

# The Effect of Venture Capital on the Growth of Startups in Indonesia: A Case Study on BRI Ventures

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## ABSTRACT

The low success rate of startups has caused venture capital firms to bear a large risk of investment failure (BRI Ventures, 2021). Venture capital firms play an important role in identifying potential startups and being the driving force for startup success. This study aims to find out the role of BRI Ventures (BVI) in increasing the success rate of startups in Indonesia, how BRI Ventures (BVI) makes funding decisions, and the criteria set before funding startups. The data analysis uses descriptive qualitative analysis, which includes content, thematic, and constant comparative analysis and is processed using the NVivo 12 Pro software application. This study uses the diffusion of innovation theory to examine the role of BRI Ventures (BVI) in increasing the success rate of startups in Indonesia. The results show that BRI Ventures (BVI) uses the 5Ps approach, a self-designed investment analysis tool to assess whether a startup is feasible to fund. The indicators of 5Ps include people, product, potential market, performance, and potential upsides. The people indicator, which consists of the founder and the team, plays an important role in the success of a startup. The findings of this study suggest that BRI Ventures proactively provide innovations through mentoring programs to increase the success rate of startups. This research is expected to be useful in the financial sector, especially in terms of funding and innovation, for the business sustainability.

## ABSTRAK

Rendahnya tingkat keberhasilan start-up menyebabkan perusahaan modal ventura harus menanggung risiko kegagalan investasi yang besar (BRI Ventures, 2021). Perusahaan modal ventura berperan penting dalam mengidentifikasi potential startup dan menjadi mesin pendorong bagi kesuksesan startup. Penelitian ini bertujuan untuk mengetahui bagaimana peran BRI Ventures dalam meningkatkan tingkat kesuksesan startup di Indonesia dan bagaimana BRI Ventures membuat keputusan investasi atau pendanaan, dan kriteria yang ditetapkan mereka sebelum mendanai suatu startup. Proses analisis data pada penelitian ini menggunakan descriptive qualitative analysis meliputi content analysis, thematic analysis, dan constant comparative analysis dan diolah menggunakan aplikasi software NVivo 12 Pro. Penelitian ini menggunakan teori difusi inovasi untuk melihat peran BRI Ventures dalam meningkatkan tingkat kesuksesan startup di Indonesia. Hasil penelitian menunjukkan bahwa BRI Ventures menggunakan pendekatan 5P, sebuah alat analisa investasi yang didesain sendiri, untuk menilai apakah start-up tersebut layak didanai. Indikator 5P tersebut adalah people, product, potential market, performance dan potential upsides. People yang terdiri dari pendiri dan tim memegang peranan penting untuk kesuksesan suatu startup. Temuan penelitian ini menyarankan BRI Ventures agar secara proaktif terus memberikan inovasi-inovasi melalui program mentoring untuk meningkatkan tingkat kesuksesan startup. Penelitian ini diharapkan dapat bermanfaat dalam bidang keuangan khususnya pendanaan dan inovasi-inovasi untuk keberlanjutan usaha.

## 1. INTRODUCTION

Venture capital (VC) is a source of funding for startups that wish to develop or realize their business innovations. Indonesian Financial Services Authority Regulation No. 35/POJK.05/2015 article

1 paragraph 2 states that a venture capital firm is a business entity that carries out venture capital business activities, venture fund management, fee-based service activities, and other business activities with the approval of the Financial Services

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Authority.

Along with the recent development of startups in Indonesia, funding from venture capital is increasingly in demand by startup founders. According to Teker et al. (2016), venture capital contributes greatly to the development of startups in Europe and the United States. However, the level of investment risk faced by venture capital firms is still relatively high (Cantamessa et al., 2018). Kalyanasundaram (2018) and Mukti et al. (2019) argue that the failure rate of startups is very high or more than 70%. Quoted from [wartaekonomi.co.id](http://wartaekonomi.co.id) site, digital economy observer Yudi Candrai states that the success rate of startups in Indonesia is only 1%, while the rest fail (Winosa, 2021).

Due to the very low success rate of startups, venture capital companies are required to be more careful in making investment decisions (Hegeman & Sørheim, 2021). Investment decisions taken by venture capital company managers are reflected in serious investment analysis, especially in assessing the expertise of startups, as potential recipients of investment, in terms of managing funds (Buchner et al., 2017). An understanding of how venture capital companies evaluate startups is very important so that startups can find out what criteria are considered important to be able to obtain venture capital. Based on these reasons, this research aims to explore the startup selection process and information related to the criteria used by BRI Ventures before investing in startups.

This research focuses not only on pre-investment, which includes the startup selection process, but also on post-investment, which includes mentoring programs related to the role of venture capital in startup growth (Kuratko et al., 2021). Through the mentoring program, it is expected that venture capital provides the innovations needed by startups to increase their success rate. According to Savaneviciene et al. (2015), one of the factors causing startup failure is the founder's limited knowledge and ability to manage a business.

The mentoring program is necessary to overcome the lack of competency in startups. Besides, the program can also develop the quality of founders and startup teams. According to Martoredjo (2015), mentoring has a very positive impact on both startup founders and those providing mentoring. Access to information from both parties can improve the quality and performance of startups. The delivery of the mentoring program is carried out with reference to diffusion of innovation theory approach because there is a process of communicating innovation in

the program. The diffusion of innovation theory is used to see the extent to which the adoption of innovation can be accepted by startups. Therefore, this research also focuses on how the mentoring program conducted by BRI Ventures for startups, using the diffusion of innovation theory, so that the startups can avoid the risk of failure.

Research related to collaboration between venture capital and startups is still very rare, especially in Indonesia, even though Indonesia is in first place with the highest number of startups in the ASEAN region and fifth in the world. In 2021 there were already 2,228 startups in Indonesia ([startupranking.com](http://startupranking.com), 2021). This research will focus on the BRI Ventures as the first Corporate Venture Capital (CVC) in Indonesia that is registered with the Financial Services Authority and agrees to comply with domestic regulations. Quoted from the [dailysocial.id](http://dailysocial.id) website, many venture capital companies register their legality in Singapore even though they have offices in Indonesia. This is because Singapore is more tax friendly than Indonesia.

This research also aims to provide solutions to the gaps or differences in the results of previous studies, such as those conducted by Bocken (2015) and Monika & Sharma (2015), bearing in mind that previous research did not include post-investment venture capital activities, providing innovation through mentoring programs with the diffusion of innovation theory approach. This theory is used to measure the speed of innovation adoption by taking into account the characteristics of a given innovation. The next difference lies in the object of research. The differences still occur in organizational culture because there are no regulations governing how venture capital companies should make investment decisions. Each venture capital company has its own investment decision design so that the results of this study will be different from the results of previous studies. This is what prompted the researcher to conduct this research.

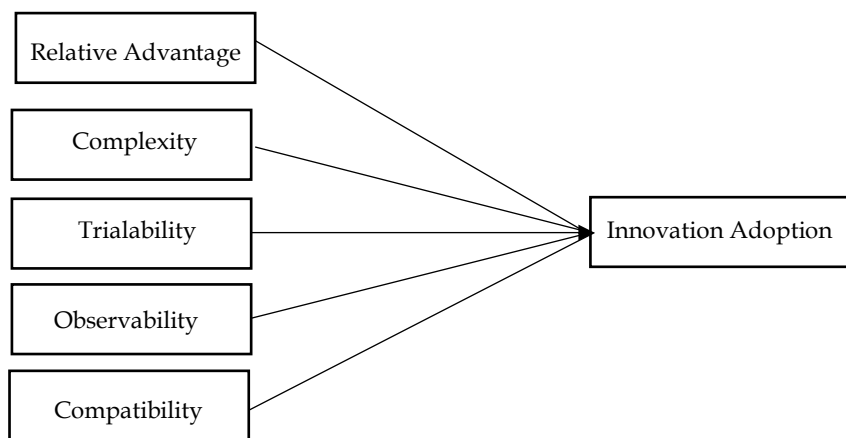
This study is expected to be useful in the financial sector related to capital or investment. In addition, this study is also expected to provide benefits to startups by providing information so they can find out what innovations must be carried out in order to achieve ideal criteria and become a concern during the selection process by venture capital companies. For BRI Ventures, this research is expected to provide solutions by looking at the characteristics of each innovation provided so that the innovation adoption can be optimally accepted.

## 2. THEORETICAL FRAMEWORK AND HYPOTHESES

### Diffusion of Innovation Theory

The diffusion of innovation theory explains the stages or process of communicating innovation to a

group of members through certain channels (Rogers, 1995). This theory also explains that the delivery of an innovation will be easily accepted by looking at the characteristics of the innovation (Yuen et al., 2018).



**Figure 1.** The Diffusion of Innovation Model  
Source: Nehemiah et al. (2017), processed

Figure 1 describes 5 (five) perceived characteristics of innovation in Roger's diffusion of innovation theory. According to Nehemiah et al. (2017), a person will show an attitude of supporting or rejecting the innovation presented based on the perceived attributes of the innovation. Chen & Ni (2019) and Vargo et al. (2020) also argue that these perceived attributes of innovation are factors that influence the speed of adoption of an innovation. The five perceived attributes of innovation include (1) Relative Advantage: the extent to which the innovation is perceived to have more advantages than previous methods or ideas; (2) Compatibility: the extent to which the innovation is perceived as consistent with existing values and past experiences; (3) Trialability: the extent to which the innovation can be experimented and accepted; (4) (1) Observability: the extent to which the innovation can be observed and witnessed; and (5) Complexity: the extent to which the innovation is perceived as difficult to understand and use.

Innovation is necessary for startups to be able to increase their success rate. BRI Ventures conducts a mentoring program as a means to convey innovation to startups. Therefore, the diffusion of innovation theory is relevant as a theoretical basis for analyzing the challenges and obstacles faced by BRI Ventures in delivering innovation through mentoring programs. This theory can also be a tool for venture capital companies to overcome the

challenges and obstacles faced in delivering innovation by paying attention to the perceived attributes of innovation to measure the speed of adoption of the innovation.

### Funding Decision Using Venture Capital

According to Buchner et al. (2017), investment decisions taken by venture capital company managers are reflected in serious investment analysis, especially in assessing the expertise of startups, as potential recipients of investment, in terms of managing funds. Funding decisions made by venture capital companies are different from those made by banks and other financial institutions. As stated by Maristiana et al. (2017), before providing funding, banks and other financial institutions should pay attention to the elements of 5Cs, consisting of Character, Capacity, Capital, Collateral, and Condition. In addition, banks also ask prospective customers to provide collateral, which is usually worth more than the amount of the loan provided. Venture capital firms have a different analysis from banks and other financial institutions. In this case, collateral is not required in the funding provided by the venture capital firms.

Venture capital firms have their own in-depth investment analysis or investment decisions before investing in startups. Each venture capital company has its own analysis system depending on geographical conditions, investment sector, and the

amount of funding to be provided (Monika & Sharma, 2015). The absence of regulations governing the funding decision-making process carried out by venture capital firms has resulted in differences in the funding decision process between one venture capital firm and another. This study will analyze the process of making funding decisions, including the funding criteria set by BRI Ventures.

### **Providing Innovation or Mentoring**

Mullen & Klimaitis (2021) explain that mentoring is a routine meeting that is carried out by businessmen with their mentors to discuss everything that the businessmen experience in running their businesses. Therefore, mentoring can help startups in dealing with the problems they experience. Mentoring is done by bringing in mentors, who are experts in their field, to provide advice in the process of building a solid startup so that the risk of failure can be minimized. According to Parfitt & Rose (2020), there are two types of mentoring: formal mentoring and informal mentoring. Formal mentoring is a structured mentoring carried out by two or more people and managed by the organization. Meanwhile, informal mentoring is mentoring that is carried out spontaneously, informally, and at any time.

There are various types of mentoring programs available at BRI Ventures. One of them is the accelerator program. This program is open to startups by focusing on coaching in the form of mentoring with digital industry experts who have been successful in their fields, technical training, and providing benefits to support startup business development. In addition, this program aims to increase the growth of startups so that they are better prepared to enter a wider market. This research will further observe how the mentoring process is carried out by BRI Ventures, the obstacles faced by BRI Ventures in delivering innovation, and how BRI Venture overcomes these obstacles.

### **Venture Capital and Startups in Other Countries**

Based on the results of research conducted by Monika & Sharma (2015) with the research site in India, venture capital has an important role in identifying potential and innovative companies. The purpose of the research is to discuss how venture capital companies make investment decisions and the key factors that influence investment. The research also explains that not all venture capital companies implement the same funding or investment decision process when selecting startups or new businesses. Some venture capital companies

are more concerned with the characteristics of the founder or entrepreneur, while others are more interested in a financial and marketing perspective. In addition, the research conducted by Monika & Sharma (2015) also focuses on pre-investment activities, such as the screening process and setting investment criteria. Therefore, this research will discuss post-investment activities carried out by BRI Ventures in the form of mentoring, in the hope of filling in the previous research gap.

Furthermore, the previous research used as a reference for this research is the research conducted by Bocken (2015). The research aims to find out how venture capital can support startup business development. The research also provides insight into how venture capital can contribute to startup success by investigating the roles, motivations, barriers, and drivers for startup success. The results of the research indicate that, in addition to financial support, venture capital firms also provide triple bottom line business advice and connection support. The research also shows that the key to the success of a startup lies in business model innovation and collaboration. The research suggests that future research use a sample of developing countries because they have the opportunity to develop sustainable businesses and industries from scratch. Therefore, this study will further analyze the needs of startups in the form of business advice with a mentoring approach. In addition, this study will use the diffusion of innovation theory to determine the extent to which the innovations provided by venture capital companies, in this case BRI Ventures, are acceptable to startups, including what obstacles experienced in providing solutions, as well as how to overcome these obstacles using the diffusion of innovation theory. This is expected to fill the previous research gap and provide benefits for BRI Ventures.

### **3. RESEARCH METHOD**

This study is a case study conducted by selecting 1 (one) company, BRI Ventures, which is suspected of having problems related to funding decisions for startups that have a high risk of failure as mentioned in the introduction above. This study uses a qualitative approach because the researchers wish to see and understand the events from the perspective of the respondents or participants. According to Crabtree & Miller (2022), a qualitative approach is used, one of which is when researchers wish to understand social interactions. For this reason, in-depth interviews are also conducted to find out the role of venture capital for startup success.

Data collection is carried out through semi-structured interviews. Four participants are selected as respondents in this study because they are seen to understand the flow of investment and startup development at BRI Ventures. In addition, the four respondents, as presented in Table 1, are selected based on the consideration that each has significant differences in position, duties and responsibilities so that triangulation can be carried out because the information generated by each respondent will reinforce one another. This is intended to avoid biased information. The four respondents are from one company because this research only involves one company.

**Table 1.** List of respondents

Respondent	Role
Respondent #A	Investment Associate
Respondent #E	Head of Investment
Respondent #K	Venture Fund Specialist
Respondent #MA	Investment Associate

The collected data are analyzed using descriptive qualitative analysis, consisting of content analysis and constant comparative analysis, and processed using the NVivo12 Pro software application. The questions in the interviews are prepared based on the theory used in this study. These questions relate to how the startup selection process is at BRI

Ventures, the ideal criteria for a startup to be able to get funding facilities easily, how the mentoring process is carried out, and whether there are any obstacles experienced during the mentoring process.

#### 4. DATA ANALYSIS AND DISCUSSION

The results of content analysis obtained through the NVivo12 Pro software application are identified deeply to find out the phenomenon of the decision-making process at BRI Ventures and what BRI Venture does to increase the success rate of startups. Figure 2 presents the results of content analysis to identify the main theme.

The main word that comes to the attention of the respondents during the interview is “mentoring”. According to respondents, mentoring is guidance and support provided by BRI Ventures in the form of providing innovation and strategies to startups in the early and growth stages. Mentoring is also a form of innovation carried out by BRI Ventures to minimize startup failures, that is by providing mentoring according to the needs of startups and presenting mentors who are experts in their fields.

“Mentoring according to needs and presenting mentors who are experts in their fields are forms of innovation that we do to minimize startup failures.” (Respondent #K, 2021).



**Figure 2.** Word Frequency Results from Interviews  
Source: NVivo12 Pro, processed

The next word is “founder”. Even though it is not the top word, it is still one of the five most frequently used words. The facts show that the success and failure of a startup is highly dependent on the

expertise of the founder. Founders must have managerial skills to build a solid team.

“Founders are very influential in building a solid team. They must have a brilliant idea. We also assess the

compatibility between the founder and the product.” (Respondent #A, 2021).

Founders are the key to startup success and failure. Products and markets can still be developed, but it is difficult to change one's characteristics. Even for successful startups, if the founder has problems, the start-up will also fail.

Another data analysis technique used in this study is thematic analysis. Thematic analysis is carried out using the NVivo12 Pro application with the aim of obtaining information related to the theme

discussed, the process carried out by BRI Ventures to increase the success rate of startups. The steps in the thematic analysis using the NVivo12 Pro application include bringing up the auto code menu, conducting interviews that have been transcribed, and translating into English to facilitate the coding process. After the process of running the query in the application, several themes (nodes) and sub-themes (child nodes) are generated, which are then reduced so that only those that are relevant to the research question are displayed, as shown in Figure 3.

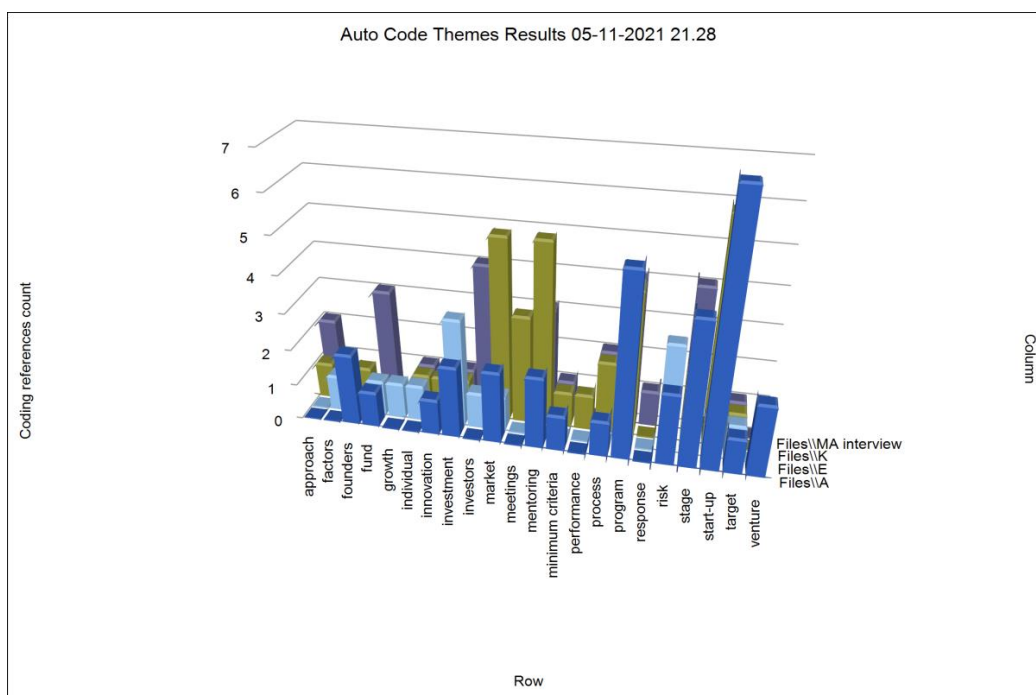


Figure 3. Thematic Analysis Diagram  
Source: NVivo12 Pro processed

The themes in Figure 3 are grouped into two sections: investment decision and innovation delivery process. The investment decision consists of approaches, factors, founders, market, investors, investment, and minimum criteria. Meanwhile, the innovation delivery process includes programs that refer to mentoring programs and accelerator programs, innovation, growth, meetings, funds, ventures, and performance.

**BRI Ventures’ Investment Decision**

The approach theme in this study refers to the 5Ps approach (People, Product, Potential Market, Performance, and Potential Upside) which is a guide for BRI Ventures in making investment decisions. 5Ps are a guideline for BRI Venture in selecting startups to be funded. The 5Ps approach is designed by the BRI Ventures team. This is in line with research conducted by Capizzi et al. (2022) and Monika &

Sharma (2015) that each venture capital company has its own analysis and is reflected in a serious analysis.

“Founders, products, and markets are the causes of startup failure. Therefore, an assessment needs to be carried out on the founder, product and market, hereinafter referred to the due diligence process.” (Respondent #K, 2021).

The themes of founders, product and market are the minimum criteria that must exist for startups to make it easier for them to get funding from BRI Ventures. BRI Ventures will look at the founder's background and assess whether the founder is able to guide the team to the next stage. The next criteria are product and market. Products should have clear projections: where the market is, who the target is, and what the future prospect is. BRI Ventures considers that these three factors are very important for an assessment because founders and products that do not match the market are the biggest factors causing startup failure.

**BRI Ventures’ Innovation to Increase the Success Rate of Startups**

The themes in this sub-chapter include programs, innovation, growth, meetings, funds, ventures, and investors. The program refers to the accelerator program, which is one of the mentoring programs. The program aims to deliver innovations to startups in their early stages that are prone to failure. In this program, BRI Ventures opens classes by bringing in experts who are proficient in their fields. The advantage is that the classes opened are adjusted according to recommendations or requests directly from startups, so startups really need these

classes.

"We continue to provide support in the form of mentoring such as opening classes and providing networking or suggestions in the form of innovation to startups to reduce the risk of startup failure." (Respondent #MA, 2021).

The next analysis is constant comparative analysis. This analysis is carried out by analyzing several themes generated through thematic analysis and comparing its implementation with each respondent's answer, respondents A, E, K and MA. The themes used in this analysis are described in Table 2.

**Table 2.** Comparison of the answers of each respondent

Theme	A	E	K	MA
Factors of Failure and Success	Founder	Timing	Founder, Market and Product	Founder
Minimum Criteria	Founder with managerial skills	The product is clear and the target market is available	Founder and synergy	3Ps (people, product, potential market).
Risk Mitigation	Due diligent process	Diversification	Due diligent process	Startup monitoring
Increase the success rate of startups	Mentoring and risk identification as early as possible	Mentoring	Mentoring and strict selection	Mentoring and monitoring

Source: NVivo12 Pro processed

Based on the table above, there are several differences and similarities that are carried out by BRI Ventures in determining the factors of failure and success as well as the minimum criteria that startups must have to make it easier for them to obtain funding. However, to increase the startup success rate, all respondents agree to provide mentoring in the form of innovations needed by startups and identify risks as early as possible. Thus, the selection of startups carried out by BRI Ventures is very strict.

All respondents agree that mentoring is very important for startups, both in the early and growth stages. This is in line with the results of research conducted by Blank (2021) that mentoring is the main key to the success of startup businesses. Mentoring is carried out by opening classes needed by startups by presenting experts who are proficient in their fields. BRI Ventures also provides networking to its fostered startups. BRI Ventures offers mentoring not only to its fostered startups but also to startups that are still at the seed stage. Head of investment of BRI Ventures states that BRI Ventures proactively provides mentoring to expand the startup ecosystem in Indonesia as a manifestation of BRI Ventures' role in the growth of startups in Indonesia.

Regarding the factors that cause failure and success, three respondents agree that the founder factor is the main key to the success of a startup.

Therefore, founders must have a clear vision and mission and good managerial skills. The three respondents also agree that with mentoring, founders and teams can further improve their managerial skills and product development capabilities so they can overcome the risk of failure. Meanwhile, one respondent states that the timing factor is very influential.

"No matter how great the founder is, the most important thing is the timing, which is the momentum of the business." (Respondent #E, 2021).

For the theme of the minimum criteria, each respondent has a different view in assessing. However, the factors mentioned by each respondent are very important and need to be prepared by startups before participating in the funding process. The first factor is the founder who has the capacity to develop a good team. The second factor is the clear product. The third factor is the potential market.

**Discussion**

**BRI Ventures’ Investment Decision**

Differences in investment decisions among venture capital companies are caused by the absence of regulations governing this matter. BRI Ventures’ investment decisions are self-designed using the 5Ps approach. This approach generally tries to give value to something that is qualitative in nature.

The 5Ps are people, product, potential market, performance, and potential upsides. The first indicator is people. The assessment is based on the solidity of the team members. The founder's background also needs to be assessed to determine whether the founder is suitable to develop the product. One of the respondents said that there was a founder who had a very good background, but after being traced, the founder was not suitable to develop the product. Therefore, there needs to be synergy between the founders and the product they want to develop. For BRI Ventures, funding is not only about money and valuation, but also about commitment in business partnerships.

Human character is an important cornerstone of successful collaboration, and BRI Ventures wants to collaborate with someone who is believed to have a match in vision and personality. Lee (2018) states that human resources determine the characteristics of venture capital success. Even though the valuation, finances, and product have been good, BRI Ventures will withdraw from the agreement if there is a discrepancy in the characteristics and commitment of the founder and his team. Collectively, the founder and his team must have a long-term vision, technical product specialty, business acumen, and management cohesion.

The second indicator is product. Products offered by startups must have three basic components: product market fit, product differentiation, and value proposition. Product market fit (PMF) indicates that the product is in accordance with market needs, can develop, and is not stagnant. PMF determines the extent to which a product can meet certain market demands and synergize with the market. Achieving product market fit is the most important element for growth and scalability.

The third indicator is the potential market. This aspect assesses which market the startup will enter, market feasibility, and the startup's overall position in that market. In this aspect, founders must be able to decide which market to enter so they do not make mistakes. Market feasibility can be seen from the adequacy of space for startups to grow due to the large potential consumers in the market. Therefore, startup products must be in accordance with the market to be entered. The potential market is directly related to the potential upside or growth expected by BRI Ventures, so BRI Ventures will prioritize startups that are the first or second players in the market. In addition, BRI Ventures will also criticize and think about strategies regarding how much time, cost and effort needed to reach many loyal customers.

The fourth indicator is performance. Performance is assessed from the startup's past performance based on its financial statements. However, BRI Ventures does not make performance the most important aspect. If there are start-ups that are still experiencing obstacles in their financial statements, BRI Ventures will not consider it something fatal. However, if the startup can meet all the criteria, it will be a priority. The financial reports observed by BRI Ventures are cash flow plans for a year, annual balance sheet, latest balance sheet, annual profit and loss report, latest income statement, financial budget, estimated sales, salaries, expenses, etc.

The fifth indicator is the potential upside. BRI Ventures will assess whether the startup can achieve the desired growth in the future with an increase in its valuation and whether the startup is able to achieve the desired internal rate of return (IRR) criterion, which is an increase of 20% per year. In addition, BRI Ventures will also evaluate the startup plan to develop the business. Startup plan after receiving funding must be for advancing and growing its business, and not for paying debts, buying luxury goods, or as an injection of cash flow to the company.

#### **The ideal criteria for startups to have easy access to funding**

The ideal criterion to make it easier for startups to obtain funding from BRI Ventures is that the startup must obtain perfect scores from the 5Ps, as a BRI Ventures investment analysis tool. The 5Ps are people, product, potential market, performance, and potential upside. BRI Ventures will assess startups based on their up-to-date business processes and the background of the founders. In addition, BRI Ventures will also assess whether the product is needed by the market and whether the market has the potential to grow. The startup must be able to grow or experience an increase in its valuation from year to year. If startups are able to meet the five indicators above, it will be very easy for them to get funding from BRI Ventures.

Based on the information obtained from respondent #MA, BRI Ventures is still considering accepting startups that are unable to meet these five indicators, with the condition that they must be able to meet the minimum criteria to obtain funding. Each indicator in the 5Ps has a value of 5 and startups must be able to obtain a value of 3.5 from each of the most influential indicators in the 3Ps: people, product and potential market. If the startup fails to get a score of 3.5 for each indicator of 3Ps, it will be very difficult for



the startup to get funding.

Apart from using the 5Ps approach, BRI Ventures also prioritizes funding for startups that have been funded before. BRI Ventures expects the internal rate of return (IRR) from startups to increase by 20% per year. During the selection process, BRI Ventures will see the potential upside of the startup, whether it is capable of achieving the IRR criteria desired by BRI Ventures. The 5Ps approach is used by BRI Ventures to embrace startups that are able to achieve the desired targets. For BRI Ventures, the most important thing is that the startup's valuation rises. There are many ways to calculate valuations, but BRI Ventures uses the most frequently used method, the last trend transaction.

Information regarding the ideal criteria and minimum criteria that startups must have is expected to be useful for startups to prepare themselves when they wish to obtain funding in the form of venture capital from BRI Ventures. By having this information, it is hoped that startups will know what to prepare to be able to obtain funding easily.

**The Role of Mentoring in Startup Success and Barriers to Mentoring**

Startups are very vulnerable to the risk of failure. Factors causing this failure include founders who have lack capacity, products that do not adapt to market needs, and errors in diagnosing the market to

be entered so that the startup cannot grow and ultimately fails. This is in line with the results of research conducted by Cantamessa et al. (2018) that startup failure is highly related to organizational capacity, product, marketing, and the supporting environment.

Based on the statement of respondent #MA, mentoring is needed by all start-ups, both those that have received funding and those that have never received funding. For startups that have never received funding, BRI Ventures provides accelerator and incubator programs as well as videos uploaded on the BRI Ventures YouTube page. For startups that receive funding from BRI Ventures, mentoring is offered in the form of networking and consulting with investor relations at BRI Ventures.

Accelerator program is implemented by opening classes that startups can choose from by presenting experts who are proficient in their fields. After taking the class, startups will be given the opportunity to pitch to potential investors who have gathered to see them. BRI Ventures assesses the results of a startup's success in accepting innovation during mentoring by observing whether or not potential investors are interested in the startup. Obstacles in the mentoring program based on the perspective of three respondents (MA, K and A) are explained in the table below. Due to limited time, the researchers did not ask respondent E about the obstacles to mentoring.

**Table 3.** Barriers to mentoring at BRI Venture

Respondent	Barriers / Obstacles	Recommendation
A	Matching with the mentor's schedule, mentors do not pre-read so it is a waste of time because startups have to explain their products again,	Startups should be led to go straight to the core issues to save time
K	During the Covid-19 pandemic, mentoring was carried out via the Zoom application so that miscommunication often occurred and slowed the execution of these innovations.	BRI Ventures should continue to encourage them and remind them to stay on track.
MA	Class absorption by startups has not been maximized, and at the time of pitching, the startup did not get any attention.	BRI ventures should evaluate the opened classes. If there is a shortage of classes, it is necessary to add more classes

Source: Processed based on the results of interviews

The obstacles experienced by BRI Ventures in the process of providing innovation will hinder the speed of innovation adoption. In the diffusion of innovation theory by Rogers as explained above, there are five indicators that influence the speed of innovation adoption.

1. Relative advantage. This attribute has been implemented by BRI Ventures by continuing to update the classes that are opened so that the innovations delivered will always be better than before.

2. Complexity. This attribute has not been fully implemented by BRI Ventures because the innovations carried out by startups are quite complicated. To overcome these problems, BRI Venture can conduct interpersonal communication with startups.
3. Trialability. In this attribute, innovation can be easily accepted if startups are given the opportunity to try it right away. This has not been done by BRI Ventures either.
4. Observability. This attribute has not been

implemented by BRI Ventures, where startups participating in mentoring can witness these innovations directly, not only in theory.

5. Compatibility. This attribute has also been implemented by BRI Ventures by always providing mentoring according to the needs of startups so that the innovations provided will be aligned with the needs of startups to facilitate the adoption process.

Of the five attributes that can assist startups in accelerating the adoption of innovations, two of them, compatibility and relative advantage, have been optimally implemented by BRI Ventures: This research is expected to provide input to BRI Ventures to be able to implement these five attributes as a whole so that the process of adopting innovations carried out by startups can be maximized.

## 5. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

Based on the data analysis and discussion above, it can be concluded that the explanation of these findings has answered research questions related to investment decisions, ideal criteria, and innovations carried out by BRI Ventures to increase the success rate of startups. Investment decision analysis is carried out by BRI Ventures using an assessment of the indicators of 5Ps consisting of people, product, potential market, performance, and potential upsides. These 5Ps indicators must be owned by startups so that they can easily get funding from BRI Ventures.

The process of delivering innovation to startups is carried out by BRI Ventures through a mentoring program by opening classes for startups. There are two types of mentoring programs available at BRI Ventures, formal and informal mentoring. Formal mentoring is a structured mentoring carried out by two or more people and managed by the organization. Formal mentoring is carried out in the form of an accelerator program by providing classes and bringing in experts who are proficient in their fields. Meanwhile, informal mentoring is mentoring that is carried out spontaneously, informally, and at any time. Informal mentoring includes direct consulting activities carried out by startups with partner investors at BRI Ventures. In adopting innovation, startups face many obstacles so that the diffusion of innovation theory approach is used to overcome them.

According to the diffusion of innovation theory, there are five perceived attributes that make an innovation easily adopted: relative advantage,

compatibility, complexity, observability, and trialability. Of the five attributes mentioned above, only two attributes have been optimally implemented by BRI Ventures: relative advantage and compatibility. The implication of this research is that BRI Ventures should implement the other three attributes such as complexity, observability, and trialability so that startups can adopt innovation optimally.

This research is expected to be of benefit to startups and BRI Ventures. Startups will find it easier to obtain funding after knowing what criteria must be met when they wish to obtain funding and BRI Ventures can overcome obstacles in delivering innovations that startups will adopt.

The limitation of this study lies in the research instrument, which only uses interviews. Observations could not be carried out considering that it was still in the condition of the Covid-19 pandemic and the imposition of restrictions on community activities in Jakarta. Therefore, this study did not include observation as a research instrument. It is suggested that further research add observation to the research instrument so as to be able to see directly the process of delivering innovations carried out by BRI Ventures to startups.

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