

# IMPLEMENTATION OF SOCIAL ENTREPRENEURSHIP IN IMPROVING CREATIVE ECONOMY AND INNOVATION OF MSMES

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## Abstract

Social entrepreneurship is a business that is built with the aim of addressing problems that exist in a community group, such as economic problems, public health, education, environment, sanitation and so on. By constantly innovating and experimenting using the latest technology, social enterprises are constantly working to fill the gaps in the lives around them. Not only that, businesses run for the good of the community will increase confidence in a local identity, and help develop local people's confidence in their ability to be financially independent. The creative economy sector absolutely must get attention, because this sector has an important role in the national economy. But efforts to develop the current and future keratif economic sector still face the problem that the determination of creative economy subsectors has not been accompanied by systemic preparation efforts, the presence of the creative economy as a form of creative-innovative ideas of the community and its economic benefits, has not

been able to stimulate local governments, especially to respond immediately through arrangement and structuring and development of businesses and creative products that are able to provide added economic value and value to the economy. Benefits that can be directly felt by the community and diversification of culture and potential of a specific region.

The purpose of this research is to address economic or social problems, especially the creative economy and innovation in MSME products in West Java. With descriptive research methods provide solutions for social entrepreneurship strategies and strategies that will be implemented in MSMEs in West Java. The results of the analysis stated that the implementation of social entrepreneurship is very significant in the development of the creative economy and product innovation of both goods and services in MSMEs in West Java.

**Keywords:** Entrepreneurship, Social Entrepreneurship, Creative Economy, Creativity, Innovation.

### **Introduction**

The economic problems that plague Indonesia are complex. One of these problems is the huge unemployment rate in Indonesia. The jobs available are far from enough to accommodate such a large number of workers. Various efforts have been taken to overcome this problem, one of which is the socialization of entrepreneurial culture (entrepreneurship) which is rife through various ways, ranging from school education, to through seminars and counseling in various places with participants from various groups, ranging from students. The role of entrepreneurship in development, is to be able to absorb a large and fast labor force and turnover of money, and support the growth and development of goods and services that are in accordance with human needs and desires.

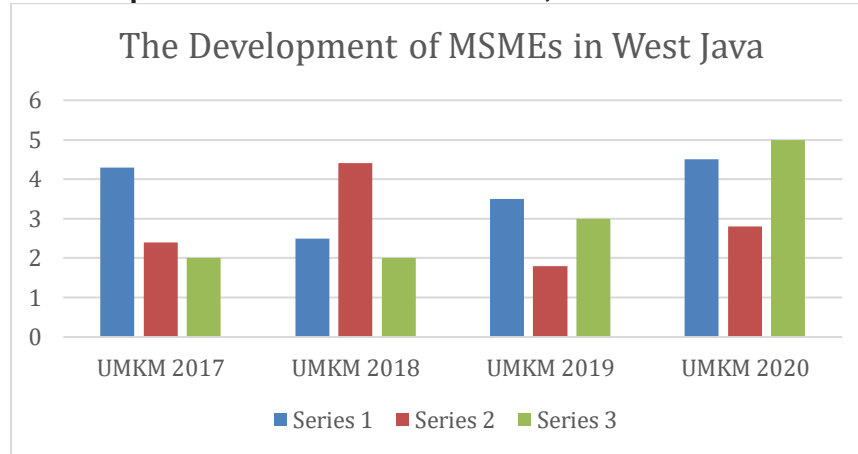
Social entrepreneurship or commonly called social entrepreneurship is a movement that can be a solution of various types of social problems. Social entrepreneurship is One who undertakes innovations, finance, and business to transform innovations into economic goods. It means someone who is able to take an innovation, finance, and business into a form of innovation and can make the economy develop positively. Because in general the meaning of entrepreneurship itself is an activity that aims to seek profit (profit), but here there is the word "social" which means how we can solve social problems that occur in society with social entrepreneurial methods and can provide many benefits to the community (benefit). Because in entrepreneurship must have the nature of unyielding and continue to innovate with creativity.

Creativity is needed in the era of globalization, as it is today. This is due to the increasing and intense competition among economic actors. Creative industries are differentiating from the many similar products found in the business world. Because, the products it produces are the result of creativity that gives birth to uniqueness, as well as product innovation, which can be a pioneer. Creative industries can be defined as a process of creation, creativity, and ideas of a person or group of people who can produce a work, without exploiting natural resources, and can be used as a product of the producing economy.

The development of creative industries is a number of breakthroughs in the form of policies and interventions that are a strategic step by the government in increasing the role of creative industries in an area. Because creativity is an economic commodity that can be traded so that it can trigger economic growth, to produce creative ideas that can

be valuable. Following the Development of the Number of Micro, Small, Medium Enterprise Units (MSMEs) of West Java Province in 2016-2021.

**Table 1.1. Development of WEST JAVA MSMEs, Indonesia Period 2017 to 2020**



Source: BPS Statistics Data, 2020

From the data above the number of MSMEs contributed 60.3% of Indonesia's total gross domestic product (GDP). In addition, micro, small and medium enterprises make up 97% of the total workforce and 99% of the total employment. The amount of economic pressure that occurs in the community such as poverty, unemployment caused either due to discomfort with previous jobs or due to lack of available jobs, then lack of capital and also lack of business interest from various circles in the community. In Indonesia itself, the government has been as hard as it works to solve social problems that occur and spend a lot of resources so that social problems are resolved. But that is not enough, therefore it takes individuals or institutions that can issue innovative ideas or ideas that can solve these social problems. Social entrepreneurship is starting to become a phenomenon today because of its differences with ordinary entrepreneurs who only focus on profit and customer satisfaction. Social entrepreneurship sees the problem as an opportunity to form a new business model that also benefits the surrounding community. Where the goal of social entrepreneurship is the realization of social change in a better direction and also for the benefit of society. The phenomena in this study are:

1. How does the effect of the application of social entrepreneurship in improving the creative economy and innovation in msm in West Java?
2. What is the social entrepreneurship strategy in improving the creative economy and innovation in msm in West Java?

### **Literature Review**

Entrepreneurship according to [1, 2] is a process in creating something new, where the process in the process is done creatively and full of innovation. The goal of entrepreneurship is to create something new to benefit others and have more value. Social entrepreneurship is explained by [3] who describes four main elements, namely social value, civil society, innovation, and economic activity: a. Social Value. This is the most distinctive element of social entrepreneurship, creating tangible social benefits for students and the environment. b. Civil Society. Social entrepreneurship generally comes from the initiative and participation of civil society by optimizing the social capital that exists in the community. c. Innovation. Social entrepreneurship solves social problems in innovative ways, among others, by blending local wisdom and social innovation. d.

Economy Activity. Successful social entrepreneurship in general by balancing between social activities and business activities. [4] show that to produce social entrepreneurship there are two ways, the first is directly with the determinant of the external environment of family guidance experience, education and training, individual character, social environment, economic environment, and organizational environment. The second is through entrepreneurial intervening. To become a social entrepreneur, it can be achieved by becoming a business entrepreneur first. To become a business entrepreneur, it can be achieved by creating a conducive environment such as experiences, family demands, education and training, individual character, social environment, economic environment and organizational environment. [5] explained that the existence of social entrepreneurs (social entrepreneurs) has a role in economic development because it is able to provide social and economic values, namely: first, create employment opportunities, second, innovate and create new to the production of goods or services needed by the community, third, become social capital, and fourth, increase equity promotion. [5, 6] explained that the results of his research showed that the character of entrepreneurship and the process of innovation, became one of the keys to the success of social entrepreneurship practices pioneered by young entrepreneurs.

Essential components in social entrepreneurship [7, 8]:

1. The response to the failure of the social wirausahwan market is not market demand-oriented. The market does not work well for the sustainability of social entrepreneurs. Because the market does not tolerate elements that are important for social entrepreneurship.

2. Transformative Innovation Entrepreneurship, puts their transformative innovation into practice. Social Entrepreneurship can be small community businesses, cooperatives, NGOs that use their business strategies to generate income where their efforts are driven by their desire to bring about sustainable social or environmental change.

3. Financial continuity here is intended as a way used to design the cash income or income of the organization. The point is innovation carried out by a non-profit organization by practicing social entrepreneurship or in other words how an organization is able to manage donor contributions effectively, investing in income-generating social enterprises to defend themselves.

Creativity according to [9] is an ability to create something new that is different from before, either in the form of ideas or real work by combining elements that already exist. The new thing here is something that is not yet known by the concerned, although it is familiar to others, and not only from the non-existent, but also a new combination of something that already exists. [10, 11] categorizes the factors that support creativity as follows: a) Situations that present incompleteness and openness, b) Situations that allow and encourage the emergence of many questions, c) Situations that can be encouraged in order to produce something, d) Situations that encourage responsibility and independence, e) Situations that emphasize self-initiative to dig, observe, ask, take notes, translate, Testing forecast results and communicating, f) Bilinguality that makes it possible to develop the potential for creativity more broadly because it will provide a more varied worldview, be more flexible in dealing with problems and able to express itself in a different way from generally others that can arise from the experience it has.

Creative Economy is an economic concept in the new economic era that intensifies information and creativity by relying on ideas and stock of knowledge from human resources as the main factor of production in its economic activities. The creative economy emphasizes creativity and information processing. The creative economy strongly promotes the idea and knowledge of human resources. Actually, the creative

economy is one form of economic concept development. The role of entrepreneurs is indispensable in the development of the creative economy in Indonesia because entrepreneurship is one of the indicators that affect economic growth and living standards of the country. Creative economy is a concept of economics in the new economic era with the priority of creativity and information. Examples of businesses in the creative economy are advertising, architecture, art goods markets, crafts, design, fashion, and television. Creative and innovative become one of the keys to the success of a business to win market competition. By creating a product that is new and different from other products will be of more value compared to other products. Creativity and innovation in the business that is lived is very important. According to [12] the innovation process is a personal factor that drives innovation itself: the desire to achieve, the nature of marketing, the desire to bear risk, educational factors and experience factors. Five characteristics of innovation include: Relative advantage, Compatibility, Complexity, Trialability, Observability. Innovation can be derived from the following opportunities; Research & development, Success/failure, Needs, wants, and purchasing power of the community, Competition, Demographic changes, Changes in new science and technology tastes.

### **Materials and Methods**

This research aims to get an overview, analyze and study about social entrepreneurship in improving creative economy and innovation in MSMEs (Small and Medium Micro Enterprises) in West Java.

The research method used is descriptive and verifiative methods with an emphasis on expolarization and intrepresation of research results, which aims to analyze the relationship between the implementation of social entrepreneurship and economic creativity and innovation in MSMEs. Therefore, in the implementation of this study used metide research that is descriptive and verifiative. This research studies the problems that exist in society, as well as the ordinances used in community greetings and in certain situations. Including the relationship of activities, views, attitudes, and also processes that can affect a phenomenon that occurs. Descriptive research is a type of research method that describes an object and subject that is being researched as is without engineering.

### **Result And Discussions**

**Social entrepreneurship and the creative economy certainly have a connection.**

There is a relationship between social entrepreneurship or social entrepreneurship and innovation. Bill Drayton (founder of Ashoka Foundation) as the founder of social entrepreneurship revealed that there are two key things in social entrepreneurship. The first is the existence of social innovations that are able to change the system in society. Second, the presence of individuals with vision, creative, entrepreneurial and ethical spirit behind these innovative ideas. Innovation is the first important thing that exists in social entrepreneurship, this is because of the need for innovation or ideas that can break the existing system in the community that has been a shared social problem. Innovation occurs because of dissatisfaction with existing conditions and situations and there are opportunities to improve existing circumstances, innovation must be used as a tool and not a goal, the purpose of an innovation is a change or improvement from existing conditions for the better, but not all changes can be said to be an innovation [13]. These problems include poverty, unemployment due to the lack of employment,

and the quality of human resources that are less competent. People who have the ability to entrepreneurship one of them must be able to create innovation or find ways that can at least be a solution to the problem and can be a social change, especially in the field of education and health. This is in accordance with the comprehensive definition that the understanding of social entrepreneurship consists of four elements, namely social value, civil society, innovation, and economic activity [13] Where in this element there are innovations that can solve social problems in innovative ways by combining local wisdom with social innovation The emergence of social entrepreneurship is an economic pressure, so many people are forced to create their own jobs, namely to become entrepreneurs, be it because of unemployment, frustration with previous jobs, and so on. The current trend of entrepreneurship leads to a sector of the creative economy that is largely determined by human capital. This is a positive thing especially many who become entrepreneurship based on social or social entrepreneurship. The creative economy is basically creating added value that comes from the idea of creative people. The concept of creative economy is an economic concept based on human abilities and skills. The development of the creative economy is believed to be a way for developing countries to keep up with the development of the global economy. This is because the creative economy sector relies more on the creativity and intellectual community in developing the existing local potential. The linkage between social entrepreneurship and the creative economy becomes very positive when running, where there is added value to the products or services sold which then the results of profit can be utilized for social purposes, this can overcome social problems that occur such as unemployment, poverty, welfare, and so on, and this positive trend continues to be carried out, there will be continuity which will be many creative industries with Socially oriented.

#### **Relationship of Social Innovation with Social Entrepreneurship.**

Social innovation is the foundation for a social entrepreneur to run a business or its activities to find opportunities, improve systems, find new approaches and create solutions to better environmental change [14]. The entrepreneurial spirit is in everyone who loves change, renewal, progress and challenges, whatever the profession. Entrepreneurship is a process in working on something new (creative) and different (innovative) that is useful in providing more value. Therefore, between entrepreneurship and innovation has a very close relationship in creating a superior product.

#### **The Impact of Social Entrepreneurship on the Creative Economy in Indonesia.**

Social entrepreneurship is starting to play a role in advancing the Indonesian economy. Its work in creating a creative economy as well as inclusive in overcoming problems in society, and able to absorb labor from marginalized circles, such as people with disabilities, low educated women, and non-skilled productive age workers. The creation of this creative economy is also able to motivate job seekers with educated skills to start new businesses. Even interesting phenomena also began to emerge community-based social entrepreneurship, which conducted empowerment programs and the development of the potential of the region to be a new tourist attraction. This activity is managed independently by community groups, by utilizing the existing potential then arranged and packaged as attractive as possible into a superior tourist attraction. The key to the success of social entrepreneurship pioneering in Jogjakarta is the high level of innovation and community participation [15].



## **Relationship of Social Entrepreneurship with Innovation**

Social entrepreneurship or social entrepreneurship with innovation can be said to have an attachment because Bill Drayton (founder of Ashoka Foundation) as the founder of social entrepreneurship revealed that there are two key things in social entrepreneurship. The first is the existence of social innovations that are able to change the system in society. Second, the presence of individuals with vision, creative, entrepreneurial and ethical spirit behind these innovative ideas. Innovation is the first important thing that exists in social entrepreneurship, this is because of the need for innovation or ideas that can break the existing system in the community that has been a shared social problem. Innovation occurs because of dissatisfaction with existing conditions and situations and there are opportunities to improve existing circumstances, innovation must be used as a tool and not a goal, the purpose of an innovation is a change or improvement from existing conditions for the better, but not all changes can be said to be an innovation. These problems include poverty, unemployment due to the lack of employment, and the quality of human resources that are less competent. People who have the ability to entrepreneurship one of them must be able to create innovation or find ways that can at least be a solution to the problem and can change socially, especially in the field of education and health. This is in accordance with the comprehensive definition that the understanding of social entrepreneurship consists of four elements, namely social value, civil society, innovation, and economic activity [16]. Where in this element there are innovations that can solve social problems in innovative ways by combining local wisdom with social innovation.

### **Relationships of social entrepreneurship and the creative economy**

The emergence of social entrepreneurship is an economic pressure, so many people are forced to create their own jobs, namely being entrepreneurs, be it because of unemployment, frustration with previous jobs, and so on. The current trend of entrepreneurship leads to a sector of the creative economy that is largely determined by human capital. This is a positive thing especially many who become entrepreneurship based on social or social entrepreneurship. The creative economy is basically creating added value that comes from the idea of creative people. The concept of creative economy is an economic concept based on human abilities and skills. The development of the creative economy is believed to be a way for developing countries to keep up with the development of the global economy. This is because the creative economy sector relies more on the creativity and intellectual community in developing the existing local potential. The linkage between social entrepreneurship and the creative economy becomes very positive when running, where there is added value to the products or services sold which then the results of profit can be utilized for social purposes, this can overcome social problems that occur such as unemployment, poverty, welfare, and so on, and this positive trend continues to be carried out, there will be continuity which will be many creative industries with Socially oriented.

### **The Impact of Social Entrepreneurship on creative Economy and Innovation on MSMEs**

Social entrepreneurship encompasses a wide range of activities and processes undertaken to produce, and establish and seek new opportunities. So that the activities carried out can increase social wealth and become a stimulus to create new businesses or manage existing organizations in an innovative and creative manner. In general, there are two main goals of social entrepreneurs, first, building a business to generate profits and support the sustainability of businesses and employees. The second sets aside some of the profits earned from managed businesses. The benefits obtained are used to

deal with social problems such as hunger, poverty, environmental damage, education. A social entrepreneur is an individual or group of people who have an entrepreneurial, innovative, creative and transformative spirit. It has a link between entrepreneurship and the creative economy and innovation and it can be applied to the object that is MSMEs. The MSME sector which is the largest part of artisans becomes an important factor to educate the importance of social entrepreneurship in helping to getong royong or together face the problems experienced. Elements of social entrepreneurship proposed by Bill Drayton. First, have social innovation behaviors that are expected to be able to change systems and behaviors in society. Second, have a vision-oriented, creative, entrepreneurial behavior, and ethical in supporting innovative ideas. Both of these certainly include the creative economy and also innovation which is the main thing that affects if one MSME is engaged in social entrepreneurship.

The influence of social entrepreneurship on the creative economy in Indonesia, social entrepreneurship began to play a role in advancing the Indonesian economy. Its work in creating a creative economy as well as inclusive in overcoming problems in society, and able to absorb labor from marginalized circles, such as people with disabilities, low educated women, and non-skilled productive age workers. Even interesting phenomena also began to emerge community-based social entrepreneurship, which conducted empowerment programs and the development of the potential of the region to be a new tourist attraction. This activity is managed independently by community groups, by utilizing the existing potential then arranged and packaged as attractive as possible into a superior tourist attraction. The key to the success of social entrepreneurship pioneering in Jogjakarta is the high level of innovation and community participation [17]

### Conclusion

1. Social entrepreneurship( social entrepreneurship), which is an economic activity that is managed professionally, generates profits, and provides a large social impact. Social entrepreneurship should generate profit but have a large and sustainable social impact. Entrepreneurship is one of the keys to determining the success of economic development. Rre-focusing that must be done is poverty alleviation, msme development, development of halal industry and Islamic finance, bureaucratic reform and development and empowerment of MSMEs..

2. In building a sustainable competitive advantage, a mature entrepreneurship strategy is needed, mapping the various competencies of the company so as to develop superior core competencies. This core competency is a unique set of capabilities developed by companies in key areas such as: quality, service, innovation, flexibility, speed etc. that are more than their competitors.

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