

## Research article

# Resources and Capabilities of Social Enterprises in Creating Resilience Toward Sustainability

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**ORCID**R Prijadi: <https://orcid.org/0000-0002-1233-9744>**Abstract.**

This study explored the effect of education, training, and competency levels on job performance with position promotion as an intervening variable at the Bank Jatim Sidoarjo Branch Office. The authors used a quantitative design with hypothesis testing and a questionnaire as the analytical tool. Of the 250 employees of Bank Jatim Sidoarjo Branch Office, they selected a sample of 71 respondents. Study variables were measured using a Likert scale, and data were analyzed through path analysis and *t*-statistic test using the software SmartPLS for Windows v.3. The results showed that (i) the education level; (ii) training; (iii) competence; (iv) education level with promotion as an intervening variable; (v) training with promotion as an intervening variable; (vi) competence with promotion as an intervening variable; and (vii) position promotion all have a significant effect on job performance.

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## 1. Introduction

*Social Entrepreneurship* (SE) is an important phenomenon that has been worldwide which has made significant and diverse contributions to communities and society [1][2]. For this reason, it is necessary to study in-depth how to increase SE resilience. In this section, various definitions of SE will be presented along with their characteristics, the history, and development of SE, the foundations of SE, how the role of innovation and SE orientation is to increase SE resilience.

In its most basic definition, SE is a process that generates social value by identifying and implementing innovative solutions to problems in the community that involve the combination of resources and the exploitation of opportunities in order to stimulate social change [3][4]. SE is also related to seizing social change and development opportunities instead of profit maximization [5]. Meanwhile, it is also explained that

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SE is a hybrid organization with two missions simultaneously, namely the mission of financial sustainability and social goals [6].

SE emphasizes that entrepreneurs can develop their businesses without compromising their social mission. SE outperformed its competitors in the field of innovation, socially able to differentiate itself in the market and achieve long-term sustainability [7]. This can be done by adopting a business model to provide innovative solutions to social problems that are complex and persistent [8]. Social entrepreneurship offers innovative solutions for several people by applying the traditional business model and market-oriented [9]. So even though the business model is similar to a traditional profit-seeking company, SE still prioritizes its social mission to empower and help the community. Thus, SE provides an alternative to the culture of the business that has been close to selfishness [10].

Although disagreements and debates continue over SE's definition, there are still several broad agreements on some of the main characteristics defining SE action's boundaries [11][12]. The primary focus of all SE definitions is on social or environmental outcomes over profit maximization or other strategic considerations.

Existing research has demonstrated that social entrepreneurs can indeed innovate to solve the complex problems they face. The literature also shows that, regardless of size, enterprises must innovate in order to be resilient to environmental changes. However, because most social entrepreneurs are micro and small-sized enterprises (MSEs), building resilience is not as simple as it appears in theory. For example, when a crisis occurs, the impact on MSEs is especially harmful. While, in almost all countries, MSEs are the primary means of addressing the employment crisis, providing people with decent jobs, and promoting economic growth ("decent work and economic growth," as stated in SDG #8).

As a result, given the small, even micro, the scale of social entrepreneurs' firms, there is still a gap in developing strategies to create resilience. Therefore, this research aims to review the literature to develop strategies for social entrepreneurs to build resilience to changes in the business environment, particularly when faced with the possibility of a crisis, considering the resources, capabilities, and constraints of social entrepreneurs. For achieving the goal, the study will conduct a literature review using this framework: (i) gaining a better understanding of SE and its characteristics, (ii) determining which characteristics are drivers or constraints to innovation, (iii) confirming the antecedents of resilience, and (iv) formulating strategies to build resiliency.

## 2. Literature review: Difference between SE and Commercial Enterprise

There are fundamental differences between commercial entrepreneurship and SE, which lie in value creation and capture [2]. The value creation goal is to reach sustainable solutions that empower the community while capturing the ultimate goal of a sustainable advantage through control to create efficiency achieve targets.

Value creation is a concept measured in society (system level), while value capture only measures one organization (organizational or unit level). In practice, value creation and capture cannot be maximized simultaneously. Organizations must choose which one to focus on more.

Other researchers distinguish SE, and commercial entrepreneurship is through the purpose of establishing the business. If commercial entrepreneurs only pursue profit as a goal, then SE is a hybrid organization that simultaneously pursues two goals (financial and social) [6]. This is not easy because it is found that social goals will usually be sacrificed to achieve financial goals [13]. So that the consequence of balancing these two goals is how SE succeeds in achieving these contradictory goals and guarantying its competitive advantage because there is a trade-off when trying to combine the two [14].

## 3. Method

This study used a literature review that comes from journals, books, newspapers, and magazine articles. Content analysis is used as a research technique to replicate and validate inferences from texts in this study. The unit used available is a word, sentence, or paragraph, and this study employs sentences and words as the units of analysis. It could also serve as an inductive or deductive data development. The constant comparative method is essentially the systematic comparison of each text assigned to a category with those already assigned to that category. Those are to reveal the theoretical properties of the category and the integration of categories and their properties by developing interpretive memos. After the categorization and abstraction, the final output of this study is to reveal patterns, themes, and categories important to social reality.

## 4. Results and Discussion: Innovation, Social Value Creation (SVC) and Resiliency

As previously explained, the primary difference between SE and commercial entrepreneurship lies in the mission (goal) and social value creation (SVC) [7]. The creation of social value is an emphasis that needs to be underlined so that SE can continue [15][16]. Social values offer a way to understand the role SEs play in society and their contribution. Value creation will give the right benefit through community empowerment and provide financial sustainability.

Most social entrepreneurship is still tiny or micro-scale (MSEs). MSEs are often considered as a business entities to be an economic savior when there is a crisis in the economy. Indeed, several a studies state that the characteristics of MSEs are beneficial for them when facing economic shocks. MSEs have a relative advantage over larger enterprises [17], and the characteristics of MSEs support their resilience, namely flexibility, adaptability, and fast responsiveness of MSEs [18]. The MSEs business cycle allows them to shorten decision-making time and speed up response when a crisis occurs.

A previous study also found that the behavior and characteristics of MSEs are the driving force for the change of MSEs to become more resilient and sustainable companies [19]. Others believe that MSEs can become resilient depending on their ability to transform and manage crises or shocks [20].

However, many think otherwise. MSEs are believed to be less resilient because they have limited resources [17][18]. Their limited access to various resources makes MSEs vulnerable to changes in the external environment so that they often find it difficult to determine the right strategy to utilize resources to build resilience [21].

MSEs do not have the tools that large organizations usually use to defend themselves, namely a culture of research, innovation, dynamism, autonomy, and creativity [18][22]. In general, it can be concluded that MSEs have limited resources, including lack of access to financial resources, technology, and human resources in terms of quality and quantity [17]. Some support the opinion that resource constraints are the main issue faced by MSEs [23].

Some researchers are aware of conflicts of opinion regarding the ability of MSEs to deal with disruptions or extraordinary events [18]. They found new evidence that better explains how MSEs survive change and can adapt in times of crisis. They suspect that resource-oriented research is likely to find that MSEs lack resilience, but behavioral research is likely that MSE's are superior in building resilience to external shocks.

The existence of innovation can increase the resilience of an organization [24][25]. It is also shown that innovation can improve organizational ability to share knowledge, agility, and flexibility [25]. The capacity of this ultimately has a significant impact on improving resilience. It is concluded how the forms of innovation are interconnected contribute to resilience [24].

The simplest definition of innovation is a thriving new idea [26]. Social innovation is the process of developing new products, services, or approaches to address social problems. It can occur in any sector [27]. In many definitions of SE (and related concepts of SE), social enterprises are characterized by innovation [14][28]. Some researchers see social enterprises as innovative in achieving social goals [16]. Others agree, pointing out that the non-profit literature is dominated by non-technological innovations [7]. SE itself is seen as an innovative structure for solving social problems.

Entrepreneurs are seen as innovators who play a role in economic development and build the relationship between entrepreneurship and innovation [29]. There are five categories to classify innovations: new products /services, new strategies or methods, new markets, new sources of supply/labor, and new organizations or industry structures [29]. Creating innovative ways of delivering quality products/services to the target market will create a competitive advantage and increase competition.

SE strives to achieve SVC by fostering innovative, proactive, and risk-taking behavior, necessary for supporting innovation. This orientation is limited by the desire to fulfill the social mission while maintaining the organization's viability.

However, in conducting, they sometimes face a burden by environmental dynamics [7]. In addition, concerning innovation, social enterprises are frequently described as having high levels of social awareness, proactiveness, and tolerance of risk [30].

Social entrepreneurship orientation is one of the essential variables that can support the SVC of SE. There are four dimensions in SE orientation [31] 1) Social innovation describes the importance of social innovation for companies. Many companies invest in developing new ways to increase the social impact or to serve the receiver benefit. In this effort, new ideas to solve social problems often emerge. 2) Social risk-taking, means the company is not afraid to take significant risks when serving a social purpose, and bold action is needed to achieve the company's social mission. 3) Social Proactive, defined as having a purpose been at the forefront in making the world into a better place, have a strong tendency to be leading the natural handle of social problems and usually take action that SE copies. 4) Sociality, what is meant is the existence of a goal to complete the social mission before the goal of generating profit [28], achieving and

accelerating the larger social mission, the organization relies heavily on partnerships with other organizations and/or governments [32].

## 5. Conclusion

The findings of this study show that resilience is required to ensure the long-term viability of the enterprise. Moreover, innovation is required to foster resilience. What types of innovations are possible for social enterprise? SE's resources are generally limited, making it impossible to reconfigure them to innovate in response to environmental changes. However, the SE possesses critical behaviors necessary for innovation in the face of environmental change, including the ability to be flexible, agile (effort scale remains modest), and take risks.

According to its conflicting qualities, SE can retain the innovative character that requires monitoring changes in the environment and capturing new opportunities but does not necessarily modify the organization to continue to capitalize on available opportunities. The implication is that SEs must carefully assess which opportunities they can address given their available resources. It is preferable to avoid radical forms of innovation. SE should continue to innovate by cooperating with similar businesses, communities, government agencies, and other organizations.

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