

# Social Entrepreneurship within Creative Industry: A Case Study in Music Committee

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**Abstract:** *Despite the emerging studies on social entrepreneurship from number of domains, the literatures have not led to the development of an empirically derived coherent theoretical framework. Furthermore, the origin of entrepreneurship is on the practical basis which giving consequence that there is no general theoretical framework that can be applied in all situations. Using literature study, this paper aims to develop a conceptual model in the field of social entrepreneurship within music industry. The conceptual model is developed based on the integration approach of multidimensional model of social entrepreneurship by Weerawardana & Mort (2006) added with two contextual approach dimensions within music industry namely passion and collaboration. To be concluded, there are five dimensions of social entrepreneur's behavior subject to three constraints that construct the conceptual framework of social entrepreneurship within music industry.*

**Keywords:** Social Entrepreneurship, Music Industry, Behavior, Constraint

## 1. Introduction

Established in January 2017, The 7th Sky Foundation is a NotForProfit (NFP) Organization that was founded by twelve experts who have years of experience in creative industry. Based in city of Bandung, West Java Indonesia, the 7th Sky foundation carry out the mission to create new generation that creative, independent and have their own character (Internal 7th Sky, 2017). Those twelve experts are from creative communities such as audio visual, music, multimedia, tourism, photography, cyber, movie, video shooting, graphic design, IT and one of them is a humanist. Community Development has been the core of 7th Sky's initiative programs. The active participation of creative communities in any of 7th Sky's movement played important roles in order to achieve 7th Sky mission. There are twelve creative committee that have been formed in 7th sky which are responsible in organizing community development that is social driven for each creative community. They are photography, movie, fashion, music, visual art, IT, creative tourism, event, graphic design, art, culinary and performance art. This paper will only explores about the proposed conceptual method that might be work for Music Committee as one of the creative committee established in 7th Sky to represent the social entrepreneurship model within creative industry.

In recent years, NotforProfit organizations (NFP) have a significant role in delivering social value impact through entrepreneurial actions. Entrepreneurship is not just an economic phenomenon. It is a force that creates social value and a resource for community development (Kauffman Center, 1997). NFPs are operating with limited resources in a highly competitive environment. As part of 7th Sky Foundation, Bandung Music Committee (BMC) is responsible to support and facilitates individual (known as 'indie') musicians to expand their musical skill in order to enter professional music industry. In spite of the emerging growth of research in social entrepreneurship especially in NFP organizations, the studies are still fragmented and there

is no coherent theoretical framework in social entrepreneurship (Weerawardana & Mort, 2005). Addressing these concerns, we argue that social entrepreneurship is needed to be conceptualized within contextual approach in specific area of practice. We presume that entrepreneurial organizations that carry social mission in their activities display certain behavioral characteristics as their reaction of the circumstance they are facing.

With the aim to explore social entrepreneurship concept within creative industry, this paper explores behavioral aspects of social entrepreneurs that construct the social entrepreneurship framework in Music Committee. Three contributions were suggested in this paper. Firstly, by reviewing the literatures and presenting inconsistencies in the literatures then developed suggestion that could help future studies. We also discuss the role of musicians as entrepreneurs. Secondly, by proposing a conceptual model which could be useful for future research. Thirdly, by discussing the propositions regarding the variables and impacts that construct the concept of social entrepreneurship in music industry. We believe the proposed conceptual model in this research will give contribution to future empirical studies

## 2. Literature Review

### Creative Economy Concept

The concept of creative economy is still new comparing to other basic science like physics and mathematics. In eighteenth century, industrial revolution had led the shifting of economic transformation that initially was dominated by agriculture sectors that depends on human and natural resources became industrial economy which based on commodity. Then, in 1950s, the economic growth was triggered by science as the main resources to create added value. In summary, the economic transformation has been shifted respectively as agriculture, industry, information, and creative.

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Pink (2005) explained that, in general, there has been shifting of needs in society. From eighteenth to twentieth century, individual did face the constraints that caused the change of skills and capability needed for human resources that became sequence, literal, functional, textual, and analytical. However, the skills that related to aesthetics, contextual, synthesis, and visualization are predicted would play a significant role in the future to drive economy as well as improve quality of life. Schumpeter (1911) in Dekker (2017) suggested the creative destruction concept as part of 'Theorie der wirtschaftlichen Entwicklungen' or Theory of economic development. Creative destruction was described as a process that happened in industry in which prior company would be collapsed and replaced with a more innovative company. Although creative economy has been discussed since early 1990, the rapid growth of creative economy was triggered by industrial globalization in 1995 along with the massive invention of information technology; this phenomenon was called as the fourth wave by John Howkins. Furthermore, Caves (2000) in Zelazny and Pietrucha (2017) defined creative economy as economic properties of the creative industries".

### Defining Social Entrepreneurship

The concept of social entrepreneurship has been used in sciences since the 1980s. Still, it is controversial whether or not it represents an independent field of research (Kaseorg, Radusaar & Uba, 2010). Social entrepreneurship has given significant impact to society by displaying innovative solutions to solve social problems over the years (Jiao, 2011). Zahra et al. (2008) identify triggers such as demographic shifts, liberalization of national economies and attendant markets, institutional and state failures, and technological advances have combined to increase social consciousness within businesses, stimulate the formation social ventures. The research discusses four major forces shaping the globalization of social opportunities: a) global wealth disparity; b) the corporate social responsibility movement; c) market, institutional and state failures; and d) technological advances and shared responsibility. However, Weerawardana and Mort (2005) suggest that social entrepreneurship can be conceptualized as a multidimensional model consists of the three dimensions: innovativeness, proactiveness, and risk management. Furthermore, social entrepreneurial behavior is deeply influenced by the need of the environment, the need to build a sustainable organization and the need to achieve the social mission.

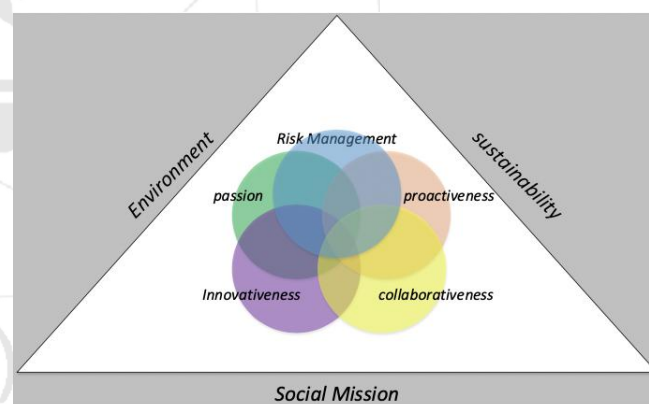
Some scholars considered defining social entrepreneurship by the mission of the entrepreneurial activities. For instance, Dees (1998) also argues that similar to a for profit firm, the purpose is to create superior value for customers; the primary purpose of the social entrepreneur is to create superior social value for its clients. He argues that a social entrepreneur's ability to gain resources (capital, labor, equipment, etc.) in a competitive environment shows that they are more productive in using of these resources rather than the alternative it is competing against. On the funding side, social entrepreneurs innovatively seeking the ways to assure that the resources they gain will always be enough as long as they are

creating social value.

### 3. The Proposed Conceptual Model

Some scholars view social entrepreneurship as a construction of some dimensions. In term of musicians, we argue that there are other dimensions namely passion that specifically impactful to social entrepreneurship within creative industry. Laaksonen, Ainamo & Karjalainen (2011) argue an entrepreneur's passion, when regulated, motivates the entrepreneur to create him or herself an appropriate role identity and engage in entrepreneurial behavior in a coherent way. The entrepreneurial role identity as an inventor, a founder, a developer, or a combination of them. Coherent entrepreneurial behaviors based on one or several of these identities include creative problem solving, persistence, and absorption. As for collaboration, Wilson & Stokes (2005) argue that for the entrepreneur to innovate, he or she must collaborate with others, such as venture capitalists, lawyers, and industry professionals, in order to leverage resources. In essence, social entrepreneurship emerges as a response of contextual condition depends on social needs.

As for music industry, it is concluded that there are five dimensions of behaviors to face three challenges that demonstrated by musician as social entrepreneurs (Fig.1). The five dimensions are namely: innovativeness, proactiveness, risk management, passion, and collaborativeness. As for the challenges that mostly happened are from environment, sustainability, and social mission.



**Figure 1:** Multidimensional model of social entrepreneurship in music industry

This relationship can be stated in this following way:

$$\overline{SVC = f(I, PA, RM, P, C) \text{ subject to } S, SM, E}$$

Where SVC: social value creation, I: innovativeness, PA: Proactiveness, RM: Risk Management, P: Passion, C: Collaborativeness, S: Sustainability, SM: Social Mission, E: Environment.

The expected outcomes from social entrepreneurship are social value creation. Social entrepreneurs are more focus on the social value creation rather than profitmaking creation as the goal of the entrepreneurial activities (Dees, 1998; Weerawardana & Mort, 2005). Smallbone, Evans, Ekanem, & Butters (2001) in Weerawardana & Mort (2006) stated that

the complexity of social value creation is well known as it acknowledged that it "is difficult to place a single value on the contribution made by social enterprises". However, the challenges came from environment, the ability to achieve its social mission and need for sustainability create a unique response that form the entrepreneurial behavior that is conceptualized as social entrepreneurship.

Social entrepreneurship is not merely about earning profit from doing some business, but also the impact that is generated from the entrepreneurial activities that have been carried out. Social entrepreneurship, on the other hand, is the process of turning distinct social problems into opportunities as a set of solution (Mulyaningsih, Yudoko & Rudito, 2016). It presents a continuous innovation for developing entrepreneurial traits to fulfill either social need or social good (Ebrashi, 2013). It has been suggested that social entrepreneurs provide innovative or exceptional leadership in social enterprises (Dees, 1998; Prabhu, 1998). Many scholars have identified the characteristic of a social entrepreneur who promotes an innovative action for creating social values (Weerawardana & Mort, 2005).

The need for sustainability in the industry requires not only the passion within the human itself, but also other resources that significantly important like funding. In a world that everyone is competing to raise dollars or rupiahs, social entrepreneurs must be proactive and innovative to seek opportunity to fund their activities.

Being social entrepreneurs in nonprofit organization face a much more interesting challenge rather than in forprofit organization to manage the risks in order to survive with the organization. Meanwhile in forprofit organization there are many resources of funding, the NFP are struggled to fund because of its constrains to generate profit from their entrepreneurial activities. NFP are difficult to forecast their revenue streams, thus this will become the most high risk factors for social entrepreneurs to sustain.

#### 4. Conclusion and Future Research

This study has several contributions for social entrepreneurship within creative industry research. The first contribution lies in the development of proposed conceptual model driven by previously literature studies in which identify the five behavioral dimensions of social entrepreneurs: innovativeness, proactiveness, risk management, passion, and collaborativeness. The second contribution lies in the constraints are derived from environment, sustainability and social mission.

Entrepreneurs are required to display innovativeness, proactiveness and risk management in order to sustain and strive its mission, moreover, specifically in music industry; it needs strong passion and collaboration to maintain sustainability within the industry. In doing so, they are responsive even more preventive to environmental dynamics.

By getting the result obtained from the proposed conceptualized method given in this paper, hopefully it can

improve social entrepreneurs in Music Committee to develop strategies how to manage their works and getting the best result aligned with its social mission. As well for further research, it is suggested for the next research to test these models into other sectors of creative industry such as: photography, graphic design, and movie.

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## Author Profile



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