Understanding the Business Model of Social Enterprise
A Case Study of Indonesia Mengajar

ANNISA RAHMANI QASTHARIN

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Annisa Rahmani Qastharin
Abstract
There has been an unexpected wave of growth in social entrepreneurship globally (Bornstein, 2004). This growth is followed by the number of research in the field. Academic research has been mainly focused on defining what it is, what it does and does not have in common with commercial entrepreneurial activity (Nicholls, 2006). Thus, there has not been many studies related to the business model of social enterprise.

Osterwalder & Pigneur (2010) believes that every organization has a business model, regardless the word ‘business’ not used as descriptor. This description includes social enterprise. Social enterprise, not unlike business enterprise, creates and delivers value and it must generate enough revenue to cover its expenses. By acknowledging that social enterprise has a business model, it opens itself to business model innovation with advantages to optimize its operations, deliver more values through effective channels, capture more values through profits and growth and drive innovation.

This research is conducted on Indonesia Mengajar, a social enterprise in Indonesia that has no experience in business model design or Business Model Canvas using qualitative methods and interpretive paradigm. Primary data is collected from interviews with Indonesia Mengajar. Secondary data comes from books, articles, journals and websites. The data are analysed with grounded theory method.

By completing Business Model Canvas (Osterwalder & Pigneur) complemented with literature review and critical analysis of Indonesia Mengajar, the objective of this research to understand business model of social enterprise can be achieved. From this research it is found that adjustments are necessary for Business Model Canvas to capture the business model of social enterprise and based on the findings, it is concluded how social enterprise creates, delivers and captures value.

Keyword: social enterprise, social entrepreneurship, business model, Business Model Canvas, Indonesia, Indonesia Mengajar
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Glossary of Key Terms

**Business model**: the rationale of how an organization creates, delivers and captures value. (Osterwalder et al., 2005)

**Business Model Canvas**: a shared language for describing, visualizing, assessing, and changing business models. (Osterwalder et al., 2010)

**Building blocks**: the components of a business model. (Osterwalder et al., 2010)

**Civil society organizations**: non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. (World Bank, 2013)

**Mission**: the activities to complete the purpose of the organization’s existence.

**Social business**: a non-dividend company created to solve a social problem. A non-loss, non-dividend companies created to solve social or environmental problems. (Yunus, 2009)

**Social enterprise**: a business venture created for a social purpose—mitigating/reducing a social problem or a market failure—and to generate social value while operating with the financial discipline, innovation and determination of a private sector business. (Virtue Ventures)

**Social entrepreneurship**: a process by which citizens build or transform institutions to advance solutions to social problems, such as poverty, illness, illiteracy, environmental destruction, human rights abuses and corruption, in order to make life better for many. (Bornstein & Davis, 2010)

**Social impact**: the effects (improvements) an organization have on society.
1. INTRODUCTION

Every organization has a business model, even if the word “business” is not used as descriptor. To survive, every organization that creates and delivers value must generate enough revenue to cover its expenses. Hence it has a business model. (Osterwalder & Pigneur, Business Model Generation, 2010)

A social enterprise is an organization that advances solutions to social problems with business-like discipline, innovation, and determination. As an organization, a social enterprise has a business model.

Osterwalder et al. (2005) defines business model as the rationale of how an organisation creates, delivers, and captures value. In this definition, business model is comprised of nine components or building blocks. These nine basic building blocks becomes the basis of Business Model Canvas. The Canvas is a tool for describing, analyzing and designing business models. Its application is not limited to for-profit corporations.

This thesis is intended to answer the question of how social enterprise creates, delivers, and captures value by capturing the business model of Indonesia Mengajar, a social enterprise in Indonesia by the means of Business Model Canvas.

1.1. Background

Indonesia is the fifth most populous nation in the world. With both its large consumer market and its significant natural resources, Indonesia has a fast-growing economy that creates strong opportunities for entrepreneurs (EY, 2013). This has not always been the case. It was the 1997 Asian financial crisis, which closed down many companies and left their workers unemployed that triggered the growth of entrepreneurs and entrepreneurship in Indonesia.

Social entrepreneurship had only become an emerging field since the reform in early 2000s. Before the reform, the political pressure during the authoritarian government did not allow for the field to grow. Those who worked in social entrepreneurship might need to deal with the government and the military (Kusumarini, 2013).

Currently in a transition to democratization, almost all sectors engage in the development of the field. This growing interest has also been influenced by the global business paradigm shift towards bringing social values to the business practice (Hood, 1998). This is further encouraged by the global trend of social entrepreneurship that was brought to attention by the awarding of the Nobel Peace Prize to Muhammad Yunus for his work with Grameen Bank.

In Indonesia, there are many civil society organizations starting to use social business to achieve their mission and there are new social enterprises especially among the youth. There are award programs for social entrepreneurs (or what some call “new heroes” or “community entrepreneurs”) conducted by TV programs and corporations such as Ernst & Young. Civil Society Organizations are flourishing. In 2011, Gamawan Fauzi, Indonesian Minister of Internal Affairs estimated that there were 15,000 CSOs in Indonesia. In contrast, there is no such data regarding social enterprise.
Regardless, Indonesian people have different understanding of social entrepreneurship. Kusumarini (2013) observes that many would associate social entrepreneurship limited to social enterprise and economic development. Others would refer to small and medium enterprise development, such uninformed the public is regarding social entrepreneurship. The same problem is encountered outside Indonesia. There is no consensus in the definition of social entrepreneurship, and by extension, the definition of social enterprise. This leads to the assumption that social enterprise is different from business enterprise, including the assumption that social enterprise does not have a business model.

Business model has many definitions. From Slywotsky (1996) to Teece (2010), they describe business model as the logic of how business works. The simplest definition came from Osterwalder et al. (2005) as the rationale of how an organisation creates, delivers, and captures value. He also argues that every organization has a business model, because in order to survive, any organization must generate enough revenue to cover its expenses. The only difference lies in its focus. While social enterprise may generate profits, it is not the enterprise’s focus. Profits are rather a possible means to achieve sustainability in providing a social benefit (Dees, 1998).

Business Model Canvas is a visual tool that helps to understand a business model. In the Business Model Generation book (2010), beyond-profit business models are also included. This implies the broad application of the Canvas, not limited to business enterprise. Using the Business Model Canvas, better understanding of social enterprise and its value creation, delivery and capture can be achieved.

Indonesia Mengajar (translated as Indonesia Teaching) is the name of a social movement and a foundation founded in 2009 by Anies Baswedan, the former president of Paramadina University in Jakarta. It attempts to enhance the nation’s intellectuality without any intention to solve all the education problems in Indonesia. One of its attempts is by placing the best university graduates throughout the nation to teach, educate, inspire and connect the people in remote areas and villages. This social enterprise hasn’t had business model design or used Business Model Canvas, which provides an opportunity to gain deeper understanding of social enterprise.

By understanding the business model of a social enterprise, business model innovation can be achieved with advantages to optimize its operations, deliver more values through effective channels, capture more values through profits and growth and drive innovation. For social enterprise which mission-related impact becomes central criterion, such advantages are not only important but also necessary.

1.2. Research Question
Social entrepreneurship and business model terms have been introduced as early as the 1970s, but they were only conceptualized in precise manner in the 1990s (Defourny, 2009; Zott, Amit, & Massa, 2011). They can be considered as relatively new fields of knowledge. There have not been many studies focused on social enterprise and their business model. Academic research on social entrepreneurship has been mainly focused on defining what it is, what it does and does not have in common with commercial entrepreneurial activity (Nicholls, 2006). So far there has been little attempt to understand the business model of social enterprise, specifically through Business Model Canvas. Social enterprise is different from...
business enterprise. This raises the question how much the difference affects value creation, delivery and capture. This brings us to the research question of this thesis:

How does Social Enterprise create, deliver and capture value?

1.3. Research Objective
The purpose of this research is to understand—using Business Model Canvas—how social enterprise creates, delivers and captures value. It is important to emphasize that it is not intended to reach definite conclusions on the topic, but rather to shed some light on this complex and little researched field and contribute useful knowledge that will help better understanding of business models of social enterprise and application of Business Model Canvas to social enterprise.

1.4. Scope
1.4.1. Limitations
This research was limited by four main constraints: a limited timeframe to complete the thesis project, a limited sample for the project, the limited amount of previous research in the field and the lack of consensus within the field of knowledge, starting from the definitions of social enterprise and business model to the various applications of Business Model Canvas for social enterprise. The definitions and conclusions taken in this research were based on a sample size of one, therefore it might not represent social enterprise in general. As the object of the case study is a social enterprise in Indonesia, there is a possibility of sample bias, and the research findings cannot be applied to social enterprise globally, but rather may apply more specifically to developing countries with similar characteristics and challenges as Indonesia. It is important to emphasize that this paper contains insights that contribute to discussions about the business model and Business Model Canvas of a social enterprise in Indonesia and is far from providing conclusions that could be taken as ultimate truths.

1.4.2. Delimitations
Due to the limited timeframe of the thesis project and the newness and complexity of the problem studied, some delimitation was imposed in order to increase the quality of the work:

• This research will only focus on one social enterprise in Indonesia, which is the object of the case study, Indonesia Mengajar.
• This research will not use other methods to understand business model in a social enterprise other than the Business Model Canvas. (For example it will not address the Lean Canvas, Social Lean Canvas, or other business model frameworks.)
• This research will not address other elements of the organization outside the nine building blocks of Business Model Canvas.
• This research will not address Business Model Innovation such as designing new business model and devising strategy based on the new business model and instead will focus on capturing the current business model.
2. LITERATURE REVIEW

2.1. Social Entrepreneurship

According to Dees (1998), social entrepreneurship combines the passion of a social mission with an image of business-like discipline, innovation, and determination commonly associated with, for instance, the high-tech pioneers of Silicon Valley. Bornstein & Davis (2010) further defines social entrepreneurship as a process by which citizens build or transform institutions to advance solutions to social problems, such as poverty, illness, illiteracy, environmental destruction, human rights abuses and corruption, in order to make life better for many.

Social entrepreneurship has always existed. However, the term of social entrepreneurship was conceptualized more precisely in the late 1990s, stressing the social innovation processes undertaken by social entrepreneurs (Defourny, 2009).

Social entrepreneurship has emerged as a global phenomenon in the recent years. In those years, there was rising crises in environment and health and rising economic inequality (Bornstein, 2004). However, governments and multilateral agencies failed to provide timely and effective interventions. In many countries, government retreated from provision of public goods, which leaves market-driven models of welfare (Martin, 2002). This leads to the demand for new models that created social and environmental value in form of social enterprise.

2.1.1. Social Enterprise

Kerlin et al. (2009) noted the different definitions of social enterprise. In the United States, social enterprise is a broad and relatively vague concept, referring primarily to market-oriented economic activities serving a social goal. In Europe, the concept made its appearance when the Italian parliament adopted a law creating a specific legal form for social cooperatives in 1991. Eventually European researchers noticed the existence of similar initiatives throughout Europe and decided to form a network to study the emergence of social enterprise in the continent. EMES European Research Network (Borzaga & Defourny, 2001) came up with the definition of social enterprise as organizations with explicit aim to benefit the community, initiated by a group of citizens and in which the material interest of capital investors is subject to limits. Social enterprises also place a high value on their autonomy and on economic risk taking related to ongoing socio-economic activity.

Virtue Ventures (2005) proposes a definition that social enterprise is any business venture created for a social purpose--mitigating/reducing a social problem or a market failure--and to generate social value while operating with the financial discipline, innovation and determination of a private sector business. For this thesis, social enterprise refers to the above-mentioned definition from Virtue Ventures because of its broad take on social enterprise, which gives social enterprise space to make dynamic and innovative approach without being hindered by boundaries and is a good fit for the current understanding of social enterprise by Indonesian public and Indonesia Mengajar itself.
2.2. Business Model

The term of business model first appeared in an academic article by Bellman, Clark, et. al. in 1957 and in the title and abstract by Jones in 1960 (Osterwalder, 2004). However, the concept wasn’t properly defined and only became significant with the emergence of the World Wide Web in the mid-1990s. Since then it has been gathering momentum (Zott, Amit, & Massa, 2011). There is no generally accepted definition of the term business model. The diversity of the definitions poses challenges for delimiting the nature and components of a model and determining what constitutes a business model. It also leads to confusion in terminology, as business model, strategy, business concept, revenue model, and economic model are often used interchangeably. Furthermore, the business model has been referred to as architecture, design, pattern, plan, method, assumption, and statement (Morris, Schindehutte, & Allen, 2003). This confusion becomes a hindrance to properly defining business model for an organization.

Vanourek (2013) summarizes the importance of business model as follows:

1. Optimize production and operational processes
2. Deliver more value to customers and users through effective channels
3. Capture more value through profits and growth
4. Obtain competitive advantages over rivals
5. Drive innovation in the venture
6. Understand venture as a whole and how elements fit together--know the business cold.

Thus, defining business model is necessary for any organization with such advantages. The first step to do so is to know and understand all the current definitions for business models. Amit & Zott (2001) assert that “business model” depicts the content, structure and governance of transactions designed so as to create value through the exploitation of business opportunities. Margretta (2002) defines business models as stories that explain how enterprises work. Osterwalder, Pigneur & Tucci (2005) define business model as the rationale of how an organisation creates, delivers, and captures value.

This thesis incorporates the definition and components of business model from Osterwalder and Pigneur as described in Business Model Generation. The definition succinctly summarizes what a business model is and emphasizes its importance for an organization. It also gives a clear and thorough description of the building blocks of a business model that helps stakeholders to understand the configuration of an organization. Furthermore, the business model and its building blocks are translated into a visual form of Business Model Canvas.

2.2.1. Business Model Canvas

Business Model Canvas allows business model to be simple, relevant and intuitively understandable, while not oversimplifying the complexities of how enterprises function (Osterwalder & Pigneur, 2010, p.15). The Canvas provides a shared language between stakeholders to talk about business models. It has also been applied and tested around the world and is already used by organizations such as IBM, Ericsson, Deloitte, the Public Works and Government Services of Canada, and many others. The Business Model Canvas and the definition of the nine building blocks are presented below.
The nine building blocks of the Business Model Canvas:

1. **Customer Segments.** The different groups of people or organizations an enterprise aims to reach and serve.

2. **Value Proposition.** The bundle of products and services that create value for a specific Customer Segment. Value may be quantitative (e.g. price, speed of service) or qualitative (e.g. design, customer experience).

3. **Channels.** How a company communicates with and reaches its Customer Segments to deliver a Value Proposition. Communication, distribution and sales Channels comprise a company’s interface with customers. Channels can be direct or indirect, owned or partner channels.

4. **Customer Relationships.** The types of relationships a company establishes with specific Customer Segments.

5. **Revenue Streams.** The cash a company generates from each Customer Segment.

6. **Key Resources.** The most important assets required to make business model work. These resources allow an enterprise to create and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues. Key resources can be physical, financial, intellectual, or human. They can be owned or leased by the enterprise or acquired from key partners.

7. **Key Activities.** The most important things a company must do to make its business model work. They are the actions that are required to create and offer a Value Proposition, reach markets, maintain Customer Relationships and earn revenues.

8. **Key Partnerships.** The network of suppliers and partners that make the business model work.

9. **Cost Structure.** All costs incurred to operate a business model.
Business Model Canvas can also be applied to non-profit organizations, charities, public sector entities, and for-profit social ventures. Osterwalder et al. (2010) argue that every organization has a business model, because it must generate enough revenue to cover its expenses to survive. The only difference between traditional business enterprise and social enterprise concerns the focus of the organization. Business enterprise focuses more on financial returns or shareholder value, while social enterprise focuses more on ecology, social causes, and public service mandates, according to Business Model Generation. Osterwalder et al. use the term “beyond-profit business models” to characterize business models for organizations that are not traditional for-profit companies. They further split these “beyond-profit business models” into two categories: third-party funded enterprise models and triple bottom line business models.

2.2.1.1. Third-Party Funded Model
In this model, the product or service recipient is not the payer. The payer is a third party, which might be a donor. The third party pays the organization to fulfill a mission, which may be a social, ecological, or public service nature. Examples are philanthropy, charities and government (Osterwalder & Pigneur, 2010).

![Third-party Funded Model](image)

Figure 2. 2. Third-party Funded Model. Adapted from Business Model Generation (2010) by Osterwalder A. & Pigneur Y.

2.2.1.2. Triple Bottom Line Business Model
Elkington (1994) introduces the term of triple bottom line concept for corporations to focus not just on economic value, but also on environmental and social value. This concept was first articulated by Spreckley (1981) in Social Audit - A Management Tool for Co-operative Working. Since then, it gains leverage with the growing awareness of environment and need for sustainable. In order to make the triple
bottom line concept a little easier for people to grasp, Elkington (1995) comes up with three Ps: people, planet and profits. One is the standard measure of corporate profit—the “bottom line” of the profit and loss account. The second is the bottom line of a company’s “people account”—a measure of how socially responsible an organization has been throughout its operations. The third is the bottom line of the company’s “planet” account—a measure of how environmentally responsible it has been. These three are referred as the three pillars of sustainability.

Organizations using a triple bottom line business model have a different central goal. Instead of maximizing shareholder value, as with many traditional businesses, the triple bottom line organization’s goal is to expand its range not only to account for a continued and sustainable financial base but also for continued collaboration towards solving social and environmental concerns.

In order to accommodate triple bottom line business models, the Canvas is extended at the bottom with two new building blocks: the social and environmental costs and the social and environmental benefits. The triple bottom line model seeks to minimize negative social and environmental impacts and maximize the positive.

*Figure 2.3. Triple Bottom Line Business Model. Adapted from Business Model Generation (2010) by Osterwalder A. & Pigneur Y.*
3. METHODOLOGY

3.1. Basic Research Method
The qualitative research method was chosen for this thesis project, which implies designing a study that involves collecting qualitative data and analysing the data using interpretive methods (Collis, J. et al., 2009). Due to the given complexity of the problem studied and the limited scope and timeframe of the project, the qualitative approach seemed more feasible and appropriate than a quantitative approach, which involves collecting quantitative data and analysing them with statistical methods (Collis, J. et al., 2009). The qualitative research method generally uses smaller data sets that are sufficient enough to reach reliable results, where the data collection continues until saturation is reached.

3.2. Philosophical Assumptions
This research project is based on the interpretive paradigm, where the ontological assumption is that reality is multiple and subjective and the researcher interacts with what is being researched (Collis, J. et al., 2009). This paradigm is appropriated for this research because the problem studied is somewhat subjective and is inserted in a context of high uncertainty, since social enterprise and business model are relatively new, and solid theories and consensus on their definitions and scope are still elusive. Therefore, the result of this research is “qualitative” and “subjective” data, which is characteristic of interpretivism (Collis, J. et al., 2009).

3.3. Research Method
This project is considered as applied research. This method attempts to answer specific questions or solve known and practical problems. It examines a set of circumstances and the results are related to a particular situation. It often builds on existing research and uses data directly from the real work and applies it to solve problems and develop practical applications, technologies and interventions. (Håkansson, 2013). This project collects data from Indonesia Mengajar, a social enterprise in Indonesia and utilize the data into theoretical framework of Business Model Canvas. This method is a non-experimental research method that examines existing scenarios and draws conclusions for the situation with possible practical applications.

3.4. Research Approach
For this project, an inductive approach is selected. It is a study in which theory is developed from the observation of empirical reality; thus, general inferences are induced from particular instances (Collis, J. et al, 2009). This approach would generate more knowledge since the object of this study, which is the social enterprise, has been relatively new and had particular characteristics that cannot be achieved with a deductive approach.

3.5. Research Strategy/Design
The chosen research strategy is case study. Case study is an empirical study that investigates a phenomenon in a real-life context where boundaries between phenomenon and context are not clearly evident. The case study is a strategy which involves an empirical investigation of a particular phenomenon
using multiple sources of evidence (Håkansson, 2013). This strategy is suitable due to the availability of social enterprise to observe.

3.6. Data Collections Method
The methods used for data collection are case study and interviews. Case study is an in-depth analysis of a single or small number of participants (Håkansson, 2013). Interviews are intended to give a deep understanding of a problem and capture participants’ point of view. This method is chosen to gain sufficient understanding despite the limited timeframe. The interviews were conducted in a semi-structured manner following the framework established in Business Model Canvas.

The unique primary source of data was collected from the interviews with the Public Engagement Manager of Indonesia Mengajar and data from other divisions in Indonesia Mengajar through Public Engagement manager. The interviews are conducted face-to-face and through the Internet by emails and Skype alternatively with semi-structured approach based on the framework provided by Business Model Canvas in order to capture the current business model of Indonesia Mengajar which becomes the basis to reach the conclusion of this research. The secondary source of data was the previous works in the field of social entrepreneurship, business model and Business Model Canvas, which were analysed in order to gain knowledge in the field of this research. The main sources were books, articles, journals, and websites.

3.7. Data Analysis Method
The method for analysing the data is grounded theory. Grounded theory is the discovery of theory from data systematically obtained from social research (Glaser and Strauss, 1967). It is an iterative process by constantly analysing and comparing the data until saturation is achieved. This method is suitable for this thesis project, which is started from observations (case study) put into theoretical framework. Deviations and adjustments are common to gain understanding.

3.8. Quality Assurance
Validity, or trustworthiness, in qualitative research, makes sure that the research has been conducted according to existing rules (Bryman & Bell, 2007). Respondents can validate and confirm that the results are correctly understood. Business Model Canvas is primarily designed with the purpose for business model to be easily understood by the stakeholders of an organization. By using the Canvas for this project and working closely with Indonesia Mengajar to complete the Canvas, the validity of the research is relatively high.

Dependability corresponds to reliability, and is the process of judging the correctness in conclusions, using auditing (Myers, 2009). Based on this definition, the reliability of this research can be considered as low, because the findings were based on qualitative information that could vary significantly depending on the characteristics of the sample used for collecting data and even the researcher’s characteristics and background. However, Lincoln and Guba (1985) focuses on the research processes, whether they are systematic, rigorous and well-documented. In that respect, the dependability is rather high.
Confirmability confirms that the research has been performed in good faith without personal assessments that have affected the results (Myers, 2009). This research attempted to frame business model in understandable manner by the means of Business Model Canvas. This required simplification of the complexity of the reality, which would inevitably be affected by the researcher’s perception. As a result, the confirmability is low.

Transferability is to create rich descriptions that can become a database for other researchers (Myers, 2009). Lincoln and Guba (1985) further defines it as its ability to apply the findings to another situation that is sufficiently similar to permit generalization. Business model is affected with its internal workings of the organization and external influence of the environment. These two are described thoroughly in attempt to capture the business model of Indonesia Mengajar, thus generalization is possible for similar situations that meet the description in this thesis.
4. RESULTS
Indonesia Mengajar is a social enterprise in Indonesia founded in 2009. It is a relatively new organization, and it does not have a formal business model designing (has not used the Business Model Canvas before). The researcher, together with Rahmat Andika, Public Engagement Manager of Indonesia Mengajar, worked to define the business model and complete the Business Model Canvas based on the current state of the organization. From the brief overview the organization, it is decided to use Third-Party Funded model (see Figure 2.2.) for Indonesia Mengajar.

4.1. Customer Segments
The different groups of people or organizations an enterprise aims to reach and serve. Examples include mass market, niche market, segmented, diversified and multi-sided platforms. (Osterwalder & Pigneur, 2010)

In the Constitution of Indonesia, it is stated that the government shall protect the whole people of Indonesia and the entire homeland of Indonesia, and in order to advance general prosperity, to develop the nation’s intellectual life, and to contribute to the implementation of a world order based on freedom, lasting peace and social justice.

In accordance to the ideals of the nation’s founders had laid down since its independence, the purpose of Indonesia Mengajar is to fulfil the independence promise of promoting the intellectual life of the nation. The mission of Indonesia Mengajar consists of (1) creating continuous impact, (2) building a world-class leaders network, and (3) building education social movement in Indonesia. Indonesia Mengajar defines its customer segments as constituents or actors that have roles in the organization’s purpose and mission, they are refined into:

1. **Pengajar Muda**/Young Teachers. They are young people under 25 years old who have a bachelor’s degree and who are willing to be trained and sent to rural, remote areas to teach students in elementary schools for a year. They are given a training not only in pedagogy, but also in leadership and survival. They are expected not only to teach, but also to educate, inspire and connect the people in remote areas and villages to centres of excellence. Thus, they are expected to be the agents of change through their position as teachers in the rural, remote areas where teachers are placed pretty highly in the social hierarchy of Indonesia rural, remote areas.

2. **Mitra langsung Pengajar Muda**/Collaborators of Young Teachers. They are the people Young Teachers interact with daily during the one-year period of teaching, which are the children, the parents, and the school teachers and school principal where the Young Teachers are assigned to. They are the people who receive the immediate benefit of having Young Teachers in their area. The people in rural, remote areas are often bound by their own perceptions, such as that they are poor and uneducated, that reading and learning at school are useless activities, that they cannot be better than people in cities. Young Teachers as the teachers for students and eventually role models would help to change this perception.

3. **Dinas pendidikan**/Governmental institutions in education. They are the representatives of the government in the areas where Young Teachers are assigned to. They are Regency Education
Service, the Regional Technical Implementation Unit (UPTD) and the Regent itself. Indonesia Mengajar works with these institutions to know the need of elementary teachers in the regency; to determine the areas that are in need of teachers; and to obtain their permission and support to send and monitor Young Teachers to the area.

4. *Penggerak daerah/*Local leaders. They are the influential figures which are identified with the help of Young Teachers in the areas who have the interest in education and the potential to sustain the social impact without relying on Young Teachers. Indonesia Mengajar doesn’t directly interact with these people, except through the Young Teachers.

5. *Alumni Pengajar Muda/*Young Teachers alumni. They are Young Teachers who have finished their one-year service and most of whom have returned to big cities to start their professional careers. They are expected to remain as agent of change in education in whatever setting they find themselves in. Indonesia Mengajar keeps in touch with the alumni through the community it created for them.

6. *Praktisi pendidikan/*Education practitioners. They are the important figures in education institutions, such as school teachers and government officials outside of the rural, remote area. Indonesia Mengajar invites these people annually to see the progress and achievements of Indonesia Mengajar through its programs. They have the same potential of local leaders, however in different setting (outside rural, remote area) and scale (province up to national scale)

7. *Kelas menengah/*Middle-class citizens. Based on World Bank (2011), in 2003 the middle-class in Indonesia was only 37.7% from population, but in 2010 it reached 134 million or 56.5%. This middle-class citizens earn US$2 - US$20 per month. They are also considered as the most influential class in Indonesia to make and drive a change. They have the greatest potential to lead change outside rural, remote area without being Young Teachers. They are counted as the financial constituents or targeted donors for Indonesia Mengajar.

8. *Korporasi/*Corporations. They are firms and companies in Indonesia. They share the same values with Indonesia Mengajar and its mission that encourage them to take part as an organization. Like Middle-class citizens, they have potential to lead change though in larger scale. They are also considered as financial constituents or targeted donors for Indonesia Mengajar.

However, Osterwalder & Pigneur (2010), as mentioned in the beginning, define customer segments differently. Based on this definition, not all of the customer segments that Indonesia Mengajar defined can be considered as customer segments. Some of the customer segments—or constituents, as Indonesia Mengajar dubbed them—are not directly reached and served by Indonesia Mengajar. These segments are Local leaders and Education practitioners. They do not reap or help to provide the benefits Indonesia Mengajar offers. In summary, the **customer segments** of Indonesia Mengajar are as follows:

1. Young Teachers
2. Collaborators of Young Teachers
3. Governmental institutions in education
4. Young Teachers alumni
5. Middle-class citizens
6. Corporations
4.2. Value Propositions.
The bundle of products and services that create value for a specific Customer Segment. Value may be quantitative (e.g. price, speed of service) or qualitative (e.g. design, customer experience). (Osterwalder & Pigneur, 2010)

In the interview with Indonesia Mengajar’s representative, he was unable to clearly define its value proposition. Thus, the researcher with the help of the representative, attempts to derive Indonesia Mengajar’s value proposition based on the programs the organization is running. Indonesia Mengajar endeavours to solve as many as education problems in Indonesia in accordance to their purpose.

From Indonesia Mengajar’s perspective, education is a movement and not merely a program run by the government, schools and teachers. Education is a movement to educate and enlighten the nation that has to involve everyone, as Indonesia Mengajar believes that education is a duty of every educated individual.

According to World Bank (2007), 66% of Elementary School in Indonesia’s remote areas desperately needed more teachers, in comparison to most of Indonesia’s cities. Other notable problem is the quality of the teachers. Based on Indonesia’s Ministry of Education (2008), only 22.15% of all Elementary School teachers and principals in Indonesia possess proper credentials.

Baswedan (2011) suggests that the distribution and quality discrepancies are generated by social, cultural, and geographical factors. He also thinks that that economic factor also pays significant contribution to the disproportionate distribution of teachers in Indonesia. Being a teacher does not provide attractive compensation scheme for the young generation to consider being one. Nationally, teachers' compensation is 21% lower than the compensation of equally qualified professions. It is also 26% lower than the compensation of other civil servants.

Such discrepancies have provided Indonesian students with poor ability to finish their education up to university level. The Minister of Education work report in 2005-2007 stated that only 6.5% of Indonesian students had the opportunity to finish university level education.

This is one of the problems that Indonesia is trying to address and leads to the solution Indonesia Mengajar came up with and most known of: Pengajar Muda, or known as this point forward as Young Teachers.

Based on his experiences, the founder of Indonesia Mengajar, Anies Baswedan learned that the conventional method to simply provide monetary and material support are not effective to solve education problem in rural, remote area. They have the tendency not to be properly utilized or last long, consequently leaving barely any impact or significant change on the community. He came up with the idea to send an agent of change instead, and the best person to fill that role is young generation of Indonesia.

Indonesia Mengajar defines the young generations as the best university graduates throughout the nation whose roles are not limited only to teach, but also to educate, inspire and connect the people in the rural, remote area. There they will have new friends, new homes and new families. Being part of the
community, Indonesia Mengajar believes that these Young Teachers will make positive changes to all the villages they are assigned to.

At the same time, these Young Teachers are expected to be world class new leaders with excellent grassroots comprehension that comes from the experiences and opportunities of living, staying, and interacting directly in Indonesia’s education world throughout the nation. Within the five-year period, the education network and relation are expected to solidify for the program to be continued by the local leaders and communities themselves.

By sending young generation to rural, remote area where most people are unwilling to go and having them to do an admirable duty of teaching, it is hoped that the rest of the nation would be encouraged to take action and be further involved in solving education problems in Indonesia. Indonesia Mengajar has other programs for those who are unable to become Young Teachers:

- **Kelas Inspirasi** or Inspiration Class invites professionals, who can be considered as part of Middle-class citizens, by having them share stories and working experiences about their profession to the students for a day in elementary schools in cities all over Indonesia for free. The purpose of this program is to provide a platform for elementary schools and students to learn from the professionals and for the professionals to see the reality of current condition of Indonesia’s education. The professionals inspire the elementary students and are inspired to take further action for educational improvements. The initiative can come from the professionals themselves and Indonesia Mengajar facilitate the training to conduct the class.

- **Indonesia Menyala** or Indonesia Burning is an initiative for the literacy of Indonesia children with the purpose of increasing the reading interest and cultivating reading culture. This initiative is started from the observation of the Young Teachers of the lack of quality reading material in rural, remote area. Books are donated and distributed to the rural, remote area to become part of the schools’ library or Young Teacher’s collection for the children to borrow from. It has expanded to outside of the rural, remote areas to the capital city of Jakarta where small-scale libraries named **Taman Baca Indonesia Menyala** or Indonesia Burning Library are run by volunteers in six-month period for free.

- **Festival Gerakan Indonesia Mengajar** or Indonesia Mengajar Movement Festival. Last year, Indonesia Mengajar organized a two-day festival that was open to the public of all ages to work voluntarily for a day for a participation fee of 45,000 IDR (=2.8 EUR). In the festival, the people would be helping Indonesia Mengajar to give away and pack books; create **Kartupedia**/knowledge cards; create and pack **Kepingpedia**/puzzles; write motivational letters for principals, teachers and students; create science aids; create videos of local legends and songs; create videos of professions; and socialize with fellow volunteers in the festival. All of these are to support the Young Teachers and the schools they are assigned to.

Based on the values that Indonesia Mengajar offers from its programs, the **value propositions** of Indonesia Mengajar is **Experience and opportunity to be part of the solution of education problem in Indonesia** to the customer segments who have the potential to be volunteers and donors, and its offered
product is **Qualified teachers for elementary schools in rural, remote areas** to the customer segments who benefit from the value proposition. The pairings of customer segments and value proposition are shown through the colors of the post-it note in the Canvas.

4.3. Channels.
How a company communicates with and reaches its Customer Segments to deliver a Value Proposition. Communication, distribution and sales Channels comprise a company’s interface with customers. Channels can be direct and indirect, owned and partner channels. (Osterwalder & Pigneur, 2010)

Indonesia Mengajar’s value proposition is in form of Young Teachers. They are the equivalent of product for business enterprise. They are sent or ‘distributed’ to their customers in rural, remote area through the schools they are assigned to. This makes elementary schools in rural, remote area as Indonesia Mengajar’s distribution channel.

For communication, Indonesia Mengajar mainly relies on online platform--such as e-mail, website, Facebook and Twitter--and roadshow from city to city, campus to campus, to reach its customer segments. Considering the customer segments, these are the most effective method to reach them. Based on Indonesia Internet Service Provider Association (APJII), it is estimated that there are 63 million internet users in Indonesia and projected to reach 139 million in 2015. Based on Winkels (2013), Indonesia is the fourth largest Facebook and third largest Twitter user in the world. It is also the cheapest and easiest channel to manage for a social enterprise such as Indonesia Mengajar.

In the chosen media, Indonesia Mengajar raises awareness among customers about the movement, helps them evaluate its Value Proposition, allows them to participate in the programs and choose the manner of participation, and provides customer support for all the queries. For the people who have been involved in its programs, Indonesia Mengajar gives them a regular newsletter for them to follow the progress of Indonesia Mengajar movement. E-newsletters are sent in every month to all volunteers, donors and Young Teachers Alumni. Printed newsletters are sent in every 6 months, all volunteers, donors, Regency, and Young Teachers Alumni. For the public, Indonesia Mengajar has published four books that shared the experiences of Young Teachers, giving a glimpse of the achievements and challenges they faced in the rural, remote areas of Indonesia.

Summarily, the channels Indonesia Mengajar utilizes to reach the customer segments are **schools, online media, offline activities, books and newsletters**.

The types of relationships a company establishes with specific Customer Segments. Relationships can be categorized into personal assistance, dedicated personal assistance, self-service, automated services, communities and co-creation. (Osterwalder & Pigneur, 2010)

Indonesia Mengajar maintains a close and personal relationship with its customer segments. Customer segments can easily communicate with Indonesia Mengajar through all the channels and its representatives whether they are the employees or the volunteers who act on its behalf to readily respond
to all attempt to communicate with them through every channel Indonesia Mengajar has. Osterwalder and Pigneur call this kind of relationship “Personal Assistance,” which is based on human interaction.

However, since Indonesia Mengajar has limited resources it also maintains relationship in other ways. For example, Young Teachers Alumni who want to remain connected with the village and the people they were assigned to and fellow Young Teachers to think more ideas to remain involved in the movement were provided a mailing list for them to communicate with Indonesia Mengajar. The alumni then expand the communication to other online platform such as Facebook and Twitter. This relationship is defined by its utilization of Communities with some the advantages to learn more about and keep track of the customer segments and the mission of Indonesia Mengajar.

Indonesia Mengajar also makes itself available for people who want to adopt the programs of Indonesia Mengajar, such as Inspiration Class by providing the necessary module and training. It also helps to connect those with the same interest. This action is in the accordance with its mission and it invites customers to be involved in the value creation of the enterprise, which is to give opportunity and experience to be part of the solution of education problem in Indonesia. Osterwalder and Pigneur name this relationship as Co-creation.

Thus the customer relationships Indonesia Mengajar has are personal assistance, communities and co-creation.

4.5. Revenue Streams.
The cash a company generates from each Customer Segment (costs must be subtracted from revenues to create earnings). The revenues can be generated by asset sale, usage fee, lending/renting/leasing, and licensing among them. (Osterwalder & Pigneur, 2010)

Indonesia Mengajar has three donation schemes, they are:

1. One-time donation. It is a donation made once in form of monetary or material support. It can be money transferred to a bank account of Indonesia Mengajar’s choosing or accommodation for Indonesia Mengajar’s use.

2. Public donation. It is a regular donation made in every month. The potential donor are required to register and give the necessary information before choosing the payment method, whether using Credit Card or virtual account (manual deposit or transfer). Indonesia Mengajar sets up a maximum amount of donation of 1,000,000 IDR (=63 EUR) in the hopes of increasing the quantity of donors and donations, involving more people in the movement.

3. Corporation partnership. It is a donation made by corporations based on the Memorandum of Understanding drawn between the corporation and Indonesia Mengajar. It is comparably the most flexible of all donation schemes. It can be a mixture of monetary and material support, or monetary or material support only. The partnership are only limited by Indonesia Mengajar’s principles. One of the points of the agreement that the corporations would not have their company’s logo in Indonesia Mengajar’s programs that is true to neutral and voluntary principle of Indonesia Mengajar.
All of the donation is utilized to support all of Indonesia Mengajar activities. It is currently sufficient to sustain the organization and its programs and any surplus is saved since Indonesia Mengajar currently doesn’t have fixed source of revenue. In summary, the current revenue streams of Indonesia Mengajar are one-time donation, public donation, and corporation partnership.

4.6. Key Resources.
The most important assets required to make business model work. These resources allow an enterprise to offer and offer a Value Proposition, reach markets, maintain relationships with Customer Segments, and earn revenues. Key resources can be human, physical, intellectual, or financial. They can be owned, or leased by the enterprise or acquired from key partners. (Osterwalder & Pigneur, 2010)

Indonesia Mengajar’s value proposition of experience and opportunity to be part of the solution of education problem relies heavily on the volunteers and the donors and the team that made volunteering and donating possible. Without the volunteers who become Young Teachers, Indonesia Mengajar cannot provide the qualified teachers needed in rural, remote areas and in turn, cannot execute the mission and the achieve impact of the enterprise. However, what makes it possible is the team of Indonesia Mengajar.

The team contacts all the authorities and potential donors. They also appoints people to give the necessary training to prepare the Young Teachers. Thus, this makes the greatest resource of Indonesia Mengajar as Human resources.

Indonesia Mengajar has Volunteer Management System (VMS), which contains the information of all donors, volunteers (including Young Teachers) that have taken part in Indonesia Mengajar’s programs. VMS is the tool to manage the volunteers and to recruit volunteers for other Indonesia Mengajar’s programs that require specific skill and knowledge. This database is one of Indonesia Mengajar’s key resources.

Since its founding, Indonesia Mengajar has received positive feedback from the public. In the beginning of the program in 2009, 49,535 has registered as Young Teachers and more than 200 as public donors. Since Inspiration Class initiated in 2012, more than 2,000 people has registered to take a day off from their work to join the program. In the two days of Indonesia Mengajar Movement Festival, 9,500 people of all ages has participated. This is a good indicator that Indonesia Mengajar has Indonesian people’s interest and by extension, trust. It can be derived that Indonesia Mengajar has a good brand value. This is often the case with social enterprise gaining high level of trust based on longevity of action, clarity of mission and consistent media accounts of fieldwork (Nicholls, 2006).

It can be summarized that the key resources of Indonesia Mengajar is the team, brand, and database.

4.7. Key Activities.
The most important things a company must do to make its business model work. They are the actions that are required to offer and create a Value Proposition, reach markets, maintain Customer Relationships and earn revenues. (Osterwalder & Pigneur, 2010)
Indonesia Mengajar identifies five key activities in its organization:

1. **Recruiting and training Young Teachers.** This involves the activities to ensure the quality of Young Teachers meet the standard, starting from the early process of recruitment to the sending of the Young Teachers to the rural, remote area they are assigned to. This is considered as key activity because the Young Teachers act as agents of change, they do not simply teach but they also have to educate and inspire the people they interact with and identify the local leaders that will continue the program after the five-year mark has passed. The success of Indonesia Mengajar hinges on the ability, and as such, the quality of the Young Teachers.

2. **Facilitating local leaders.** This activity is crucial because Indonesia Mengajar is sending Young Teachers only for five years to one area or village with the hopes that the local people would not grow reliant and complacent with the presence of Young Teachers and be able to continue the example set up by Young Teachers by themselves. The activities involved are identifying the local leaders through Young Teachers, communicating with them to prepare them after the Young Teachers left, arranging forum with local leaders, and tracking the progress of the Collaborators of Young Teachers with outcome mapping. Indonesia Mengajar hasn’t fully finalized the details of how this is done since it hasn’t reached the five-year mark.

3. **Campaign and duplication.** This activities are to expand the Indonesia Mengajar Movement though campaign and duplication of movement initiative (Inspiration Class, Indonesia Burning, Indonesia Mengajar Movement Festival (FGIM), etc.). The campaign involves activities of sharing the stories and experiences of the volunteers in order to spread the interest in Indonesia education problem and to encourage action to solve the problem. It is focused on increasing the number of participants in Indonesia Mengajar programs, such as the maximum limit for public donation and the FGIM that opens for people of all ages.

4. **Knowledge management.** The activities involved giving necessary training for the employees from experts in organizational development and for employees to develop internal documentation behaviour. The current Volunteer Management System (VMS) is utilized more effectively and efficiently. These are considered as key activities since it deals with the key resources of the team and database.

5. **Engaging financial support.** This is considered key activities because as previously noted, Indonesia Mengajar doesn’t currently have fixed source of revenue. This might threaten the sustainability of the enterprise as such Indonesia Mengajar has to keep engaging the current donors and draw more donors to support the enterprise by involving them in the programs.

4.8. **Key Partnerships.**

The network of suppliers and partners that make the business model work. They are allies outside the enterprise that provide supplies and support in creating, delivering and capturing value of the enterprise. (Osterwalder and Pigneur, 2010)

Because one of Indonesia Mengajar’s missions is to strengthen movement, which is achieved by involving as many people as possible, Indonesia Mengajar has a lot of allies outside of the enterprise to create,
deliver and capture the value offering. The easiest way to identify them through key activities. The actors identified in each Key Activity:

1. Recruiting and training Young Teachers: Indonesia Mengajar team, and Education practitioners. The latter include Daya Dimensi Indonesia, Intel Teach and Jakarta’s elementary schools. Daya Dimensi Indonesia (DDI) is a prominent human resources consultancy in Indonesia that provides support in the recruitment process of Young Teachers. DDI has certified assessors that ensures the quality of Young Teachers is equal to that of actual teachers. This provides the credibility and integrity to Indonesia Mengajar and its Young Teachers. Intel Teach provides training material for Young Teachers, especially for student-oriented and project-based teaching. Jakarta’s elementary schools provide a place and an opportunity for Young Teachers to prepare themselves before they are sent to serve in the areas. In order to have the opportunity, permission from the Education practitioners is required.

2. Facilitating local leaders: Young Teachers, local leaders, collaborators of Young Teachers, and governmental institutions in education. The Young Teachers help to identify the local leaders, and the local leaders along with the collaborators of Young Teachers and government education institution help to continue the progress that has been achieved in the presence of Young Teachers in their village.

3. Campaign and duplication: Young Teachers Alumni, Middle-class citizens, Indonesia Mengajar team, media, and publisher. Middle-class citizens are considered as customer segments because of their potential as agents of change, of their ability to influence others in broader and larger scale than Young Teachers who are limited to their village. However, these citizens won’t be encouraged to take action without Indonesia Mengajar team spreading the stories and experiences of the Young Teachers through the help of the media and publisher that bring them to the public’s attention.

4. Knowledge management: Indonesia Mengajar team. This activities more concerned in the processes of the organization, thus it only involves the team of Indonesia Mengajar.

5. Engaging financial support: Indonesia Mengajar team, Corporations, Middle-class citizens, and banks. Indonesia Mengajar team is the one who engage the current donors and potential donors, which are among corporations and middle-class citizens. The monetary support are given through banks whether through transfer or credit card transactions as such they can be considered as partners.

Based on the observation above, the key partnerships of Indonesia Mengajar are:

1. Education practitioners
2. Young Teachers
3. Collaborators of Young Teachers
4. Governmental institutions in education
5. Local leaders
6. Middle-class citizens
7. Media
8. Publisher
All costs incurred to operate a business model. The business model can be cost or value-driven. Cost Structure can have following characteristics: fixed costs, variable costs, economies of scale and economies of scope. (Osterwalder & Pigneur, 2010)

Costs can be calculated after defining Key Resources, Key Activities and Key Partnerships. Hence, it can be derived from the key activities.

1. Recruiting and training Young Teachers: Young Teachers training and recruitment costs, and Young Teacher salary.
2. Facilitating local leaders: communication cost and local activity cost.
3. Campaign and duplication: public engagement (roadshow, etc.) costs.
4. Knowledge management: Employee training and recruitment costs, IT server costs, other operational costs.
5. Engaging financial support: financial support engagement costs, bank administration cost.

These are only the examples Indonesia Mengajar is willing to provide. However, it all covers the most important costs. Since for Indonesia Mengajar the product equivalent is Young Teachers, most of the cost structure has fixed costs characteristics, except for some costs that are directly related with Young Teachers such as training and recruitment costs. Those costs are variable costs. In summary, the cost structure of Indonesia Mengajar is recruiting and training, public engagement, local engagement, knowledge management and financial support engagement.
Figure 4.1: Business Model Canvas of Indonesia Mengajar.
5. DISCUSSIONS

From the preliminary interview with Indonesia Mengajar, it is decided to start with Third-Party Funded model since the “products/services” are paid by a third party, which might be a donor or public sector. In this model, the Customer Segment includes donor and recipient; the Value Proposition includes Mission for donor and Product/Service for recipient; and the Revenue Stream is defined as donation from donor and free for recipient. Meanwhile, the order to complete the blocks remain unchanged, starting from Customer Segments and ended with Cost Structure.

In *Business Model Generation*, the authors note the importance of understanding customers in designing products, services, and business models. It is for this reason that Business Model Canvas design begins with the Customer Segments block. The customer perspective is the guiding principle for the entire business model design process. It informs the choices regarding Value Propositions, Channels, Customer Relationships and Revenue Streams.

For business enterprise this might work well. Many examples of successful business model innovations take this approach. However, based on the case study of Indonesia Mengajar, social enterprise doesn’t start with customer. They start with the problems they want to solve or the impacts they want to achieve. This might be because the problems they are addressing are most often related to basic needs. The proposed approach would work under the assumption that basic needs of the targeted customers are already fulfilled that they afford to seek and demand more.

Both Osterwalder & Pigneur (2010) and Bornstein (2010) agree that the difference between business and social enterprise lies on what they are maximizing. For social enterprise, it is social and/or environmental impact. For business enterprise, the impact is more often an afterthought. They are driving changes which would benefit them financially, while social enterprise are driving changes would be beneficial for their customers. Based on this understanding, Business Model Canvas for social enterprise should start from Value Propositions, then Customer Segments to ensure maximum impact. Some other business model framework noticed this, such as Lean Canvas, and started with the Problem as its first building block.

Impact is defined as a marked effect or influence (Oxford Dictionaries, 2014). It is the effect of the value offerings to the customers. As previously mentioned in the beginning of the discussion, Osterwalder and Pigneur have positioned the mission in Value Proposition block. From the explanation and example provided, it gives the impression that impact and mission are the interchangeable, while those two are not the same. Mission is defined as the activities to complete the purpose of the organization’s existence. By placing the mission in the Value Proposition block, it implies that the mission is what the customers seek when they choose a social enterprise. It is considered as part of the offering, which by definition, neither impact nor mission is. Impact is more focused on the effect, while mission is more focused on the process.

Therefore, in the Canvas of Indonesia Mengajar, it is not the mission that is included in Value Proposition, but much more fundamental aspect of the offering, which is broken down into experience and opportunity. The source of motivation for social activities among them is moral obligation, personal altruism, community or political contexts, and personal values based on ethical and religious beliefs (Mair & Noboa, 2003; Serow, 1991; Nicholls, 2006). The value offering of social enterprise would have to appeal to these motivation.

Having defined the value allows a clear sight for the organization to adjust its product and services and the rest of the building blocks accordingly. However, during the creation of the Canvas for Indonesia...
Mengajar, it is noticed how the Customer Segments and Value Proposition are affected by the mission. Both of the researcher and the Indonesia Mengajar representative often found themselves looking back to the mission in defining the two building blocks. However, there is no place to address the mission in the Canvas and as such, the mission is only briefly mentioned in the Value Proposition analysis, but not included in the Canvas.

Aforementioned, mission and impact are not the same thing. Mission is more focused on the actions and impact is more focused on the results (effects) from the actions. Meanwhile, impact is what differentiates social enterprise with business enterprise, but there is no place to address this in the Canvas. This is most likely due to the assumption Osterwalder and Pigneur made that mission is the same with impact and such it is positioned under Value Proposition block.

Dees (1998) points out that social mission is explicit and central for social entrepreneur, thus mission-related impact becomes the fundamental principles, not wealth creation. This is the same for social enterprise. For business enterprise, the wealth creation can be seen in the Canvas in the Revenue Stream block. However, for social enterprise, the mission-related impact cannot be seen in the Canvas. Without this fundamental principles, social enterprise would not know whether they are successful, or at the least, on the right track. This adds another unaddressed issue in the Canvas for social enterprise. Because of this reason, there is no mention of social impact either in the analysis or in the Canvas. This mission and social impact will be addressed later after the remaining blocks are analysed.

After defining the Value Proposition and Customer Segments, it is interesting to note that the interaction between the two building blocks of Value Proposition and Customer Segments are similar that of Multi-sided Platform business model on business enterprise. The “product”, which is Qualified teachers for elementary schools in rural remote area is not “paid” by the ones that benefited by the presence of these teachers. In multi-sided platform business model, one customer segment pays for one offering and subsidizes other customer segment(s) that they can use the different offering freely. This is possible due to mutual relationship between the customer segments. The ones who pay, called customers, benefit from the number of the ones who don’t, called user, because they have the tendency to increase with the offer of free products/services.

Similar relationship can be found between the customer segments of Indonesia Mengajar. The ones who pay, instead of being called customers, can be called donors. In this case study, they are Corporations and Middle-class citizens. The ones who use the free offering, instead of being called users, can be called beneficiaries (or recipient by Osterwalder & Pigneur) since they reap the benefits of the offering. In this case study, they are Collaborators of Young Teachers and Governmental institutions in education.

However, this leaves some other customer segments of Indonesia unaddressed, they are Young Teachers and Young Teachers alumni which are the most important customer segments of the enterprise. It appears that Osterwalder and Pigneur do not consider volunteers as customer segment. This might be one of the reasons why the Canvas require adjustments for social enterprise that utilizes and encourages volunteers. This problem is solved by breaking down the value proposition instead of using the mission as suggested that it can be used by the donors and the volunteers. It makes sense, because donors and volunteers are in the essence the same that they are willing to contribute, only in different ways.

Following Osterwalder and Pigneur’s guidance, the next building blocks are Channels, Customer Relationships, Revenue Streams, Key Resources, Key Activities, Key Partnerships and Cost Structure. Unlike previous blocks, this sequence is still applicable for social enterprise. The Channels and Customer
Relationship blocks are similar that of small-scaled business enterprise that it takes advantage of technology and fully utilize its (limited) human resources.

Revenue stream has notable difference that all of them are donation-based. Indonesia Mengajar itself is aware that it doesn’t provide a fixed source of revenue, making this business model not-so-robust and sustainable. Somehow, Indonesia Mengajar currently manages to sustain themselves without experiencing deficit in their spending, though it is questionable whether this can last considering the increasing number of programs Indonesia Mengajar now has.

Key Resources is easily identified based on the mission and value proposition. Key Activities have been identified accurately by Indonesia Mengajar itself that they encompasses all the important things that the enterprise must do to make everything works. The rest of the building blocks only need to follow. The Cost Structure is deliberately vague since Indonesia Mengajar is unable to disclose it but it is enough for the Canvas.

Key partnerships for Indonesia Mengajar are considerably numerous. This can be attributed to the voluntary nature of the activities of Indonesia Mengajar. Indonesia Mengajar leaves significant number of key activities performed by partners. This might be true to the principles of Indonesia Mengajar, but it also suggests weakness in the business model with how high the reliance on partners. It is also noted that some of the partners recognized in the analysis are not recognized by Indonesia Mengajar. The risk can be minimized for partners who are also customer segments, but necessary precaution has to be done for those who are not.

Regardless, this research is not focused on the robustness or sustainability of the business model, but it is focused on the business model itself. It is expected that with Business Model Canvas that the business model of social enterprise can be understood. Value creation can be understood through Customer Segments and Value Proposition. Value delivery can be seen through Channels. Value capture can be determined from Revenue Stream and Cost Structure. Key Resources, Key Activities and Key Partnerships define everything that is needed for value creation, delivery and capture. These building blocks are enough to understand how business enterprise work, but not for social enterprise. Thus, it is important to redefine these building blocks are necessary to understand the business model of social enterprise.

There are several variants of the Business Model Canvas for social enterprise other than Osterwalder’s adjustments referenced above with the beyond-profit models since the Canvas is shared under Creative Commons License, which allows others to use and build upon Business Model Canvas. GoGreen Portland proposes additional building blocks of Problem and Impact and Measurements. This is a good addition. Having a Problem building block would keep the focus on the problem the enterprise wants to solve, but makes the approach into solving them too broad. Impact and Measurements building block addresses the social/environmental impact that social enterprise wants to achieve, which is missing in the Canvas.
Social Innovation Lab goes as far as rearranging the building blocks; differentiating value proposition into Social and Customer Value Proposition, adding Impact Measures in Value Proposition block; differentiating customers into beneficiary and customer; replacing Customer Relationship with Type of Intervention block; and adding Surplus block into the Canvas. It is an interesting take of Canvas thought it might be confusing for those used to Osterwalder’s Canvas, because the sequence is also affected. The most interesting addition is the Surplus building block, because for social enterprise, the Surplus has to be reinvested into the mission unlike the freedom of business enterprise with its surplus.

Smith (2012) proposes creating two different Canvas for social enterprise, one for Beneficiary and the other for Donor. The Canvas for Donor is similar to Osterwalder’s Canvas but has specific focus on Donor’s perspective. Meanwhile, the Canvas for Beneficiary replaces Value Proposition with Impact Metrics. This is the logical approach for social enterprise that has donors and beneficiaries, this would help to avoid
confusion in having them in one Canvas. However, the advantage can also be the disadvantage, which means it requires two Canvas to understand the whole business model of social enterprise. In the case of Indonesia, considering how building blocks appear to overlap with each other, it would be rather redundant using this Canvas. However, the important building blocks such as Mission Offering and Impact Metrics are addressed.

Graves (2011) proposes changes on the labels of the building blocks: Customer Segments to Co-Creators; Customer Relationships to Relations; Cost Structure to Value Streams – outlay and costs; and Revenue Stream to Value Streams – returns. This Canvas seems to be more focused on people the enterprise creating the value with, instead for, as with the usage of the term of co-creator. This might not be a problem if the enterprise approach in solving the problem through empowerment, by having the targeted customers themselves creating the value together with enterprise. This Canvas cannot be used for all social enterprise, including Indonesia Mengajar.
Yeoman and Moskovitz (2013) proposes Social Lean Canvas, which is based on Lean Canvas, another business model framework aside of Business Model Canvas. Lean Canvas has different definition and approach to business model. However, it has interesting building blocks such as Purpose, Problem, Solution, Key Metrics, Unfair Advantage, Financial Sustainability and Social/Environmental Benefit.

The Purpose building block acts as the guidance for the rest of the business model. The problem and solution set helps to ensure the right solution is chosen to answer the problem the enterprise wants to answer. Key Metrics block give a set of measurements that can act as a goal and as a guidance, which is important for social enterprise that doesn’t use the different metric than business enterprise. Unfair Advantage block emphasizes what makes the social enterprise different and successful. Financial Sustainability is chosen well to replace Revenue Stream to cover all the potential revenue streams for social enterprise. Impact block addresses the impact the social enterprise wants to achieve, but also puts the beneficiaries in this block instead in Customer Segment, unlike Business Model Canvas.

![Social Lean Canvas](image)

Based on the variations of Business Model Canvas for social enterprise, additional building blocks can be added to capture the business model of social enterprise. The building blocks are Mission and Impact & Measurements. The Mission block is similar that of Purpose block in Social Lean Canvas. It states the purpose of the social enterprise, its reason of existing. It acts as the guidance for the enterprise. The Impact and Measurements block describes the benefits for the customers of the social enterprise along with the measurements as the indicators of the success and progress of the social enterprise.

For Indonesia Mengajar, the mission is to create continuous impact, build a world-class leaders network, and build education social movement. The impact is opportunities and advancements on the students throughout Indonesia. This impact is achieved through Young Teachers who make the people in the community they are assigned to realize the importance of education that would open windows of
opportunities and advancements. The elementary students are encouraged to aim high and shown that they could, regardless their background from rural, remote areas. The teachers learn from the Young Teachers constructive and students oriented teaching method along with additional skills such as English and computer skills, raising the quality of the teachers. The parents followed the example of Young Teachers and provide supportive environment for their children.

The other impact is **strong dedication to the nation** on the Young Teachers. Strong dedication to the nation is achieved as Young Teachers gain grass root understanding of Indonesia during their one-year period and grow attachment to the nation and its people. The **measurements** of these impact are through the **behaviour of Young Teachers and collaborators of Young Teachers** (students, parents, school teachers and principals) using Outcome Mapping.

Having defined all the building blocks, the business model of Indonesia Mengajar can be summarized as followed:

Indonesia Mengajar creates value based on its mission to create continuous impact, build a world-class leaders network, and build education social movement to achieve impact of opportunities and advancements and strong dedication to the nation by offering experience and opportunity to be part of the solution of education problem in Indonesia for Young Teachers, Young Teachers alumni, middle-class citizens and corporations; and qualified teachers for elementary schools in rural, remote area for collaborators of Young Teachers, and governmental institutions in education.

Indonesia Mengajar delivers value through schools, offline activities, online media, books and newsletter; and maintain the value through personal assistance, community and co-creation.

Indonesia Mengajar captures value through one-time donation, public donation and corporation partnership subtracted by recruiting and training, local engagement, public engagement, financial support engagement and operations.

Indonesia Mengajar creates, delivers and capture value by utilizing its team, brand and database for recruiting and training Young Teachers, facilitating local leaders, campaign and duplication, knowledge management, and engaging financial support with the help of Young Teachers, Young Teachers alumni, collaborators of Young Teachers, local leaders, education practitioners, governmental institutions in education, banks, media, publisher, middle-class citizens and corporations.

The final Business Model Canvas of Indonesia Mengajar can be seen in Figure 5.6.
Figure 5.6: Final Business Model Canvas of Indonesia Mengajar.
6. RECOMMENDATIONS

6.1. Business Model Canvas

Social enterprise requires more building blocks to its business model compared to business enterprise. Based on this research, it appears that the Business Model Canvas is not able to fully capture the way the social enterprise works. The Business Model Canvas might need adjustment by adding building blocks of Mission and Impact & Measurements. These blocks are inspired by Social Lean Canvas (Yeoman and Moskovitz, 2013) and The Social Enterprise Business Model Canvas (GoGreen Portland). Based on this research, they are appropriate additions to Business Model Canvas for social enterprise in general and Indonesia Mengajar in specific. For Value Propositions and Customer Segments, inspired by Osterwalder et al. (2010) and Graves (2011), there is a dashed line within the blocks to separate co-creator (donors and volunteers) and beneficiary (recipient). This is the better option than relying on the colours of post-it notes. The sequence of the building blocks also differs with Osterwalder and Pigneur, which is: (1) Mission, (2) Value Propositions, (3) Customer Segments, (4) Impact & Measurements, (5) Channels, (6) Customer Relationships, (7) Revenue Streams, (8) Key Resources, (9) Key Activities, (10) Key Partnerships, and (11) Cost Structure. The Canvas can be seen in Figure 6.1.

![Modified Business Model Canvas for Social Enterprise](image)

**Figure 6.1.** Modified Business Model Canvas for Social Enterprise. Adapted from Business Model Canvas (Osterwalder & Pigneur, 2010)

6.2. Indonesia Mengajar

Based on the research, the business model of Indonesia Mengajar has three notable weaknesses in Revenue Stream, Key Partnerships and Impact & Measurements. For Revenue Stream, it is currently noted that Indonesia Mengajar does not have a fixed source of revenue, relying heavily on donation. Of all its programs, Indonesia Mengajar Movement Festival (FGIM) is the only one that provides revenue in form of
participation fee. It is an option to make this event into an annual one and raise the fee to provide a fixed source of revenue. However, considering the growth of Indonesia Mengajar, this might not be enough.

Cross-Subsidy Model can be considered for Indonesia Mengajar. In this model, the free product or service is sold to a premium segment. The premium segment pays for and use the product/service, subsidizing the free use of the product/service of other segment. For Indonesia Mengajar, the product equivalent is Young Teachers. The Young Teachers are qualified and experienced teachers, they have received formal certification and experienced teaching in elementary schools. The Young Teachers, now Young Teachers Alumni has returned from their assigned areas, some of them might be interested in remaining as teachers, whether part-time or full-time. There are many ways to take advantage of this, whether to loan them to city schools or to have them teach after school courses or to make them city school teachers.

The first option of loaning the alumni to city schools is inspired by the story of one volunteer of Inspiration Class that keeps coming the school he visited to teach briefly before he leaves for work. However, instead of doing this for free, this action is made official and charged for a fee to the school for both the Young Teacher alumni and Indonesia Mengajar. This is most likely only possible for private schools that have more to spend for additional teacher, making private schools as the premium segment and potential customer segment.

The second option of teaching after school courses can be done by giving tutorial by coming the houses of the students or having the students come to be taught the subject they want to learn. The tutorial can be done after work hours and in public places. In big cities such as Jakarta, there are a lot of cafés that can be used for studying. This can also be a separate organization from Indonesia Mengajar that focuses on giving tutorials for elementary to high school students which profits go to Indonesia Mengajar. For this option, the premium segment would be the parents of elementary to high school students. They might be classified further as middle to upper class citizens.

The third option of making them city school teachers involve starting a school where the teachers are all Young Teachers alumni. It would take time to give revenue for Indonesia Mengajar, but it would give an option for the alumni who have the intention to pursue career in education. It is also in accordance to Indonesia Mengajar’s mission by establishing the school under Indonesia Mengajar. The premium segment would mainly be parents of elementary school-age children, and could be further classified as middle to upper class citizens.

For Key Partnerships, Indonesia Mengajar has many partners. Some partners are not properly defined and recognized. It appears that Indonesia Mengajar only recognized its customer segments that are also its partners, missing the other partners such as Banks, Media and Publisher. By recognizing this partners, Indonesia Mengajar can properly choose the right partner and maintain the right relationship. This is important to minimize the risk, especially considering these partners perform some of the Key Activities of the enterprise. Relying on partners to perform Key Activities increases the risk to the enterprise if the partner is unable to meet the requirements. It is best to reduce the number of partners or the Key Activities that is supported by partners.

For example, the Key Activity of recruiting and training is currently involving education practitioners. In the beginning, they were included in the process in order to give credibility to the Young Teachers’s skills and ability as elementary teachers and to increase efficiency since they had limited resources back then. However, things have changed and it is now possible to have people in the team that take the role of the practitioners.
For Impact & Measurements, Indonesia Mengajar only has impact and measurements related to Young Teachers and the collaborators of Young Teachers in rural, remote area. Considering this is their main program which covers all three mission of the enterprise, it is understandable. However, Indonesia Mengajar has expanded its reach by campaigning and duplicating the initiatives. They also need to properly defined impact and measurements. Indonesia Mengajar team’s reasoning is that they don’t want to be fixated on numbers thus try to avoid quantitative measures. That is why they use outcome mapping for Young Teachers and collaborators of Young Teachers. Impact and measurements are vital for social enterprise. There are many ways to measure impact, among them are Triple Bottom Line accounting (Elkington, 2001), Balanced Scorecard for not-for-profits (Kaplan, 2002) and social reporting (Zadek, 1998). These measurements may be quantitative but they doesn’t have to be a goal, but a milestone to ensure that Indonesia Mengajar does not lose sight of the mission. They will also help to keep Indonesia Mengajar focused, which is important for Indonesia Mengajar not take too many problems to solve and ends up solving none.

6.3. Future Research
This research can be taken further through several ways,

- Continuing this research into Business Model Innovation such as designing new business model and devising strategy based on the new business model.
- Expanding the number and variety of the object of study using the same methodology. This research only observe one social enterprise in Indonesia due to the limitations. No social enterprises are exactly the same. They might address the same issue in the same country but they have different approach in solving it. However, with larger and diverse social enterprise to observe, better understanding of social enterprise and its business model can be achieved.
- Comparing the same object of study using different business model frameworks. Other business model framework has been mentioned briefly in the thesis. There is a possibility that other business model framework would capture the business model of social enterprise better.
- Comparing all the variations of Business Model Canvas with larger and diverse social enterprise to find the one that is applicable for all social enterprise. In this research only, six variations of Business Model Canvas are mentioned (included the new variation). There might be more that the researcher did not find and able to capture the business model of social enterprise better than the current variation.
7. CONCLUSIONS

Based on the research, it is found that Business Model Canvas cannot completely capture the business model of a social enterprise. From literature review and case study on social enterprise, additional building blocks are necessary to understand how social enterprise creates, delivers and captures value. They are Mission and Impact & Measurements blocks.

In Mission block, it is stated the purpose of the social enterprise, its reason of existing. It acts as the guidance for the enterprise. The Impact and Measurements block describes the benefits for the customers of the social enterprise along with the measurements as the indicators of the success and progress of the social enterprise. The additional blocks also change the sequence of the building blocks starting from (1) Mission, (2) Value Propositions, (3) Customer Segments, (4) Impact & Measurements, (5) Channels, (6) Customer Relationships, (7) Revenue Streams, (8) Key Resources, (9) Key Activities, (10) Key Partnerships, and (11) Cost Structure.

By defining the building blocks, the rationale of how social enterprise creates, delivers and capture value can be seen. Based on the case study of Indonesia Mengajar, it is concluded that social enterprise creates value based on its social mission to achieve its intended impact by offering social value for the co-creators; and another value for beneficiaries. Social enterprise delivers value through channels; and maintain the value through customer relationships. Social enterprise captures value through revenue streams subtracted by cost structure. Social enterprise creates, delivers and capture value by utilizing its key resources for performing its key activities with the help of its key partnerships. In which, the social value is the value elements that cater to customer segments’ needs, co-creators are donors and volunteers, the other value for beneficiaries is in form of benefit such as products or services and revenue stream can be purely from donation or a mixture of donation and fee.

This conclusion is true for Indonesia Mengajar. However, further research is required whether this is applicable to other social enterprise. No business models are exactly the same, whether it is business or social enterprise. Better understanding of business model of social enterprise would aid its social mission and achieve optimum impact.
REFERENCES


