



# Social Entrepreneurship as a Community Empowerment Strategy in Indonesia

Muhammad Awaludin<sup>1</sup>

<sup>1</sup> Universitas Jendral Soedirman, Purwokerto, Indonesia

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## Abstract

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Social entrepreneurship is an innovative business approach that prioritizes the creation of sustainable social and environmental impacts rather than merely pursuing financial profit. This concept has developed as a response to complex social challenges such as poverty, inequality, and environmental degradation, which remain significant issues in Indonesia. Unlike conventional entrepreneurship, social entrepreneurship adopts the principle of the triple bottom line profit, people, and planet while placing community empowerment as its primary orientation. This article aims to analyze the role of social entrepreneurship in promoting community empowerment through socially oriented business models. The study employs a literature review method, utilizing recent scholarly works and published. Findings indicate that social entrepreneurship can strengthen community capacity through the stages of enabling, empowering, and independence, while also contributing to the achievement of the Sustainable Development Goals. Nevertheless, challenges such as limited public participation, restricted access to financing, and sustainability issues must be addressed through multi-actor collaboration involving government, private sector, academia, and civil society.



## **1. Introduction**

Social entrepreneurship has become one of the important topics in the discourse of sustainable development in the contemporary era. Unlike conventional entrepreneurship that focuses solely on achieving financial profit, social entrepreneurship integrates social, environmental, and economic orientations in its business practices. Both initiatives affirm that social problems can be overcome through innovative business approaches based on community participation (Bauwens et al., 2020). In Indonesia, the development of social entrepreneurship is increasingly relevant given the complexity of social problems that have not been fully solved by government intervention or the private sector. The Central Statistics Agency noted that the national poverty rate is still at 9.36%, while income inequality is reflected by a gini index of 0.388. Other issues such as unemployment, limited access to education, and health service disparities also exacerbate the social conditions of the community.

This situation requires alternative strategies that are more participatory, innovative, and sustainable. Social entrepreneurship offers a business model that combines social orientation and economic sustainability. This approach uses the triple bottom line principle which emphasizes the balance between profit (economic gain), people (community well-being), and planet (environmental sustainability) (Conway, 2018). With this principle, social entrepreneurship places social impact as its main goal, while economic profit serves as a means to support the sustainability of its activities. The Indonesian government also recognizes the importance of social entrepreneurship through the Social Entrepreneurship Program (ProKUS) initiated

by the Ministry of Social Affairs. This program aims to strengthen the economic capacity of beneficiary families to become more independent through social-oriented business activities.

This regulatory support shows that social entrepreneurship is seen as a strategic partner for the government in achieving the Sustainable Development Goals (SDGs), especially in terms of poverty alleviation, gender equality, and the creation of decent jobs (Lubis & Ghina, 2020). In addition, social entrepreneurship is also seen as a means of community empowerment. The empowerment process can be explained through three main concepts, namely enabling, empowering, and independence. Enabling means creating a conducive climate for the development of community potential, empowering focuses on strengthening capacity through access to resources and knowledge, while independence emphasizes the community's self-reliance in managing their social-economic life. Within this framework, social entrepreneurship becomes an important medium for creating a more independent and resilient community. A number of recent studies affirm the positive role of social entrepreneurship.

For example, Munir et al. (2021) show that social entrepreneurship based on rural MSMEs is able to increase women's participation in productive economic activities while strengthening social ties. Meanwhile, Margiono et al. (2021) found that social business models in the community-based tourism sector can improve local welfare while preserving environmental sustainability. These findings reinforce the argument that social entrepreneurship is not just an economic solution, but also an inclusive social development mechanism. Nevertheless, social entrepreneurship

in Indonesia still faces significant challenges. One of the main obstacles is the low public awareness to actively participate in social economic programs. In addition, limited access to funding and business sustainability issues are major barriers to the development of social entrepreneurship (Prijadi et al., 2020).

Therefore, a multi-actor synergy involving the government, the private sector, academics, and civil society is needed to strengthen the social entrepreneurship ecosystem. Thus, this article aims to analyze the role of social entrepreneurship in community empowerment in Indonesia through a literature review. The focus of the study includes the fundamental differences between social and conventional entrepreneurship, its contribution to community empowerment, and the challenges faced in its implementation. By using the latest academic literature this article is expected to provide a conceptual contribution to the development of more effective and sustainable social entrepreneurship policies and practices.

## **2. Literature Review**

### **2.1. The Concept of Social Entrepreneurship**

Social entrepreneurship is an entrepreneurial activity that fundamentally places social value as its main orientation in every step, not merely focusing on obtaining financial profit. This activity uses an innovative business approach to find, design, and implement solutions that can address various complex social problems in society. Thus, social entrepreneurship not only prioritizes business sustainability, but also acts as an instrument of social transformation that brings about real change.

Hota et al. (2020) identified at least four main pillars that are the foundation of social entrepreneurship. First, the creation of social value that emphasizes a real contribution to improving the quality of life of the community. Second, the participation of civil society, where the community becomes an active actor in the decision-making process and the implementation of activities. Third, innovation, which is the ability to find new methods, products, and models that are relevant to the needs of the community. Fourth, economic activity that allows business sustainability through independent resource management.

In the modern context, the concept of social entrepreneurship is increasingly enriched with the triple bottom line framework that emphasizes the importance of balancing profit, people, and planet (Conway, 2018). Profit represents financial sustainability, people affirms the role of human welfare, while planet emphasizes concern for environmental sustainability. Thus, the fundamental difference between conventional and social entrepreneurship lies in the ultimate goal to be achieved. Conventional entrepreneurship is purely oriented towards financial profit, while social entrepreneurship prioritizes the creation of sustainable and long-term social impact

## **2.2. Community Empowerment through Social Entrepreneurship**

Community empowerment is the core and soul of social entrepreneurship practices. This empowerment process can fundamentally be understood through three main interconnected stages, namely enabling, empowering, and independence. According to Kania et al. (2021), the enabling stage means creating a conducive and supportive atmosphere for the development of community potential, for example

by providing access to information, initial assistance, and a positive social climate. The empowering stage focuses on efforts to strengthen community capacity through training programs, skill enhancement, and providing access to economic resources and a wider network. Meanwhile, the independence stage is understood as an ideal condition where the community has become self-sufficient, no longer dependent on outside parties, and can actively participate in the process of sustainable development.

A number of studies affirm the significant contribution of social entrepreneurship in improving community welfare in various sectors. For example, Margiono et al. (2021) show that community-based tourism practices not only increase the income of the local community through creative economic activities, but also serve to preserve the local environment and cultural identity. Furthermore, Munir et al. (2021) found that the social entrepreneurship model based on rural MSMEs provides more space for women's involvement in productive economic activities, thereby encouraging the creation of social inclusion and gender equality. Thus, social entrepreneurship can be seen as an important and strategic mechanism to strengthen community capacity towards self-reliance, as well as an instrument for long-term social-economic transformation.

### **3. Methods**

This research uses a library research method with a qualitative descriptive approach. The library research method was chosen because it allows the researcher to conduct an in-depth study of academic literature, journals, books, and official

documents relevant to the topic of social entrepreneurship and community empowerment in Indonesia. Library research is a systematic process for collecting, evaluating, and synthesizing existing knowledge with the aim of identifying patterns, trends, and research gaps. The stages of this research include: Literature identification: the researcher searches for academic literature from the Google Scholar Elsevier and Research Gate database. The keywords used include social entrepreneurship, community empowerment, Indonesia, sustainable development, and triple bottom line. Source selection: the selected literature is limited to indexed journal articles, research reports, and relevant official policy documents. Articles that are popular opinions or have not gone through a peer review process are not included.

Thematic classification: the collected literature is categorized into main themes, namely the concept of social entrepreneurship, its role in community empowerment, implementation challenges, and its relevance to the Sustainable Development Goals (SDGs). Content analysis: the researcher uses qualitative content analysis techniques to explore the arguments, theories, and research findings contained in the literature. Synthesis: the results of the analysis are compiled into an integrated narrative that answers the research focus. The validity of the research is maintained by cross-checking between sources to ensure information consistency. In addition, the researcher prioritizes articles journals as a form of academic validation. This method has several advantages. First, it is able to gather various conceptual and empirical perspectives within a broad scope. Second, it makes it easier for the researcher to find research gaps that have not been widely studied.

Third, it provides a strong theoretical basis for understanding social entrepreneurship as a community empowerment strategy. However, its limitation lies in the absence of primary data, so the analysis is entirely dependent on the accuracy and completeness of the available secondary data. Thus, the library research method is deemed appropriate for analyzing the role of social entrepreneurship in the context of community empowerment in Indonesia, especially because this phenomenon is still relatively new and requires strengthening in terms of concept and implementation.

#### **4. Results**

The results of the literature review show that social entrepreneurship in Indonesia has developed as an alternative strategy that is increasingly gaining attention in facing various complex social, economic, and environmental problems. This development has not only occurred in urban areas, but also in rural areas that face challenges of limited resources, isolation, and development disparities. Social entrepreneurship emerged in response to the failure of traditional development approaches that have so far tended to emphasize only the aspect of economic growth, without adequately considering the resulting social and environmental impacts. As a result, although there has been an increase in macro-level economic growth, various fundamental problems such as poverty, gender inequality, environmental damage, and limited access to education and health remain unresolved issues. In this context, social entrepreneurship plays a very important



role, because it offers a business model that is not only oriented towards economic profit, but is also able to provide added social value for the wider community.

Furthermore, social entrepreneurship contributes to the achievement of sustainable development goals by integrating social, economic, and environmental aspects into its business practices. This model encourages the creation of a balance between the interests of profitability and social responsibility, so that the business not only survives financially but also has a positive impact on the community. One of the main findings of the literature review is that social entrepreneurship has the ability to create social value through the mobilization of local resources, the application of innovation, and cross-sector collaboration. This approach is important given the many local potentials in Indonesia that have not been optimally utilized so far. For example, research by Munir et al. (2021) shows that social entrepreneurship based on rural MSMEs is able to increase women's inclusion in productive economic activities.

This inclusion is not only about providing employment opportunities for women, but also provides space for them to increase self-confidence, strengthen their bargaining position in the family, and expand their participation in community decision-making. Thus, social entrepreneurship is proven to be an effective means of promoting gender equality, which is also one of the important targets in the SDGs. Furthermore, the role of social entrepreneurship is also seen in the tourism sector, especially community-based tourism. The study by Margiono et al. (2021) reveals that the development of socio-ecological tourism in Bali is able to increase the income of the local community, as well as preserve environmental sustainability

and cultural identity. This model integrates business practices with the preservation of culture and nature, creating a balance between economic interests, ecosystem preservation, and social sustainability.

Community-based tourism that is run with social entrepreneurship principles ultimately not only provides short-term benefits in the form of financial income, but also strengthens social cohesion, expands local marketing networks, and maintains the continuity of cultural heritage. This shows that social entrepreneurship can function as a real instrument of sustainable development, uniting the aspects of profit, people, and planet in a harmonious framework. In addition to the MSME and tourism sectors, social entrepreneurship also plays an important role in the context of poverty alleviation. One of the most widely used approaches is the three-stage community empowerment framework, namely enabling, empowering, and independence. According to Kania et al. (2021), enabling is defined as the process of creating a conducive climate that allows the community to develop its potential, for example through increasing access to information, technology, and marketing networks.

Next, the empowering stage focuses on providing skills training, providing business capital, and strengthening the capacity of individuals and groups so that they can manage their businesses independently. The final stage, independence, is characterized by a condition where the community has become self-sufficient, no longer dependent on outside parties, and is able to make collective decisions for the sustainability of their business. This three-stage framework makes social

entrepreneurship not only an economic tool, but also a social instrument that builds awareness, self-reliance, and overall community empowerment.

However, despite having great potential, social entrepreneurship in Indonesia still faces various serious challenges. First, access to funding is a major obstacle. Many social entrepreneurs find it difficult to obtain business capital because their business models are not fully oriented towards financial profit. Conventional financial institutions often consider these businesses to be high-risk because the return on investment is considered low (Prijadi et al., 2020). As a result, many social entrepreneurship initiatives are hampered in developing their business scale, which has an impact on the limited social impact that can be generated. Second, the issue of business sustainability is also an important problem. Not all social entrepreneurship programs can survive in the long term, especially when external support from the government or donors decreases. This often creates a situation where businesses that were initially running well eventually do not continue due to weak internal management or financial independence.

Third, the level of community participation is still relatively low. Many people do not fully understand the concept of social entrepreneurship and still consider it the same as ordinary business activities. The lack of financial literacy and low access to education are also inhibiting factors for active participation. As a result, even though there are social entrepreneurship initiatives being carried out in an area, community involvement is often limited to the initial implementation stage without long-term continuity. This low participation reduces the potential of social entrepreneurship in creating a transformational impact. On the other hand,

government support for social entrepreneurship is starting to show positive developments. One concrete example is the Social Entrepreneurship Program (*Program Kewirausahaan Sosial /ProKUS*) run by the Ministry of Social Affairs.

This program is designed to encourage beneficiary families to be more economically independent by utilizing local potential. ProKUS is a systematic effort by the government to reduce dependence on direct social assistance, while instilling an entrepreneurial mindset. This program is in line with the agenda for achieving the SDGs, especially in terms of poverty alleviation, the creation of decent jobs, and reducing inequality. However, the effectiveness of ProKUS is still influenced by several factors, such as limited budget, weak cross-sectoral coordination, and issues of program sustainability at the local level. The results of the literature review also affirm the importance of multi-actor collaboration in strengthening the social entrepreneurship ecosystem. The role of academics, for example, is very important in providing a knowledge base, empirical research, and innovative models that can be adopted by practitioners.

The private sector can also become a strategic partner in terms of investment, capacity building, and expanding market access. On the other hand, civil society organizations play an important role in encouraging community participation, policy advocacy, and overseeing the sustainability of the resulting social impact. Therefore, the success of social entrepreneurship is highly dependent on the synergy between actors, where each party has a complementary role. In addition, aspects of regulation and public policy are also key factors in the development of social entrepreneurship. To date, social entrepreneurship in Indonesia still faces a clear regulatory vacuum,

both in terms of legal definitions and fiscal incentives. In fact, appropriate regulations can provide legal certainty, expand access to financing, and create a more conducive climate for the growth of social enterprises. Several other countries have successfully developed a legal framework that supports social entrepreneurship, for example by providing a special legal status or tax incentives for social entrepreneurs. Learning from this experience, Indonesia needs to strengthen public policy so that social entrepreneurship can grow more optimally.

Social entrepreneurship can contribute to community empowerment by creating jobs and improving welfare. Social entrepreneurship aims to empower the community by overcoming social problems such as poverty through sustainable economic activities (Esteves et al., 2021). The results of this study confirm that social entrepreneurship is a strategic instrument in community empowerment in Indonesia. Through a combination of business innovation, social orientation, and environmental sustainability, social entrepreneurship is able to create real solutions to various social problems that have not been solved by traditional approaches. This potential is increasingly important amid global challenges, such as climate change, food crises, and increasing social-economic inequality.

However, challenges such as limited funding, low community participation, lack of financial literacy, and sustainability issues still need to be addressed immediately. Without comprehensive strategic steps, social entrepreneurship will be difficult to develop optimally. Therefore, supportive public policies, alternative funding instruments, and intensive multi-actor collaboration, as well as sustainable

innovation are needed so that social entrepreneurship can truly function as a driver of inclusive and sustainable development in Indonesia.

## **5. Discussion**

The findings of this study reinforce the argument that social entrepreneurship is a relevant alternative development model in Indonesia. Unlike the pure market-based development model that often neglects the social aspect, social entrepreneurship offers a holistic approach by placing people and the environment as an integral part of economic activity. Facing increasingly urgent global challenges, such as threatening climate change and growing inequality, sustainable entrepreneurial practices are a must. By integrating social, ecological, and ethical values into business activities, we not only create a business model that generates profit, but are also able to bridge social gaps, care for the environment, and contribute to the general welfare (Aquilani et al., 2018). This is the essence of creating a more just, sustainable, and forward-looking future.

One of the important points of this discussion is the relevance of social entrepreneurship to the achievement of the SDGs. As shown in various studies, social entrepreneurship contributes to poverty alleviation, the creation of decent jobs, gender equality, and environmental sustainability (Lubis & Ghina, 2020). Thus, social entrepreneurship is not just a business practice, but a policy instrument that can support the global development agenda. Nevertheless, the implementation of social entrepreneurship in Indonesia still faces major challenges. The low level of public literacy regarding the concept of social entrepreneurship makes participation

often a formality, not critical awareness. This inhibits the creation of self-reliance as expected in the concept of independence. Therefore, efforts to increase social-economic literacy through education and training are an important prerequisite.

Limited access to funding is also a structural issue that needs to be resolved. Most financial institutions still use profitability indicators as the main condition for financing. To overcome this, it is necessary to develop alternative funding instruments such as impact investment and social finance that measure performance based on social and environmental impact, not just financial profit. In addition, the sustainability of social entrepreneurship is highly influenced by the ability to adapt to social, economic, and technological changes. The COVID-19 pandemic, for example, has been a test for many social enterprises. Some failed to survive because they were unable to adapt to digitalization, while others actually developed through technology-based innovation (Conway, 2018). This shows that social entrepreneurship must continue to transform to remain relevant in the era of digital disruption.

By looking at these challenges and opportunities, this discussion emphasizes the importance of a collaborative and innovative approach. The government, private sector, academics, and civil society need to synergize to build a stronger social entrepreneurship ecosystem. Policy support in the form of tax incentives, special access to funding, and market facilitation is greatly needed. Meanwhile, the private sector can contribute through strategic partnerships based on corporate social responsibility (CSR) that are directed at strengthening social enterprises.

Thus, social entrepreneurship has great prospects to become a driver of sustainable development in Indonesia. However, this success can only be achieved if structural challenges can be overcome through innovation, collaboration, and strengthening community capacity.

## **6. Conclusion**

This article asserts that social entrepreneurship is an important strategy in community empowerment in Indonesia. Through the triple bottom line principle that balances profit, people, and planet, social entrepreneurship is not only oriented towards economic gain, but also creates social value and environmental sustainability. The results of the literature review show that social entrepreneurship is able to improve community welfare through the processes of enabling, empowering, and independence. Social entrepreneurship practices based on rural MSMEs and community tourism are proven to have a positive impact on women's inclusion, income improvement, and environmental preservation.

However, a number of challenges still limit the development of social entrepreneurship in Indonesia. The main obstacles include limited access to funding, low social entrepreneurship literacy, and business sustainability issues. For this reason, government policy support, alternative funding instruments, and multi-actor synergy are key factors in strengthening the social entrepreneurship ecosystem. By considering these findings, social entrepreneurship can be seen as one of the strategic solutions to overcome social problems in Indonesia while strengthening the achievement of the Sustainable Development Goals. The future of social



entrepreneurship in Indonesia will be greatly determined by the extent to which collaboration and innovation can be developed consistently and sustainably.

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