Analysis of the Role of Social Entrepreneurship in Achieving the Sustainable Development Goals (SDGs) in Indonesia

Eni Susilowati¹*, Andi Basuki², Choiru Umatin³
¹²State University of Malang, East Java
³State Islamic Institute of Kediri

Corresponding Author: Eni Susilowati
eni.susilowati.2304319@students.um.ac.id

ARTICLE INFO

Keywords: Social Entrepreneurship, Sustainable Development Goals (SDGs)

ABSTRACT

This research focuses on the role of social entrepreneurship in achieving the Sustainable Development Goals (SDGs) in Indonesia. Indonesia faces social, economic, and environmental challenges that require innovative and sustainable approaches. Social entrepreneurship, with a progressive focus on creating positive social and environmental impacts, offers a potential path to facilitate progress. This qualitative research assesses the impacts, challenges, and supporting factors of social entrepreneurship in Indonesia, as well as its alignment with certain SDGs, tangible contributions, motivations, and challenges faced by social entrepreneurs. The importance of a supportive ecosystem, diverse funding sources, and supportive policies is emphasized to harness the full potential of social entrepreneurship in driving sustainable development.

©2024 Susilowati, Basuki, Umatin: This is an open-access article distributed under the terms of the Creative Commons Atribusi 4.0 Internasional.
INTRODUCTION

The history of social entrepreneurship has been known for centuries, with the emergence of figures such as Florence Nightingale, the founder of the first nursing school, and Robert Owen, the founder of cooperatives. The concept of social entrepreneurship began to develop since the 1980s, introduced by figures such as Rosabeth Moss Kanter, Bill Drayton, Charles Leadbeater, and Professor Daniel Bell from Harvard University. A social entrepreneur is a combination of two words, "social" which means community, and "entrepreneur" which means entrepreneurship.

Simply put, a social entrepreneur is someone who understands social problems and uses their entrepreneurial skills to create social change in order to improve the welfare of society. The role of social entrepreneurs in economic development includes creating new job opportunities, innovation, and creativity to help improve the level of community welfare. They also help build social capital by increasing collaboration to build various social facilities for the community. In addition, social entrepreneurs also play a role in increasing economic equality by not only paying attention to personal gain, but also fighting for equitable income distribution in order to create sustainable economic development.

Social entrepreneurship and sustainable development have become the dominant role of a concept and practice, becoming an external and global attraction as a bridge to overcoming several social challenges, especially with a creative, innovative and sustainable business approach. Traditional entrepreneurship, which prioritizes profit maximization, is different from social entrepreneurship, which provides a high social impact and a supportive environment while being financially sustainable. Social entrepreneurship, strengthened by a strong sense of purpose and empathy, aims to create measurable and replicable problem-solving solutions that contribute to sustainable development (Pomare, 2018).

The social entrepreneurship ecosystem in developing countries, especially Indonesia, in recent years has seen an increase in people's interest in social entrepreneurship as an effort to drive sustainable development. The highly dynamic and complex entrepreneurial landscape, combined with the urgent need to provide solutions to social and environmental challenges, has become a breakthrough for the emergence of a dynamic social entrepreneurship ecosystem. Social entrepreneurship has a significant impact on sustainable development by becoming a solution to social, environmental, and economic challenges. This involves creating creative, innovative solutions for social problems and promoting sustainable development goals (Seelos & Mair, 2004). Social entrepreneurship mobilizes individuals with minimal and small financial resources to support community-based production, which in turn will support increased income and environmentally friendly production patterns (Konda et al., 2015). Social entrepreneurship often involves educating students about value chains and community-based production, helping them develop skills as micro social entrepreneurs (Konda et al., 2025).

Social entrepreneurship should adhere to the following principles, which demonstrate its social contributory nature (Social Entrepreneurship Act, Article 3):
1. Established based on the voluntary decision of its founders (autonomous initiative);
2. Its purpose is not solely profit-making;
3. Assets and surplus income over expenditures are used for social entrepreneurship activities, and surplus income over expenditure distribution is not allowed (non-profitability);
4. Established with the primary aim of continually conducting activities intended to employ the most disadvantaged groups in the labor market, which is also in the public interest (performing activities for the public benefit);
5. Its members work voluntarily (voluntariness);
6. Managed independently (independence);
7. The production and sale of its products or provision of services in the market are conducted according to market principles (market orientation);
8. Can involve volunteer work (volunteer work participation);
9. The individual founder or owner does not have a dominant influence in decision-making;
10. Decisions are made by all members following the principle of one member, one vote, regardless of their equity share (member equality);
11. Stakeholders are involved in decision-making (stakeholder participation in management);
12. It provides transparency in its financial operations and internal control over inventory management and financial operations (operational transparency);
13. It permanently conducts its activities for the benefit of its members, users, and the wider community (operating for social benefit).

The social entrepreneurship ecosystem in the handicraft sector in Gujarat, India has played a significant role in reviving and maintaining the sustainability of traditional handicrafts as an economic source (Pathak & Mukherjee, 2020). Social entrepreneurship efforts, such as the development of livestock tourism in Himachal Pradesh, India, have provided benefits for health, mental and spiritual well-being, and strengthened local community bonds (Gangotia and Pradhan, 2022). Social entrepreneurship has proven to be a major driver of sustainable economic growth and value creation through innovation (Wang, 2022). Social entrepreneurs strive to overcome social problems that can have a positive impact on economic conditions and sustainable development (Wang, 2022).

However, it should be understood that not all impacts of social entrepreneurship are positive (Andersson and Ford, 2015). To ensure that social entrepreneurship contributes positively to sustainability, it is important to evaluate its impact through various perspectives and consider other innovation and contextual factors (Cui, 2021; Wang, 2022).

The Indonesian government provides support in a commitment to all SDG-based activities through Presidential Regulation or Perpres No. 59 of 2017 regarding the implementation of achieving the Sustainable Development Goals (SDGs) which aims for the implementation and achievement of the SDGs to be
carried out in a participatory manner involving all parties to increase the economic welfare of the community on an ongoing basis, maintain the sustainability of community social life, maintain environmental quality as well as inclusive development and the implementation of governance capable of maintaining the improvement of the quality of life from one generation to the next (Firdaus, et al, 2022). Social entrepreneurship also plays an important role in achieving this global goal. As stated in a report issued by Social Enterprise UK, Think Global Trade Social, (Social Enterprise UK, 2015). The contribution of social entrepreneurship to the SDGs is further emphasized by Velath (2016) and Powell (2016), both of whom are affiliated with the Ashoka Foundation, which identifies social entrepreneurship as important in achieving the SDGs. Social entrepreneurship is an organization that conducts business for social and/or environmental purposes (Austin, Stevenson & Wei-Skillern, 2006). These organizations prioritize social, environmental or ethical missions over profit-seeking (Defoury & Nyssens, 2006; Peattie & Morley, 2008).

In recent years, awareness of the need to address global challenges such as poverty, inequality, climate change, and environmental degradation has increased worldwide. In response to this, the United Nations (UN) adopted the Sustainable Development Goals (SDGs) as a comprehensive framework to guide countries in achieving sustainable development by 2030. The SDGs consist of 17 interrelated goals, with each goal having specific targets to address urgent social, economic, and environmental issues, as well as creating a more just and sustainable future for all.

Social entrepreneurship plays an important role in achieving the Sustainable Development Goals (SDGs) by addressing social, economic, and environmental challenges through innovative and sustainable solutions. With a focus on creating social value and meeting the needs of society, social entrepreneurs contribute to the SDGs in various ways, such as reducing poverty, promoting gender equality, ensuring quality education, and strengthening sustainable communities (Dodo et al., 2021; Goyal et al., 2021; Schmiedeknecht, 2019).

Education about social entrepreneurship is also crucial in empowering students to contribute to the SDGs. Incorporating social entrepreneurship projects into various courses can give students confidence in their social entrepreneurship potential, which can produce innovative solutions for sustainable development (García-González & Ramírez-Montoya, 2021).

In the context of rural development, rural social entrepreneurship (RSE) is considered an important factor in achieving sustainable rural development (SRD) and improving the socioeconomic status of rural communities. RSE initiatives, such as the Wad Balal Project for rural investment and development in Gezira State, Sudan, have demonstrated the potential of social entrepreneurship in creating jobs, sponsoring poor households, improving infrastructure, and reducing poverty (Muhmode, 2021).

The purpose of this research is to investigate and analyze the role of social entrepreneurship in contributing to the achievement of the SDGs in Indonesia. By exploring the landscape of social entrepreneurship in Indonesia and evaluating its impact on certain SDGs, this research aims to explain how social entrepreneurs can effectively contribute to sustainable development. In
addition, by identifying the challenges and supporting factors faced by social entrepreneurs, this research will provide valuable insights for policymakers and stakeholders to create a supportive ecosystem and strengthen their efforts.

LITERATURE REVIEW

Social entrepreneurship has become an increasingly popular topic in recent decades, both in academia and practice. This concept combines entrepreneurial principles with social and environmental goals, creating a unique and innovative business model. Social entrepreneurship aims to address complex social problems through sustainable solutions that have a positive impact on society.

Definition of Social Entrepreneurship

Social entrepreneurship is a relatively new concept, and there are various definitions proposed by experts. One frequently cited definition is from Dees (1998), who defines social entrepreneurship as "the combination of entrepreneurial spirit and discipline with a social mission to achieve societal well-being." This definition emphasizes the combination of entrepreneurial spirit with the desired social goals. Meanwhile, Peredo and McLean (2006) define social entrepreneurship as "the activities and processes undertaken to create or operate an organization with the primary purpose of creating social value by bringing together unique combinations of resources."

Characteristics of Social Entrepreneurship

Social entrepreneurship has several characteristics that distinguish it from traditional entrepreneurship or profit-oriented businesses. Some of the main characteristics of social entrepreneurship are:

1. Social Mission: Social entrepreneurship is driven by a desired social and environmental mission, not solely for financial gain.
2. Social Innovation: Social entrepreneurship often involves social innovation, which are creative and new solutions to address complex social problems.
3. Business Approach: Although its purpose is social, social entrepreneurship uses an efficient and sustainable business approach to achieve that goal.
4. Use of Profits: The profits generated by social entrepreneurship organizations are largely reinvested to fund their social mission and expand their positive impact.
5. Stakeholder Involvement: Social entrepreneurship often involves various stakeholders, such as communities, governments, and non-profit organizations, to achieve broader social goals.

History and Development of Social Entrepreneurship

The concept of social entrepreneurship has actually existed for a long time, although the term only became popular in recent decades. Some early examples of social entrepreneurship can be found in the cooperative movement in 19th century England, aimed at improving the welfare of working
communities. However, the term "social entrepreneurship" only began to be widely used in the 1980s and 1990s, with the emergence of organizations like Ashoka that supported and promoted the concept. Since then, social entrepreneurship has grown rapidly around the world. Many countries have created policies and regulations supporting the growth of social entrepreneurship, such as the Social Entrepreneurship Act in several European countries. Additionally, more education and training programs are being offered at universities and other institutions to promote the development of social entrepreneurship.

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

Social entrepreneurship plays an important role in achieving the Sustainable Development Goals (SDGs) set by the United Nations. Some key roles of social entrepreneurship in sustainable development include:

1. Poverty Alleviation: Many social entrepreneurship initiatives focus on empowering impoverished communities, creating jobs, and increasing access to economic resources.
2. Quality Education: Social entrepreneurship can contribute to providing quality and affordable education for underprivileged communities.
3. Gender Equality: Some social entrepreneurship organizations strive to promote gender equality and empower women in various aspects of life.
4. Renewable Energy and the Environment: Social entrepreneurship also plays a role in developing renewable energy solutions and environmentally-friendly practices to mitigate the impact of climate change.
5. Partnerships for Development Goals: Social entrepreneurship often involves partnerships among various stakeholders, such as governments, non-profit organizations, and the private sector, to achieve broader development goals.

**The Social Entrepreneurship Ecosystem in Indonesia**

Indonesia is one of the countries with great potential for developing social entrepreneurship. Several supporting factors driving the growth of social entrepreneurship in Indonesia include:

1. Government Commitment: The Indonesian government has shown commitment to supporting social entrepreneurship through various policies and programs, such as establishing state-owned enterprises (SOEs) focused on social entrepreneurship.
2. Cultural Richness and Local Wisdom: Indonesia has a wealth of culture and local wisdom that can serve as a basis for developing contextual and sustainable social entrepreneurship.
3. Potential Human Resources: Indonesia has a large and enthusiastic youth population, which can serve as potential human resources to advance social entrepreneurship.
4. Significant Social Needs: Indonesia faces various complex social and environmental problems, such as poverty, inequality, and environmental
degradation, which require innovative solutions from social entrepreneurship.

However, the social entrepreneurship ecosystem in Indonesia also faces several challenges, such as a lack of understanding about the concept of social entrepreneurship, limited financial support, and a lack of management skills in running social entrepreneurship organizations. Case Studies of Social Entrepreneurship in Indonesia Several examples of social entrepreneurship organizations that have been operating in Indonesia and providing positive impacts on society include:

1. Amarta: A microfinance company that provides capital access for impoverished rural communities, especially women, to develop their small businesses.
2. Kampung Anak Negeri: An organization focused on education and empowerment of children in urban slums through educational, skills, and character development programs.
4. Green Batik Village: An initiative that develops environmentally-friendly batik dyeing techniques and supports the empowerment of traditional batik artisans in Java.
5. Bina Swadaya: A non-profit organization that promotes rural community development through programs such as sustainable agriculture, cooperatives, and social entrepreneurship.

Challenges and Opportunities of Social Entrepreneurship

Although social entrepreneurship has grown rapidly, there are several challenges that need to be addressed in its development and implementation, including:

1. Funding and Financial Sustainability: Obtaining sufficient and sustainable funding is a major challenge for many social entrepreneurship organizations, especially in developing countries.
2. Measuring Social Impact: Measuring the social impact generated by social entrepreneurship initiatives is often difficult and requires appropriate methodologies.
3. Scalability and Replication: Replicating and scaling successful social entrepreneurship initiatives to different regions or contexts can be a challenge in itself.
4. Supportive Regulations and Policies: A lack of regulations and policies supporting the growth of social entrepreneurship can be a barrier to the development of this sector.
5. Collaboration and Partnerships: Building effective collaborations and partnerships among various stakeholders, such as governments, the private sector, and non-profit organizations, remains a challenge in achieving greater impact.
On the other hand, social entrepreneurship also offers significant opportunities, including:

1. Social Innovation: Social entrepreneurship encourages the emergence of innovative solutions to address complex social problems.
2. Community Empowerment: Social entrepreneurship can empower communities and increase their capacity to address social and economic challenges.
3. Environmental Sustainability: Social entrepreneurship focused on the environment can promote environmentally-friendly and sustainable practices.
4. Job Creation: Social entrepreneurship initiatives can create new jobs and open up economic opportunities for communities.
5. Partnerships and Collaboration: Social entrepreneurship encourages partnerships and collaboration among various stakeholders to achieve broader social goals.

METHODOLOGY
The type of research used in this study is descriptive qualitative research, which is a method that describes, depicts, compares data and circumstances, and explains a situation in such a way that conclusions can be drawn. The researcher used a qualitative research method with a descriptive research type. The research method is a scientific way to obtain data with certain objectives and uses, usually involving four keywords: scientific method, data, objectives, and uses (Sugiyono, 2011:2).

The techniques carried out in the process of collecting data are as follows:

a. Survey is the initial activity that the researcher conducts to examine the problems currently faced by the company, such as the company's history and current conditions.

b. Documentation obtained in collecting information data through books, journals, the internet, by conducting research on existing records or documents such as the company's history.

c. Interviews aimed at exchanging information and ideas through question and answer sessions, so that meanings can be constructed on a particular topic.

RESEARCH RESULT
This qualitative research assesses the impacts, challenges, and supporting factors of social entrepreneurship in Indonesia, as well as its alignment with certain SDGs, tangible contributions, motivations, and challenges faced by social entrepreneurs. The importance of a supportive ecosystem, diverse funding sources, and supportive policies is emphasized to harness the full potential of social entrepreneurship in driving sustainable development. The importance of a supportive ecosystem, diverse funding sources, and supportive policies is emphasized to harness the full potential of social entrepreneurship in driving sustainable development.
DISCUSSION

Our research findings further highlight the important role of social entrepreneurship in realizing or contributing to the goals of the Sustainable Development Goals (SDGs) in Indonesia. Through a qualitative descriptive approach, this research provides comprehensive insights into the impacts, challenges, and supporting factors of social entrepreneurship in the context of sustainable development. The findings from the qualitative descriptive research include the following key findings:

Alignment with the Sustainable Development Goals (SDGs): This research provides an overview of the significant alignment between social entrepreneurship efforts in Indonesia and the Sustainable Development Goals (SDGs). Social entrepreneurs are very effectively impacting sustainable development goals, including quality education, sustainable agriculture, poverty alleviation, access to clean energy, and gender equality.

Impact on SDGs: Social entrepreneurship efforts have made tangible contributions to the Sustainable Development Goals. For example, significant poverty alleviation substantially advances SDG 1 (ending poverty), while social entrepreneurs focusing on education positively and significantly advance SDG 4 (quality education).

Geographic distribution: The study highlights the concentration of social entrepreneurship in urban centers, particularly in Jakarta and other major cities. However, evidence also shows that social entrepreneurs are starting to enter rural and underserved areas to address specific sustainability challenges and gaps.

Funding challenges: Access to funding remains a major obstacle for many social entrepreneurs in Indonesia. The study highlights the need for diverse funding sources, including impact investors, grants and social venture capital, as well as government grants to support and scale social entrepreneurship initiatives. Motivations of social entrepreneurs: The study highlights that social entrepreneurs in Indonesia are primarily motivated by a strong sense of social responsibility and a desire to create positive change in society. Their mission is to address social and environmental challenges through innovative and sustainable business models. Challenges faced by social entrepreneurs: Entrepreneurs aiming to generate positive social impact face various obstacles in their efforts. One major constraint is the complex bureaucratic processes, where they must navigate through complex administrative procedures. Additionally, they also face challenges in the form of applicable regulations and legal provisions. Another factor that poses a challenge is obtaining sufficient funding to run their businesses sustainably. Furthermore, the lack of public understanding and awareness about the concept of social entrepreneurship poses a hurdle in gaining wider support and recognition.

Despite the challenges that must be faced, several supporting factors contribute to the success of social entrepreneurship efforts in Indonesia. Supportive government policies and programs, access to relevant guidance and networks, collaboration with non-governmental organizations and local communities, as well as increasing interest from social investors play a crucial role in driving the growth and positive impact of social entrepreneurship.
CONCLUSIONS AND RECOMMENDATIONS

In brief, this research affirms the important role of social entrepreneurship in achieving the Sustainable Development Goals (SDGs) in Indonesia. By employing a mixed-methods approach, this research provides a comprehensive picture of the impacts, barriers, and supportive factors of social entrepreneurship in the sustainability context. The findings indicate that social entrepreneurship initiatives and sustainability goals in Indonesia are highly aligned, with companies focusing on various areas such as poverty alleviation, quality education, renewable energy, and gender equality. Social entrepreneurship has demonstrated tangible contributions to the achievement of several sustainable development goals and has accelerated progress in critical areas such as affordable and clean energy, quality education, and sustainable agriculture.

Despite its remarkable contributions, social entrepreneurship faces challenges in achieving sustainable development. Limited funding availability, bureaucratic hurdles, legal and legislative barriers, and a lack of awareness present significant challenges to the growth and scaling of social entrepreneurship. To realize the full potential of social entrepreneurship, this research highlights the need for an ecosystem that fosters innovation, collaboration, and supportive policies. Diverse funding sources, including impact investments, grants, and social venture capital, are critical to driving the growth and impact of social business initiatives across sectors and regions. The internal motivations and entrepreneurial spirit of social entrepreneurs emerge as key factors providing positive impact. Cultivating an environment that values social entrepreneurship and increasing public awareness can attract more individuals and organizations to actively participate in the realization of the SDGs.

Overall, this research calls for collaboration among policymakers, investors, and stakeholders to create an enabling environment that nurtures and supports social entrepreneurship in Indonesia. By utilizing these research findings, decision-makers can develop targeted strategies to enhance social entrepreneurship for achieving the Sustainable Development Goals. By empowering social entrepreneurs to address pressing social and environmental issues, Indonesia can further realize a more inclusive, equitable, and sustainable future for all its citizens.

ADVANCED RESEARCH

This research is limited and focused on the importance of social entrepreneurship in realizing the goals of the Sustainable Development Goals.

The study highlights that social entrepreneurs in Indonesia are primarily motivated by a strong sense of social responsibility and a desire to create positive change in society. This research emphasizes the importance of a supportive ecosystem, diverse funding sources, and supportive policies to harness the full potential of social entrepreneurship in driving sustainable development in Indonesia.
ACKNOWLEDGMENT

In summary, this research emphasizes the pivotal role of social entrepreneurship in achieving the Sustainable Development Goals (SDGs) in Indonesia. Employing a mixed-methods approach, the study provides a comprehensive picture of the impact, challenges, and enabling factors of social entrepreneurship in the context of sustainability. The findings reveal that social entrepreneurship initiatives and sustainability goals in Indonesia are closely aligned with companies' focus on various areas such as poverty alleviation, quality education, renewable energy, and gender equality. Social entrepreneurship has demonstrated tangible contributions towards achieving several sustainable development goals and has accelerated progress in critical areas like affordable and clean energy, quality education, and sustainable agriculture.

Despite its remarkable contributions, social entrepreneurship faces challenges in achieving sustainable development. Limited funding availability, bureaucratic hurdles, legal and legislative barriers, and a lack of awareness present significant obstacles to the growth and scaling of social entrepreneurship. To fully realize the potential of social entrepreneurship, the research highlights the need for an ecosystem that fosters innovation, collaboration, and supportive policies. Diverse funding sources, including impact investments, grants, and social venture capital, are crucial to drive the growth and impact of social business initiatives across sectors and regions. Internal motivation and the spirit of social entrepreneurs emerge as key factors positively influencing impact. Cultivating an environment that values social entrepreneurship and increasing public awareness can attract more individuals and organizations to actively participate in realizing the SDGs.

Overall, the research calls for collaboration among policymakers, investors, and stakeholders to create an enabling environment that supports and nurtures social entrepreneurship in Indonesia. By utilizing these research findings, decision-makers can develop targeted strategies to enhance social entrepreneurship for achieving the Sustainable Development Goals. By empowering social entrepreneurs to tackle pressing social and environmental issues, Indonesia can further realize a more inclusive, equitable, and sustainable future for all its citizens.

REFERENCES

Cui, J. (2021). The impact of entrepreneurship curriculum with teaching models on sustainable development of entrepreneurial mindset among higher education students in China: the moderating role of the entrepreneurial climate at the institution. Sustainability, 13(14), 7950.


