Improving Economic Resilience Through Social Entrepreneurship

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ABSTRACT

This paper explores the role of social entrepreneurship in strengthening economic resilience, particularly within the Indonesian context. The study aims to (1) promote synergistic collaboration among government entities, the private sector through Corporate Social Responsibility (CSR) initiatives, and civil society to overcome structural funding challenges, and (2) enhance the involvement of practitioners and academics in fostering community-driven enterprises. Employing a descriptive qualitative method through literature review, this study finds that while Indonesia possesses substantial human capital and natural resources, the potential of social entrepreneurship remains underutilized. Strengthening this sector could significantly contribute to achieving equitable economic development and long-term national resilience.

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1. Introduction

National resilience is a dynamic and integrated condition reflecting a nation's ability to withstand and recover from internal and external challenges across political, economic, and socio-cultural domains. In Indonesia, national resilience is rooted in the constitutional values of Pancasila and the 1945 Constitution, emphasizing welfare and justice for all citizens. Despite its abundant natural and human resources, Indonesia continues to face persistent socioeconomic issues such as poverty and unemployment. These challenges hinder the nation's economic stability and equitable growth. Social entrepreneurship emerges as a viable mechanism to address these structural problems. Unlike traditional entrepreneurship, social entrepreneurship integrates business acumen with social mission, aiming not only for profit but also for social value creation, particularly in underserved communities.

Social entrepreneurship in Indonesia was booming in the 1980s, driven by MSMEs and cooperatives, but now the concept is re-emerging with a different focus, namely Community Empowerment. There are three integrated sectors that form social entrepreneurship, namely the private sector, public sector, and voluntary sector. The intention of social entrepreneurship can be defined as a person's self-belief and preparation for the development and formation of a new type of social enterprise (Garaika, 2020). The participation of MSME actors in the mental and emotional context in promoting social missions is supported by responses and interest from the community. As asserted by (Mandrysz, 2020) who views the need for joint efforts and community-based social economy, encouraging social capital relations and community development in a particular community in an effort to develop social economic entities. This is in line with the benefits obtained by the community where the development of social entrepreneurship uses social principles and business ventures to create social change and build various types of businesses that are social through the active participation of the community in planning, implementing, and assessing their impact on the social and economic welfare of the community (Hidayat & Putra, 2020). These aspects of involvement are manifested in the behavior and performance of social entrepreneurs, so it is very important to realize the goals of social entrepreneurship with the support of affective commitment, work involvement, and personal values of the actors (Sotiropoulou et al., 2022). According to Tišma et al. (2022) there are six legal forms of social entrepreneurship including associations, cooperatives, institutions, foundations, companies and crafts. This is an important factor of social entrepreneurship in connecting the profit and nonprofit sectors, so that it can be implemented through the same legal form for both sectors. Wanyoike & Maseno (2021) pointed out that the important factors of personal experience and high achievement orientation towards improving livelihoods are able to create a very high impact of social entrepreneurship.

This paper seeks to assess how social entrepreneurship can contribute to economic resilience, focusing on strategic integration among stakeholders and the mobilization of community potential through sustainable initiatives. Buendía-Martínez & Monteagudo (2020) explain that there is an influence of cultural context on the dimension of social entrepreneurship. In addition, this influence occurs through two groups of variables through social capital and corporate social responsibility, although the influence shows opposite signs. These factors have important implications for policy makers responsible for fostering the development of social entrepreneurship.

2. Methodology

This study employs a qualitative descriptive approach using literature review as the primary method. The sources include peer-reviewed journal articles, government reports, and national statistics from BPS and the Ministry of Finance. The method focuses on identifying patterns, frameworks, and outcomes related to the practice and impact of social entrepreneurship in Indonesia.

While this paper does not involve primary data collection, the review is structured around three analytical dimensions:
1. The role of multi-sector partnerships (government, private sector, civil society);
2. The impact of social enterprises on economic resilience indicators (employment, welfare equity, innovation);
3. Barriers and policy gaps affecting the development of social entrepreneurship in Indonesia.

3. Result and Discussion

Result

Social Entrepreneurship and Economic Structures

The economy is one of the aspects of national life related to meeting the needs of the community, including the production, distribution and consumption of goods and services. Efforts to improve the standard of living of individuals and groups as well as the ways in which society lives to meet needs. The economic system adopted by a country will give shades and colors to the economic life of that country. A liberal economic system with a pure market orientation will be very sensitive to influences that come from outside. On the other hand, the socialist economy system with the nature of planning and full control by the government is less sensitive to external influences. Now there is no longer a pure liberal economic system and a pure socialist economic system because both are equipped with some modifications in it.

The economic system adopted by the Indonesian nation refers to Article 33 of the 1945 Constitution. In it, he explained that the economic system is a joint effort, which means that every citizen has the same rights and opportunities in running the economy with the aim of prospering the nation. Thus, the economy is not only run by the government which is realized in the form of activities of state business entities, but the public can participate in economic activities in the form of private businesses that are very broad in their fields of business. In the Indonesian economy, there is no known monopoly and monopsony business either conducted by the government or the private sector. In macro Indonesian economic system using national terminology can be referred to as the people's economic system. Referring to Article 33 of the 1945 Constitution, the prosperity that is aimed at is the prosperity of the entire Indonesian people, including those on remote islands and mountain peaks through the use of existing natural resources. The era of globalization requires countries to always be aware and impossible to close themselves from the development and changes in the globalized economic system . Therefore, the state must be able to integrate the national economy with the global economy adaptively and dynamically in order to obtain optimal results for national interests and national goals.

National resilience in the economic field can be reflected in the various conditions of economic life of the nation in which the nation can maintain national economic independence. The manifestation of economic resilience is reflected in the condition of the nation's economic life, which contains the ability to maintain healthy and dynamic economic stability and the ability to create national economic independence with high competitiveness and realize fair and equitable prosperity of the people. Thus, economic development is directed to the establishment of economic resilience through the creation of a healthy business climate and the use of science and technology, the availability of goods and services, the maintenance of environmental functions and increasing competitiveness in the scope of global competition. Efforts to achieve economic resilience, according to the quotation on the government guidelines at the Department of Trade website, several important things are needed that can support success, including :

The Indonesian economic system is directed to be able to realize prosperity and prosperity that is fair and equitable throughout the archipelago through the people's economy to ensure the continuity of national development, the survival of the nation and the state based on Pancasila and the 1945 Constitution.

The people's economy must avoid a system of free fight liberalism that only benefits strong economic actors and does not allow the people's economy to develop. The etatism system means that the state and the state economic apparatus are dominant and suppress and kill the potential and creative power of economic units outside the state sector. The concentration of economic power in one group in the form of a monopoly that is detrimental to society and contradicts the ideals of social justice.

The economic structure is established in a balanced and mutually beneficial manner in harmony and integration between the agricultural sector, industry and services..

Economic development is carried out as a joint effort on the basis of family principles under the supervision of community members, as well as motivating and encouraging active community participation. Linkages and partnerships between actors in economic activities, namely government, state-owned enterprises, cooperatives, private enterprises, and kinformal sectors, must be sought to realize growth, equity, and economic stability.

Equitable development and utilization of its results are always carried out through the balance and harmony of development between regions and sectors.

The ability to compete must be grown in a healthy and dynamic in maintaining and improving the existence of the independence of the national economy, by utilizing national resources optimally with appropriate science and technology facilities in the face of every problem and by still paying attention to job opportunities

Social entrepreneurship is a form of community development that focuses on socio-economics. Divided into two, namely having the advantage where the advantage is used for community development and not having the advantage where the product is used for community development. In this framework, social entrepreneurship is part of business and business as if it will not run without profit. Social entrepreneurship cannot be separated from the concept of profit or gain, so it becomes a temptation in it self. It is not impossible that eventually social entrepreneurship deviates from what it should be because finally social entrepreneurs consider that with the concept of social business they bring the benefits will be greater. Therefore, it is necessary to maintain the consistency of the social entrepreneur to stay focused on how the business owned is able to empower the community as the initial goal.

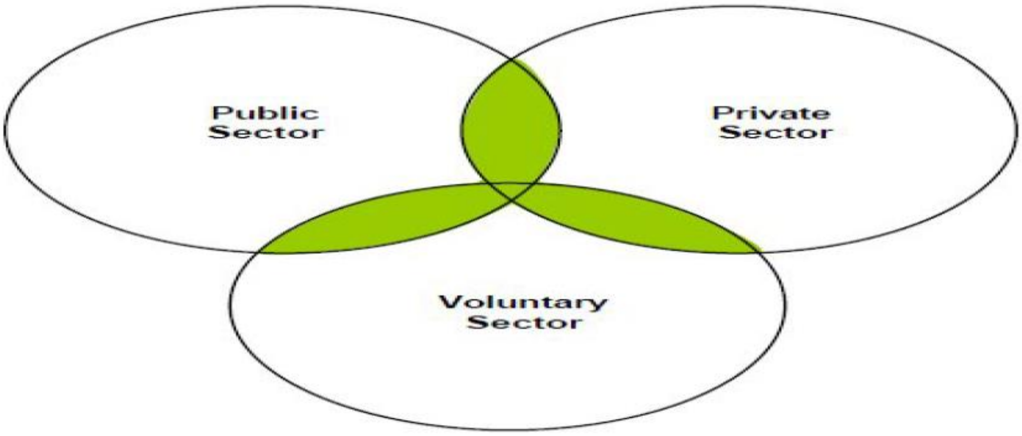

Figure 1. The Social Entrepreneurs' Sector
Source : Sources of the Social Entrepreneur Sector (Leadbeater. 1997. p.10) in Santosa, Setyanto P. 2007. The role of Social Entrepreneurship in development.

Figure 1 above shows that the area of the Slice, which is colored green, is a component that makes up social entrepreneurship. The three components in question are as follows:

(1) Private sector is an element of private business which includes how to generate profits because the essence of business is to create added value from the business owned. Economically, the purpose of establishing a business or business is to maximize the profits of its owners or shareholders. In business entrepreneurship, of course, this is very thick, but in social entrepreneurship this concept can also be maximized with a different purpose, namely maximizing profits to empower and create equal distribution of welfare as the initial goal.

(2) Public sector means involving other parties, can be associated in the context of the empowerment of the surrounding community and the utilization of existing resources. As is known that Indonesia is rich in natural resources and in quantity is also rich in human resources. In this framework, how social entrepreneurs can maximize by still paying attention to the sustainability of existing natural resources. Human resources in large quantities are also empowered so as to improve their quality.

(3) Voluntary sector is interpreted as the focus of social entrepreneurship, which is voluntary to help others and can be intended as part of community development in socio-economy. Volunteering does not mean not giving any reward at all to the initiator of the business or business. The initiator or owner can be given remuneration, for example in the form of a salary or a percentage of the profits, then the rest of the profits are allocated for community empowerment.

These three components are integrated and form social entrepreneurship. Not only as the interests of individual business people, but also aimed at empowering the surrounding community and equitable distribution of public welfare.

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Business Models and Strategic Integration

In the implementation of social entrepreneurship activities must be supported by a sensible business model that is both reasonable and realistic. In this context, social entrepreneurs can use ideas in creating new business models to improve the performance of social entrepreneurs. In addition, social enterprises must be built in the form of a connected network and have integration with business knowledge that can find value both individually and together as an ecosystem. In its development, there are various designs of social entrepreneurship business models that can be applied by social entrepreneurs. But in general, they are more likely to choose a business model design as illustrated in Figure 2 di below (Grassl, 2012), closed by Irma Paramita Sofia (2015).

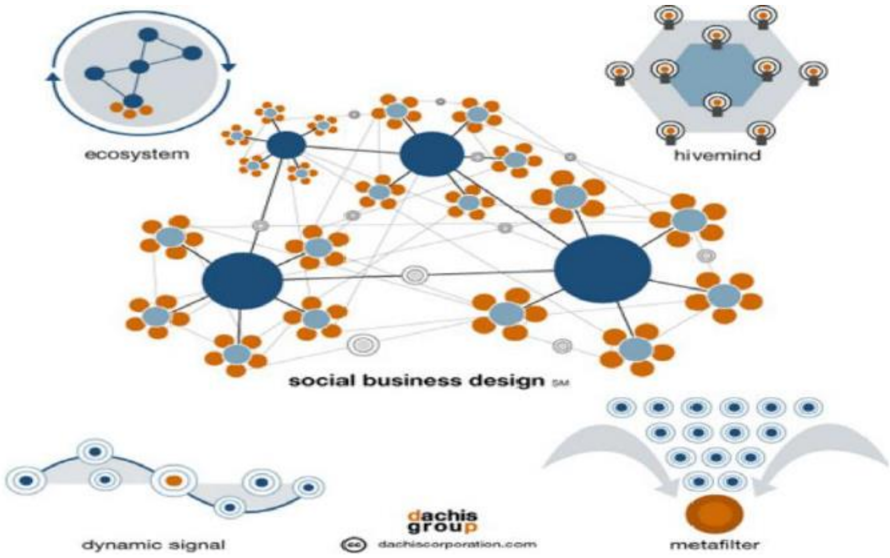

Figure 2. Business Models of Social Enterprise
Source : Business Models of Social Enterprise: A Design Approach to Hybridity , Grassl, (2012)

Based on the business model, Social entrepreneurship is considered to have a "Nest" (hive) if the organization can rely on cooperation in their environment and cooperate intensively with stakeholders. Information obtained from customers related to changes in the market can be interpreted as a dymanic signal for social entrepreneurship, where the actors or the social entrepreneurship community must take to process this information efficiently so that it can lead to social value being created. This process is described as a metafilter. Related to business methods, social entrepreneurship creates mixed organizations (hybrid) that use business methods, the end is the creation of social value (Winarto, 2008) in Irma Paramita Sofia (2015).

Discussion

Opportunities in the Indonesian Landscape

The number of people with per capita spending per month below the poverty line in Indonesia reached 25,22 million people (9,03 percent) as of March 2024. The figure fell by 0,68 million people (0,33 percent) compared with the poor population on March 2023, i.e.

9,36 percent. When viewed from its composition, the urban poor population decreased by about 0,1 million people from March 2023, i.e. 11,64 million people. While in rural areas the number decreased 0,58 million people where on March 2024 amounted to 13,58 million people (BPS, 2024).

According to data from the Ministry of Finance Pthere is a state budget year 2025, the government set a target of reducing poverty in Indonesia to 7-8 percent, extreme poverty is targeted to reach 0 percent, The Open unemployment rate is in the range of 4,5 percent - 5 percent. In order to achieve this target, the government continues to commit and ensure that the poverty reduction program established through three clusters, namely cluster one, aid and Social Protection, second cluster of community empowerment, and third cluster of strengthening micro and small businesses can run well. In this discussion, the author will focus on the second cluster as an effort to reduce poverty in Indonesia.

Poverty is a problem in Indonesia that is doubted to be able to show zero percent, but it is a hope if this figure can be minimized. In addition to poverty, the deviation in welfare between the community and the poor is also too far which means that there is a gap in the distribution of welfare for all Indonesian people.

The complexity of the challenges currently facing Indonesia, such as poverty, poor services for the underprivileged, environmental destruction, limited accessibility to education, and so on, are often considered the government's fault and it is the government's obligation to address all these challenges. In fact, in addition to the government, there is a responsibility from the private sector and society in general to contribute in an effort to overcome it. The private sector contributes to this challenge through various Corporate Social Responsibility (CSR). CSR is considered to be limited to corporate responsibility where the company's goal is to maximize profits for the interests of shareholders. But so far, the concept of entrepreneurship in Indonesia still emphasizes on profit oriented or understanding business entrepreneur, whereas as previously discussed there are social entrepreneurs. Community Empowerment more specifically refers to the context of social entrepreneurship.

Indonesia is certainly not a nation that is silent in the face of various social issues that occur. This is evidenced by some of the names of social entrepreneurs in Indonesia who first successful with the concept of social business in empowering the community contained in SWA magazine 03/XXVI/4-17-2-2010. Amin Azis who is the founder of BMT since 1995 to provide assistance, especially in funding for the development of MSMEs. Amir Panzuri encouraged the export of MSME handicrafts by establishing Apikri. Bambang Suweda initiated a waste bank in Bantul, gained Rupiah by utilizing waste so that in addition to being beneficial to the environment, he was also able to help financially. Pamitkasih develops entrepreneurship for people with disabilities who are still marginalized in Indonesia. Onte who founded Koperasi Hutan Jaya Lestari where fighting for the improvement of the fate of teak farmers. And Tri Mumpuni from Yogyakarta makes micro hydro power plants. There are still a series of other names such as Yuyun Ismawati who initiated the empowerment of scavengers in Bali in utilizing hotel waste into products worth selling, Elang Gumilang with cheap housing businesses, and others. That is, the concept of social entrepreneurship in

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Indonesiais not a concept that is newly known or new, but a concept that has existed for a long time but has not been developed to the maximum because it may be less active and vigorous socialization. The great potential that Indonesia has to face global challenges in addition to relying on abundant natural resources is to maximize human resources recorded by more than 200 million people. Social entrepreneurship is one of the loopholes to maximize the potential of human resources in Indonesia even though its current existence in Indonesia is at a stage like a toddler who is running. Become a common goal to achieve equitable distribution of social welfare for all the people of Indonesia in accordance with the mandate of the Constitution of 1945 which one way is to spur the potential of Indonesia to give birth sociopreneur (social entrepreneur).

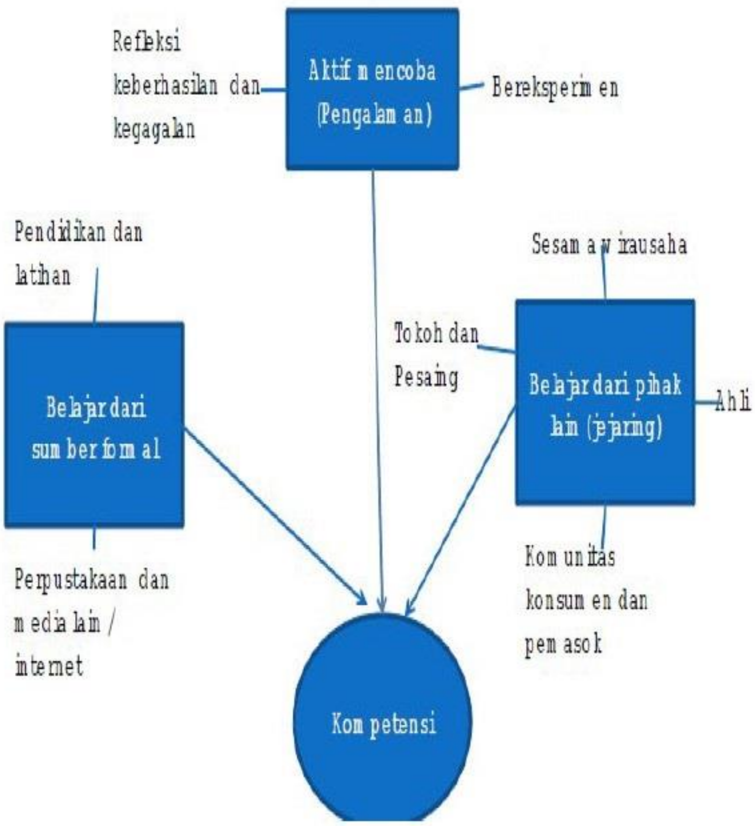

Figure 3. Of The Company's Learning Resources
Source: Winchester. 2008. Building social entrepreneurship: breaking down and creating systems creatively

Key Challenges

Social capital consisting of mutual understanding (shared value), trust and a culture of cooperation is the most important form of capital that can be created by social entrepreneurs (Leadbeater in Santosa, 2007). The social capital cycle begins with the initial inclusion of social capital by social entrepreneurs. Furthermore, a network of trust and cooperation is built that increases so that access can be made to physical development, financial aspects and human resources. When business units are formed (organizational capital) and when social enterprises begin to be profitable, more and more social facilities are built as described in the "virtuous circle of social capital" proposed by Leadbeater in Santosa (2007):

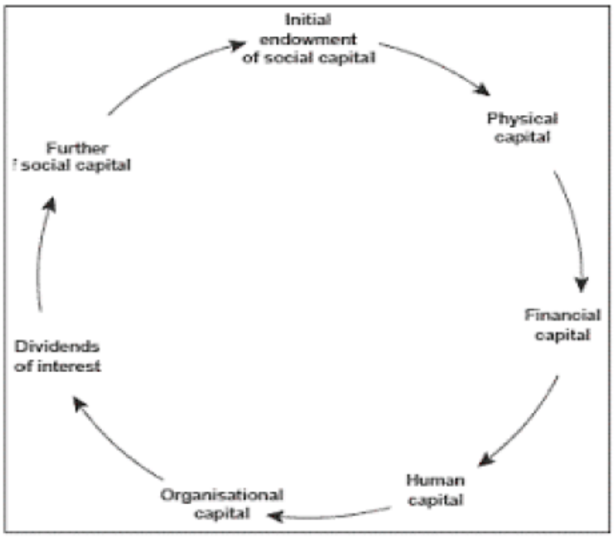

Figure 4. The virtous cycle of Social Capital

The biggest challenge faced is the problem of consistency in running their business as a social entrepreneur.In the beginning, people acted idealistically and turned into pragmatists. For example, the initial intention is to become a social entrepreneur, then after time no longer focus on empowerment and equitable distribution of public welfare, but switch to business entrepreneur. Especially when it comes to the involvement of time from the community, which is not small if you run a social entrepreneurship that he initiated. Therefore, in social entrepreneurship, ethical and moral elements must be included in maintaining consistency as a social entrepreneur. Second, the challenges of the elements to be addressed do not show interest in doing it together, so the success of programs to run social entrepreneurship becomes less than optimal. Third, the next challenge is limited funding. The issue of funding is often the toughest challenge when running projects related to community development, especially social entrepreneurship which is still arguably a new trend among the community. There are so many community empowerment programs that donors may also have allocated funds for certain programs. The author has not found either from the government, in this case the Ministry of higher education and the private sector with its CSR program that focuses on providing financial assistance to support activities undertaken by social entrepreneurs. Fourth, the management of the implementation of social entrepreneurship run by social entrepreneurs. The community has some constrain personal constraints, for example (1) the time between work, and the handling of the project as a social entrepreneur; (2) the professionalism of the social entrepreneur in implementing his social entrepreneurship project, such as the absence of assistance from experts or experienced so that the success of the project is only half.

Four challenges that have been described by the author where a challenge for the community to work as a social entrepreneur is not a thing to worry too much, but certainly need a strategy in dealing with these challenges . This is due to the author's belief that people are visionary individuals in carrying out planned projects, including spurring the development of social entrepreneurship in Indonesia. The optimism of the growth of social entrepreneur seeds in the community must be welcomed with real actions gerakan of community movements, not just trend discourse trends.

4. Conclusion and Recommendations

This study aims to find opportunities to improve economic resilience through large social entrepreneurship to be developed and then evaluate the practice of social entrepreneurship that is carried out in Indonesia today. The conclusions on improving economic resilience through social entrepreneurship are :

1. Social entrepreneurship is a form of entrepreneurship that aims to help the community. Social business can be a form of social entrepreneurship, but not all social business is social. Social entrepreneurship is an innovative initiative (economic or non-economic, aimed at profit or non-profit). Social entrepreneurship sees the problem as an opportunity to form a new business model that is beneficial to the empowerment of the surrounding community. The results to be achieved are not material benefits or customer satisfaction, but rather how the ideas proposed can have a good impact on society. The issue sustainability of financial and institutional sustainability has always been the biggest challenge for social entrepreneurship. There are two alternative partnerships that can be developed by social entrepreneurship, namely partnerships with public institutions and partnerships with corporations.
2. Economic resilience contains the ability to maintain a healthy and dynamic economic stability and the ability to create national economic independence with high competitiveness so that a fair and equitable welfare is realized. The practice of social entrepreneurship that is currently carried out in Indonesia has a great opportunity to improve economic resilience to be developed by looking at the potential of Indonesia in the capacity of abundant natural resources and the quantity of human resources, but has not been able to be optimized so that the positive benefits have not been maximized in improving economic resilience. Social entrepreneurship is not only focused on the ability to generate profits, but also the ability to empower the community so that it has the independence to create an equitable distribution of welfare. In addition, the socio-economic impact in the context of social entrepreneurship has generated capacity and independence in opening business opportunities. The findings show the importance of government support and policies that are able to accommodate economic opportunities and represent the social values of entrepreneurship in the future in a sustainable manner.

Departing from a simple thought, recommendations or strategies thatcan be written provide related to how to improve economic resilience through social eentrepreneurship in Indonesia in overcoming various challenges that exist to run social entrepreneurship so that it can be executed with maximum results is by integration between elements or stakeholders involved in social entrepreneurship that was initiated. At the initial stage, groups are made up of different individuals so that internally they must be integrated first. Then the community that becomes the object as well as the subject who is able to work together to succeed the business must also be integrated. Within in the group, a kind of research and development division is created to find out the needs of the community that are to be carried out and matched with the social entrepreneurship program that has been designed, adjustments must be made to one of them. There is an option to adjust the program first which means choosing which communities to empower and then creating a social entrepreneurship program that is suitable to overcome the problems faced by the chosen community.

Suggestions for future research that wants to raise the theme of social entrepreneurship is to encourage community improvement through social entrepreneurship model as an effort to increase economic resilience by solving social and economic problems of the community, increasing partnerships with larger entrepreneurship and encourage government regulation to accommodate opportunities and community participation and economic impact in social entrepreneurship.

Recommendations

1. Strengthen policy frameworks supporting social enterprise registration, access to finance, and tax benefits.
2. Integrate social entrepreneurship in educational curricula and local development plans.
3. Encourage hybrid partnerships between public institutions and corporations to co-fund and co-manage community empowerment programs.
4. Build national databases and impact evaluation systems for social enterprises.

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