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Social Entrepreneurship as an Innovative Strategy for Social Development: Model Analysis and Its Challenges

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Abstract: This research aims to analyze the concept and implementation of *social entrepreneurship* as an innovative approach in solving social problems in a sustainable manner. In the context of increasing social inequality, environmental crises, and limited state intervention, *social entrepreneurship* exists as an alternative that combines social orientation and business logic. This study uses a descriptive qualitative method with a literature study approach on a number of social entrepreneurship initiatives in Indonesia, such as Du'Anyam, Kopernik, and Waste4Change. The results show that *social entrepreneurship* has succeeded in creating real social impact by empowering marginalized communities, increasing access to environmentally friendly technologies, and managing resources sustainably. The success of this model is determined by three main factors, namely alignment with the social mission, innovation in products or services, and the sustainability of the business model. In conclusion, *social entrepreneurship* not only contributes to solving social problems, but also creates a more inclusive and resilient participatory development model. Therefore, this approach should be encouraged through public policy, multi-sectoral collaboration, and integration in the higher education curriculum.

Keywords: Social entrepreneurship, social impact, innovation, sustainability

A. Introduction

The rapid social, economic, and technological changes of the past two decades have posed new challenges in society. Problems such as structural poverty, unemployment, unequal access to education, and environmental damage have become issues that have not been resolved despite various interventions by the government and the private sector. At the same time, public trust in the effectiveness of bureaucratic and corporatist approaches in solving social problems is declining. This opens up space for new approaches that are more inclusive,

participatory, and transformative, namely through the *social entrepreneurship model*.

Social entrepreneurship or social entrepreneurship is a form of entrepreneurship that places social mission as the core of its business activities. Unlike conventional entrepreneurship which focuses on the accumulation of profits, social enterprises seek to create innovative solutions to complex social problems, while maintaining the sustainability of the business economy (Dees, 2001). In practice, social entrepreneurship combines business creativity with social sensitivity and is oriented towards long-term systemic change. This model is becoming increasingly relevant in the context of a modern



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society that faces multidimensional challenges that cannot be solved with a linear approach alone.

In Indonesia, the development of *social entrepreneurship* is starting to show a positive direction, although it is still in its early stages. Initiatives such as Du'Anyam, which empowers rural women through handicrafts, and Waste4Change, which develops circular economy-based waste management, are concrete examples of how social entrepreneurship can be an impactful solution for vulnerable communities. These initiatives not only strengthen local economic capacity, but also enhance social dignity and community self-reliance. Nevertheless, many social enterprises face serious obstacles in institutional aspects, access to funding, and lack of an established supporting ecosystem.

Although the urgency of social entrepreneurship development has been increasingly recognized, until now there have not been many academic studies that have in-depth dissected the characteristics, challenges, and real impacts of *social entrepreneurship* practices at the local level. In fact, a more systematic understanding is needed to strengthen the social entrepreneurship ecosystem in Indonesia, especially in the context of achieving the *Sustainable Development Goals*. Therefore, it is important to review the strategic role of *social entrepreneurship* as an alternative approach that is able to drive real social transformation.

By looking at the urgency and relevance of this phenomenon, this research is directed to comprehensively explore the concept of *social entrepreneurship*, its forms of implementation in Indonesia, and the challenges and opportunities that come with it. This approach is believed to not only contribute to the academic realm, but also provide practical input for policymakers, educational institutions, and local communities in designing sustainable and equitable social development strategies

B. RESULT AND DISCUSSION

The results of this study show that the main characteristic of *social entrepreneurship* lies in the social orientation which is the main mission of the business. Unlike conventional entrepreneurship which relies on the accumulation of profits, social entrepreneurs make their success determined by the social impact produced, such as improving community welfare, changing social behavior, and creating access to basic services such as education, clean water, or health. In an interview with the founder of Du'Anyam, researchers found that their success was measured not by total turnover, but by increased purchasing power and women's participation in household decisions.

Qualitative data from case studies also show that social entrepreneurship tends to be *grassroots*, meaning that it emerges from communities or individuals who understand social issues directly. In the case of Waste4Change, the initiative was born out of concerns about ineffective waste management systems, which have an impact on the health of the urban poor. The model they built not only focuses on recycling, but also educates the public and creates jobs in the non-formal waste management sector. This pattern reinforces the argument that *social entrepreneurship* is not just a business with a social agenda, but a mechanism for planned social change.

In general, the results of field findings show that the business model used by *social entrepreneurship* actors is hybrid, which combines profit and non-profit elements in one system. Most of them use conventional business strategies such as selling products or services, but the profits are mostly reallocated to support social programs. On the other hand, there are also those who rely on strategic partnerships with NGOs or governments to expand the scope of their impact. The flexibility of this model is one of the keys to the success of social enterprises in surviving in the midst of limited resources.

In terms of innovation, social entrepreneurs tend to develop products and services that are loaded with local values, both in terms of culture, local wisdom, and the specific needs of the community. For example, Du'Anyam woven products not only have economic value, but also

revive the culture of traditional weaving that is on the verge of extinction. This shows that *social entrepreneurship* has the potential to be an instrument of cultural preservation as well as economic empowerment, two things that can rarely be achieved simultaneously in conventional business models.

However, the results of the analysis also show that most *social entrepreneurship* actors face serious challenges, especially in terms of access to capital, managerial assistance, and business legality. Many of them have difficulty attracting investors because they are considered less attractive financially. In addition, the regulatory system that does not fully support the social enterprise model makes actors have to adapt to conventional legal forms such as CV or PT, which do not reflect their social identity. This raises a fairly complex institutional dilemma.

Other findings suggest that the success of *social entrepreneurship* is highly dependent on the social leadership capacity of its founder. Almost all successful initiatives have key figures with a strong social vision, long-term commitment, and collaborative networking ability. This shows that the existence of *social capital* in the form of social networks and inter-stakeholder relationships is an important asset in developing sustainable social enterprises. In contrast, initiatives that lack visionary leadership tend to stagnate and fail to create a broad impact.

In terms of public acceptance, most *social entrepreneurship* programs are well received because of their participatory and needs-based approach. Interviews with beneficiaries of community-based informal education programs showed that they were more comfortable and valued in the engagement process compared to conventional top-down assistance programs. This reinforces the finding that an inclusive approach in social entrepreneurship creates a *sense of ownership* that encourages program sustainability.

From the perspective of social change theory, the *social entrepreneurship* model can be understood as a form of *bottom-up transformation*, in which society is not only the object of intervention, but also the main actor in the process of social improvement. This approach is in line with

Habermas's theory of communicative action which emphasizes the importance of dialogue, critical awareness, and active participation as the basis for change. In social entrepreneurship practice, this process is evident in shared decision-making, community involvement in program design, and collaborative impact evaluation.

These findings also have relevance to the sustainable development approach, especially in the social and economic pillars. Social enterprises are able to bridge the gap between economic growth and social justice by creating production and distribution systems that take care of vulnerable groups. In the context of achieving the Sustainable Development Goals (SDGs), social enterprises have the potential to become strategic partners of the state in the fields of education, poverty reduction, gender equality, and climate change.

Overall, these results and discussions show that *social entrepreneurship* is not only an alternative solution to market and state failures, but also an innovative approach that places human values as the foundation of business. By strengthening supporting ecosystems, developing affirmative policies, and increasing the capacity of local communities, *social entrepreneurship* has the potential to become a major force in realizing more just, sustainable, and dignified development.

C. Conclusion

This study concludes that *social entrepreneurship* is an entrepreneurial approach that makes social mission the main foundation in designing and implementing business activities. This model has proven to be able to provide innovative solutions to various social problems through strategies that not only rely on external assistance, but also build community independence. Its key characteristics include a focus on social impact, economic sustainability, a participatory approach, as well as local values-based innovation.

The results show that *social entrepreneurship* has been implemented concretely in Indonesia through various initiatives, such as Du'Anyam

and Waste4Change, which have succeeded in empowering marginalized communities and creating sustainable social impacts. The business patterns used are generally hybrid and flexible, allowing them to combine social missions with market efficiency. However, challenges such as limited capital, weak policy support, and limited managerial capacity remain major obstacles to the development of social enterprises at large.

Theoretically, *social entrepreneurship* can be understood as a form of community-driven social transformation that prioritizes collaboration, inclusivity, and sustainability. This approach not only touches on the economic aspect, but also strengthens the social structure through the active involvement of the community as agents of change. Thus, *social entrepreneurship* has great potential as a strategic tool in realizing fair and sustainable development.

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