

# Designing Social Business Model for Han Ancestral House

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**ABSTRACT:** Culture is not permanent. Culture is fluid, culture can change. People can choose to hold or abandon culture. In recent time we see a very dynamic shift in culture. Han ancestral house are categorized as a Chinese traditional house. Built around the 18<sup>th</sup> century and with the original purpose to be a center to respect Han ancestor and a place to meet other family member. While the second purpose is becoming vaguer in the recent year, and while in the beginning Han ancestral house are maintained by a group committee or a group of people while currently is being maintained and managed by a single person. With this Han ancestral house has a "passing down" the culture and the value of Han ancestral house. This research designs social business model for Han ancestral house.

**KEYWORDS** –Chinese, Business, Social, Museum, Han, Family, Surabaya

## I. INTRODUCTION

Han Ancestral House was built by Han Boei Kho in the 18<sup>th</sup> century for the purpose of not just holding ancestor veneration, but also for family gatherings. Different from other people's perceptions of the Ancestral House that used to be linked with storing ashes of their ancestors, but in actual fact, they did not store the ash in Han Ancestral House. The closest things that resemble an ash is the ash from incense.

Han Ancestral House has been managed by inter generations of the Han Family. Right now, the one that manages it is the 9<sup>th</sup> generation. The family wanted to transform Han Ancestral House to be a museum. In fact, in 2009 the government has made the Han Ancestral House into a cultural heritage type A in Surabaya City. Type A of cultural heritage is how some building structure shall not be changed and managed in its original shape.

In the year 2018, the mayor of Surabaya city has an agenda to make Chinatown, Arab town, and old city as one of the tourist attractions in Surabaya. One of them is the Han Ancestral House, the mayor wanted Han Ancestral House to become a museum that tourists can visit. It is in Han Family interest to develop side exhibition such as Chinese Heritage in Indonesia.

Han Ancestral House, which will become a tourist site, requires a Social Business Model Canvas design. Until now, the Han Ancestral House is still in the form of a Cost Center, so this research aims to change it to a Profit Center. This study uses benchmarks from other museums, both domestic and abroad, to get a broader picture.

## II. LITERATURE REVIEW

### Social Enterprise

A social enterprise is an organization that is legally registered and has activities that do not prioritize profit but solve environmental and social problems. Profit itself is only for the development of the organization and public affairs.

There are other phenomena that have similarities with Social Entrepreneurship, such as charity and CSR. However, it is realized that it is the differences and similarities of these phenomena that unite all of them. Social Entrepreneurship itself is at the meeting point between traditional entrepreneurship and charity. The social orientation of Social Entrepreneurship is similar to charity and business is more inclined towards traditional entrepreneurship. However, unlike charity organizations that have non-profit motives, this social business generates income.

The difference between Traditional Business Enterprise and Social Enterprise is only in the focus of the organization (Osterwalder, Combining Business Model Prototyping, Customer Development, and Social Entrepreneurship, 2010) (Qastharin, 2015). Traditional business enterprises have the main goal of generating

profits and their shareholders, while for social enterprises they have a focus on ecology, social functions and giving to society (Akbulaev, Aliyev, & Ahmadov, 2019) (Osterwalder, Pigneur, & Tucci, CLARIFYING BUSINESS MODELS : ORIGINS, PRESENT, AND FUTURE OF THE CONCEPT, 2005).

Table 1. Difference between Social Enterprise, Charitable Organization, and Traditional Business

Social Enterprise	Charity Organization	Traditional Business
Social orientation structure	Social orientation structure	Commercial structure
Does not depend on external financial sources	Depends on external financial sources & donations	Does not depend on external financial sources
Only need initial capital	Receive grants and donations used to solve social problems	Only need initial capital
Get income from activities carried out, aimed at developing and solving social problems	No income	Get income from activities carried out, with the aim of maximizing profits
Profits reinvested		Profits are distributed to shareholders

Source: (Akbulaev, Aliyev, & Ahmadov, 2019)

### Museum

A museum is an institution that preserves a collection of artifacts and similar items in art, culture, history or science objects that are usually open to the public, either permanently or temporarily (Alexander & Alexander, 2008).

Museums cannot let go of the accounting aspect in their world. Enabling accountability in museums. In the last 10 years the UK, Australia, New Zealand, and other countries have implemented commercial accounting (accrual accounting system) in various public sectors. However, there are problems in its application, for example in museums, the financial statements of museum collections are included in assets. The problem is that museums have to put a financial value on their collections which causes museum managers to elevate or flatten (the same).

Not all public sectors have a profit-seeking goal. Those who believe that all entities should apply unmodified commercial accounting must understand that public sector organizations are more complex than other sectors (Carnegie & Wolnizer, 1996).

### Social Business Model Canvas

Social enterprises use a business approach by making a difference to achieve their mission (Social Enterprise Institute, 2018). To ensure the impact of their mission is achieved and can be long lasting, they need a viable business model. What is meant by a 'business model' is a "story" that explains how an organization establishes, delivers and defines their goals (Osterwalder, et al., 2005; Qastharin, 2015; Magretta, 2002). It describes how you will reach customers, give them something they value, and make enough money doing that to achieve your social impact (Social Enterprise Institute, 2018).

Organizations that need a business model are no exception for businesses that are not profit-oriented, where non-profit organizations, charities, the public sector and for-profit social ventures also need a business model with a different concept from for-profit (Osterwalder, et al., 2005). ). Every organization has a business model, this is because the organization needs income in order to meet expenses and in order to carry out their goals (Osterwalder, 2010).

The Business Model Canvas is a business model that was first coined by (Osterwalder & Pigneur, 2010) which is more prominent than the others, this is because what is offered is not only a definition or component,

but also a visualization of a business model. Where the business model can be simpler, and easily understood by various groups (Osterwalder & Pigneur, 2010; Qastharin, 2015).

Table 2. Social Business Model Canvas

MISSION :				
IMPLEMENTATION		VALUE	MARKET	
Key Allies	Key Resources	Social Innovation	Customer Relationships	Channels
	Key Activities	Value Proposition	Consumer Benefits	
FINANCES				
Cost of Delivery		Community Reinvestment	Revenue Streams	

Source: (Social Enterprise Intitute, 2018)

### Business Model Canvas Implementation

New companies going into the digital business opt for the freemium business model specifically to allow customers to try and use their services. This research suggests that this business model is based on a service offering that combines demonstration of innovation, fair opportunity to attract new users with peer network, growth strategy with increasing user base, ability to retain existing customers with new product features for free trial, discussed in this paper (Panda, 2019).

### III. METHODOLOGY

This study started from July 2019 to January 2020. The methods of data collection were interviews, observations, and document analysis (Strauss & Cobin, 1998) (Neuman, 2011). Interviews were conducted to obtain information about the thoughts, experiences and opinions of the parties involved. The parties who will be interviewed are RAH Managers, Div. Surabaya City Government Museum, Han Family, and Researchers or Academics who have researched RAH. The interview will be conducted using a semi-structured method and will be recorded during the interview to facilitate the analysis. The majority of observations will be made on traditional events that will be carried out at the Abu Han House where most of the events will be run by the Han Family themselves.

### IV. CASE STUDY

#### Han Ancestral House Social Business Model Development

Han Ancestral House was built by Han Boei Kho in the 18th century. The existence of Han Ancestral House to this day cannot be separated from the struggle of each generation to defend the Han Ancestral House from external parties who want to take over. Starting from colonial roads to developers who want to buy the land. The Han family for generations has maintained the Han Ancestral House as a family gathering place and a place to honor ancestors.

As previously stated, the management family of Han Ancestral House has high hopes, so that they can become independent and carry out their daily lives without being dependent on the management family. This is one of the efforts of the family so that the Han Ancestral House can survive in the future in the form of a museum that can be visited by the general public, not only specifically for families. So that many people who want to know the culture and daily life at Han Ancestral House can easily visit.

### **Freemium Membership**

#### **Museum**

RAH is a quite unique cultural site, in Surabaya. “Abu Rumah”, “RumahSembayangKeluarga” or ancestral house, where there are only two that are still operational, whereas in the past there were three ash houses that were operational but in the last 10 years they have been closed/not operational. And which is operationally open to the public only the Abu Han House. With the aim of making RAH into a museum to be able to;

- Preserving buildings and assets,
- Research on Chinese/Chinese culture in Indonesia,
- Develop RAH into an independent organization.
- External Funding

In 2014 the Mayor of Surabaya, Tri Rismaharini, inaugurated the Abu Han House as a cultural heritage (Cultural Conservation number: 188.45/5/436.1.2/2013).

To get revenue from museum ticket sales, merchandise sales, donations or membership, RAH is planned to be established as an educational site. By becoming a place of education for the general public for Chinese culture and the Han family, RAH will become more recognizable to the people of Surabaya.

#### **Research Center**

RAH strongly supports research and open education to the general public. With the movement of the museum, RAH has the opportunity to develop itself into a place of education and research.

RAH collaborates with universities in Surabaya and outside Surabaya to bring in students who are studying in fields such as culture, architecture, etc. To have the opportunity to study/do research related to Chinese culture, Chinese architecture, Javanese, or Dutch.

#### **Library**

To increase the potential of museum visitors, the available empty space will be used as a library dedicated to Chinese and Indonesian Chinese literature. This library is also a source of funds to support RAH by providing the option to join membership to RAH to borrow books from RAH.

SOCIAL BUSINESS MODEL CANVAS

Table 3. Social Business Model Canvas for Han Ancestral House

MISSION :Menjadi museum Rumah Abu pertama di Surabaya				
IMPLEMENTATION		VALUE	MARKET	
<b>Key Partner</b> <ul style="list-style-type: none"> <li>• University,</li> <li>• Domestic &amp; International Community of Chinese,</li> <li>• Museum lain</li> </ul>	<b>Key Resources</b> <ul style="list-style-type: none"> <li>• Management 'Independent'</li> <li>• Academics</li> <li>• Networking</li> </ul>	<b>Social Innovation</b> <ul style="list-style-type: none"> <li>• Maintaining the culture and traditions that have been left behind</li> <li>• Raising Awareness</li> <li>• Culture re-Enrichment</li> </ul>	<b>Customer Relationship</b> <ul style="list-style-type: none"> <li>• People who want to know Chinese culture</li> <li>• Academics</li> <li>• Tourism</li> </ul>	<b>Channels</b> <ul style="list-style-type: none"> <li>• Social Media</li> <li>• Museum attendee</li> <li>• Donors</li> <li>• Universities &amp; Researches</li> <li>• Online Advertising</li> </ul>
	<b>Key Activities</b> <ul style="list-style-type: none"> <li>• Research</li> <li>• Charity</li> <li>• Museum development</li> <li>• Social Program</li> <li>• Membership program</li> </ul>	<b>Value Proposition</b> <ul style="list-style-type: none"> <li>• Providing Education</li> <li>• Culture Enrichment</li> <li>• Become a benchmark for similar cultural heritage</li> <li>• Support the development of Chinese culture in Surabaya.</li> </ul>	<b>Consumer Benefits</b> <ul style="list-style-type: none"> <li>• Education,</li> <li>• Community charity</li> </ul>	
FINANCES				
<b>Cost of Delivery</b> <ul style="list-style-type: none"> <li>• Museum asset maintenance and management.</li> <li>• Acquisition of books for the library</li> <li>• Marketing</li> </ul>		<b>Community Reinvestment</b> <ul style="list-style-type: none"> <li>• Company giving program</li> <li>• Charity event</li> </ul>	<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>• Museum attendant,</li> <li>• Donation,</li> <li>• Membership program</li> <li>• Merchandise selling</li> </ul>	

Source: Writer

## V. CONCLUSION

Han Ancestral House was built to be a gathering point for Han families in East Java, over time the Han Ancestral House turned into a cultural heritage in Surabaya and several prayer houses were left in Surabaya. With this came the problem of preserving, and developing the Han Ancestral House.

The management of the Han Ancestral House is managed by one person, namely Mr. Robert, where the concern of the Han family is to be able to maintain and continue the Han Ancestral House to the next generation with or without the surviving Han Family, because relying on the management of people who are still alive is quite risky and not permanent solution. Management and development must be managed by an independent organization and not dependent on certain people.

By making Han Ancestral House an independent organization and moving on the Social Business Model. Because Han Ancestral House will be an organization that needs a business model, not to mention businesses that are not profit-oriented, where non-profit organizations, charities, the public sector and for-profit social ventures also need a business model with a different concept from for-profit.

Briefly, the implementation of Han Ancestral House's social business model, to get the most stable results, the author does not hesitate to repeat or finalize each stage. By reviewing what has been implemented and seeing the results, the implementation of the Han Ancestral House has the aim of ensuring that what has been implemented has been maximized with the hope of finalizing what has been implemented, and if there are steps that are wrong or lacking, it can be reviewed again to learn where will provide a wider perception to understand the error. From this the implementation of the Han Ancestral House will be "slow but steady".

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