

EXAMINING THE RELATIONSHIP BETWEEN BUSINESS AND SOCIETY IN AN EMERGING ECONOMY: AN INTRODUCTION TO THE SPECIAL ISSUE

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It is now widely accepted that business cannot stand alone without the environment in which it exists. From a stakeholders' point of view (Freeman & Reed, 1983), business entities and their stakeholders are mutually dependent on each other. This is arguably the case regardless of whether managers and entrepreneurs alike regard their business activities in connection to their stakeholders (Donaldson & Preston, 1991). Therefore, it has become an inevitable urgency to discuss business activities alongside and within the context of social imperatives and realities. The collection¹ of articles in this special issue highlights the interdependence and integration between business and society, especially in the context of Indonesia as an emerging economy² as an example. To help in making sense of the articles as a collection, three major categories are formed: *entrepreneurship*, *community*, and *creative industries*. From the methodological point of view, the collection is diverse, encompassing both quantitative and qualitative approaches.

CATEGORY 1: ENTREPRENEURSHIP

While the idea of **entrepreneurship** is relevant to both more developed and emerging economies, entrepreneurship in the latter has been argued to have distinctive characteristics, including the more plenty opportunities facilitated by the lack of stability in how the market works (Lingelbach et al., 2005). In general, entrepreneurship emphasizes characteristics of persons or individuals, either on their own or in teams, either within an organization or outside an organization (e.g. Schumpeter, 2002) and it has been argued to contribute to economic growth (Wennekers & Thurik, 1999). In this line, entrepreneurship becomes the interest of individuals and governments through their policy, attempting to ensure the promotion of entrepreneurship at the macro-level (e.g. Storey, 2008). Four articles are presented in this category.

The *first* article (Hinz, 2017) contains a theoretical development of a model that highlights how entrepreneurial self-efficacy can lead to a range of effectual behaviors, which emphasize processes of selecting possible goals with available means. This is arguably highly relevant to the context of emerging economies, characterized by high levels of uncertainties. The model is developed at the individual level and applicable in the context of entrepreneurship in a broader sense (Wennekers & Thurik, 1999). A further examination of how the model works by incorporating contextual factors such as organizations or industries is especially worth exploring.

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¹The collection of the articles has been made possible through the organization of two conferences hosted by the School of Business and Management, Institut Teknologi Bandung (SBM ITB). The first conference is the 7th Indonesia International Conference on Innovation, Entrepreneurship, and Small Business (IICIES) 2015, with "Venture Creation and Development in the Borderless World" as the theme. It was held in Bandung, Indonesia. The second conference is the 1st International Conference on Management in Emerging Markets (ICMEM) 2016, with "Managing Business Opportunities in Global Uncertainties" as the theme. It was held in Bali, Indonesia.

² Only one article does not address the Indonesian context specifically (Hinz, 2017).

At a more macro-level, the *second* article (Pawitan et al., 2017) explores how entrepreneurial spirit at the country level relates to a country's economic development, as measured by global competitiveness. Using quantitative analysis, the authors attempt to unravel specific elements of entrepreneurial spirit that are related (and in what way) to a country's level of economic development. The analysis is specific only to entrepreneurship in a narrower sense of the small and medium-sized enterprises (SMEs).

The *third* article (Mirzanti et al., 2017) examines whether entrepreneurship programs (i.e. programs that are expected to support entrepreneurship) designed by the government are already in accordance with the entrepreneurs' needs. The authors specifically look at entrepreneurship in the context of small and micro businesses and restrict their focus on the agenda-setting stage of policy-making. Using qualitative approach, the authors do not specifically look into the entrepreneurs' needs, rather they take a step back and focus on the thought process (i.e. policy-making process) on the part of the government in including the concern about the entrepreneurs' needs in making the programs. The research takes place in the context of the West Java province, Indonesia.

The *fourth* article (Prabawani, 2017) enters into a discussion of potential impacts of redenomination from a business perspective. While redenomination is an issue at the macro-level, understanding it from a more micro perspective (i.e. business practitioners) provides insight into the kind of uncertainty that may affect business decision-making, thus the entrepreneurial tendency of facing uncertainty. This is especially insightful for governments to pursue redenomination successfully.

CATEGORY 2: COMMUNITY

In the **community** category, four articles are presented, three of which highlighting issues in an Indonesian village while the other highlighting academics as a community of knowledge sharing. Communities, while they are not necessarily regarded as for-profit entities usually associated with business (Stemberg, 2002), arguably maintain the characteristic of survival as a need similar to the regular business entities. The first three articles emphasize the sustainability of any community empowerment practice or program as it pertains to business activities within the given community. They take a more grounded and pragmatic approach to doing research as they highlight issues faced by communities. In-depth interviews with relevant stakeholders mark the trajectory of the studies. Concerns and suggestions regarding how to create a more sustainable practice for the betterment of the community are laid out. Essentially, all of the articles share a concern with having to create a self-sustaining community through activities related to business. The final article in the category, while different in its subject of exploration, is similar especially to the first article in that they centers on the idea of knowledge sharing or transfer as a characteristic of a community in order to flourish and sustain. Overall, communities highlight the need to glue together.

The *first* article (Wuryaningrat et al., 2017) examines an endangered practice of knowledge transfer. In this interpretive study, the authors highlight the danger of disappearing communal knowledge and its implication on the economic development of the community. It links the endangered practice to the lost opportunity for the community to pursue entrepreneurial activities as a driver of economic development. In some way, the article constructively challenges our normal understanding of community as an external part of a business entity. Rather, community here is seen as business. Thus, the bifurcation between business and community becomes blurred, necessarily. A critical examination of this interconnection is also called for.

The *second* article (Lantu et al., 2017) presents an evaluation of a corporate social responsibility (CSR) program, a joint program between a for-profit company and a non-profit organization. Using action research approach, the authors highlight issues faced by such an initiative. Different interests or motives

create conflicts or gaps that give an impact to the quality of the CSR program, whether or not it meets its intended objectives. The article provides a sense of some of the challenges in implementing a CSR program.

The *third* article (Wisesa et al., 2017) points to the idea of a self-help community empowerment program, initially organized by business students as part of their social responsibility. The authors raise the issue of having a sustainable, not a one-shot, community development program. Similar to the second article, the article presents a study that highlights some of the challenges in implementing a social responsibility program involving a community. From a critical point of view, it is worth exploring how to understand local communities better to ensure that any social responsibility program initiated addresses the deep-seated need(s) of the communities, not simply an outsider's agenda to intervene.

The *fourth* article (Saide et al., 2017) centers on the notion of knowledge sharing. The context under study is academic institution, an inseparable part of the society and business. Though not highlighted specifically in the article, the culture of knowledge sharing among employees of academic institutions may be an indirect catalyst in the spread of knowledge to the society at large. Therefore, examining factors associated with knowledge sharing is intriguing, providing insight about the potential to sustain yet at the same time the barrier to overcome. An examination of this is especially called for.

CATEGORY 3: CREATIVE INDUSTRIES

In general, the **creative industries** present a case where uncertainties are especially prevalent. The creative industries face uncertainties not only in the context of demands but also in the development of the creative products itself as it depends much on product existence, input and coordination among all creative elements (Dempster, 2006). In this category, three articles are presented. Collectively, the three articles delve into the dynamic nature of the Indonesian market, presenting cases that highlight processes through which internal and external uncertainties and opportunities are creatively utilized. In some way, they also highlight the need to involve both structure and flexibility as a way to respond to and deal with uncertainties (Volberda, 1997).

The *first* article (Ikhsan et al., 2017) examines how organizations or firms are able to manage uncertainties, sampling those in the creative industries. Using survey method, the authors highlight the role of organizational culture as internal dynamics in the implementation of the balancing act between exploration activities and exploitation activities to support a firm's performance. The organizational culture is conceptualized as one that supports both bureaucracy and innovativeness. Overall, the article taps into the need to pertain to both stability and change in the context of the creative industries.

The *second* article (Azis et al., 2017) presents a development of a model of managing innovation in the creative industries in Indonesia using qualitative case study approach. Based on their examination of successful cases of SMEs across various sub-sectors in the creative industries, the authors highlight the process of managing innovation that involves the traditional aspects of functional management through all stages of innovation. Given that in some way management can be generally thought of as a way of structuring, the grounded model offered by the authors support previous research on the central role of formal structure in the performance of new firms situated in turbulent environments (Sine et al., 2006).

The *third* article (Suryana et al., 2017) presents a virtual co-creation model in the case of the Hijab Fashion Industry, an emerging sector within the broader creative industries especially in Indonesia. The authors highlight a shift toward using virtual means to collaborate to create value, emphasizing interactions among customers and between customers and the provider of the business. One must be cautious in interpreting

the piece as promoting virtual interaction, inevitably through technology. As it is argued that “[t]echnology has *two* faces: one that is full of promise, and one that can discourage and defeat us” (Mesthene, 2002: 657). Rather, the model illustrates how a virtual platform used by a business can be utilized fully.

CONCLUDING REMARKS

While most articles examine issues or phenomena in context relevant to Indonesia as an emerging economy, the findings and theoretical frameworks advanced can certainly be linked to other contexts as well, especially those within the emerging economies. All the articles serve as a driver to render more engagement in conversations regarding the economy of an emerging market. The articles in the entrepreneurship category allow us to see how dynamics at the micro-level can be linked to dynamics at the macro-level. Further critical questions to address include how we count for entrepreneurship that happens within an organization and relate it to the broader economy. The articles in the community category provide a lens into realities of an emerging economy like Indonesia. Existing social gaps between businesses and local communities give an assertion for scholars and practitioners alike to engage on conversations about business initiatives or practices such as knowledge sharing that would facilitate the survival of such communities. Lastly, the articles in the creative industries category present a localized picture of the emerging and promising industries in Indonesia. This may differ in other developing or emerging economies. But a similar orientation to highlight current phenomena of a given emerging economy will be especially insightful.

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