SOCIAL ENTREPRENEURSHIP:
INNOVATION AND CHALLENGES IN THE FREE COMPETITION ERA

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ABSTRACT

In many countries, especially in developing countries, there are many social problems that need to be resolved. The high level of poverty and unemployment, the lack of available health facilities, or the low quality of existing education, is an acute problem that becomes a tough domestic work for a developing country's government. Given the current global conditions, where free competition is inevitable, it certainly adds to the long list of strategies that the government must handle various social problems. The government cannot struggle and work alone in dealing with the complexity of the existing problems, it is certainly necessary for the active role of all elements of the society so that the problems that whack, can unravel and be solved. One step that can be taken by the government in order to empower and protect the people in the era of free competition is to support, develop, and multiply the existence of social entrepreneurship. Social entrepreneurship has the potential to provide some social solutions that affect a country. This research tries to explain social entrepreneurship concepts such as historical background, characteristics, challenges faced and what business models are effective for social entrepreneurship in order to overcome various social problems that can have a positive impact on economic development.

Key words: Social Entrepreneurship, Social Innovation, Challenges Faced

ABSTRAK

Di banyak negara, terutama pada negara berkembang, banyak masalah sosial yang perlu untuk diselesaikan. Tingkat kemiskinan dan pengangguran yang relatif tinggi, minimnya fasilitas kesehatan yang tersedia, atau rendahnya kualitas pendidikan, merupakan masalah akut yang menjadi pekerjaan rumah yang berat bagi pemerintah suatu negara berkembang. Dengan kondisi global saat ini, dimana persaingan bebas sudah tidak dapat dielakkan lagi, tentu hal tersebut menambah daftar panjang strategi yang harus dilakukan oleh pemerintah untuk mengatasi berbagai permasalahan sosial yang terjadi. Pemerintah tidak dapat berjuang dan bekerja sendiri dalam menangani kekompleksitasan masalah yang ada, tentunya diperlukan peran aktif dari seluruh elemen masyarakat agar permasalahan-permasalahan yang mendera, dapat terurai dan tersosialis. Salah satu langkah yang dapat ditempuh oleh pemerintah dalam rangka memberdayakan sekaligus melindungi masyarakat di era persaingan bebas adalah dengan mendukung, mengembangkan, dan memperbanyak keberadaan social entrepreneurship. Social entrepreneurship memiliki potensi untuk memberikan beberapa solusi sosial yang menimpa suatu negara. Tulisan ini mencoba untuk memberikan tinjauan literatur dari konsep social entrepreneurship seperti latar belakang sejarah, karakteristik, tantangan yang dihadapi dan model bisnis apa yang efektif bagi social entrepreneurship dalam rangka mengatasi berbagai permasalahan sosial yang dapat memberikan dampak positif terhadap pembangunan ekonomi.

Kata kunci : Kewirausahaan Sosial, Inovasi Sosial, Tantangan yang dihadapi
Free Competition and Its Impact
Like or dislike, free competition has become a necessity that is going on and must be faced by a nation. Free competition (read globalization) has two inseparable sides. On the one hand, free competition provides so many opportunities as well as both for individuals and for a group (country) to flourish. While on the other hand, when the individual or group (country), not prepare himself well, then not the opportunities or benefits that will come, but the opposite happened.

Indonesia with nine other ASEAN member countries has signed the blueprint of the ASEAN Economic Community (MEA) to initiate an economic integration step (Djelani, 2016). This makes Indonesia must try to improve all the quality in various aspects in order to survive in the era of free competition which is increasingly competitive day. The Government of Indonesia should focus on and care about the various problems, such as poverty and relatively high unemployment, lack of available health facilities, or poor quality of education.

Especially unemployment, this problem is a big problem for a country, whether it is an advanced country, and a country that is still in the stage of developing countries. It needs a deep and serious assessment, and should involve all relevant parties and also competent to overcome this unemployment problem.

Latest, the Central Bureau of Statistics (BPS) launched data on labor conditions in Indonesia. In February 2015 the Open Unemployment Rate (TPT) is 5.81 percent higher compared to February 2014 (5.70 percent). From the data, in February 2015, the working population is still dominated by those with elementary education down by 45.19 percent, while the population working with undergraduate education is only 8.29 percent.

The high unemployment rate in Indonesia is also influenced by the quality of employment in Indonesia which is still apprehensive both in terms of qualification and competence (Maftuh, 2016). Human Resource Development has not shown encouraging results. The Human Development Index (Human Development Index) released by the United Nations Development Program Indonesia ranks 113th out of 188 countries.

According to their records, Indonesia entered into the medium human development category. This large unemployment rate can certainly lead to social problems of poverty. Real solutions are needed to curb social problems arising from high unemployment rates due to limited employment. The conditions faced will be further exacerbated by the situation of free competition (eg the implementation of the ASEAN Economic Community / MEA) which will confront the Indonesian university graduates compete freely with graduates from foreign universities. Therefore, college graduates need to be directed and supported to be not only oriented as job seeker but also able and ready to be job creator (Suharti and Sirine, 2009).

One way to address today's social problems of great concern to developing countries including Indonesia is to develop social or popular entrepreneurship by the name of social entrepreneurship.

Social Entrepreneurship Concept
The definition of social entrepreneurship is widely developed in a number of different areas, ranging from non-profit, profit, public sector, and a combination of all three. According to Bill Drayton (founder of Ashoka Foundation) as the initiator of social entrepreneurship there are two key things in social entrepreneurship. First, the existence of social innovation that can change the existing system in society. Second, the presence of individuals who have a vision, creative, entrepreneurial and ethical behind the innovative ideas. Hulgard (2010) summarizes the definition of social entrepreneurship more
comprehensively as the creation of social value that is formed by working with other people or community organizations involved in a social innovation that usually implies an economic activity.

Social entrepreneurship is a derivative term of entrepreneurship. A combination of two words, social and entrepreneurship. Simple understanding of social entrepreneur is someone who understands social problems and uses the ability of entrepreneurship to make social change, especially in the field of welfare, education and healthcare (Cukier, 2011).

This is in line with that expressed by Schumpeter in Sledzik (2013) that entrepreneurs are people who dare to break the existing system by initiating a new system. It is clear that social entrepreneurs also have the ability to dare a challenge or in another definition is someone who dared to jump from the existing establishment zone. In contrast to business entrepreneurship, the output to be achieved by social entrepreneurship is not a mere profit, but also aims to provide a positive effect for society.

Social entrepreneurs are the changing agents who are able to carry out their goals, change, and enhance social values and become inventors of opportunities for improvement in various fields (Santosa, 2007). A social entrepreneur always involves himself in the process of innovation, adaptation, learning continuously acting regardless of the obstacles or limitations that he/she faces and has accountability in accounting for the results he/she receives, to the public.

The explanation above gives an understanding that social entrepreneurship consists of four main elements of social value, civil society, innovation, and economic activity (Palesangi, 2013).

- Social Value. This is the most distinctive element of social entrepreneurship that creates real social benefits for society and the environment.
- Civil Society. Social entrepreneurship generally comes from the initiative and participation of civil society by optimizing social capital in society.
- Innovation. Social entrepreneurship solves social problems in innovative ways by combining local wisdom and social innovation.
- Economic Activity. Social entrepreneurship is successful in general by balancing between social activities and business activities. Business / economic activities are developed to ensure the independence and sustainability of the organization's social mission.

The passion for social entrepreneurship today is increasing due to the shift of social entrepreneurship which was originally considered to be unfavorable activity (among others through charity) into an entrepreneurial private-sector business activities (Utomo, 2014).

**Innovation by Social Entrepreneur**

Innovation occurs because of feelings of dissatisfaction with existing conditions and situations and opportunities to improve the existing situation. Innovation must be used as a tool and not a goal, the goal of an innovation is a change or improvement of existing conditions for the better, but not all changes can be said as an innovation (Saiman, 2011).

While Moulaert (2013) argues that social innovation can start from various sectors in the economic field, not only in the non-profit sector, but also in the public and private sectors. On the other hand, social innovation is not limited to welfare issues but may also be related to issues of environmental protection and sustainable development (in relation to corporations, one of the "forms" of social entrepreneurship that exist within an organization is the implementation of a corporate social responsibility program).

Social innovation is closely related to social entrepreneurship. Social
innovation is the foundation for a social entrepreneur in running a business or activity to seek opportunities, improve systems, find new approaches and create solutions to better environmental change (Widiastusy, 2011). A social entrepreneur seeks innovative ways to ensure that his/her business will have access to the resources needed as long as they can create social value (Mort & Weerawardena, 2003).

**Business Model Social Entrepreneurship**

Meanwhile, Ostewalder and Pigneur (2010) define a business model as a basic idea of how an organization creates and delivers value. The business model shows how to think about how a company makes money. Business model and organizational shape is very influential on the company's ability to grow and develop sustainably. Like any business in general, opportunities owned by social entrepreneurship must be supported by a reasonable and realistic business model.

Social entrepreneurship must be built on the foundation of a network and a strong and integrated connection with business knowledge, where they can find value individually and together as a whole as an ecosystem. Social entrepreneurship is considered to have a "hive" if the organization can rely on cooperation in their environment and work intensively with stakeholders.

Information obtained from customers regarding changes that occur in the market can be interpreted as a dynamic signal for social entrepreneurship, where the perpetrator or community of social entrepreneurship must take and process this information efficiently so that it can lead to the social value to be created. This process is described as a metafilter.

**The Phenomenon of Grameen Bank Occurrence Against Social Development of Entrepreneurship in Indonesia**

Social entrepreneurship is a very interesting phenomenon today because of its differences with traditional entrepreneurs who only focus on material gains and customer satisfaction, as well as its significance to people's lives. The concept of social entrepreneurship reached its peak of understanding in the decade of 2006 with proven in the eyes of the international world a Nobel Peace Prize laureate Mohammad Yunus in his work in the field of microeconomics specially addressed by women in Bangladesh. It is a recognition and appreciation for a social entrepreneur/social entrepreneurship.

Since then, including Indonesia, began to warmly discuss the concept of Social entrepreneurship. This is reasonable given that the phenomenon of success Moh. Yunus with the concept of Grammen Bank for solving social problems in his country, actually not much different from the situation of social problems that occurred in Indonesia. The concept of social entrepreneurship seems to be an alternative thought that can solve social problems that are so complex in Indonesia.

Today there is a shift in social entrepreneurship that was originally considered to be a "non-profit" activity (among others through charity) into business-oriented activities (entrepreneurial private-sector business activities). The legendary success of Grameen Bank and Grameen Phone in Bangladesh illustrates one example of a shift in orientation in running a social entrepreneurship program. This is an attraction for the business world to participate in social entrepreneurship activities, because it can generate financial benefits. So complicated social problems that occurred in Indonesia also has encouraged the growth of various social communities entrepreneurship, two of which are the Association of Indonesian Social Entrepreneurship (AKSI) and
Indonesia Setara Here's a brief profile of the two communities:

a. **Indonesia Setara**

Indonesia Setara is a Non-Profit Organization established in November 2010 which has a goal to build a confident mindset that the people of Indonesia are able to achieve to promote the nation's progress. Indonesia Setara Foundation will help UMKM and Koperasi actors in order to be able to access these opportunities and opportunities to grow and develop. The main focus of Indonesia Setara is developing capacity and networking. Indonesia Setara will open access to education, access to capital, and access to resources and networks. Through the movement initiated by Sandiaga Uno (currently serving as Vice Governor of DKI Jakarta), people are expected to have a fighting spirit to change lives, from self, family, community, and region. Indonesia Setara Movement focuses on the empowerment of SMEs, which is the key to the potential for 'survive' this country to be higher. Indonesia Equals also actively approach campuses and organizations as a direct 'engagement' to encourage people to make changes toward equality.

b. **Association of Indonesian Social Entrepreneurship (AKSI)**

AKSI is a container or organization to attract social entrepreneurs across Indonesia who have a vision to create an enabling environment for the growth of social entrepreneurship in Indonesia. While the mission of the AKSI is to:

1. Creating an enabling environment for the growth of social entrepreneurship in Indonesia.
2. Encouraging sustainable social entrepreneurship through capacity building services.
3. Building networks with various parties, in the social entrepreneurship sector and across sectors, at the national, regional and international levels to strengthen commitments and efforts in the social sector.

AKSI is a forum for the gathering of social entrepreneurial activists that aims to build community empowerment in a sustainable manner through innovation in the social field. AKSI was born out of concern for the situation of the Indonesian nation that is plagued with many social problems, such as poverty, environmental degradation, etc. Some of the programs owned by AKSI include strengthening membership, strengthening the entrepreneurial movement in Indonesia, and strengthening institutional associations. AKSI also actively conducts social entrepreneurship development and expedition to remote areas to help solve social problems there.

### Social Entrepreneurship Actors in Indonesia

Entrepreneurship is developed using empirical data from the business world. A number of business entrepreneurship development efforts can be a reference for the development of social entrepreneurship. To pursue the world of social entrepreneurship, requires a high commitment and willing to sacrifice in everything, ranging from financial (money), time, and never give up, and Indonesia is fortunate enough to have a lot of social entrepreneurship actors who can support the growth of social entrepreneurship spirit in a group of people. Here are some examples of some individuals who are involved in social entrepreneurship in Indonesia and have been awarded:

a. Aris Hartana and Koi Fish Farming in Dangkel Wetan Village - Magelang

Dangkel Wetan village is roughly 25 kilometers from Magelang regency - Central Java. Beautiful village atmosphere, with rice fields stretching
on the left and right of the road, giving a fresh impression. The residents’ houses are located in the sub-village of Karangtalun Village, Ngluwar, Magelang Regency. Although it must enter the small streets in the hamlet, not difficult to find the residence of Aris Hartana. People around him call it "Aris Koi", where this name is taken from the activities of Aris who cultivate this Japanese fish. His seriousness in the Koi world is easily seen from his house. Next to his house is lined with seven ponds of Koi cultivation. In the pond there are various types of Koi which amounts to about 100 tails, also thousands of seeds in the pond. Behind his house there are still ten ponds that are slightly smaller to accommodate the farmers’ Koi harvest. Not far from his house, in the rice fields, Koi Fishes of various sizes easily found. The pool belonged to a neighbor who was invited to work together. Sarjo, a neighbor of Aris who was invited to work "to manage the land" said, in a month from one pond, he can get Rp. 500,000, up to Rp 1.5 million.

Aris first introduction with Koi Fish occurred in 1995. At that time, Aris has acquaintances who keep the Koi Fish. He was amazed by this beautifully patterned fish. He began to learn everything about Koi Fish. Type, size, style, color, including how to keep Koi Fish. Capitalized Rp.50.000, he bought seeds Koi Fish. Entering the early 2000s, he began to invite residents to raise livestock. There were 20 people who were interested in joining and started practicing Koi Fish breeding. Slowly but surely his efforts to breed Koi Fish give results. Now Aris Hartana could enjoy the results of his efforts so far. Within a month each breeder Koi fish can reap the income of dozens of million rupiah. Spirit, hard work, innovation and creativity as well as entrepreneurial spirit is the key to the success of Aris and his colleagues in cultivating Fish Koi in Magelang. And for its tenacity, Aris Hartana was awarded as the Winner of Citi Microentrepreneurship Awards 2016-2017 Fishery category.

b. Siyam Sumartini: Managing Trash of the Past

Years of living alongside the municipal solid waste dumps of Madiun City make the 50-year-old woman embarrassed. The pile of garbage causes a foul smell that pierces the nose, the invasion of flies, and the environment becomes grungy. The "sick" environment causes residents vulnerable to various diseases, such as diarrhea and itching. The climax occurs when the village becomes a dengue endemic area. Many people were attacked and their lives were taken away. That's when Siyam feel this situation should not be allowed. The source of the problem is garbage. Ironically, the more garbage shunned, the bigger the problem. Siyam was finally thinking how to dive into the garbage to be useful or bring a blessing. Initially he was creative with garbage. Variety of used goods collected and used as material of various handicraft products. Beautiful flowers made from used plastic spoon, unique bag or goody bag made of plastic keresek, and some other items. Various recycled creations that he exhibited at a number of pickles and sold. The price is not cheap. As an illustration, a basket of bottled drinking water from plastic cups and used newspapers sold Rp. 250.000,-. The unique goody bag sold Rp. 5.000,-. Siyam transmit the success of his recycled creations to his neighbors. He pointed out that previously unused valuable goods could be converted into high-value handicraft products. The result of the process can be used to help the family economy. Siyam also invites residents in their neighborhood
to manage household waste by setting up the Sun Trash Bank in 2010. The goal is to reduce household waste by selecting and sorting waste that is economically valuable or can be recycled. With the sorting and selection process, the waste disposed to the TPA is reduced. On the other hand, disaggregated waste can be sold directly and make money. If we want to added value, then the waste should be created into recycled products.

Now, the Sun Junk Bank that has been pioneered has been replicated in 27 urban villages in Madiun. Each urban village has one to two garbage banks, totaling 50 garbage banks in Madiun. His success in managing Sun Junk Bank is increasingly recognized after being selected in TOP 99 Public Service Innovation 2016.

The interesting thing to note from the two profiles above is the similarity in terms of: they have entrepreneurial spirit, creative and innovative, and have a high social awareness. This nation needs many figures like them, who can combine business and social activities. The journey of social entrepreneurs is certainly long to prove themselves as true social entrepreneurship, but their initiative needs to be given a special appreciation, because they are not just to develop business but also to solve social problems.

**The Role of Social Entrepreneurship in Economic Development**

The role of social entrepreneur can play both internal and external. The role of social entrepreneur from the internal aspect is to break the level of dependence on others, create a sense of confidence, and can increase the attractiveness of the perpetrators. From an external point of view, entrepreneurship can play a role in providing jobs for people who have not had job opportunities. Entrepreneurship can also help to unravel or eradicate the unemployment rate that has been the burden of the public mind and other social problems.

Social entrepreneurship also plays a role in economic development because it is able to provide the creativity of social and economic values, as described by Santosa (2007) as follows:

a. **Creating job opportunities**
   
   The perceived economic benefits of Social Entrepreneurship in various countries is the creation of new employment opportunities that increase significantly.

b. **Innovate and create new creation of goods or services needed by society.**
   
   New innovations and creations of community services that have not been handled by the government can be undertaken by social entrepreneur groups such as: the establishment of waste banks, the procurement of mobile libraries for remote areas, education for the community to optimize narrow land for productive cultivation, etc. Often government service standards do not hit the target because it is too rigid to follow the standards set. On the other hand, social entrepreneurs are able to overcome it because it is done with dedication and depart from a social mission.

c. **Become a social capital**
   
   The social capital of shared values, trust and culture of cooperation is the most important form of capital that can be created by social entrepreneurs (Leadbeater in Santosa, 2007). The social capital cycle begins with the initial inclusion of social capital by social entrepreneurs. Furthermore, there is a network of trust and cooperation that is increasing so that it can access to physical development, financial aspect and human resources. When the business unit is formed (organizational capital) and when social enterprises start to benefit then more and more social facilities are built.
d. Increased Equality
One of the goals of economic development is the realization of equality and equity of the people's welfare. Through social entrepreneurship, the goal will be realized because the businessmen who originally only think about the achievement of the maximum profit, then will be moved also to think about the distribution of income for sustainable economic development. An example of the success of Grameen Bank is one proof of this benefit.

The Challenge of Social Entrepreneur in the Age of Free Competition
However, it does not mean that social entrepreneurs can implement their ideas easily. As explained above, the obstacles faced by Social Entrepreneurs in the era of free competition increasingly complicated and complex. The challenges faced by Social Entrepreneurs include funding issues, education for future leaders who are aware of the importance of social entrepreneurship, and the lack of incentives provided by the government to ease the burden of institutions or even individuals in the social field. Therefore, in the current era of globalization, Social Entrepreneurs must be supported by Social Investors for their innovation, ideas, and breakthroughs to be realized. But it must be realized that Social Entrepreneurship is not the only remedy to overcome social problems faced, because in reality, it is also strongly influenced by the framework and structure of the economy in a country. Nevertheless, even though the challenges facing is heavy, should still have the courage to start forming change makers, so that every individual must be strived to be an agent of change in the environment. Further, Austin et al (in Nicholls, 2006) poses a number of challenges faced by social entrepreneurship, namely:

a. Leadership; with three important dimensions:

   1. Vision, Social Entrepreneurs must have a vision where the social dimension is central and an integral part of the life of the company.
   2. Legitimacy, Social Entrepreneurs must create an appropriate internal environment and fit the expectations they wish to achieve.
   3. Empowerment, Social Entrepreneurs should allow other agents of change to be able to build and decide a process of change towards a better direction.

b. Strategy; with three elements:

   1. Alignment, social dimensions and business dimensions in the strategy being executed must be aligned with each other.
   2. Leveraging core competencies, focusing on finding creative endeavors in mobilizing and disseminating key assets and components of business success, thereby creating multiple social and business value relationships for greater economic and social value.
   3. Partnering, partnering and creating alliances with others, to support and strengthen the social entrepreneurs process.

Heidjrachman in Buchari (2006) identifies four challenges that weaken social entrepreneurs:

a. Mental traits that tend to underestimate quality
b. Mental attitudes (do not follow a good process)
c. Do not believe in yourself, as well
d. Lack of self-discipline to bring about change for the better

Meanwhile, Zimmerer in Suryana (2003) put forward several factors that make entrepreneurs fail in carrying out its activities:

a. Not competent in managerial. Not competent or not having the ability and knowledge to manage a business is the main factor that makes social entrepreneurs unsuccessful when starting a business.
b. Inexperienced, both in technical skills, ability to visualize the business, the ability to coordinate, ketermapilan manage human resources, and the ability to integrate an activity.

c. Failed in planning. Planning is the starting point of social entrepreneurs in starting an activity. Once failed in planning it will have difficulty in carrying out the implementation.

d. A less serious attitude in trying. A half-hearted attitude toward the effort will result in the efforts undertaken by social entrepreneurs to be unstable and fail. With a half-hearted attitude, the possibility of failing to be great.

e. Inability to make the transition. Social entrepreneurs who are not ready to face and make changes, will not be successful social entrepreneurs. Success in entrepreneurship can only be obtained if the courage to make changes and able to make the transition every time.

Conclusion
The era of globalization is a necessity, which inevitably, likes not to be faced. Free competition has two inseparable sides. On the one hand when a nation is "ready" and has a superior quality, then the nation will be able to reap the great benefits of globalization that occurred. On the other hand, when the quality in various fields owned by a nation is still low, then globalization would be a scary thing, because it will crush all the joints of existing businesses in the country. One that can be done by a country in facing this era of free competition, is to grow and multiply social entrepreneurs. Social Entrepreneurs is a new business model that benefits the empowerment of the surrounding community. The final result to be achieved by social entrepreneurs, not merely material benefits, more than that is how the proposed ideas can have a good impact on society at large.

Social entrepreneurship is one form of entrepreneurship that aims to help the community. Social business can be one form of social entrepreneurship but not all social entrepreneurship in the form of social business. Social entrepreneurship is an innovative (economic or non-economic, purposive profit or non-profit) initiative. Social entrepreneurship sees the problem as an opportunity to form a new business model that benefits the empowerment of the surrounding community.

However, the challenges or constraints faced by social entrepreneurs are complex. The challenges faced are not only internal, but also the challenges that come from the global environment.

Social entrepreneurship becomes a unique and interesting phenomenon, because it has many differences with traditional entrepreneurs. If traditional entrepreneurs are more focused on material gains and customer satisfaction alone, social entrepreneurship involves a variety of knowledge in development and in practice in the field.

To realize a sustainable social business does require networking and cooperation with various parties. The survival of social entrepreneurship should be a concern for various circles, namely government, society, companies, or educational institutions such as universities, because the role of social entrepreneurship in a country is very large for the economy of the country, because it can absorb a lot of manpower, especially labor quality who do not get a chance in the formal sector.

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