Collaboration between Sociocultural Values and Digital Startups: Applying Indonesian Sociocultural Theories to an Accelerator Program

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The government of Indonesia has created a roadmap aiming for the establishment of digital economics in 2020. Since 2013, The accelerator program has been started to promote digital startups. In reality, only 0.03% of the enterprises considered to be digital startups (2018). Recent studies found that some of the Indonesian people find digital startups are lacking their cultural and philosophical backgrounds. Thus the purpose of this research is to study this phenomenon to develop an information flow using sociocultural values in socializing the digital startup. This research found that Indonesian people do not have enough ability to create a digital startup but do not want to join the accelerator program, the organizer of the accelerator program has to improve the program to be appropriate to Indonesia sociocultural values.

Keywords: Accelerator, Sociocultural Value, Information Flow, Indonesia, Digital Startup

Introduction

While other type enterprises usually use the existing business model, startups are trying to initiate or start new business models (Blank, 2010). Later, the term “initiate a new business model” can be translated to create products or services under the condition of uncertainty (Ries, 2011). In summary, Startup is a human institution (cohort), trying to create a business without a precise business model. In contrast, digital startups are startups which utilise the digital media to promote their products/services and enable the digital transaction.
Startups do not have fixed business model; on the contrary, they have to keep evaluating their business idea (including the business model) to survive and flourish. Startups are the early stage of enterprises with trial-and-error experiment to find their most suitable business model by recycling their ideas. If a startup has found the most appropriate business model and flourishes, then it becomes a business company and does not satisfy the definition of startup anymore. The main ideas of startup accelerator are shortening the duration of startups experiment through facilities (co-working space, mentorship, literature, initial capital, etc.) to be independent companies.

Cohen (2013) defines accelerator as a limited-duration program that assists a group of people building startup and launching their venture. Later, Cohen and Hochberg (2014) include the offering of networking, educational, and mentorship opportunities as the typical components of accelerators. Cohen et al. (2019) define accelerator as a fixed-term, cohort-based program for startups, including mentorship and educational components, that culminates in a graduation event. Some of these programs are referred to as business accelerator, startup accelerator, or accelerator for short. This research prefers the term “accelerator.”

The researches about startup and its accelerator are still emerging. These researches only consider one or two variable as the indicator to conclude the effect of accelerator toward the performance of startups by assuming that all of the accelerators are homogenous. Most of them focus on measure the results of the treatments. Many found that accelerator has positive impacts toward the startup performance (Smith et al., 2013; Fehder, 2017; Hellen et al., 2019), but some other found that accelerator gives negative impact (Gonzales-Uribe and Leatherbee, 2016) or do not have any correlation and effect toward startups (Yu, 2019). These different results show that accelerator varies widely, then significant variations amongst the accelerators might lead to different startup performance (Cohen et al., 2019). The accelerator has to manage its program with the most suitable method for the cohorts to achieve the best outcome.

Research estimates that there are at least 2000 identified startups accelerator programs in the world (Cohen and Hochberg, 2014), but the US alone has the highest number with 160 (almost 10% of total global) identified accelerator (Hathaway, 2016). Furthermore, two of the most notable accelerator in the world -Y Combinator and Techstar- are in the US. Thus, it is not surprising that many developing countries adopt US accelerator method to manage a similar program in their country. The problem is that every country has their cultures and habits. Some of them do not look similar to the US culture, including Indonesia (Kriyantono & McKenna, 2017).

This qualitative research tries to fill the gap between the accelerator program and the cultural differences by offering a different concept of the accelerator, which is suitable for Indonesian digital startup and another country with a similar culture. The contribution of this research is
early-stage literature for the accelerator in Indonesia or other countries with similar social and cultural values. The social and cultural values of Indonesian, especially in communication, is presented in section 2 along with other supporting theories. Section 3 presents the methodology of this research, and section 4 explains the finding of this research and section 5 concludes the overall result.

Theoretical Analysis

Management in General

The term management is from the Old French, menage, which means handling or controlling a horse. Management can be defined as:

“Getting things done through other people. Or more specifically: coordinating the efforts of people towards common goals. The other people involved may be subordinates, clients, customers, suppliers, authorities, or the public in general. Important is that management is always about people. Jobs in which no other people are involved are technical, not management” (Hofstede, 2007).

Management is part of the culture of the society it takes place. The management techniques are culturally specific. A management strategy or philosophy that is appropriate in one national culture is not necessarily applicable in another because every nation has its own culture and values. Values are broad tendencies to prefer certain states of affairs over others (Hofstede, 1984). A considerable knowledge explosion due to accelerated technological development resulted in increased competition (Alabadi, Ghazzay, & Alkaseer, 2020). The more investors invest in a firm, the higher the value of the firm becomes (Hamidah, Robi & Sastra, 2020).

The strategy to manage startups developing project must be appropriate to the culture of Indonesia or more specific, the social values in Indonesia. It plays an essential role in the effectiveness and corporate identity because every business, including startups, have a home country (Carney, 2005).

Indonesian Social and Cultural Value

Indonesia is a country in South-East Asia between the Pacific Ocean and the Indian Ocean. Indonesia is an archipelago that consists of 17,504 islands; thus, Indonesia has many different cultures, such as Javanese, Balinese, Batak, etc. There are three social and cultural (sociocultural) values in every culture of Indonesia, which represent collectivism: Silaturahmi, Gotong-royong and Musyawarah. (Kriyantono & McKenna, 2017).
The literal translation of Silaturahmi is the ties of friendship. In general, the definition of Silaturahmi is strengthening the social bonds among people. Indonesian people have tendencies to make social bonds with other people, even a stranger. This social value becomes the primary purpose of running a business in Pasar (traditional Indonesian market). The retailer has tendencies to create a social bond with the other retailer and buyer. There is a feeling of comfort when they make as many close relatives as possible. Some of them treat their close relatives more like family members than friends. Individuality is generally not acceptable in the social environment of Indonesia. Collectivity has a higher value than privacy.

The value of Gotong-royong represents something stronger than teamwork. It can be defined as mutual help. Teamwork derived from the legality of a team to achieve the same goals, while Gotong-royong derived from the will to help close relatives or family members to achieve the same goal or even the goal from other people. Indonesian people do not hesitate to help others, even strangers. Gotong-royong is the value of selflessness and social work. This value is lectured to the people since childhood. Children are participated in a simple task like clean environment in the neighbourhood and even more severe issue like helping the victim of a natural disaster (Taylor & Peace, 2015).

The last value plays a role in decision making; it is Musyawarah or deliberation. While like the political election is made based on the vote, the minor decisions are usually made by deliberation. Indonesian people do not make hasty or impatient to weight arguments with a view to a choice or decision. Bargaining is a simple example of Musyawarah that is common in Pasar.

These values cannot be separated from the economic activities of Indonesia, including managing startups. The developing strategy must contain the values of Silaturahmi, Gotong-royong and Musyawarah to be appropriate with the social values of Indonesia.

Some of the enterprise managers in Indonesia (mostly older and traditional business) do not realise the benefit of using better technology, especially ICT, to run the business. ICT (especially internet and social media) has a significant role in improving the startups such as promoting their products/services to the broader market (local or even international), reducing the advertisement cost, making online transaction, etc. (Nord, 2013). Internet is not a new thing in Indonesia. Younger and more educated people utilise the internet, especially via smartphone. In contrast, older people (most enterprise managers) and less educated people choose to keep their feature phones regardless of their income level. Some of them are not even interested to access the internet. This different interest in accessing the internet or using further ICT is called digital devices. ICT literacy education is essential to increase interest in accessing the internet to develop startups in Indonesia (Puspitasari & Ishii, 2016). Direct marketing media included catalogues from which the product could be purchased, proved useful at products’ sales.
The older people of Indonesia usually hold strict tradition values and philosophies, including managing their business. Javanese – the culture in the most densely populated island – business tradition is a good example. They are more concerned about how to obtain more close relatives with their business than expand their business to the broader market (Herliana, 2015). The other cultures in Indonesia also have one thing in common; it is the concern of social values. This circumstance also occurred in the other region in Asia. Most of the region in Asia developed their communication theories from their perspectives, like Chinese Communication Theory, Indian Communication Theory, Chinese Harmony Theory, Confucian Communication Theory, Japanese Kuuki Theory, and Taoist Communication Theory. Furthermore, Gunaratne (2009) classified various Asian theories based on Robert Craig’s Western seven traditions of communication theories field, such as Chinese rhetoric and semiotics, Indian rhetoric and semiotics, Buddhist philosophy on socio-psychological tradition and Daoist philosophy on sociocultural tradition. Asian Communication Theories are derived from folk dramas, classical treatises, and other models of traditional communication and communication behaviour in Asian countries (Dissayanake, 1988; Gunaratne, 2009).

**ICT and Digital Startups in Indonesia**

The improvement of ICT utilisation in a developing country indicated by leapfrogging, the process by which new Internet users access the Internet. Steinmueller (2001) stated that leapfrogging enable developing country may now develop. Furthermore, mobile leapfrogging - the process by which new Internet users access the Internet by mobile phone – can be used to overcome the digital divide in Indonesia (Puspitasari & Ishii, 2016).

Some digital startups initiate mobile leapfrogging in Indonesia. The online transportation startups educate the conventional driver to make more accessible communication with their client. The startups who are managing online marketplace educate retailers to sell and promote their products by mobile phone, etc. Digital startups are trying to overcome the digital divide in Indonesia. On the other hand, they do not want to learn about ICT to oppose this change. In late 2007 until 2018, many conventional drivers attack online drivers as the rejecting opposition; hence online transportation services slow down their business. Some retailers in Pasar (traditional market) blame the online market for their lower income. Digital startups should evaluate their education strategy to overcome this issue.

**Method**

This research is conducted by systematic literature study and interviews. The literature study includes previous investigations about startups, digital economics, and digital behaviour in
Indonesia. Then, interviews were made to understand the accelerator program and the cohort managed by PT Telkom (telecommunication leading industry in Indonesia) since 2013. There are three perspectives in the interviews; they are the accelerator manager and cohort business organiser. Later, this paper compares each perspective with the literature data (previous study and book published by the accelerator). This research combines the communication theories in Indonesia to increase the information flow, as the indicator of people interest toward the program. The overall process of the accelerator is simplified in a flowchart classified in 4 stages: Input, Process, Output and Outcome.

Study Design and Ethical Approval

It was designed with a cross-sectional qualitative study in which its description is trying to provide experience or event that close to the participants’ accounts (Sandelowski, 2000). It applied a pragmatic approach that constituted to deploy policy-making, practice information, and the refinement or development of the intervention (Neergaard, Olesen, Andersen, & Sondergaard, 2009). In collecting the data, it was used individual, semi-structured interviews.

Population and Sampling

The population of this research was defined as digital startup becoming an accelerator program and cohort managed by PT Telkom (telecommunication leading industry in Indonesia). It was done by contacting the head of the owner or CEO of the digital companies to approach the prospective participants. Twenty-five digital-based startup companies were sent emails by the researchers within the data collection by timeframe. They were given a participant information sheet form related to the interview, and a basic demographic questionnaire (e.g. age, gender, level and subject of study, a field of digital business startup). For those who met the sampling, requirements were interviewed by invitation. There were 10 participants consistently coping with the information.

Participants

Ten digital startup business or companies took part in the study. The median age of the participants was 28 years old (oldest = 35, youngest = 25). Eight students were undergraduates, and the remaining two were diploma program. They come from different provinces almost across Indonesia (i.e. West Java [three participants], North Sumatra [two participants], The Special Region of Jakarta [four participants], and East Java [one participant]. All of the participants applied digital technologies to start and run their business or company. Details for each participant’s characteristics are shown in Table 1.
Table 1: Participants Characteristics

<table>
<thead>
<tr>
<th>Participants’ code</th>
<th>Age</th>
<th>Gender</th>
<th>Origin Province</th>
<th>Level of study</th>
<th>Start-up digital business field</th>
</tr>
</thead>
<tbody>
<tr>
<td>R01</td>
<td>27</td>
<td>Male</td>
<td>West Java</td>
<td>Undergraduate</td>
<td>Service</td>
</tr>
<tr>
<td>R02</td>
<td>29</td>
<td>Male</td>
<td>North Sumatra</td>
<td>Undergraduate</td>
<td>Service</td>
</tr>
<tr>
<td>R03</td>
<td>30</td>
<td>Female</td>
<td>Jakarta</td>
<td>Undergraduate</td>
<td>Goods</td>
</tr>
<tr>
<td>R04</td>
<td>30</td>
<td>Male</td>
<td>West Java</td>
<td>Undergraduate</td>
<td>Goods</td>
</tr>
<tr>
<td>R05</td>
<td>29</td>
<td>Male</td>
<td>Jakarta</td>
<td>Undergraduate</td>
<td>Service</td>
</tr>
<tr>
<td>R06</td>
<td>28</td>
<td>Male</td>
<td>Jakarta</td>
<td>Undergraduate</td>
<td>goods</td>
</tr>
<tr>
<td>R07</td>
<td>26</td>
<td>Female</td>
<td>North Sumatra</td>
<td>Diploma</td>
<td>Service</td>
</tr>
<tr>
<td>R08</td>
<td>35</td>
<td>Male</td>
<td>East Java</td>
<td>Undergraduate</td>
<td>Service</td>
</tr>
<tr>
<td>R09</td>
<td>25</td>
<td>Female</td>
<td>West Java</td>
<td>Undergraduate</td>
<td>Service</td>
</tr>
<tr>
<td>R10</td>
<td>32</td>
<td>Male</td>
<td>Jakarta</td>
<td>Diploma</td>
<td>Goods</td>
</tr>
</tbody>
</table>

Results and Discussion

This section consists of four subsections: Input, Process, Output, and Outcome based on the category of community development program by Ade (2008). The comparative results obtained by the interview and literature study are displayed based on the subsection. The subsection of Input explains what do corporations need before organizing a startup accelerator program. The overall stages during the accelerator program are described in the Process subsection. The output is a subsection describing the instant results of the program, and the outcome is the aftereffect of the program. The overview model of the program is displayed in Figure 1.

Lean Startup Methodology (LSM) is the most common startup-developing method used by accelerators and proposed by US business practitioner Ries (2011). It is a method to estimate the most suitable business model for a startup through multiple stages of validation.

Input

Table 2 displayed the comparative perspective of the input of accelerator from the manager, cohort and literature.
Table 2: Comparative Results of the Accelerator Input

<table>
<thead>
<tr>
<th>No</th>
<th>Content</th>
<th>Interview</th>
<th>Literature Study/ Existing Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The purpose of the program</td>
<td>• has a social mission to promote entrepreneurship and develop the regional economy   &lt;br&gt;• assists startup in connecting their product with PT Telkom (accelerator organising company)</td>
<td>• x-cohort is now developing other startups  &lt;br&gt;• the successful ex-cohort becomes the partner of the company</td>
</tr>
<tr>
<td>2.</td>
<td>The origin of the program</td>
<td>It was a competition, but later converted to the accelerator</td>
<td>The respondent joined the program in 2017 to 2019 after selected by the manager</td>
</tr>
</tbody>
</table>

Picture 1 displays the number of startups in the regional province where the accelerator is held. It shows that the percentage of startup compared to other types of enterprise has trend (blue curve) to be increased over time, thus the results obtained in the interview suit the literature. Involving the accelerator alumni (ex-cohort) to be a partner and give mentorship to the latest cohort is proof that the effect the result in Picture 1.

Picture 2 displays the comparison between the number registered cohorts and those who selected to the next stage in acceleration. It is obtained during the interview. The managers mentioned that they had constraints of working space, time, mentors, and initial capital; thus, only some of the cohort may be selected and continued to the next stage in the acceleration. Thus, the competitive environment is not excluded even though it is considered as acceleration, not a competition.
Before a corporation organises accelerator program, they also need information about government regulation. Indonesia has a regulation about startup accelerator program; it is “peraturan presiden nomor 27 tahun 2013” (translated as the president regulation number 27 of 2013). In this regulation, there are two main issues: (1) only government and registered company are allowed to organise an accelerator program; and (2) It regulates that the cohort has to pass the selection process by the organiser of the program. The accelerator program in the PT Telkom satisfies both of this regulation.

The objective of issue number (1) is to avoid any criminal case caused by malpractice of unlicensed organisation or institution, but it also reduces the growth rate of startups in. If any institution can organise an acceleration program, then it will boost the number of the cohorts. This point is understandable because of the risk; thus, the solution is to increase the capacity of acceleration may encourage the registered company to organise a similar program and develop as many startups.

The issue number (2) has a more complicated impact on the sociocultural value of Indonesian people since Indonesian culture lacks the will to compete against each other. The selection process may have a great process to introduce the competition in the real business industry to the cohort, but it does not suitable for the value of musyarah. Indonesian people tend to solve the problem with deliberation and avoids the competition, except for the general election. The organiser of the accelerator has to find the way between these two extremes.
“Undang-Undang No. 40 tahun 2007” (translated as the regulation number 40 of 2007) regulates that a registered company must pay the penalty if they do not contribute to society. Thus, spreading information that accelerator would decrease their total taxes/penalty, would be effective way to increase the number of accelerators. The popularity of the company will be boosted because assisting startup to be developed is suitable for the value of gotong-royong in Indonesia. People will find that the corporation is helping the cohort; on the other hand, will also help the corporation to avoid penalty and find their future partners. Indonesia people are fond of this mutual relation.

The regulations from the government are used to set the objectives of their CSR (Corporate Social Responsibility). The objectives could be searching for a future partner or just avoiding the penalty. Later, the corporation will set regulation about how they manage their CSR. The accelerator is one of the CSR. In summary, a corporation needs information about government regulations, people behaviour, and existing socio-cultural values, to use them as references to create CSR objectives and regulations before they organise an accelerator.

**Process**

Table 2 displayed the comparative perspective of the process of the accelerator from the manager, cohort and literature. Lean Startup Methodology (LSM) by Ries (2011) is the most common method to develop a startup in the accelerator. It is multiple stages to validate the component of the startup usually managed in incubation. Indonesia accelerator program adopts LSM with the pre-incubation process and post-incubation process (Utoyo, 2017).
**Table 2: Comparative Results of the Accelerator Process**

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Interview</th>
<th>Cohort</th>
<th>Literature Study/ Existing Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The selection process</td>
<td>Only some of the cohort will continue to the next phase of acceleration</td>
<td>The respondent joined the program after the audition (selection process)</td>
<td>peraturan presiden nomor 27 tahun 2013</td>
</tr>
<tr>
<td>2.</td>
<td>The pre-incubation</td>
<td>The Accelerator gives basic training and knowledge about digital business</td>
<td>The cohorts get the pre-incubation before joining the incubation</td>
<td>Puspitasari and Ishii, 2016</td>
</tr>
</tbody>
</table>
| 3. | The methodology | • Cohort joins basic training  
• The selected cohort, then continue to the incubation with four stages of validation (customer, product, business model, and market validation) | Before the incubation, cohort didn’t focus on one service. Later, their business started to grow after their business component was validated one by one, removing unnecessary component in their business | Reis (2011), Utoyo (2017) |

The program starts after cohorts joining the accelerator. The “peraturan presiden nomor 27 tahun 2013” regulates that cohorts have to undergo selection process before proceed to the business incubation. Every accelerator has capacity; thus, it is logical to set the maximum number of the cohort by selecting them in an audition. Besides, every startup's accelerator program has standards about the cohort; thus, the audition is effective to select the potential participants. The organiser of the program has to find the right solution between the positive impact of the selection process, such as audition and the tendency of Indonesian people to avoid competitive environment.

It will be more acceptable by the people and suitable for the values if the other cohort is involved in making the decision. Every cohort should have a chance to know each other make a discussion and create a mutual relation. This idea can be accomplished if the workshop is managed before the incubation (pre-incubation), where they can make social bonds besides the training sections. The training material must introduce the participants about digital literacy because Indonesian people still have low digital literacy (Puspitasari and Ishii, 2016).

A presentation and deliberation can be used to replace the interview process. Every cohort will
be divided into groups and present their business idea to the other participant. They will receive the input from the organiser and the other cohort this is more appropriate and create a stronger bond between them (silaturahmi). The participants are included to give a score to the presentation; thus, the organiser will receive the general response to their business idea.

The selected cohort will be proceeded to the incubation phase, while the other can support them by becoming their partner. This idea is too reduce the competitive atmosphere that does not appropriate in Indonesian culture. The rest of the incubation phase is managed well; thus, significant improvement is not necessary.

**Output**

The media announces the information of these startups to the public; thus, information spreading begins after the program is finished. The information delivered to people in general, academics, and startups enthusiast. The information will motivate the people, in general, to be a startup enthusiast because of its popularity, and academics can support them with knowledge and research. After they formed a new startup, they can join the next startup accelerator program, while the government collects their data as a reference to reevaluate the regulation used to create and manage the accelerator program.
Conclusion

It is true that ICT is essential to develop startups in Indonesia, but the organiser of the accelerator program has to concern the socio-cultural values to increase its interest. Developing startups in Indonesia is not always about forcing them using the latest ICT to increase their productivity and advance knowledge in this knowledge economic era because the business has their home base, managing a business cannot be separated from the social values of the culture it takes place. A developing strategy with the solid theory of business and managerial techniques is essential, but it would be not effective if it does not manage well.

The appropriate strategy to manage a project to develop startups in Indonesia is by focusing on the social values of bonding relation, teamwork and deliberation to replace the competitive
environment in the accelerator. This is more acceptable to the Indonesia people; thus, many traditional startups would be developed. The other important aspects like understanding the material, utilising of ICT, and expanding business activities are managed as the hidden objectives that will be explained later.
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