

Conference Paper

Social Enterprise Concept in Sustaining Fruit-Based- Processing Agro-Industry Development in Indonesia (Study Case: Fruits Up Social Business)

Koko Iwan Agus Kurniawan, Dwi Purnomo, and Anas Bunyamin

Department of Agroindustrial Technology, Faculty of Agro-industrial Technology, Padjadjaran University, Jl. Raya Bandung-Sumedang 45363, Indonesia

Abstract

This research discovers that the model of empowerment of Fruits Up SMEs highlights the empowerment of fruit farmers in Ciayumajakuning village as well as the housewives in Bandung. Done from February to June 2016, it obtains a unique business model description with the social business platform. In the mapped out business model, it is found a host of advantages such as (1) community interdependency, (2) technology mastery, (3) capital rise, (4) significant increase of investment, (5) strengthened collaboration, and (6) the improvement of social impact capable of being replicated in other enterprises. The method used in this research is that of analytical- descriptive with the design thinking approach as well as of qualitative and quantitative with the AHP (Analytical Hierarchy Process) method. Based on the results, the development of the enterprise's process is highly affected by (1) community with the point of 0.216 out of 1, being the most valuable variable for the existence of the enterprise. It is followed by (2) university (0.178), (3) supplying farmers (0.153), (4) business actors (0.128), (5) government (0.100), (6) distributor (0.092), (7) technopreneurship laboratory (0.069), (8) banking (0.033), (9) NGO (0.031).

Keywords: Agro-industry, AHP, Business Model Canvas, SMEs, Social Business

Corresponding Author
Koko Iwan Agus Kurniawan
koko11001@mail.unpad.ac.id

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INTRODUCTION

Fruits Up, an agro-industry-based IKM operating in an industry of puree (mashed) drink extracted from mangoes in Cirebon, Indramayu, Majalengka, and Kuningan, possesses a unique business model with the social business platform rooting on the empowerment that combines many upstream agricultural activities. These activities develop agricultural and plantation products to be processed with premium price in

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sale. Therefore, this enterprise is categorized as a social one, for its based management is developed with the collaboration of various stakeholders by integrating variety of resources and communities [2]. For the last 2 years, it has indeed undergone a significant progress, directing it to a continuous improvement on technology mastery, capital rise, knowledge share, independency, social impact improvement, a significant increase of investment, strengthened collaboration, and the continuity of enterprise development as well as of ability to replicate the process in other similar enterprises.

FRUITS UP AS A SOCIAL ENTERPRISE PLATFORM ENTERPRISE

The development of Fruits Up is based on the Fruters Model (Figure 1) [3] that is, a model of chain of technopreneurship-based empowerment in which the technology of the research results is designed as products with high added values and is implemented as a locomotive for a wider collaborative empowerment.

It uses the collaboration model (Figure 2), similar to that used by Mrs. Popon [2], collaborating such various stakeholders as universities, business actors, technopreneurship laboratories, regional and central government, community, institution, and banking.

EXISTING BUSINESS MODEL

The canvas of the existing business model is based on the social business platform. The empowerment process departs from farmers and a group of female workers in the upstream (village) to a group of female marketers in the downstream (city). Besides, a chain of benefits lurks within the farmers, government, universities, communities, and society that play a role to significantly foster the bond of collaboration and added values.

MEASUREMENT OF SUCCESS ON THE USE OF FRUTERS MODEL AND COLLABORATION MODEL

The use of AHP [5] shows that the Fruters Model consists of value propositions, customer segments, channels, customer relationships, revenue streams, key resources, key activities, key partners, and cost structure [1], whose results are as follows (Figure 3):

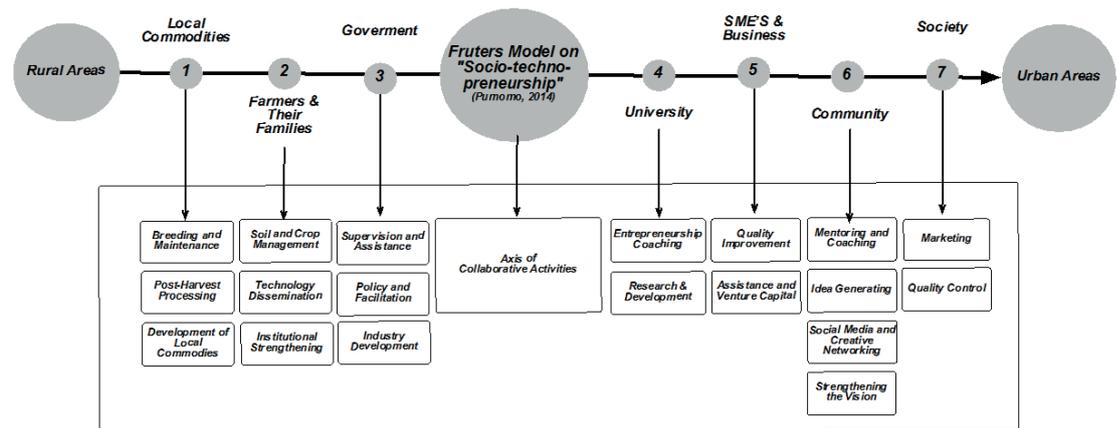


Figure 1: Fruters Model [3].

	1	2	3	4	5	6	7
Stakeholders	University	Leading SME's	Technopreneurship Laboratory	Local & Province Government	Community	Public Foundation	Financial Resource
Roles	Centre of Collaboration	Selected as a partner SME. SME's are trained partners, research and strategic business partners	Facilitate the needs of the input technology in business processes to be disseminated	Policy and partnerships facilitation. Provide opportunities to access the information	Provide networking access for start-up Business Actors - improve skill and remained on its vision to be Technopreneur	Providers of capital guarantee & managerial assistance	Providers of capital loans and financial assitancy
Aspects to be Distributed	Technological input and Collaborate the process within the curriculum Technology Curriculum Learning Method Alumni	SMEs Has good business experience with diverse products High amount of SMEs The needs of Innovation Experincened High Potential of Local Resources	Coaching and Mentoring Centre Technology Management Facilities R&D	Main partner in community empowerment Networking Facilities Legal Aspect Policy Access	A sustainable process of building a strong collaboration Multi-background Ide Generating Start-Up Community Collaboration	Collection of Crowd Funding Through Zakat and Donations for social Business Guarantee Fund Coaching Social Entrepreneurship Replication	Capital Resources Banks are committed to develop entrepreneurship which started from zero, without any experiences Coaching Financial Management Financial Partners
Assistance to SMEs	Technology and Management input	The Axis of Collaboration	Coaching Assistance	Policy access	Networking access	Replication Process assistance	Funding

Ibu Popon Agro-Industrial Based Social Entrepreneurship Assistance Model, 2013

Figure 2: The Collaboration Model [2].

The most influential value propositions in Fruits Up are (1) brand story (narrating the business process) with the score of 0.371 out of 1, being the most influential on the fulfillment of customers segments' needs or requirements. This is followed by (2) innovative (0.168), (3) design (0.135), (4) benefit (0.099), (5) customization (0.082), (6) price (0.055), (7) accessibility (0.052), and (8) brand (0.039).

The main targets of customer segments of Fruits Up are (1) the segmented market with the score of 0.390 out of 1, in which Fruits Up customizes itself more with the customer segments' needs who are mostly middle class society. This is followed by (2) niche markets (0.309), (3) mass market (0.152), (4) diversification (0.089), and (5) multisided platform (0.069).

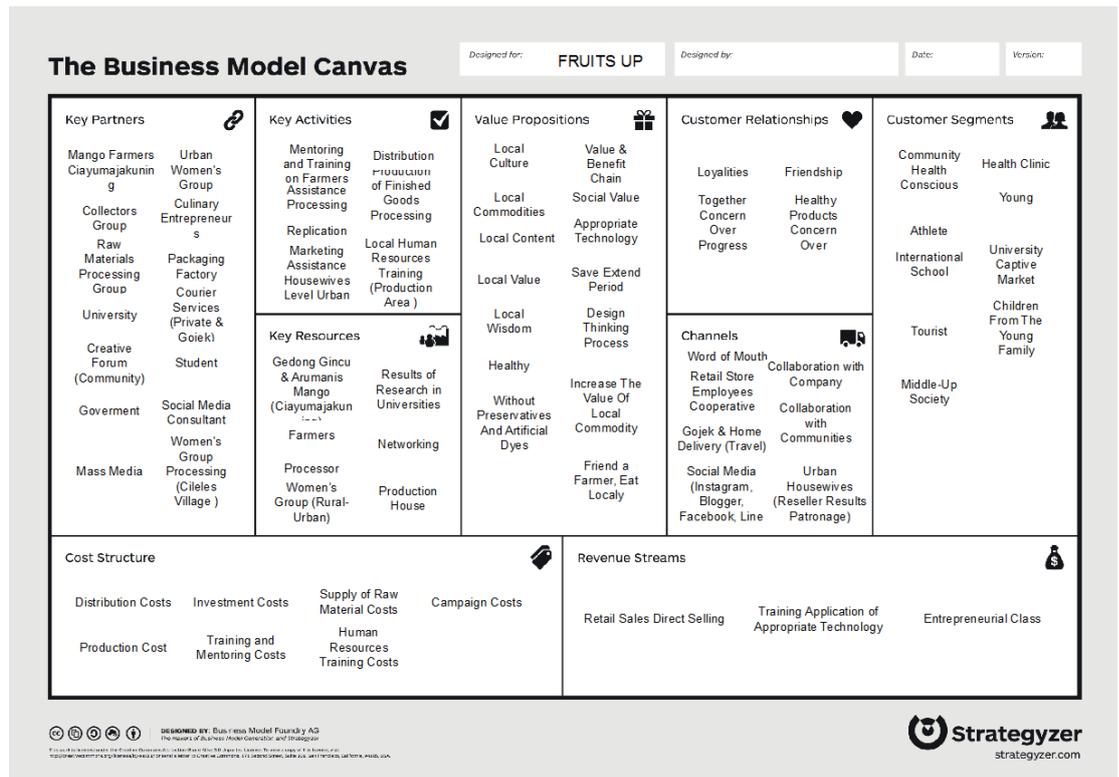


Figure 3: Fruits Up Business Model.

The most influential distribution channels in Fruits Up are (1) online sales with the score of 0.314 out of 1, highly affecting the communication, distribution, and sale channel as to afford the customers segments and give them value propositions. This is followed by (2) distributors (0.236), (3) retail sales (0.219), word of mouth (0.162), and transportation partner (0.069).

The most influential customer relationships in Fruits Up are (1) personal assistance with the score of 0.223 out of 1, based on the interaction between Fruits Up and its customers as well as the communication throughout the selling process and post-selling, creating a sense of loyalty within the customers. This is followed by (2) reward (0.209), (3) communities (0.201), (4) co-creation (0.161), (5) supermarkets (0.072), (6) special personal assistance (0.070), and (7) automatic service (0.064).

The most influential revenue streams in Fruits Up are (1) asset selling with the score of 0.213 out of 1, stemming from effective value propositions fairly acceptable and consumable by customers segments. These streams are later used to fund the cost structures necessary to reduce the income as to produce more of it. This is followed by (2) subscription fee (0.167), (3) intangible benefit (0.106), (4) advertising (0.106), (5) leasing/renting (0.100), (6) saving (0.098), (7) paper (0.086), (8) training (0.061), (9) investors (0.042), and (10) license (0.021).

The most influential key resources in Fruits Up are (1) human resources with the score of 0.371 out of 1. Their investments are crucial for the progress and development of the business process. This is followed by (2) materials (0.219), (3) method (0.218), (4) machine (0.117), and (5) money (0.075).

The most influential key activities in Fruits Up are (1) production with the score of 0.318 out of 1; this is necessary to create and contribute value proposition, afford channels, and maintain relations with customers so that revenue streams are achieved. This is followed by (2) distribution (0.201), (3) networking (0.131), (4) marketing (0.117), (5) assistance (0.097), (6) training (0.073), and (7) replication (0.063).

The development of the enterprise is highly affected by (1) communities with the score of 0.216 out of 1, followed by (2) universities (0.178), (3) supplying farmers (0.153), (4) business actors (0.128), (5) government (0.100), (6) distributors (0.092), (7) technopreneurship laboratory (0.069), (8) banking (0.033), and (9) NGO (0.031).

Lastly, the most influential cost structure in Fruits Up is (1) fixed cost with the score of 0.547 out of 1, affecting the whole structure and budgeting details necessary to operate the business, e.g., negotiating and offering values to the customer segments. This is followed by (2) variable cost (0.228), (3) economic scope (0.123), and (4) economic scale (0.102).

From the results of AHP above, it should be noted that the sustainability of Fruits Up as a social business should be seen from the collaboration among its stakeholders involving academicians, business actors, communities, government, farmers, banking, and NGOs. Each role of which should be able to significantly foster the bond of collaboration and added values. Furthermore, the most influential role in the business process of Fruits Up is communities, running hand in hand with the above measurements.

SUSTAINING FRUITS UP SOCIAL BUSINESS

The business sustainability of Fruits Up is a result of collaboration (Figure 4) among the stakeholders. As explained earlier, each stakeholder has its own role to create a chain of benefits throughout the entire process [4]:

THE LEARNING ORGANIZATION

Fruits Up has a variety of well-growing characteristics such as: community- focused, mediator of societies and community transformation, showing a high level of empathy. These are suitable with the expected characteristics for those in the empowerment of

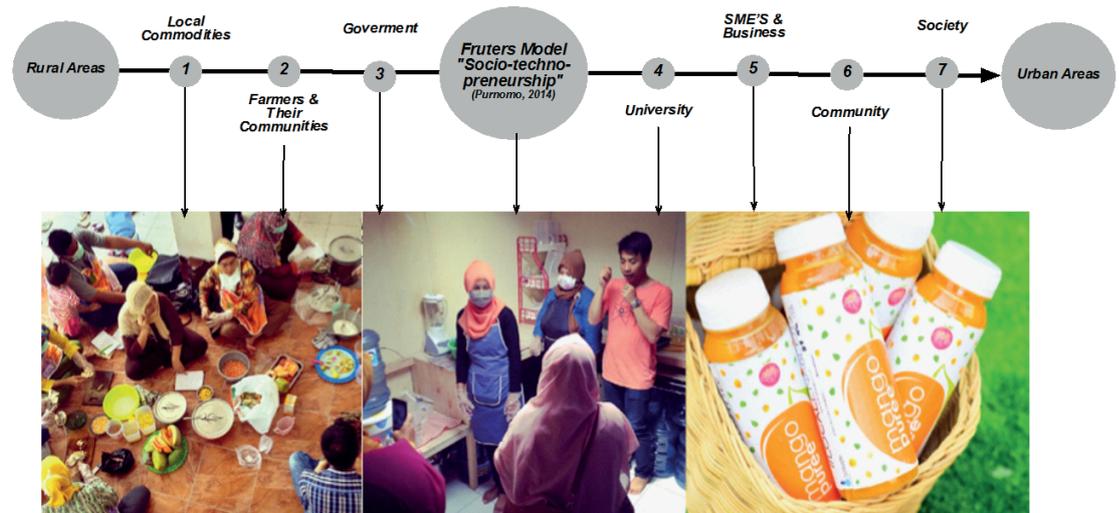


Figure 4: Collaboration Pattern among Stakeholders.

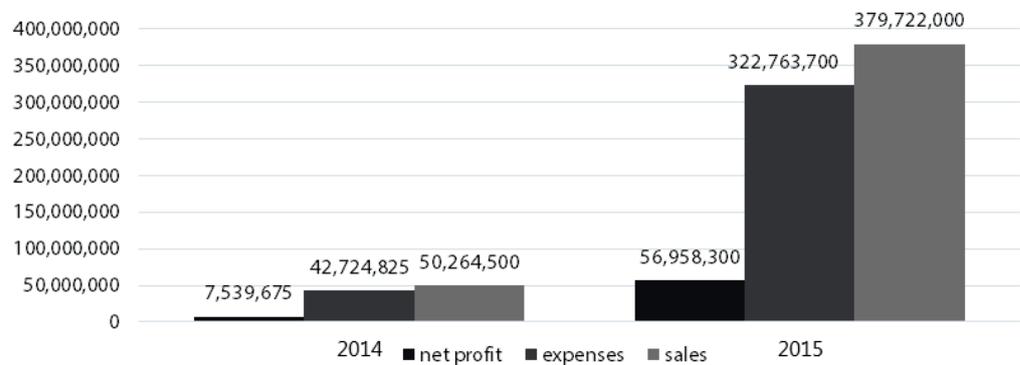


Figure 5: Increase of turnover of Fruits Up from 2014 to 2015.

entrepreneurship social areas. Not only that, the impacts are bigger on the benefit rise given to not only the society and local products but also actors along the chain of Fruters Model. In the last two years (Figure 5), Fruits Up has become a pioneer producing five research topics, spreading out the spirit of entrepreneurship among common people and making them the main actors of the collaboration axis from upstream to downstream areas. Moreover, it has also exemplified its learning organization and role model for academician partnership, business actors, community, and the government, positioning itself to be a platform for many researches to apply.

CONCLUSSIONS

This enterprise, in fact, replicates the collaboration model of Mrs. Popon [2], retaining a particular pattern as the model for learning and for improving entrepreneurial skill that enhances the level of independence and leads to the sustainability and the

success of the enterprise. Moreover, this model proves that resources exchange with various key partners enables the acceleration of enterprise's success, value addition, and sustainability level, to work along the way.

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