Social Entrepreneurship Program to Improve the Economic Welfare of Poor Families in Indonesia

Hari Harjanto Setiawan*, Badrun Susantyo, Husmiati Yusuf, Yanuar Farida Wismayanti, Nurhayu, Ita Konita, Muhammad Belanawane Sulubere, Mery Ganti, Delfirman

National Research and Innovation Agency (BRIN), Jakarta, Indonesia

ORCID
Hari Harjanto Setiawan: https://orcid.org/0000-0002-4656-9679

Abstract.
This study aims to examine the impact of the social entrepreneurship program on the economic welfare of its beneficiaries. The Covid-19 pandemic has significantly affected the implementation of such programs, making it essential to understand how economic welfare has been affected during and after the pandemic. The study will assess family income levels before the pandemic, during the pandemic, and after the program's implementation. Social entrepreneurship, as a blend of business and social values, is considered an effective tool in alleviating poverty and contributing to the Sustainable Development Goals (SDGs), particularly in achieving zero poverty. In Indonesia, the Social Entrepreneurship Program was launched by the Ministry of Social Affairs in 2020, targeting 1,000 beneficiaries. A mixed-method approach combining qualitative and quantitative methods is employed in this study. The findings demonstrate an overall increase in the economic income of program beneficiaries. This rise in income has proven effective in restoring the economic welfare of the beneficiaries to pre-pandemic levels. These results are valuable in refining the social entrepreneurship program's design and structure, particularly for poverty-stricken individuals, with the aim of enhancing family income and overall economic well-being.

Keywords: social entrepreneurship, poverty, family income, economic welfare

1. Introduction

Economic welfare is one of the indicators that must be achieved in the SDGs). Improving the economic welfare of the poor is one of the Indonesian government's efforts to alleviate poverty. The Ministry of Social Affairs improves the poor's economic welfare with social entrepreneurship programs. The program targets the poor who have received conditional assistance programs. This program was first implemented in 2020 with a target of 1000 families spread across five regions. This program aims to increase poor
families’ economic independence and reduce poor families’ dependence on the government [1]. This study describes an increase in the economic welfare of the beneficiaries by looking at the increase in their income.

Efforts to improve the economy of the poor can be achieved by expanding access and creating opportunities to participate in development. People can achieve a prosperous life, one of which is entrepreneurship. The purpose of entrepreneurship is to create an independent society so that it can improve the community’s economy and can achieve welfare. The social entrepreneurship program will form entrepreneurs who aim of helping other poor communities. The success of a business will have an impact on the economy of other communities. The business that is run will have an impact on the life or economy of the community. In general, the positive impacts include absorbing labor. Social entrepreneurship must be supported to encourage social change in a country [2]. Social entrepreneurship drives economic development, although the poverty alleviation agenda can only be realized over time [3].

This research is a follow-up study conducted by the Center for Social Welfare Research and Development in early 2020, resulting in a social entrepreneurship model [4]. The results of this study are used as input for the implementation of the social entrepreneurship program that will be implemented in 2020. Future social research must take into account the business environment, digitalization, and sustainable social entrepreneurship business models [5]. This study describes the increase in the economic welfare of the beneficiaries of the Social Entrepreneurship Program.

The Covid-19 pandemic has had a significant impact on the implementation of social entrepreneurship programs. This research will describe the family income before the pandemic, after the pandemic, and after the program is given. The description of these three conditions will show the welfare conditions of the beneficiaries. The findings of this study can be used by the government to improve future programs. This study will answer the following research questions: 1) How to describe the beneficiaries of the social entrepreneurship program? 2) What is the description of the implementation of the social entrepreneurship program? 3) What is the picture of improving the economic welfare of program beneficiaries?

2. Theoretical framework

Entrepreneurship is the result of the evolution of economic concepts. A person or group of people do entrepreneurship for profit. Meanwhile, social entrepreneurship includes elements of social awareness or mission to obtain these benefits. Simply put, a person
or group of people involved in social entrepreneurship is concerned with economic and social goals. The social goal is to improve the economic welfare of the poor [6].

2.1. Economic Welfare

Social entrepreneurship is a form of empowerment that can help in solving social problems such as poverty. A social entrepreneurship approach is a form of empowerment that uses entrepreneurial principles to overcome social problems. These models can be developed together with traditional business systems [7]. One of the pioneers of this activity, who later coined the term social entrepreneurship is M. Yunus from Bangladesh. Yunus explained that the Nobel Peace Prize as a social entrepreneur was obtained because of his success in creating a bank for the poor or often referred to as the Grameen Bank. The system built by this bank has succeeded in reducing the poverty level of Bangladeshi citizens [8].

Social entrepreneurship is defined as "the creation of social value in collaboration with people and organizations from civil society engaged in social innovations that usually imply economic activity" [9]. According to this definition, there are four dimensions of entrepreneurship, the first is social value, or creating social benefits for the community and the surrounding environment. Second, civil society, especially civil society initiatives and participation in optimizing social capital in society. Third, there is Innovation, which presents social innovation that comes from local wisdom. Fourth, the existence of economic activities, especially the existence of economic activities that support the social mission. According to another point of view, the four key dimensions of social entrepreneurship are social, economic, behavioral, and governance [10].

Social entrepreneurship has become increasingly popular in recent years. This movement spread and developed in various countries including Indonesia. This movement also has a positive impact on society. Social entrepreneurship has an impact on increasing the economic access of the poor, promoting peace in conflict areas, helping farmers out of poverty, and so on. Social entrepreneurship initiates social change in society as a dynamic process created by individuals or groups by utilizing social innovations to create new social values in society [11]. In Indonesia, social entrepreneurship is expected to accelerate poverty reduction. This is one of the national development priorities aimed at reducing the burden on the poor and increasing the incomes of the underprivileged, especially the lowest 40% percent of the population.
2.2. Social entrepreneurship program

The Program is a combination of business and social. The Social Entrepreneurship Program is not only concerned with profit in its business [12]. Apart from business profits, success is also determined by how businesses improve people's welfare and reduce poverty. Unlike non-profit organizations, social entrepreneurship is still profitable, but the focus is placed on social or environmental changes that are done while earning that benefit. Social entrepreneurship consists of innovative ideas for social change implemented using good business strategies and skills.

![Diagram of Social Entrepreneurship Program Framework]

This program is defined as an innovation in poverty alleviation. Social entrepreneurs are individuals, groups, networks, and organizations. The goal is to seek sustainable change. Problem-solving ideas are how governments, nonprofits, and businesses solve social problems. Social entrepreneurship is an important tool in overcoming unemployment, poverty, and education. So social entrepreneurs focus on social change innovation rather than maximizing profits. The real payoff for social entrepreneurs is not financial gain but social capital to bring about change in society. Social entrepreneurship is important to consider in overcoming poverty in Indonesia. This system can also be applied in other developing countries [13].
3. Methodology

This study uses qualitative methods supported by quantitative descriptive data. Qualitative data analysis is carried out in a way based on the theory which can be applied to the focus of the problem [14]. The number of beneficiaries of this social entrepreneurship program is 1000 families from 5 districts and 1 city. Qualitative data comes from the results of interviews with purposively selected beneficiaries. While quantitative descriptive data comes from questionnaires read by data collectors [15]. Respondents who were interviewed were selected by Simple Random Sampling using the online application “Random Number Generator”. The number of respondents was 509 with a confidence level of 99% and an alpha of 0.05. In addition to primary data, secondary data is also used in the form of documentation and literature study sourced from daily notes, reports, and literature studies. The main informants are the beneficiaries of the social entrepreneurship program. Supporting data also interviewed social service officials and business incubators.

The following data processing steps are a) organizing information, b) reading all information and being coded, c) detailing the case and its context, d) providing patterns and relationships between categories, e) interpreting and developing case generalizations, and f) presenting narrative. Descriptive statistical analysis uses numbers and percentages to test the variables in the study [16]. This research is only concerned with finding solutions to research problems. Can be generalized only to 5 research sites. The application in other areas depends on the situation and condition of the community. Research time is also limited which has an impact on research results. It’s hard to be standard because social situations are always changing.

4. Results and discussion

4.1. Description of the beneficiary

The requirements to become a beneficiary of the Social Entrepreneurship Program are to have been a member of PKH, have graduated, and have a business start-up. Starting a business is not easy, let alone running and developing it. But to achieve success, this business startup must be passed. This social entrepreneurship program requires beneficiaries to have business startups so that they do not start from scratch. Having a social entrepreneurial spirit is also important to note.
The type of entrepreneurship that develops varies greatly in each region. In DKI Jakarta, fashion and crafts are not developing. West Bandung and Majalengka regencies tend to have the same variation. The Semarang Regency area does not develop fashion and retail. Meanwhile, Bantul Regency does not develop fashion. The overall research location that stands out is the culinary business. The following is a business developed in a social entrepreneurship program.

<table>
<thead>
<tr>
<th>Type of business</th>
<th>DKI Jakarta</th>
<th>Bandung Barat</th>
<th>Majalengka</th>
<th>Semarang</th>
<th>Bantul</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culinary</td>
<td>57.9</td>
<td>26.9</td>
<td>35.1</td>
<td>32.7</td>
<td>33.3</td>
</tr>
<tr>
<td>Agribusiness</td>
<td>7.0</td>
<td>31.7</td>
<td>7.8</td>
<td>3.8</td>
<td>20.4</td>
</tr>
<tr>
<td>Fashion</td>
<td>0</td>
<td>11.0</td>
<td>0.6</td>
<td>1.0</td>
<td>0</td>
</tr>
<tr>
<td>Retail</td>
<td>12.3</td>
<td>27.6</td>
<td>5.8</td>
<td>0</td>
<td>24.1</td>
</tr>
<tr>
<td>Service</td>
<td>15.8</td>
<td>0.7</td>
<td>3.2</td>
<td>6.7</td>
<td>5.6</td>
</tr>
<tr>
<td>Crafts/arts</td>
<td>0</td>
<td>0.7</td>
<td>1.3</td>
<td>1.9</td>
<td>7.4</td>
</tr>
<tr>
<td>Other</td>
<td>7.0</td>
<td>1.4</td>
<td>46.1</td>
<td>53.8</td>
<td>9.3</td>
</tr>
</tbody>
</table>

The types of businesses run by beneficiaries of social entrepreneurship programs mostly develop existing businesses. Very few start a business from scratch. Starting a business is very important because in running a business one must recognize the potential and resources of the business being run. Business can run well if we take advantage of the potential and resources around us. This mapping is important because it has the potential to improve community welfare by utilizing underutilized local potential [17].

4.2. Program Implementation

The Social Entrepreneurship Program was first implemented in 2020, located in 4 districts and 1 city, including Bantul Regency, Semarang Regency, Majalengka Regency, West Bandung Regency, and DKI Jakarta. This research was conducted after four months of the program running. Implementation of the program in each location coincided with the Covid-19 pandemic situation. Thus, these two conditions greatly affect the course of the program. This study will describe three conditions, namely before the pandemic, during the pandemic, and after receiving the program. These three conditions are very important because they will show the impact of the pandemic on the business of the beneficiaries.
4.2.1. Provided skills training

Social entrepreneurship requires skills training for beneficiaries. Skills training can shape the attitude and behavior of entrepreneurs in establishing good relations between entrepreneurs, entrepreneurs, and business partners, entrepreneurs and employees, as well as entrepreneurs and consumers. Advancing a business requires good skills and knowledge. The right entrepreneurship training can be an alternative to improve the skills of business actors. By attending training before starting a business, entrepreneurs have sufficient knowledge to run their business so they can work optimally. The training also aims to improve performance in dealing with the work at hand, so that it becomes more effective and efficient, and can produce innovations [18].

According to the beneficiary’s confession, most of them felt that they had been given skills training. In DKI Jakarta was 80.7 percent, West Bandung 85.5 percent, Majalengka 76.6 percent, Semarang 89.4 percent, and Bantul 96.3 percent. Training helps solve daily operational problems. Training has a long-term goal, namely to prepare entrepreneurs to acquire the skills needed. The training materials provided to the beneficiaries can be seen in the following table.

<table>
<thead>
<tr>
<th>Materials</th>
<th>Jakarta</th>
<th>West Bandung</th>
<th>Majalengka</th>
<th>Semarang</th>
<th>Bantul</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production Way</td>
<td>97.8</td>
<td>97.8</td>
<td>97.8</td>
<td>97.8</td>
<td>97.8</td>
</tr>
<tr>
<td>Packaging</td>
<td>87.1</td>
<td>75.8</td>
<td>22.9</td>
<td>39.8</td>
<td>61.5</td>
</tr>
<tr>
<td>Marketing</td>
<td>100.0</td>
<td>100.0</td>
<td>94.4</td>
<td>82.8</td>
<td>88.5</td>
</tr>
<tr>
<td>Business Permit</td>
<td>100.0</td>
<td>87.1</td>
<td>36.4</td>
<td>10.8</td>
<td>51.9</td>
</tr>
<tr>
<td>Financial Arrangements</td>
<td>100.0</td>
<td>94.4</td>
<td>92.4</td>
<td>82.8</td>
<td>88.5</td>
</tr>
</tbody>
</table>

Figures that vary widely in each region are obtained from the acknowledgments of the beneficiaries interviewed. This figure has two possibilities. The first possibility is that this figure represents the number of beneficiaries who were given training, so this figure shows the performance of the business incubator in providing business training. The second possibility is that the business incubator has provided guidance materials to all beneficiaries, but an understanding of the material is still lacking. If it has been programmed, it will be generally accepted and everyone should accept it. These constraints are not only limitations of program implementers, but also the process of receiving materials from the beneficiaries. So the method of delivering the material must be evaluated according to the conditions of the beneficiaries. Considering in terms of education, the beneficiaries are very diverse and most of them have low education. The
busyness factor of the beneficiaries also varies, this requires an initial commitment to be able to participate in this training.

4.2.2. Market analysis training

To become a reliable social entrepreneur, one of the main requirements must be to be able to do a good market analysis. Market analysis is an important part of doing business. Good analysis will be able to understand the actual market conditions [19]. The product marketing strategy will work well so that business profits increase. Market analysis is an analytical activity to study various issues regarding market conditions. Determining the target market is very important to serve consumers. According to the beneficiary’s testimony, most of them felt they had been given training in market analysis. In DKI Jakarta was 94.7 percent, West Bandung 97.9 percent, Majalengka 71.4 percent, Semarang 86.5 percent, and Bantul 63.5 percent. The success of a business is influenced by how well a market analysis is carried out. Beneficiaries who are good at analyzing the market will tend to be successful. There are many different ways to market a product. The following table is how to market the product.

<table>
<thead>
<tr>
<th>How to Market</th>
<th>DKI Jakarta</th>
<th>Bandung Barat</th>
<th>Majalengka</th>
<th>Semarang</th>
<th>Bantul</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional / modern</td>
<td>61.4</td>
<td>43.4</td>
<td>17.5</td>
<td>23.1</td>
<td>27.8</td>
</tr>
<tr>
<td>markets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct to consumers</td>
<td>100.0</td>
<td>91.0</td>
<td>91.6</td>
<td>85.6</td>
<td>90.7</td>
</tr>
<tr>
<td>Through retail traders</td>
<td>66.7</td>
<td>40.7</td>
<td>25.3</td>
<td>40.4</td>
<td>42.6</td>
</tr>
<tr>
<td>Online Marketing</td>
<td>68.4</td>
<td>16.6</td>
<td>17.5</td>
<td>26.0</td>
<td>51.9</td>
</tr>
</tbody>
</table>

All marketing methods are asked of beneficiaries so beneficiaries may answer more than one answer. The table above shows that direct-to-consumer marketing is the most widely used by beneficiaries, which is 90.98%. Online marketing was carried out by 28.43% of beneficiaries. This is an evaluation that on the one hand, we must follow technology, but there are still many limitations in the use of this technology. All research locations have taught online marketing, even in Bantul Regency, a special platform has been created for all beneficiaries, but it has not been widely used by beneficiaries.

4.2.3. Additional Business Capital

Capital is an important element in social entrepreneurship programs. Beneficiaries have received capital assistance to expand their businesses. Capital is a collection of money
or goods that are used as the basis for running a business for profit. Thus the function of capital is very important in running a business [20]. Capital in the form of money or other is fuel for someone in running a business. Capital in the form of money is not only needed for entrepreneurs on a large scale, but entrepreneurs on a small scale such as beneficiaries of social entrepreneurship programs also really need it to develop. This is what must be invested so that the business capital provided is for business development and not for consumptive nature.

Capital is something that cannot be separated from business activities, investments, and various activities aimed at obtaining profits or income [21]. Capital is very important for beneficiaries in running a business. Businesses cannot run smoothly without sufficient capital. Large businesses or small businesses, need capital to run their business. Business capital can run smoothly to support the production process to marketing. The Social Entrepreneurship Program assists beneficiaries through bank accounts. The purpose of assisting banks is to provide people’s rights in terms of financial inclusion. It is necessary to educate beneficiaries that the lower middle class has the right to obtain financial services through banks.

The capital provided is used to add product variants. One of the business strategies to increase sales is to increase the types of products marketed, increasing the chances of buying transactions every day. There is a saying that the more products there are, the greater the chances of selling them. This is an important reason why entrepreneurs decide to add this type of product to their business. Businesses that have many product variants are more attractive in the eyes of potential consumers, compared to those that only offer a few product variants, so they can increase monthly turnover. There are three reasons why it is necessary to add product types, 1) It can increase consumer attractiveness, 2) Show professionalism in online business. 3) Increase sales opportunities.

4.2.4. Business Assistance

Mentoring is a strategy or steps taken to create good business governance. Assistance comes from professionals. The assistance provided is to provide information and understanding of ongoing business management. Business assistance is considered very important to avoid failure [22]. The assistant will provide advice and input to the beneficiaries so that there is a good consideration in making decisions for each business step.
When viewed from the intensity of mentoring, 34.31% stated that they were often accompanied and 6.27% very often. It should be noted are rare and the very rare. Guidance with rare intensity is 29.22% while very rare is 30.20%. In fact, according to the recognition of the beneficiaries, this coaching process is very necessary. The following is the intensity of mentoring carried out by companions after December 2020.

### 4.3. Improving the economic welfare

The existence of government policies that limit crowds during the pandemic, of course, has an impact on business actors, including the beneficiaries of social entrepreneurship programs [23]. The decline in turnover after implementing the lockdown and work-from-home policies was very pronounced. This happens because many people are afraid of being exposed to the coronavirus which causes the business, they run to experience a decrease in the number of buyers. Consumers who usually eat out of the home now prefer to eat at home. Cook yourself at home because people know for themselves the cleanliness of the food they make.

With these uncertain conditions, this study captures three conditions experienced by beneficiaries, namely profits before the pandemic, during the pandemic before participating in the program, and during the pandemic after participating in the program. Overall, these conditions can be seen in the following graph.

![Figure 2: Average Profit Per Day in Various Conditions.](image-url)

The graph shows that before the pandemic the biggest average profit was between IDR 50,000 to IDR 99,000. During the pandemic, the average profit fell below IDR 50,000. The Social Entrepreneurship Program returns their profits to between IDR 50,000 to IDR 99,000. The increase in income during the pandemic, one of which is the
use of digital technology to influence marketing, makes it possible to build relationships with consumers [24]. Social capital is also one of the causes of increased profits in business because of the relational concept of people accessing and mobilizing social resources through relationships with other people [25]. Social capital can encourage social entrepreneurship in three main ways, namely: The creation of social capital, its association with institutions, and as a form of the group [26]. This is important and needs to be developed further.

Most of the beneficiaries stated that there was an increase in income with the addition of business capital provided, but the increase in income was still relatively small because the program was carried out until the data collection had only been running for 4 months. Welfare is not just an increase in income, there are several measures of well-being. However, there are three important measures of well-being, namely quantity, quality, and equity [27]. So social entrepreneurship programs contribute to sustainable development [28]. Social entrepreneurship programs are a survival strategy used to overcome problems caused by restrictions during a pandemic [29]. It is proven that social entrepreneurship programs can increase family income. Even though this program, it can only increase the level of pre-pandemic conditions.

5. Conclusion

Social entrepreneurship is an empowerment model to accelerate poverty alleviation. Social development through empowerment has a long-term effect compared to social assistance programs. The beneficiaries of this social entrepreneurship program are beneficiaries of the conditional cash transfer program who already have a start-up business. So that this program will change the recipients of the beneficiary to live independently. It is evident that after participating in the social entrepreneurship program, most of the incomes of the beneficiaries have increased until they can return to their pre-pandemic conditions. This program is considered quite good because it can increase family income, although it can only restore the condition of family income as before the pandemic. Therefore, this study recommends that the sustainability of the program is maintained. The government can maintain the sustainability of the program by involving local governments and local stakeholders. So that the program is more developed independently.
Acknowledgments

All authors are the main contributors to this work which is collecting data by dividing by location and discussing the results at all stages of the research.

References


