

Research article

Social Enterprise in Action: A Study of Indigenous Community-based Enterprise in Rural Areas to End Poverty in All its Form (Irodori Leaf-Business Kamikatsu, Japan and Ikat Woven-Business Pringgasela Lombok, Indonesia)

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ORCIDRetno Kusumastuti: <https://orcid.org/0000-0001-9290-4952>**Abstract.**

Rural-based social innovation is increasingly receiving attention in most developing countries. Community-based entrepreneurship is an essential instrument for realizing the potential among marginal and deprived communities isolated from the mainstream economy and is important in bringing social upliftment. Community empowerment helps in eradicating poverty, especially in rural areas since the households can create their welfare based on the local resource. Community-based enterprises usually evolve in a geographical region with the business being set up, owned, and controlled by the local community with a focus on self-supporting jobs. The present research analyzes the community-based enterprise practice as one of the forms of social innovation and identifies its critical success factors. The research uses qualitative methods and case studies. Data were collected through in-depth interviews and observation. Research result indicates that initiators forming groups and collaborating with other parties to support product commercialization will scale up the community-based practice. Local government policy interventions in the form of financial and technical support become leverage for community-based enterprise activities so that all community members are self-employed and economically independent.

Keywords: social enterprise, community-based entrepreneurship, sustainable development goals

1. Introduction

Indonesia and Japan share a similar profile in terms of country characteristics, both archipelagic countries where the population is spread over various islands. Each resident who lives on the island has uniqueness. The topography of Japan and Indonesia lies in a volcanic belt that is prone to earthquakes and tsunamis. Some other similarities that can be identified are that most of the population of Japan and Indonesia are

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farmers who focus on farming and fishers who prioritize their livelihoods from marine products. Indonesia is a country that is very rich in ethnic diversity. Statistical data shows that Indonesia has 1,340 ethnic groups spread throughout Indonesia from Sabang to Merauke. The potential for wealth is reflected in various languages, arts, crafts, traditional medicines, cooking processes, natural utilization processes, and other economic potentials derived from nature. However, its utilization is still very low, significantly if it is associated with its economic potential. This study provides an overview of the practice of community-based entrepreneurship by optimizing indigenous knowledge.

The Resources Based View perspective [1] views that an organization's internal wealth, if exploited, will be a source of organizational excellence if it has the following characteristics; Value (V); Rarity (R); Immutability (I); Organization (O). In the context of this study, which includes resources within the organization, the existence of culture, local wisdom and indigenous knowledge as rare resources and have high uniqueness in each indigenous community so that they have characteristics that are difficult to imitate. That is because indigenous knowledge can be converted from tacit knowledge to explicit knowledge and vice versa. Utilization of traditional knowledge based on regional characteristics and potential usually has the basic principle of meeting the needs of the present without compromising the fulfillment of the needs of future generations. The concept of sustainable development implies a balance between natural resources, the environment, and development itself.

Community-based entrepreneurship is an alternative approach to solving various problems that exist in the community while at the same time building economic independence [2]. This form of enterprise is led by a person or group of people. In practice, this community is institutionally supported by the government and collaborates with other parties [3]. This community activity is included in the form of social innovation because this innovation learning activity focuses on human-centered community development. It is about people and organizations affected by deprivation or lack of quality in daily life and services, who are disempowered by lack of rights or authoritative decision-making and involved in agencies and movements favoring social innovation [4]. For analyzing the innovation learning model in the community context, the concept of co-creation is taken from the SECI Model (Socialization, Externalization, Combination, and Internalization) with a focus group [5]. This process involves the exchange of social values and the use of technology in its activities to make it more optimal. Based on the empirical evidence and concepts used, this research is going to analyze the community-based enterprise practice as one of social innovation form and identify the critical success factors of a community-based enterprise

2. Method

The phenomenon of community-based-led entrepreneurship is a new form of entrepreneurial behavior, so to get a deep understanding, a method is needed by taking best practice or case studies [6] (Dorado 2006). Primary data collection techniques through in-depth interview techniques, field observations, and secondary data from various sources. Reliability and validity data develop from the triangulation method.

The stages of this research are as follows:

Stage I: Collected secondary data as beginning information and developed the theoretical framework. Stage II: Prepared the indicators related to the concepts selected and design the in-depth interview guidelines.

Stage III: Field research to selected case study to collect the information needed.

Stage IV: Analyzing the data

Stage V: Write the journal draft and research report.

3. Results and discussion

3.1. Demographic overview of Kamikatsu village and Pringgasela village

Kamikatsu is a mountainous area located 40 km from Tokushima City, 135 km away, and a two-hour drive from Osaka, 180 km from Kyoto, and 530 km from Tokyo. Kamikatsu Village is located at an altitude of 100–700 above sea level, and 85.6% of the area is pristine forest. Most of the communities in Kamikatsu in 2020 are women aged over 60 years with 929 people and ages 15-64 with 709 people [7].

Meanwhile, the Lombok area has the advantage of mountainous natural tourism. One of the potential developments for the East Lombok Regency area is the People's Craft Center which is spread evenly in several sub-districts [8]. One of the villages that has with a cluster of weaving artisans is Pringgasela (Research Result, Kusumastuti, et.all, 2018, unpublished). Data from the Central Bureau of Statistics show more women in Pringgasela Village, namely 28,605 residents, than men (24,530 residents) with the main job taking care of the household and free labor. (60%) [9]. So from the brief description above, most of the rural communities in Kamikatsu and Pringgasela are middle-aged and older women.

3.2. An overview of the woman entrepreneur leaf-business in Kamikatsu, Japan and woven fabrics in Lombok, Indonesia

Based on Figure 1, the businessmen selling leaves and woven fabrics are all middle-aged women to the elderly. The population in Kamikatsu is more than 51% aged 65 years. The city is experiencing a decline in the number of productive ages because more and more young people are finally leaving their villages to work in the city. Those who take part in this leaf-selling business are older women over 65 years [7].



Figure 1: Old Woman Entrepreneur in Kamikatsu.

This condition is not much different from rural conditions producing woven fabrics in Pringgasela. In Pringgasela village, based on Figure 2, even the highest age of the weaver woman is 100 years. The entrepreneurs and weavers in Lombok are 100% women with a broader age range, from the age of 30 to 95 years. Most of the productive age workers go to big cities to study or find work. So that left behind in rural areas are women in charge of the daily care of the household or farming [10].

Kamikatsu is well-known for his social innovation activities through an entrepreneurship program for the elderly community by building a rural enterprise called Irodori. Irodori is a unique branding for leaf products packaged in such a way for decorative purposes in traditional Japanese foods.

3.3. Co-creation Model of Rural Community-based Enterprise

According to empirical evidence, the business model of social innovation in this two areas is as follow;



Figure 2: Old Woman Weaver in Pringgasela.

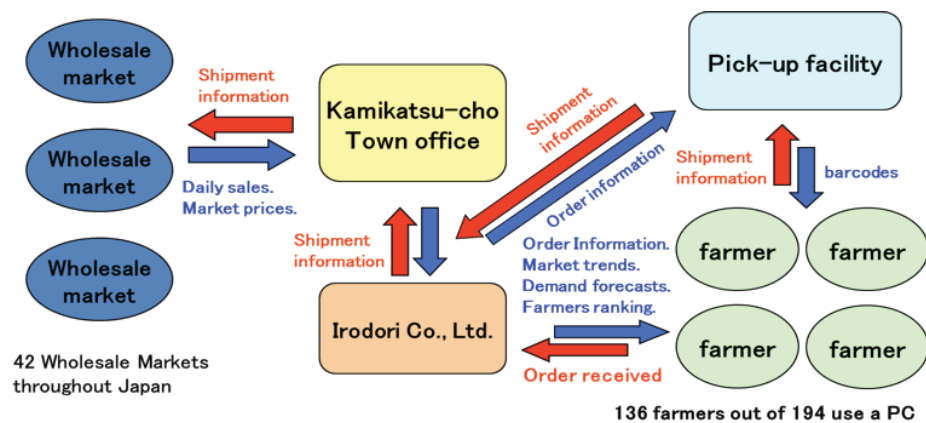


Figure 3: Co-creation Model of Irodori Sealing Leaf, Kamikatsu. [7].

Yokoishi has driven Irodori’s business activities since 1979 who has great empathy for Kamikatsu’s condition. This area has a lot of natural wealth from the leaves that are always falling and covering most of the streets in the area. There are maple, persimmon, ginkgo, and pine needle trees with unique and interesting leaf shapes. The color of the leaves changes intact changing seasons. The color of the leaves will be more beautiful in the fall. Fallen leaves are usually lighter in color. Based on the Figure 3, in the beginning, the village women there collect the leaves that have just fallen by choosing the best shape, with intact condition and bright colors. Then these parents do the sorting by choosing the best quality to be packaged in such a way. The packaged leaves are then photographed and sent via an application to the Irodori local business center in the village center. If approved, the elderly will send their results on a

predetermined schedule. So all the elderly are accustomed to using the internet to send various information related to the leaves that have been collected in the form of leaf types, photos, sizes, number of leaf sheets, and the resulting packaging. If the farmer cannot deliver directly, the manager from Irodori will immediately pick the farmer up at each elderly's house if the leaf package has been approved. Of course, this activity for the elderly group is an alternative side job that is not difficult to do. Product quality is the primary value that is held in order to maintain a quality brand image. Products that pass the quality control will be given a barcode and sent to the manufacturer by attaching a particular brand. Shipments are made throughout Japan from Hokkaido to Kyushu.

Pringgasela weaving is an Indonesian traditional weaving craft originating from West Nusa Tenggara Province, The Directorate of Cultural Heritage and Diplomacy was designated as an Indonesian intangible cultural heritage in 2018 with Traditional Skills and Crafts Culture. The weaving center is located in Pringgasela Village. Figure 4 shows that the weavers in Pringgasela belong to a group of weavers to form greater bargain power when dealing with outsiders and build social capital. This group of weavers is usually formed voluntarily and initiated by someone who has a good leadership spirit and is respected in society. The role of the weaver group is usually group development and the weaver's representative in dealing with outside parties.

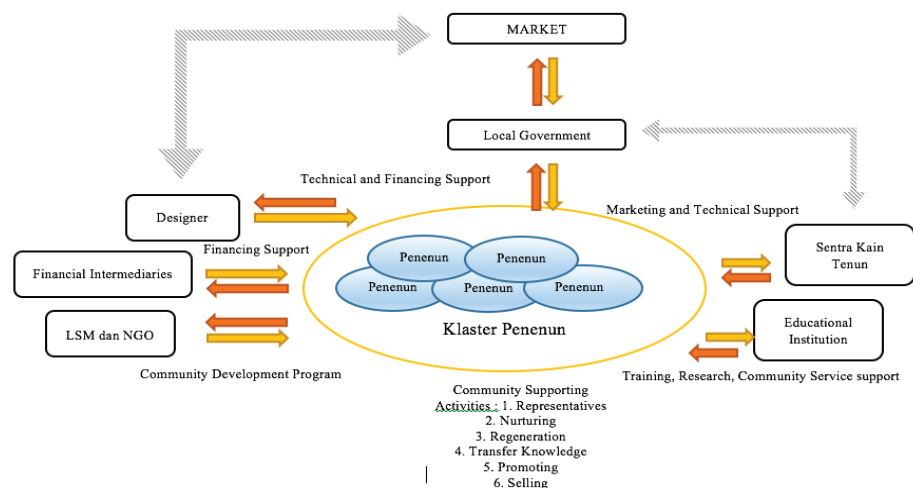


Figure 4: Co-creation Model of Penenun Pringgasela, Lombok..

The weaving business in this village is a family-owned business and has been going on for decades. The ability to weave is passed down from one generation to the next. Regeneration is done by transferring their knowledge and skills from the older generation to the younger generation, especially their children. The role of the

weaving group is also an educational venue for the transfer of knowledge that can be disseminated to other villagers. Unfortunately, the younger generation's interest in becoming weavers is fading as most of them have moved to cities to look for other modern jobs or to continue their education. For overcoming these difficulties, the government's role is needed to increase people's love for Kupang ikat weaving. The main problem faced by weavers is marketing. Marketing is a stage that will determine the sustainability of a type of craft. If the product can sell well in the market, then their business can continue or even grow. Weavers market their products by collecting their woven products to groups of weavers, selling directly to buyers (direct users, resellers, designers), or selling to existing woven fabric industry centers. The guidance carried out by industrial centers is to form cooperatives for funding schemes, weaving education, conservation of cultural heritage and regional wealth, distribution of raw materials for yarn, storage of woven fabrics promotion and representation events when working with external sources parties.

4. Conclusion

The research result about the theory social innovation [1] There needs to be an initiator who plays a role in mobilizing the community and providing business assistance, [2] Government policy intervention becomes the leverage to scale up and sustaining the bottom-up activities comes from community initiatives. From this empirical evidence, there is a form of combination in the context of knowledge conversion in the form of co-creation between the community producing various products and at the end will empowering the older women in this community.

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