

**CREATIVE SOCIAL ENTREPRENEURIAL ORIENTATION
OF TRADITIONAL WOVEN SMES****Anggraeni Permatasari^{1*}, Wawan Dhewanto², Dina Dellyana³**¹Faculty of Business, President University, anggraeni@president.ac.id, *Corresponding Author^{1,2,3} School of Business and Management, Bandung Institute of Technology

ABSTRACT

This study defines entrepreneurial orientation (EO) in traditional woven SMEs in the context of the creative industry. We explore the entrepreneurial process of traditional woven SMEs in Sikka District, Indonesia. This study uses a qualitative method based on grounded research. Data was collected through in-depth interviews and observations. Eight stakeholders participated in this study. Data were analyzed through open, axial, and selective coding to present a systematic approach to new concept development applied by inductive research. The findings define traditional woven SMEs as those determined by creativity and social orientation. This study has limitations in terms of geographic area. Further research is required in this regard. The results can help traditional woven SMEs develop sustainable performance through entrepreneurial orientation. This study leveraged the concept of social entrepreneurship in the context of creative business.

Keywords: *social entrepreneurship, entrepreneurial orientation, hybrid values, sustainable performance, creative social enterprise*

1. Introduction

Small and medium-sized enterprises (SMEs) contribute positively to various countries' economic growth and social development. One of the most profound trends in the social sector today is the emergence of a new class of SMEs known as creative social enterprises (CSE). Creative-social enterprises require a connection between social entrepreneurship and the creative industry. Social enterprises and creative industries contribute positively to sustainable and inclusive growth (British Council, 2020). The British Council's 2018 Indonesian Social Enterprise Landscape Survey revealed that 22% of all social enterprises are located in creative industries. Thus, it is the largest social enterprise in Indonesia. According to Trapp (2015), creative social enterprises generate market demand for their goods and services while contributing to the dynamic shift in cultural sustainability, social justice, and economic development worldwide. According to Indonesian statistics (BPS), the creative economy sector contributes greatly to the national GDP. According to OPUS data for 2020, it is predicted that the contribution of the 17 creative economy subsectors will reach IDR 1,100 trillion, of which the craft subsector contributes 32%. However, during the covid-19 pandemic, 85.2% of Indonesian micro, small and medium enterprises (MSMEs) had financial issue related to business operations, and more than 30 million MSMEs faced

bankruptcy (Asian Development Bank, 2020). Therefore, the sustainability of creative SMEs has become an issue during pandemic covid-19.

This study analyzes the entrepreneurial orientation of creative social enterprise (CSE) in the context of the creative industry. Traditional woven SMEs in Indonesia are local businesses representing Creative Social Enterprise (CSE) in Indonesia. Over the past few years, their performance has not been optimal, particularly during pandemics. However, they consistently preserved hybrid values (social and economic) during their performance. According to Anggadwita et al. (2021), sociocultural environment and social perceptions positively and significantly affect entrepreneurial orientation. However, specific literature and definitions regarding entrepreneurial orientation and creative social enterprise (CSE) performance are still limited. This study attempts to fill this gap by defining the relationship between entrepreneurial orientation and creative social enterprise (CSE) performance.

2. Literature Review

2.1 Entrepreneurial Orientation

Entrepreneurship is the process of creating new businesses to gain profit and benefit. However, entrepreneurs face both internal and external challenges in sustaining their business. The entrepreneur can lead the company to achieve better performance through entrepreneurial orientation. Entrepreneurial orientation consists of innovation, proactiveness, and risk-taking (Anggadwita et al., 2021; Kreiser et al., 2002; Suharto & Subagja, 2018). Entrepreneurial orientation is an entrepreneur's capability to engage in creative and social entrepreneurial activities within a company. According to Hernández-Perlines & Rung-Hoch (2017), entrepreneurial orientation is “an entrepreneurial activity that refers to the processes, practices, decision-making styles, and behaviors that lead to new or established market entry with new or existing products or services”. From a social perspective, entrepreneurial orientation is the capability to recognize opportunities and create social value and also involves certain key decision-making characteristics such as innovation, proactiveness, and risk-taking (Sulphey & Salim, 2020). Therefore, entrepreneurial orientation involves discovering, evaluating, and exploiting opportunities to introduce new products or services to the market.

2.2 Creative Social Enterprise

“Social entrepreneurship is a process that begins with perceived social opportunity and then transfers it into an enterprise model. It determines and achieves the wealth essential to execute, initiates and grows the enterprise, and yields the future upon achieving its goal” (Lacap et al., 2018; Sulphey & Salim, 2020). Creative entrepreneurship creates value for businesses and social communities by bringing together unique resources. For example, economic, social, and cultural opportunities in a changing environment (Bujor & Avasilcai, 2014; Fillis & Rentschler, 2014). While Wells (2016) defined “an initial definition of creative social enterprise is emerging as organizations concerned towards valuable effects of hybrid values.” Therefore, a creative social enterprise (CSE) is a business that can use creative elements to resolve social problems by managing the principles of entrepreneurship.

Based on the previous studies, the authors need to investigate the selected companies' variables to the share price for the period of 2018 – 2021 and whether dividends mattered to stock performance when the market experienced a resilient time due to the pandemic during these periods. Therefore, our study hypothesizes a significant relationship between the selected companies' variables: Dividend per share, Dividend yield, Dividend payout ratio, Book value per share, earnings per share, Price-earnings ratio, and Firm size towards the share price.

3. Research Method

3.1 Research Design, Setting, and Participants

This study applies qualitative research using a grounded theory approach. Qualitative research aims to understand and explore various phenomena based on the social reality that exists in society (Saunders & Lewis, 2012). This method helps researchers develop the EO of the traditional woven SME concept in creative social enterprises. The population in this study comprises traditional woven SMEs in Maumere City, Sikka district, Indonesia. In 2018, Sikka district registered their traditional weaving product as Intellectual Property Right (IPR) based geographical area. The key informants were selected based on the following criteria: experience in producing and managing the weaving business, willingness to participate, and ability to respond to the questions. We used snowball sampling and purposive sampling to obtain the maximum research information. The interviews were conducted in homes, local offices, public spaces, and other comfortable places for the participants.

3.2 Data Collection and Data Analysis Design

Data collection was conducted using field observations and in-depth interviews within three months, from June to August 2020. We used Semi-structured interviews to apply individual interview techniques. The interviews began with several demographic questions, followed by questions about entrepreneurial characteristics based on process and experience. The interviews lasted 45–60 minutes, following the Covid-19 health protocol conducted by the Indonesian Health Ministry. Finally, the informants described the challenges and obstacles to sustaining their businesses. After data collection, we analyzed the information using open coding, axial coding, and selective coding by Strauss & Corbin (1998). Open coding is a part of the analysis that deals with naming and categorizing phenomena through careful examination of data. Axial coding tracks the relationship between encoded data elements. Finally, selective coding is the process of integrating and filtering categories so that all developed categories can try the most variations in behavioral patterns.

4. Results and Discussion

4.1 Respondent Profiles

The key informants are the founder/head of the community and stakeholders that support the traditional weaving ecosystem in the Sikka District. We selected eight informants for this study (Table 1).

Table 1. Key Informants Profile

No.	Code	Occupation
1	I.M1	Founder of Lepo Loren
2	I.M2	Owner of Gallery Shelly-Traditional Weaving Business
3	I.M3	Founder of Bliran Sina Communities in Watublapi
4	I.M4	Founder of eco-fashion weaving startup
5	E.M1	Head of Culture Division, Tourism & Culture Office in Sikka District
6	E.M2	Head Division of Industry, Trade Service, and Small Business Cooperatives in Sikka Districts
7	E.M3	Head of Industry & Creative Economy-Office of Tourism & Culture in Sikka District
8	E.M4	Humanist, Chairman of the Weaving Cultural Development Foundation

4.2 Creative-Social Entrepreneurial Orientation

This study links Entrepreneurial Orientation to Wells's (2016) creative social enterprise axiology concept. The concept includes the intersection of creative, social, and enterprise values. The results show that traditional woven SMEs have three creative social entrepreneurial orientations: (1) social proactiveness towards community benefits; (2) social innovativeness in sustaining the environment and local resources; and (3) market risk-taking to gain profit.

4.2.1 Social Proactiveness towards Community Benefits

We found that the EO of traditional woven SMEs is related to social proactiveness. According to Littunen (2000), "entrepreneurial orientation is the desire to take risks, the ability to identify business opportunities, the ability to correct mistakes effectively, and the ability to grasp profitable opportunities." Social proactiveness tends to allow individuals to adapt to social conditions and to take advantage of opportunities. IM4 stated, "My mother is a weaver. It looks cool if I use woven fabric made by my mother. Therefore, I took products everywhere. I then asked my mother how to make traditional wovens, then expand it to creative business." IM1 stated, "I explore a unique local product. I decided to use the traditional pattern because it was beautiful and strong. In addition, I like color, which is natural. So, I manage other weavers in the village to produce". In general, being proactive relates to strong business management initiatives and consistently brings new value.

Traditional woven SMEs focus on the social and economic benefits of weaving. IM2 said, "My business requires local weavers to produce traditional woven. IM3 stated, "I dare to take a responsibility to become an entrepreneur, that means I have a high responsibility to the community. Many people depend on me. Suppose woven communities do not operate. More than 33 weavers have lost their jobs. So, I need to manage resources and make production activities go well." IM1 stated, "I open this community to help other women weaver and sustain the local heritage." While IM stated, "My family develops this community; it's my passion and my responsibility. Initially, it is very hard to manage the business, but it is good or the long term, and we can introduce our culture and develop a business to become bigger and more successful." Therefore, as a social entrepreneur, we always try to relate our activity to the activity of local communities, so they can have income."

4.2.2 Social Innovativeness in Sustaining Environment and Local Resources

Entrepreneurial orientation can also be linked to a firm's capability to undertake innovation, risk-taking, and new actions (Hernández-Perlines & Rung-Hoch, 2017). Innovativeness is critical to new business performance (Martin et al., 2016). A social innovativeness orientation is connected to the elements of creativity. According to Amabile (2011), creativity is the ability to develop new ideas for problem-solving and transform ideas to create opportunities. Problem-solving is a mindset that brings positive thinking to find a way out of problems. Creative social entrepreneurs are oriented toward preserving the environment from destruction or pollution. To improve sustainability, CSE seeks solutions to business problems, carrying out certain activities to gain profit and having the courage to face risks if the business fails (Kraus et al., 2017).

Traditionally, woven SMEs have been responsible for developing businesses based on local resources. The interview results showed that most informants agreed that traditional wovens in Sikka used local resources and knowledge to develop the product. Traditional knowledge is the main resource for weavers to develop product value. The design or motif of traditional woven products is inspired by ancestors' stories of culture, local heritage animals, or flowers. E.M3: "We produced traditional woven from our localization. Like religious terms, it does not run away from the tied motives. Maybe the production process is still traditional." E.M4 stated that Sikka's traditional weaving is an intellectual property that is protected by IPRs (Intellectual Property Rights) because it is tied with various motives taken from the source (file) stored by the minds of the ancestors without imitating any referential writing." However, traditional weavers have enriched their designs by leveraging market knowledge and development. IM4: "My sister and I collect information on the production process. We have

changed or added values related to the composition of weaving. We follow the woven pattern, so the pattern and motifs have improved more beautiful." Thus, Creative social enterprises are one way to solve social and environmental problems.

4.2.3 Market Risk Taking to Gain Profit

According to Dutta & Crossan (2005), market orientation is critical for business performance because it is the basis for innovating and commercializing new products or services in the market. Market orientation has both direct and indirect effects on business performance. Entrepreneurial orientation is also an initiative to change products and enlarge market segmentation (Abu-Saifan, 2012). Companies must develop strategies to market products and increase their profits. Market risk-takers are brave but speculative in making decisions by intuitively measuring risk (Martin et al., 2016). Taking risks involves fulfilling customer needs.

Traditional woven SMEs must consider the risks of every business decision in the market. IM2 said courage was needed when she decided to become an entrepreneur: she had to quit her job and focus on business. There was a high risk of taking responsibility for sustaining traditional businesses. "I take whatever the risk must be faced. I have many ideas for creating new products". The traditional woven design in Sikka differs from that of other locations. IM2 said, "It looks like, but it's different. I guarantee that the ideas of design come from myself, but if the buyer wants to request design, I will do it." IM3 declared, "It's hard to create new design because it is not individual work." IM2 also describes, "Usually; the international tourist buys traditional woven for merchandiser, they did not use it in their daily life. Therefore, I learned about their behavior if tourists visit Sikka because of the sun, cultural heritage, and beautiful panoramas. So, I learn how they dress; therefore, I change the design model, and they like it and buy it." Therefore, problem-solving, understanding the market structure, and fulfilling customer need important factors toward creative social enterprise (CSE) succession. Succession firms have sufficient knowledge of current, and future customer needs when they know their competitors' main strengths and weaknesses (Dutta & Crossan, 2005; Martin et al., 2016).

5. Conclusion and Implications

This study concludes creative social enterprises, represented by traditional woven SMEs, are related to the concept of hybrid values. Social entrepreneurship is considered a solution that provides sustainability and innovative solutions to social and environmental issues. Creative enterprises originate from the creativity, skills, and talent of individuals who have the potential to create jobs through the generation and exploitation of intellectual property. This study found three creative social entrepreneurial orientations: (1) social proactiveness towards community benefits, (2) social innovativeness in sustaining the environment and local resources (3) market risk-taking to gain profit. This study had limitations regarding the geographic area and the number of informants due to the covid- 19 pandemic. Only a few traditional woven SMEs were willing to participate during the pandemic. This study can be applied to other industries related to the creative economy.

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