution of social enterprises is reinvested in mission activities or operational costs, and/or maintained for business growth and development (for profit can be partially distributed) (Alter, 2007).

The concepts of social entrepreneurship and social enterprise are often used alternately. Luke and Chu, (2013) Shane and Venkataraman, (2000) show that social enterprises express their focus on social business goals; while, social entrepreneurship expresses an emphasis on the processes which underlying the innovative and entrepreneurial activities for social purposes. Based on the comparison of commercial enterprises and social enterprises, the position of social entrepreneurship can be explained in Figure 2. Social entrepreneurship consists of improvising the systems, designing new approaches, capturing missing opportunities and producing solutions to make the society better. Several parameters distinguish social entrepreneurship from the traditional ways of business; particularly with entrepreneurship which has social and economic mission.

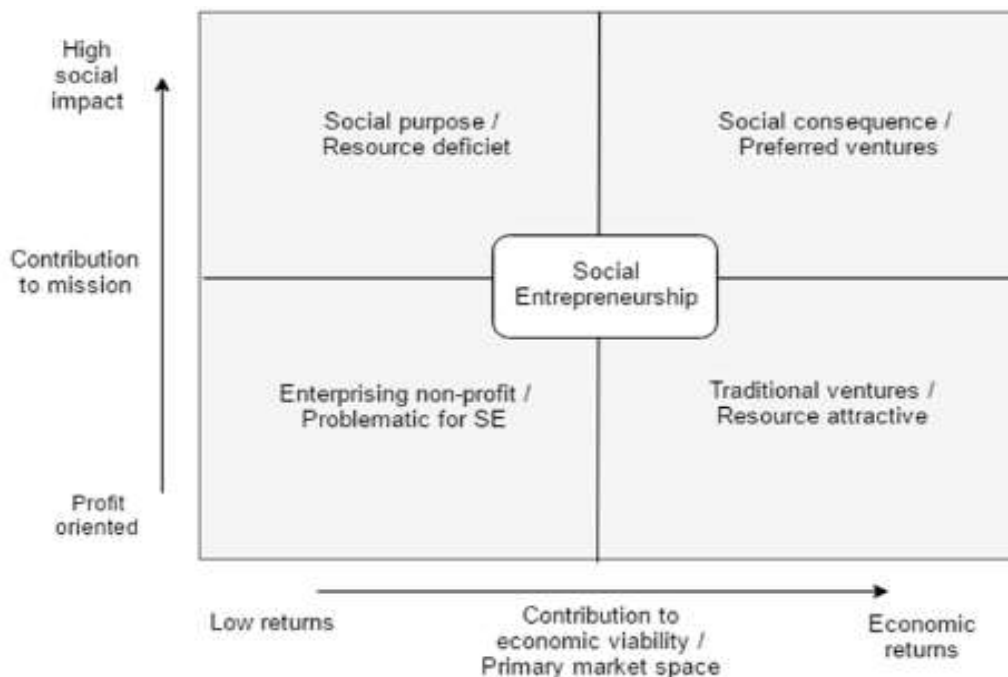


Figure 2. Position of Social Entrepreneurship Contribution
Source: Gandhi and Raina, (2018)

Towards a Social Entrepreneurship Business Model

Amit and Zott (2012) state that these days; companies are increasingly turning themselves to business model innovation as an alternative or a complement to the product or process innovation. The company's business model is an interconnected and interdependent system activities that define how the company "does business" with the customers, partners, and vendors. In other words, a business model is a specific set of activities - a system of activities - that are carried out to meet the market needs, along with the company or its partners, and how these activities are connected to each other.

Yunus et al. (2010) conduct an exploration of social business model innovations. They trace the gradual development of Grameen's expertise in formulating social business models. Yunus et al. (2010) highlight the adjustments that are needed to switch from a traditional business model to a social business model framework. The first change is targeted stakeholders specification, and the provision in which the value propositions and constellations are not focused solely on the customers; but, need to be expanded in order to include all stakeholders. The second is the definition of the desired social benefits through a comprehensive eco-system view, which resulting in a social profit equation. The third is that the economic benefit equation targets only full cost and capital recovery, and not on the maximization of financial returns. Thus, the components of the social business model: the social profit equation (social profit, environmental profit); value proposition (stakeholders, products / services); value constellations (internal and external value chains); economic profit equation (sales revenue, cost structure, capital used, full capital recovery).

Meanwhile, based on the the study results of Haryanti et al. (2015), five basic criteria for a social enterprise in Indonesia are proposed: 1) having a social mission, it means that there are social problems that are resolved; 2) empowerment, the community is empowered to solve its own problems; 3) business principles in accordance with ethics, namely business ethics, social responsibilities (to the stakeholders), accountability, transparency, 4) social impact, investment returns to increase social impact, by using different means: utilizing surplus for business lines expansion and social activities lines, 5) a sustainable orientation (sustainability): organizational and financial sustainability.

The Dimensions of the Business Model Canvas for the Social Entrepreneurship Business Model

Business models can be defined by three main elements (Richardson, 2008; Osterwalder and Pigneur, 2010): value proposition, value creation, delivery, and value capture. Value creation is the heart of every business model; businesses usually capture value by seizing new business opportunities, new markets, and new revenue streams (Beltramello et al., 2013; Teece, 2010). Value proposition is usually related to products and services offering to generate economic benefits; but, in a sustainable business model, value proposition will provide measurable ecological and/or social value along with economic value (Boons and Lüdeke-Freund, 2013).

Osterwalder and Pigneur (2010) offer a Business Model Canvas. The Business Model Canvas (BMC) is one of the strategic tools used to describe a business model and the basic thought on how organizations create, deliver, and capture value. The dimensions of the Business Model Canvas are divided into nine main components, namely: customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships and cost structure.

The dimension of commercial business model include the business model canvas; which can be used to construct the dimensions of social business model or social entrepreneurial business model (Sommerrock, 2010; Burkett and Knode, 2016). In addition, based on existing studies (Amit and Zott, 2012; Osterwalder and Pigneur, 2010; Yunus et al., 2010; Gandhi and Raina, 2018), innovation of existing business models can be carried out by integrating the both perspectives of commercial business models and social entrepreneurial business model, as presented in table 1.

Table 1. Dimensions of the Business Model and CIPP

	Canvas Business Model Components	Dimensions of the Commercial Business Model	Dimensions of the Social Entrepreneurship Business Model Innovation	CIPP
A	Value Proposition			
1	Value Proposition	<ul style="list-style-type: none"> ▪ Customer ▪ Product/services 	<ul style="list-style-type: none"> ▪ Benefits for Stakeholders (commercial customer and impact customer); ▪ Product/services/empowerment 	Product
2	Customer Segment	<ul style="list-style-type: none"> ▪ Customer 	<ul style="list-style-type: none"> ▪ Stakeholder: Beneficiaries/Customers/Funder 	Context
3	Customer Relationship	<ul style="list-style-type: none"> ▪ Customer Satisfaction 	<ul style="list-style-type: none"> ▪ Stakeholder value creation and value creation partner. 	Process
B	Value Creation and Delivery			
1	Channels	<ul style="list-style-type: none"> ▪ Customer: distribution and communication / information channels 	<ul style="list-style-type: none"> ▪ External (Customer) value creation: distribution and communication / information channels 	Process
2	Key Activities	<ul style="list-style-type: none"> ▪ Internal and External value chain 	<ul style="list-style-type: none"> ▪ Internal value chain (the process of converting input to output) 	Process
3	Key Resources	<ul style="list-style-type: none"> ▪ Optimization of important capital / assets 	<ul style="list-style-type: none"> ▪ Human Capital, Economic Capital (financial and physical assets) and Social Capital 	Input
4	Key Partners	<ul style="list-style-type: none"> ▪ Internal and External value chain 	<ul style="list-style-type: none"> ▪ External value chain (value creation partner): co-operation 	Input
C	Value Capture			
1	Cost Structure	<ul style="list-style-type: none"> ▪ Efficient Cost Structure 	<ul style="list-style-type: none"> ▪ Full Capital Recovery 	Input
2	Revenue Stream	<ul style="list-style-type: none"> ▪ Reinvestment for capital growth 	<ul style="list-style-type: none"> ▪ Reinvestment for social mission programs 	Product/ Input
3	Mission	<ul style="list-style-type: none"> ▪ Profit 	<ul style="list-style-type: none"> ▪ Social Profit (Social Impact): Social problems to be resolved 	Product

Research Method

This study uses a qualitative case study approach (Stufflebeam and Coryn, 2014) as the evaluation research method. The subjects of this study are two written *batik* business communities in *Kricak Kidul, Yogyakarta*, namely *Giriloyo Batik* and *Kricak Kidul Batik*. In this study, the researcher collected data through questionnaires and in-depth interviews.

Evaluation Model

This study used evaluation research with a qualitative case study design (Stufflebeam and Coryn, 2014). The business model evaluation used the CIPP model. The CIPP model can be used to guide the stages of a program to produce and apply knowledge in the desired conditions to achieve innovation

(Stone and Lane, 2012). The purpose of evaluating the CIPP model program is for the sake of consideration in making a decision or a policy. The function of the CIPP model evaluation is to assist policy makers in making decisions whether to continue, modify, or stop the program. The core concept of the CIPP model is the evaluation of the entity context, inputs, processes, and products.

The relationship between the CIPP model on the *Batik* Business Model Canvas component is described previously in table 1. Evaluation on the nine blocks in the *Batik* Business Model Canvas, is started with the context evaluation (stakeholder needs) which includes: customer segments. Input evaluation includes main resources, main partners, cost structure, and revenue streams. Process evaluation includes key activities, customer relations, and channels. Meanwhile, product evaluation (goods/services, effectiveness, sustainability, and transportation) includes: mission, product value offering, as well as revenue streams.

Measurement

The evaluation research questionnaire instrument is prepared based on nine modifications to the business model canvas components (Osterwalder and Pigneur, 2010; Burkett and Knode, 2016). Measurements are made based on nine main components and dimensions of the social entrepreneurship business model, which can be seen as follows: first, customer segments dimensions: in which serving two directly related segments: commercial segments, customers and social impact segments: beneficiaries. Second, the value propositions: social value proposition (social impact), the social mission value offered (empowerment of the *batik* community) and the commercial value proposition offered: *batik*. Third, channel: external (customer) value creation: distribution and communication / information channel for two market segments. Fourth, customer relationship (customer relationship): creating value for stakeholders and value creation partners for the two market segments. Fifth, key resources: human capital, economic capital (financial and physical assets) and social capital, professional, volunteer for two market segments. Sixth, key activities: internal value chain (the process of converting inputs into outputs) for two segments: commercial products and empowerment (impact). Seventh, key partnerships: external value chain (value creation partner), cooperation. Eighth, the cost structure, operating costs for commercial use and empowerment costs (social impact). Ninth, revenue streams come from commercial and social impacts, namely non-commercial funds, semi-commercial funds, and commercial funds. Tenth, social impact and financial impact. Each indicator or statement item for each component of the business model is given a Likert type scale with points 1 to 5 (1, strongly disagree, 2, disagree, 3, doubt, 4, agree, and 5, strongly agree). Meanwhile, the in-depth interview guide also refers to the nine components of the social business model. The evaluation criteria are based on table 2 as follows:

Table 2. Evaluation Criteria for *Batik* Business Model Components

Formula	Average Score	Classification
$X > \mu_i + 1,8 \times s_{bi}$	$X > 4,2$	Very Good
$\mu_i + 0,6 \times s_{bi} < X \leq \mu_i + 1,8 \times s_{bi}$	$3,4 < x \leq 4,2$	Good
$\mu_i - 0,6 \times s_{bi} < X \leq \mu_i + 0,6 \times s_{bi}$	$2,6 < x \leq 3,4$	Fair
$\mu_i - 1,8 \times s_{bi} < X \leq \mu_i + 0,6 \times s_{bi}$	$1,8 < x \leq 2,6$	Poor
$X \leq \mu_i - 1,8 \times s_{bi}$	$X \leq 1,8$	Very Poor

Results and Discussion

Evaluation Results of a Business Model: A Case Study on *Giriloyo Batik* and *Kricak Kidul Batik*

This study aims to evaluate the nine components of the business model canvas in two batik community businesses in the village of *Kricak Kidul Yogyakarta*. The summary results based on the questionnaire results on the nine components of the business model canvas applied in two *batik* communities; *Batik Giriloyo* and *Batik Kricak Kidul* in *Kricak Kidul, Yogyakarta* are presented in Table 3 as follows:

Table 3. Evaluation Results Summary of Giriloyo Batik Business Model and Kricak Kidul Batik, Yogyakarta

No	Business Model Component	CIPP Model	Average Score	Classification				
				VP	P	F	G	VG
1	Customer Segment	Context	1.18	✓				
2	Value Proposition	Product	1.61	✓				
3	Channels	Proses	1.29	✓				
4	Customer Relationship	Proses	1.48	✓				
5	Key Activity	Proses	1.55	✓				
6	Key Partners	Input	1.71	✓				
7	Key Resources	Input	1.36	✓				
8	Cost Structure	Input	1.43	✓				
9	Revenue Stream	Input/ product	1.23	✓				

Notes: VP: Very Poor, Poor, F: Fair, G: Good, VG ; Very Good

Based on the assessment results above, the scores show that all components of the batik canvas model are still at the lower limit, which are very lacking. Therefore, each component needs improvement and innovation in the existing model.

Context Evaluation Results of the Batik Communities Business Model, *Giriloyo* and *Kricak Kidul Batik*, and Their Implications for the Startup Business Model

Context evaluation provides guidance for identifying needed interventions, selecting targets, and setting priorities by assessing and reporting on needs, problems, assets, and opportunities. Context evaluation helps planning decisions, determining the program needs that *Giriloyo* and *Kricak Kidul batik* models as shown in table 3, the customer segment components for meeting customer needs are in the "very poor" classification. This provides an opportunity to expand customer needs in both old and new segments. Based on the evaluation and in-depth interviews the results, the implications are for the market segment that *Rubi Batik* is going to target are, first, the commercial segment: 1) overall, *Rubi Batik* products can be used by men and women, children, adolescents of all ages. 2) Target middle to upper consumers with special products that *Rubi Batik* will launch based on customer requests. 3) Domestic and foreign tourists will be able to see *Rubi Batik* products directly in cultural exhibitions and various events which are held by private, government and national companies. Meanwhile, for the segments of social impact recipients: private/written *batik* conservationist, and the Tourism Office.

Inputs Evaluation Results of the Batik Communities Business Model, *Giriloyo* and *Kricak Kidul Batik*, and Their Implications for the Startup Business Model

In input evaluation, the results of this evaluation help organizing decisions, determining existing sources, what alternatives that can be taken, what plans and strategies that can be used to achieve goals, what kind of working procedures to achieve them. Likewise, based on the input evaluation the results of *Giriloyo* and *Kricak Kidul batik* models as shown in table 3, the main partner components, cost structure, revenue streams, and main resource components are classified as “very poor”. Based on the evaluation and in-depth interviews results, the implications for the three components that will be managed by Rubi Batik are as follows. Reviewed from the commercial mission, the key resources used by Rubi Batik are as follows: 1) economic capital includes physical and financial assets. The main physical resources that are owned in Rubi Batik business include tools for making written *batik*, canting; sewing machines, for production. Meanwhile, smartphones as the main resource in marketing, selling and order processing. 2) Intellectual capital, owned intellectual resources that are related to patents and Rubi Batik trademarks. 3) Professional human capital, of course this business will not run and develop without professional human resources. Thus, the production process requires skilled and skillful batik craftsmen and employees. 4). Another important thing; financial assets, there is no business without financial startup capital. In terms of building this business, funding comes from personal capital and semi-commercial funds, soft loans. 5) social capital, social business is run based on the trust value and diversity. In the meantime; according to the social mission, the main resources include human resources volunteer and support for social business networks, facilities that can be accessed from social partners, and social funds.

For main partner (key partnership), it is related to agreement and cooperation between two parties to achieve the same interest. In terms of commercial missions, the main partners in this business are 1) raw materials suppliers, including fabrics suppliers, which are needed in the production process, 2) knick-knacks suppliers for sequins, and 3) *batik* products distribution. Meanwhile, from the social mission aspect (social impact recipients), cooperation with 1) social batik business partners, 2) social batik business alliances / written *batik* craftsmen, 3) social investors. Furthermore, for the cost structure component; it means all costs that will appear in the *batik* business. Costs which arise in Rubi Batik business include: 1) raw material costs, 2) packaging costs; 3) promotion costs, 4) labor costs, 5) other overhead costs. Reviewed from the social mission, beneficiaries, the costs that arise are training costs.

For cost structure, it is directed at two targets. Commercial targets: raw material costs, equipment costs, labor costs, overhead costs, marketing and other general costs. Meanwhile, the social impact target includes training costs. Furthermore, the **revenue stream** is also directed at two sources. Sources from commercial, including business income, loans, investment with commercial schemes. Meanwhile, the social impacts sources include semi-commercial: soft loans, and social: grants, donations, Company Social Responsibility (CSR).

Process Evaluation Results of the Batik Communities Business Model, *Giriloyo* and *Kricak Kidul batik*, and Their Implications for the Startup Business Model

In evaluation process, the evaluator monitors, documents, assesses, and reports on the program plan implementation. Evaluation process provides guidance for implementing operational plans by monitoring, documenting, assessing, and periodically reporting program activities and expenditures on program implementation. Based on the process evaluation results of the *Giriloyo* and *Kricak Kidul batik* models as shown in table 3, the main activity components, customer relationships, and channels are in the “very poor” classification. Based on the evaluation and in-depth interviews results, the three components implications which will be carried out by Rubi Batik are as follows.

For the **main activity component (key activities)**, describing the activities for both the commercial mission and the important social mission is precisely determined; so that the business model mission can run well. Reviewed from the commercial mission, the main activities carried out by Rubi Batik are 1) design 2) production, the activities carried out in this production process are purchasing raw materials in fabrics form, processing raw materials, packaging finished products; so that they are ready to be marketed or sold to customers. 3) Selling; online and offline selling activities. 4) Support, activities carried out to find new customers by means of social media marketing. 5) Customer service. 6) Exhibition. Meanwhile, for the social mission, the beneficiaries activities include: *batik* training and joint exhibitions. Training, in this term means providing training and education to written *batik* craftsmen as the main assets in carrying out the production stages, such as: designing, sewing, and developing creativity and innovation in creating new *batik* products.

For the **customer relationship component**, the importance of building a good relationship with commercial customers and stakeholders, social missions lovers. In maintaining good relationship with customers, Rubi Batik does several ways. In order to achieve the commercial mission, the activities include: 1) after sales service quality; 2) customer loyalty, 3) long-term customers. On the other hand, for the social mission; the activities done for the impact recipients include: 1) mentoring, 2) meeting forums, 3). social media; such as: Instagram, 4) uploading customers photos on Instagram social media; 5) create customer cards and discount vouchers for purchasing the products.

Channel is a company medium to communicate with its customers to convey its value proposition and to what extent the product or service offered has commercial value and a high social impact according to its target customers or beneficiaries. For commercial missions, the channels used by Rubi Batik are as follows: 1) to facilitate communication with customers, two methods are used; they are: online and offline methods. Our online methods use social media, such as: instagram and do promotions through various forums, such as: radio, brochures. For social missions, activities are carried out through: 1) offline through cultural exhibitions held by private or government parties and certain events. 2) government tourism office, 3) directory and social enterprise networks

Product Evaluation Results of the Batik Communities Business Model, *Giriloyo* and *Kricak Kidul batik*, and Their Implications for the Startup Business Model

The evaluation product results (impact, effectiveness, sustainability, transportability) aim to assist the project leaders to make decisions regarding the program continuation, termination, and modification. At this stage, evaluation is done to help making further decisions, both regarding the results that have been achieved and what is done after the program runs. Based on the product evaluation results in the *Giriloyo* and *Kricak Kidul batik* models as shown in table 3, the value proposition components are in the "very poor" classification. Based on the evaluation and in-depth interviews results, it is concluded that the implications for the value proposition component produced by Rubi Batik are important to do; both, commercial value propositions and social value propositions. Reviewed from the commercial mission, Rubi Batik's own value propositions are: 1) emphasizing on the uniqueness of written *batik* designs, 2) unique written *batik* designs because Rubi Batik accept customized orders based on the customer requests (limited edition), 3) its packaging is designed in an attractive and classic way, 4) Rubi Batik has its own uniqueness in wrapping its products since it takes Yogyakarta culture as main theme in order to raise cultural values indirectly. 5) Price according to quality. The price offered by Rubi Batik products varies depending on the customer requests or according to the product theme. Items (output) that are produced from the empowerment program for written *batik* craftsmen in Kricak Kidul, Yogyakarta are in the form of *batik* cloth handicraft products with unique motifs that can be customized, ready-made clothes, and crafts. Other product lines, by developing future products, such as: the productions of bags, wallets and various souvenirs with unique *batik* motifs.

Meanwhile, from the social mission aspect; the impact that can be felt directly by the social impacts recipient is the human resources quality improvement of the written *batik* craftsmen in Kricak, Yogyakarta. Thus, viewed from the social mission; this social business aims to improve the welfare of written *batik* craftsmen, enhance their knowledge, develop their innovation and creativity, increase their skills regularly, increase their self-confidence, motivation, and improve their living standards. Furthermore, the economic impact; this business model can increase the income of written *batik* craftsmen, increase the country's foreign exchange earnings (export-import), increase the number of domestic and international tourists, promote *batik* as Indonesia's cultural heritage.

Innovation Development for Startup Business Model, Rubi Batik

Based on the evaluation results on the business model canvas components, the Batik Community (*Giriloyo Batik* and *Kricak Kidul Batik*), the next step is to develop a Startup Business Model. The startup business model, Batik Rubi, can be displayed in the startup business model innovation as shown in Figure 3.

Key Partner	Key Activities	Value Proposition	Customer Relationship	Customer Segment
<ul style="list-style-type: none"> ▪ Commercial: - Supplier of <i>batik</i> fabrics and knick-knacks - <i>batik</i> distributor ▪ Recipients of social benefits / impacts - Batik Business Social Partner - Batik Social Business Alliance / Written <i>Batik</i> Craftsmen; - Social Investor 	<ul style="list-style-type: none"> ▪ Provide Commercial Value ▪ Design, production, customer service, exhibition ▪ Selling and Support ▪ Giving benefits value / social impacts ▪ Written <i>batik</i> Training 	<ul style="list-style-type: none"> ▪ Commercial Value Offering ▪ Unique written <i>batik</i> (limited edition) in classic packaging and special price ▪ Personal service ▪ Benefits value offering (social impact) ▪ Sustainable empowerment for Written <i>batik</i> craftsmen 	<ul style="list-style-type: none"> ▪ Commercial ▪ After sales service quality ▪ Customer loyalty ▪ Long term customers ▪ Social Impact ▪ Assisting ▪ Meeting Forum 	<ul style="list-style-type: none"> ▪ Commercial ▪ Men, Women, Children, Teens for all Ages ▪ Domestic and foreign tourists ▪ Beneficiaries (social impact) ▪ Personal / conservation institution for written <i>batik</i> ▪ Government Tourism Office
	<p>Key Resources</p> <ul style="list-style-type: none"> ▪ Commercial ▪ Professional human capital, ▪ economic capital (financial and physical assets) and ▪ social capital (trust, diversitas) ▪ Intellectual model (patents, etc.) ▪ Social Impact Goals ▪ Volunteers human resources and network support ▪ Support access facility ▪ Social fund 		<p>Channels</p> <ul style="list-style-type: none"> ▪ Commercial ▪ Website (on line) ▪ Social media ▪ Batik Channel Partners: Travel Business, Airport ▪ Beneficiaries (social impact) ▪ Government Tourism Office ▪ Exhibition Events ▪ Directories and social business networks 	
Cost Structure		Revenues Streams		
<ul style="list-style-type: none"> ▪ Commercial Goals: - Raw material costs, equipment costs, labor costs, overhead costs, marketing and other general costs ▪ Social Impact Goals: - - training costs 		<ul style="list-style-type: none"> ▪ Commercial Sources: - Business income, loans, investment with commercial schemes ▪ Social Impact Sources: - Semi commercial: soft loan - Social: grants, donations, CSR 		

Figure 3. Startup Social Business Model, Rubi Batik

Conclusion

The results showed that the nine components of the *batik* business model canvas in Kricak Kidul, Yogyakarta are in “very poor” classification; thus it needs innovation. The current *Kricak Kidul batik* business model is still focused on a commercial mission. Therefore, it is important to innovate the *batik* business model canvas towards a social business model, a social entrepreneurship business model. The evaluation research results on the business model canvas components of Kricak Kidul *batik* have implications for the startup business model development, Rubi Batik. In terms of startup business model development, Rubi Batik is in the direction of both commercial mission and social mission (social impact). Thus, Rubi Batik's startup business model is designed to build a commercial value proposition and a social value proposition, by doing business models and components innovations on the existing batik business model.

Limitations and Suggestions

This study focuses on two cases of batik business models. In the future, it is important to evaluate several other batik cases. The reason for expanding the case is to obtain generalized conclusions for the nine components improvement on Rubi Batik's startup business model canvas that has been built.

The compilation of the startup business model for Rubi Batik can be an inspiration for changes in the business model of other Kricak Kidul batik craftsmen. Innovation is carried out on all components of the business model canvas, with a mission orientation on being a social entrepreneurship business model. The empowerment program impact for written *batik* craftsmen in Giriloyo and Kricak Kidul, with an increase in the offering of commercial value and social value (social impact), will inspire other written *batik* craftsmen in Kricak Kidul and Giriloyo, Yogyakarta.

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