

# *The Effect of Social Entrepreneurship on the Welfare of the Village Community*

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**Abstract**— *The concept of social entrepreneurship has become a popular concept in various countries. In reality, various groups have begun to discuss the concept of social entrepreneurship as an innovative solution in solving social problems in general, one of which is the problem of social welfare. The welfare of the community itself has become a common problem that need to be solved by overcoming it. Therefore, it requires synergy from all parties. In Indonesia, the government has spent a lot of resources dealing with social problems and cooperating with various foreign countries throughout the world. Yet, it turns out this is not enough, therefore, it takes individuals or institutions that can see opportunities and come up with innovative ideas to solve these social problems. This is what ultimately gave birth to an individual or institution called a social entrepreneur. The goal of social entrepreneurship is the realization of social change for the better or positive and solving social problems, especially the problem of community welfare and for the benefit of society. One of these village entrepreneurship can be accommodated in the Village Owned Enterprises (BUMDes) developed by the government and village communities. The key to entrepreneurship itself can be reviewed through four important elements that are social value, civil society, innovation, and economic activity.*

**Keywords**— *social entrepreneurship; social welfare; bumdes*

## I. INTRODUCTION

The establishment of village community welfare is essentially aimed at building village independence, and village independence is one of the missions of the government to build rural independence that can be achieved through community empowerment in the field of entrepreneurship to improve community welfare. President Joko Widodo stated that sharpening development priorities is important, which needs to be strengthened by setting appropriate targets by intensifying existing resources [1]. Synergy and harmony between actors and by intensifying existing resources will provide strength in reaching hope through Nawa Cita together that is welfare. There are nine Nawa Cita carried by the pair of President Joko Widodo and Vice President Jusuf Kalla. Two of the nine change programs for Indonesia (Nawa Cita) relate to the economy that is: (1) to develop Indonesia from the periphery by strengthening regions and villages within the framework of

a unitary State. Thus, strengthening the Indonesian economy starts from the periphery or through rural areas which basically has a low economic level, (2) realizing economic independence by moving the strategic sectors of the domestic economy, this can be started with the microfinance movement by the community. One effort that can be done to improve the village economy is to encourage the movement of the village economy through village entrepreneurship and village entrepreneurship as a strategy in the development and growth of welfare [2]. Entrepreneurship is a creative and innovative ability, keen to see opportunities and always open to every positive input and change [3]. Entrepreneurship is expected to be able to bring business to continue to grow and have value and entrepreneurship that has value and that is beneficial to society can be achieved through entrepreneurial activities carried out by applying the concept of social entrepreneurship [3]. Various groups have begun to discuss the concept of social entrepreneurship as an innovative solution in solving social problems, one of which is the problem of social welfare, therefore, individuals or institutions are needed who can see opportunities and come up with innovative ideas to solve these social problems. This is what ultimately gave birth to an individual or institution called a social entrepreneur.

Social Entrepreneurship is a term derived from entrepreneurship, a combination of two words that is social, which means community, and entrepreneurship, which means entrepreneurship. A simple understanding of social entrepreneurship is someone who understands social problems and uses the ability of entrepreneurship to make social change, especially in the areas of welfare, education and health [4]. The aim of social entrepreneurship is the realization of social change for the better and able to solve social problems, especially the problem of social welfare [3]. Social entrepreneurship is a concept of empowerment in the business world that focuses on community empowerment activities as a solution to overcome social problems such as poverty, environmental damage, welfare and others [5]. Social entrepreneurs see problems as opportunities to form a new business model that is beneficial for the empowerment of surrounding communities. Hibbert, Hogg, and Quinn revealed

that social entrepreneurship is the utilization of entrepreneurial behavior that is more oriented towards the achievement of social goals and does not prioritize the acquisition of profits, or the profits derived used for social purposes. Social entrepreneurship is a combination of great enthusiasm in social mission with discipline, innovation, and determination as is common in the business world. Social entrepreneurial activities can include activities: a) that do not aim for profit, b) doing business for social purposes, c) a mixture of the two goals, that is not to make a profit and seek profit, but for social purposes [6].

Social entrepreneurship is driven by a movement of people who are innovative, pragmatic, and visionary social activists, and their networks [7]. Social entrepreneurship combines the concepts of business, charity, and social movement models to build solutions to social problems in a sustainable manner and create a social value order. The definition of social entrepreneurship is divided into three forms: (1) social entrepreneurship refers to the idea of a non-profit organization that seeks to find financing for its activities in connection with the absence of support financial support from the government, termination of assistance from individuals or companies while social needs continue to increase. This first form illustrates the demand for innovative action to solve problems related to efforts to find sources of funding so that activities that aim at social goals continue to run, (2) social entrepreneurship emphasizes the individual aspects that have ideas to fight for the reduction of social problems. The individual aspect looks more at behavior as social entrepreneurs. This illustrates how the characteristics or character of a social entrepreneur. There are leadership aspects in it, (3) social entrepreneurship is seen as a social responsibility practice of a business entity through a collaborative mechanism in its implementation. This third form is better known as corporate social responsibility (CSR) and is now developing as a corporate social entrepreneurship (CSE) [8].

The welfare of the people of an area can be seen through the poverty level of the area. One area with a high level of poverty, especially in the Province of Bali, is the Regency of Buleleng. According to the Central Statistics Agency, in 2018 the largest number of poor people in the province of Bali are in the Regency of Buleleng with a total poverty population of 35,200 people and one of the villages in the Regency of Buleleng with a low welfare level is the Anturan village with a Pre-prosperous family level of 60.7 %. Therefore, solving social welfare problems must be done immediately one of them by creating social entrepreneurship and one form of social entrepreneurship in rural communities is the Village Owned Enterprises (BUMDes) developed by the village government.

BUMDes is a business entity whose entire or most of its capital is owned by the village through direct participation from the village wealth which is separated to manage assets, services, and other businesses as much as possible for the welfare of the village community (Law Number 32 Year 2004). This is increasingly supported by government regulations with the issuance of Government Regulation Number 47 of 2015 which states that villages have the authority to regulate resources and direction of development. There are four elements of social entrepreneurship that are used to measure

people's welfare, namely social value, civil society, innovation, and economic activity. Those four important elements are related to the activities carried out by BUMDes [9].

## II. METHOD

This research is focused on the influence of social entrepreneurship on the welfare of the people of Anturan Village, Buleleng Regency. The variables examined in this study are the variables of social value (X1), civil society (X2), innovation (X3), economic activity (X4), and social welfare (Y). The population in this study were BUMDes members with a total of 363 people. Based on the existing population, the sampling technique used in this study is random sampling. To get a sample that can describe the population, then in this study using the Slovin formula as follows.

$$n = \frac{N}{1 + N(e)^2} \tag{1}$$

Note:

n = Minimum Sample's Number

N = Number of population

e = the percentage of accuracy due to sample errors that can still be tolera

From the formula above, 190 results are obtained. Out of 363 populations with a standard error of 5%, 190 BUMDes members will be obtained as samples. So that in this study a sample of 190 people. In this study the data collection method used was the interview method used to obtain data on the welfare of the Anturan village community, as well as the questionnaire method used to collect data on social entrepreneurship, income, total consumption, and education level. The analysis used in this study is multiple linear regression analysis assisted by SPSS. The results of the regression analysis are in the form of coefficients for each independent variable. To find out whether there is a significant influence of the independent variables in this study that is social value (X1), civil society (X2), innovation (X3), and economic activity (X4), on the dependent variable in this study, namely community welfare, then used Multiple linear regression models are formulated as follows.

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \mu \tag{2}$$

Description:

- Y = social welfare (dependent variable)
- B = showing coefficient regression
- X1 = social value
- X2 = of civil society
- X3 = innovation
- X4 = economic activity
- α = Constants
- μ = Constanta

## III. RESULT AND DISCUSSION

The SPSS calculation results are shown in the following table.

TABLE 1. Analysis of the Effect of Social Value (X1) on Village Community Welfare (Y)

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.945	.582		30.829	.000
	Social Value	.311	.069	.312	4.505	.000

a. Dependent Variable: Kesejahteraan Masyarakat

The results showed that Social Value has a positive effect on the welfare of the Village Community. This is evidenced from the results of the SPSS output it is known that the

influence of Social Value on Village Community Welfare  $p = 0.000 < 0.05$  with a value of  $t = 4.505..$

TABLE 2. ANALYSIS OF THE EFFECT OF CIVIL SOCIETY (X2) ON VILLAGE COMMUNITY WELFARE (Y)

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	16.543	.493		33.553	.000
	Civil Society	.471	.058	.512	8.179	.000

a. Dependent Variable: Kesejahteraan Masyarakat

The results showed that the Civil Society had a positive effect on the welfare of the Village Community. This is evidenced from the results of the SPSS output it is known that

the influence of Social Value on Village Community Welfare  $p = 0.000 < 0.05$  with a value of  $t = 8.179$

TABLE 3. INNOVATION EFFECT ANALYSIS (X3) AGAINST PUBLIC WELFARE VILLAGE (Y)

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	13.846	.768		18.040	.000
	Innovation	.574	.066	.538	8.759	.000

a. Dependent Variable: Kesejahteraan Masyarakat

The results showed that Innovation had a positive effect on the welfare of the Village Community. This is evidenced from the results of the SPSS output it is known that the influence of

Social Value on Village Community Welfare  $p = 0.000 < 0.05$  with a value of  $t = 8.759.$

TABLE 4. ANALYSIS OF THE EFFECT OF ECONOMIC ACTIVITY (X4) ON VILLAGE COMMUNITY WELFARE (Y)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15.929	.363		43.846	.000
	Economic Activity	.806	.063	.683	12.815	.000

a. Dependent Variable: Kesejahteraan Masyarakat

The results showed that Economic Activity had a positive effect on the welfare of the Village Community. This is evidenced from the results of the SPSS output it is known that

the influence of Social Value on Village Community Welfare  $p = 0,000 < 0.05$  with a value of  $t = 12,815.$

TABLE 5. ANALYSIS OF THE INFLUENCE OF SOCIAL VALUE (X1), CIVIL SOCIETY (X2), INNOVATION (X3), ECONOMIC ACTIVITY (X4) ON VILLAGE COMMUNITY WELFARE (Y)

**ANOVA<sup>b</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	54.222	4	13.555	53.767	.000 <sup>a</sup>
Residual	46.641	185	.252		
Total	100.863	189			

a. Predictors: (Constant), Economic Activity, Social Value, Innovation, Civil Society

b. Dependent Variable: Kesejahteraan Masyarakat

The results of the SPSS output indicate that the variables Social Value (X1), Civil Society (X2), Innovation (X3), Economic Activity (X4) jointly affect Village Community Welfare (Y). This is evidenced from the results of calculations known that the influence of Social Value, Civil Society, Innovation, Economic Activity on the Welfare of Village Communities is  $p = 0,000 < 0.05$  with a value of  $F = 53,767$ .

Based on the results of research that has been done, it can be seen that social value affects the level of community welfare. This can be seen that the community feels much helped by the presence of BUMDes to handle social problems, one of which is financial problems. These financial problems are handled through savings and loan activities. For people who have more funds, people will save their funds in BUMDes in the form of savings and for people who need funds, the community will make loans to BUMDes. The funds borrowed by the community will be used as capital to open new businesses to balance the market situation and open up new opportunities in the community. The opportunity in question is the opportunity for the community to get a job and the opportunity to open a business from a loan that has been done. So, it can be said that BUMDes provides social benefits for the villagers of Anturan.

Judging from the variable of civil society, it can be seen that civil society affects the welfare of society. This can be seen that the Anturan villagers participated in building the village economy even though the benefits provided by the BUMDes were not always material. This is done by opening new businesses in the community. Besides that, BUMDes also involves the community in making decisions so that all communities are well served. This shows that social entrepreneurship generally comes from the initiative and participation of civil society by optimizing the social capital in the community, and that the power of decision making is not based on capital ownership alone. So that community participation is important for the sustainability of a business activity and the level of decision making that is not based on capital ownership or social status, as well as clear goals and targets for improving people's welfare.

The influence of innovation on the welfare of society can be seen from the ability of BUMDes to see opportunities and create new or innovative things that have never been

implemented by the community. One form of innovative business is processing organic waste into organic fertilizer. This innovation created by BUMDes and will be the foundation for BUMDes in carrying out business activities to find opportunities, improve systems, find new approaches and create prosperity and solutions to better environmental change. This is in line with research conducted by Nur Firdaus (2014) that social value creation and innovation are the main instruments in social entrepreneurship.

Economic activity affects the welfare of the society. This can be seen from the running of its businesses BUMDes is not only concerned with material benefits. Economic benefits are indeed one of the objectives of BUMDes to support the sustainability of its business, but material benefits are not the main goal to be achieved. By not looking for material benefits in excess of the community will help to improve the welfare of people's lives, because successful social entrepreneurship in general by balancing between business activities and activities with clear social goals and standing or there to help meet the needs of the community and its access is open to all village people from various elements.

#### IV. CONCLUSION

Based on the results of research and discussion described in chapter IV, the following conclusion items can be simplified as:

1. There is a significant influence between Social Value on the Welfare of the Village Communities
2. There is a significant influence between Civil Society on Village Community Welfare.
3. There is a significant influence between Innovation on Village Community Welfare.
4. There is a significant influence between Economic Activity on Village Community Welfare.
5. There is a significant influence between Social Value, Civil Society Economic, Innovation and Activity on the Welfare of Village Communities.

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